MTNL

Thirty Third Annual Report 2018-19

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Nav Ratna Company)

MTNL

VISION OF MAHANAGAR TELEPHONE NIGAM LIMITED

"To be leading intergrated player in telecom, diversifying into

related business in order to expand significantly,

keeping customer delight as the aim".

MISSION OF MAHANAGAR TELEPHONE NIGAM LIMITED

"Committed to remain market leader in providing world-class telecom

and IT related services at an affordable prices and achieve

international standards in all respects".

APPEAL TO THE SHAREHOLDERS

All Shareholders who have not submitted their e-mail addresses are requested to send the same on mtnlcsco@gmail.com / beetalrta@gmail.com as under:

Name:

Folio No:

DP ID/ Client ID:

Email ID:

No. of Shares:

MTNL

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BOARD OF DIRECTORS
(AS ON 14.08.2019)

Shri Sunil Kumar	CMD & Director (HR&EB)
Shri Milind Vijay Joshi	Director (Finance)
Shri Sanjeev Kumar	Director (Tech)
Shri Navneet Gupta	Director (Government Nominee)
Ms. Tiakala Lynda Yaden	Director (Government Nominee)
Shri Ashok Mittal	Independent Director
Shri Rakesh Nangia	Independent Director
Shri Chinmay Basu	Independent Director
Shri K.B. Gokulachandran	Independent Director
Ms. Padmaja Reddy	Independent Director
Ms. Suneeta Trivedi	Independent Director

COMPANY SECRETARY	**S.R. SAYAL**
REGISTERED AND CORPORATE OFFICE	Mahanagar Doorsanchar Sadan 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003, Tel: 011-24319020, Fax: 011-24324243, CIN L32101DL1986GOI023501. Website: www.mtnl.net.in / www.bol.net.in
STATUTORY AUDITORS	**M/s Kumar Vijay Gupta & Co., Chartered Accountants** 408, New Delhi House, Barakhamba Road, Connaught Place, New Delhi- 110001Phone: 011-23314525/26,45562649 **M/s Mehra Goel & Co.,Chartered Accountants** 505, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019 Phone: 011- 26419527, 26430349Fax: 011- 26217981
COST AUDITOR	**M/s R. M. Bansal & Co.,Cost Accountants** Flat No. 260, Pocket A, Sarita Vihar, New Delhi-110076 Phone: 09415134328
SECRETARIAL AUDITOR	**M/s R. P. Sehgal & Associates, Company Secretaries** A-2304, R. G. Complex, Community Centre, Motia Khan D.B.G. Road, Opp.Paharganj Police Station, New Delhi-110055 Phone: 011-43564836/ 9810126612

BANKERS	State Bank of India New Delhi/Mumbai, Indian Overseas Bank New Delhi/ Mumbai, Punjab National Bank Delhi/Mumbai, ICICI Bank New Delhi/Mumbai, Oriental Bank of Commerce New Delhi, Central Bank of India Mumbai/Delhi, Dena Bank New Delhi/Mumbai, Bank of Baroda New Delhi, Union Bank of India New Delhi/Mumbai, United Bank of India New Delhi, Indian Bank New Delhi, Axis Bank New Delhi/Mumbai, Syndicate Bank New Delhi, Corporation Bank New Delhi, Punjab & Sindh Bank New Delhi, Yes Bank Limited New Delhi, IndusInd Bank Mumbai, Andhra Bank Bank of India New Delhi, HDFC Bank New Delhi, UCO Bank

REGISTRAR AND TRANSFER AGENTS	**M/s. Beetal Financial & Computer Services (P) Ltd.** 3rd Floor, Beetal House 99,Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110062. Ph: 011-29961281-82, Fax : 011-29961284 E-mail : beetal@beetalfinancial.com, beetalrta@gmail.com Website: www.beetalfinancial.com SEBI Registration Number : INR000000262
E-Voting Agency	Central Depository Services (India) Limited (CDSL) E-mail : helpdesk.evoting@cdslindia.com.
Scrutinizer	M/s Hemant Kumar Singh & Associates, Company Secretaries **E-mail :** hemantsinghcs@gmail.com
Investor Helpdesk	Ph: 011-24317225, Fax: 011-24316655 **E-mail** : mtnlcsco@gmail.com

33rd Annual General Meeting on Friday 27th September, 2019 at 11:30 AM at Auditorium, Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi-110003

The Annual Report can also be accessed at www.mtnl.net.in and websites of Stock Exchanges.

APPEAL TO THE SHAREHOLDERS

All Shareholders who have not submitted their e-mail addresses are requested to send the same on mtnlcsco@gmail.com / beetalrta@gmail.com as under:

Name:

Folio No:

DP ID/ Client ID:

Email ID:

No. of Shares:

DIRECTOR'S REPORT

To

The Shareholders,

of Mahanagar Telephone Nigam Limited

Dear Shareholders,

Your Directors present the 33rd Annual Report of your Company together with the Financial Statements and the Report of the Auditors as well as comments of Comptroller & Auditor General of India (CAG) on the Financial Statements for the financial year ended on March 31, 2019.

PERFORMANCE REVIEW OF MTNL FOR THE FY 2018-19

1. Mobile Network:

A. MTNL has undertaken the task of improving the Wireless Network in Delhi and Mumbai so as to improve the coverage & downlink speed of 21.1 Mbps & uplink speed of 5.76 Mbps which is presently of 3.6 Mbps & 384 Kbps respectively with following major projects:

I. 3G expansion & upgradation in Delhi:

Expansion of GSM / 3G RF network by adding 1080 nos. of 3G sites & 800 nos. of Ceragon hybrid microwave to meet the backhaul capacity and Data handling capacity to 10 Gbps. 1708 Macro and 55 Micro Node Bs have been put on air in the 3G Expansion Project. In addition, 720 existing Node-B of existing 3G-network were planned for upgradation/ replacement and 914 existing 8 Mbps Microwave Hops were planned for upgradation to NEC make hybrid M/W of 400 Mbps capacity. Redeployment of Old Node B in Delhi --- To improve the coverage in Faridabad & Ghaziabad, a total of 143 old Node-Bs have been redeployed from Delhi as per details given below:

a. Old Node B redeployed in Faridabad: 65.

b. Old Node B redeployed in Ghaziabad: 78.

II. 3G upgradation in Mumbai:

720 Node-Bs of existing 3G-network were planned for upgradation and 497 nos. of existing 8Mbps Microwave Hops were planned to be upgraded to Ceragon make Hybrid M/w of 400 Mbps capacity. 3G upgrade implementation of HSPA+ to enhance data speed from 3.6 Mbps to 21 Mbps and 384Kbps to 5.76Mbps on downlink and uplink has been completed.

III. Convergence of Core Network of Delhi and Mumbai:

MTNL took initiative to have common core of 3G network for Delhi and Mumbai. This resulted into saving of opex of ₹96 Cr and will help in reducing Opex on annual basis in terms of AMC cost and staff Cost Core network of Delhi and Mumbai is being converged by migrating the core elements of Mumbai Network to Delhi. The convergence will lead to significant improvement in resource utilisation and reliability of network. With this convergence Mumbai network will also be able to utilise the benefits of upgraded core network of Delhi. HLR, SGSN, GGSN, Netact, IN, SMSC, 2G BSS of Delhi, 2G BSS of Mumbai, and 3G BSS of Mumbai has already been migrated. PCRF, FMCC, OTA & welcome server are being migrated. Further MTNL Mumbai has also closed 2 nos of MSCs in Mumbai.

IV. **4G Tender:** The rollout of 4G services has been planned in Delhi and Mumbai. DoT has been requested for allocation of spectrum for 4G services in February 2018. MTNL has also submitted the proposal along with Detailed Project Report (DPR) for launching of 4G services in Delhi and Mumbai duly approved by the Board of Directors of MTNL in its 329th Board meeting held on 13.02.2018. Action for rollout of 4G services shall be taken on allotment of 4G spectrum by GoI.

V. **Trial for E-Band Spectrum:** In order to meet growing data traffic demand, MTNL is exploring the use of E Band spectrum to provide Backhaul connectivity upto 2Gb for 3G/4G Network and intend to carry out testing for the same. MTNL has tied up with Nokia for the same and application for experimental license has been submitted with WPC.

2. Wireline Network:

A. **Upgradation of the MPLS Network on OPEX model:** MTNL is planning to upgrade the entire MPLS network on OPEX model and make it future ready to handle the growing traffic needs of FTTH and 4G network.

B. **FTTH Revenue share Policy:** This unit had worked out, finalized and made operational the new policy to engage partners on revenue share basis to extend its FTTx services. Various partners were roped in to offer the high speed broadband services on fiber. In the year 2018-19 out of total 12,105 FTTH subscribers added by MTNL 9,520 subscribers (approx 79%) were added by partners.

C. **Redeployment of DSLAMs:** Redeployment of DSLAMs of existing Broadband Network near to the subscriber premises in Delhi and Mumbai thereby reducing copper length and enhancing the quality of broadband service. A total of 242 DSLAMs have been redeployed in Delhi and 188 in Mumbai till 31st March 2019. In the year 2018-19, 22 DSLAMs in Delhi and 14 in Mumbai have been redeployed thereby reducing copper length and enhancing the quality of Broadband service. This has improved customer experience and reduced the number of complaints.

Procurement of around 500 pizzabox type VDSL DSLAM are underway which are to be deployed near customer premise to offer internet speed upto 50 Mbps over copper.

It is further planned to upgrade existing DSLAMs to offer high speed internet by providing VDSL cards.

D. **Refurbishing of Pillars and DPs:** To improve the QoS parameters, refurbishing of Pillars and DPs has been planned in phased manner. 1283 Pillars and 37844 DPs in Delhi & 2862 Pillars and 14702 DPs in Mumbai have been refurbished by MTNL in 2018-19.

E. **Replacement of Drop Wire:** To improve copper pair quality, 1,18,096 mtr existing Drop wires have been replaced with twisted drop wires or thermo sleeves have been put at open joints at DPs by MTNL in 2018-19.

F. **Upgradation of Broadband Speed:** To give boost to customer experience, Download Speed of Broadband subscribers is being upgraded to 8 Mbps progressively without any additional cost depending upon feasibility and line parameters. 45,942 connections in Delhi and 53,235 in Mumbai were upgraded to higher speeds in the year 2018-19.

G. **Trial for V-Band Spectrum:** In order to meet growing data traffic demand, MTNL is exploring the use of V Band spectrum for last mile access for high speed Internet in FTTH Network and intend to carry out testing for the same. MTNL has tied up with Qualcomm for the same and application for experimental license has been submitted with WPC.

FINANCIAL RESULTS OF MTNL FOR THE FY 2018-19

The Standalone Financial Results of your company alongwith Consolidated Financial Results for Financial Year 2018-19 is placed as an annexure to this report.

The Standalone and Consolidated Financial highlights of your company for the Financial Year ended March 31st, 2019 are summarized as follows:

(IN CRORES ₹)

	Standalone		**Consolidated (MTNL, its Subsidiaries, JV & Associates)**	
	2018-19	**2017-18**	**2018-19**	**2017-18**
Income from Operations	1,987.80	2,371.91	2,085.41	2,471.86
Expenditures (Excluding Finance Cost)	4,293.73	4,584.38	4,404.87	4,682.72
Operating Profit/(Loss)	**(2,305.93)**	**(2,212.47)**	**(2,319.46)**	**(2,210.86)**
Other Income	618.91	744.51	636.09	745.34
Finance Cost	1,703.18	1,505.49	1,703.18	1,505.49
Profit/(Loss) before Tax	**(3,390.20)**	**(2,973.45)**	**(3,386.55)**	**(2,971.01)**
Exceptional Items	-	-	-	-
Share of profit/(loss)in investments accounted for using equity methods	-	-	(0.64)	0.57
Tax Provision for the Year	-	-	0.88	0.90
Profit/ (Loss) for the Year from Continuing Operations	**(3,390.20)**	**(2,973.45)**	**{3,388.07)**	**(2,971.33)**
Profit/ (Loss) for the Year from Discontinuing Operations	-	0.42	-	0.42
Profit/ (Loss) for the Year	**{3,390.20)**	**(2,973.03)**	**{3,388.07)**	**(2,970.91)**
Other Comprehensive Income	(7.39)	2.38	(7.75)	12.78
Total Comprehensive Income for the Year	(3,397.58)	(2,970.65)	{3,395.82)	(2,958.14)
Appropriation				
Interim/ Proposed Final Dividend	-	-	-	-
Dividend Tax	-	-	-	-
Transfer to/ (from):				
a) Contingency Reserve	-	-	-	-
b) Debenture Redemption Reserve	-	-	-	-

Sources and Application of Funds for the FY 2018-19 are given below:-				
SOURCES AND USES OF FUNDS	**2018-19**	**2017-18**	**2018-19**	**2017-18**
Authorised Capital	10000.00	800.00	10000.00	800.00
Issued, Subscribed & Paid Up Capital	630.00	630.00	630.00	630.00
Other Equity	{10,364.94)	(6,967.35)	(10,357.83)	(6,962.01)
Non-Current and Current Borrowings	19,737.16	17,014.79	19,737.16	17014.79
Deferred Tax Liability (Net)	-	-	6.34	5.71
REPRESENTED BY				
Property, Plant and Equipment (Net Block)	4,233.78	4,575.15	4,329.56	4,687.53
Capital Work in progress	320.04	330.98	320.04	330.98
Investment Property	25.57	25.57	34.96	35.36
Intangible Asset (Net Block)	3,101.90	3,439.27	3,101.90	3,440.71
Investment	106.13	106.13	3.73	4.37
Other Assets	6,890.03	7,772.56	6,914.33	7,792.25
Other Liabilities	4,675.22	5,572.23	4,688.85	5602.70

AMOUNT, IF ANY, WHICH THE BOARD PROPOSE TO CARRY TO ANY RESERVES

The Company has not transferred any amount to the Reserves in the absence of any profits during the financial year 2018-19.

DIVIDEND

Since there has been no operating profit, the Board of Directors of your company expresses its inability to recommend any dividend for the year under report.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT.

No Material changes and commitment affecting the financial position of the company occurred between the end of the financial year to which these financial statements relate and the date of the report. There has been no change in the nature of Business of the Company.

CAPITAL AND DEBT STRUCTURE OF MTNL

During the Financial Year the Authorized Share Capital of your Company was increased from ₹800 Crores comprising of 80 Crores shares of ₹10 each to ₹10,000 Crores comprising of 1000 Crores shares of ₹10 each. The paid up Equity Share Capital as at March 31, 2019 of your company was ₹630 Crores comprising of 63 Crores Equity Shares of ₹10 each.

During the Financial Year 2018-19, your company has neither issued any shares with differential voting rights nor has granted any stock option or sweat equity or issued any equity shares or preference shares or any securities which carry a right or option to convert or issue any Share Warrents.

During the Financial Year 2018-19 your company has not issued any Debentures or Bonds.

DETAILS OF PRIVATELY PLACED DEBT SECURITIES/BONDS OF MTNL AS ON 31ST MARCH, 2019.

S. No.	ISIN Number	Issuance Date	Maturity Date	Coupon Rate	Payment Frequency	Embedded Option if Any	Embedded Option if Any Put option Detail	Embeded Option if Any Call option Detail	Amount Issued & outstanding (in ₹)	Name of the Debenture Truste	Company Remarks if any
1	INE153A08014	28-Mar-13	28-Mar-23	8.57%	Half Yearly	No			10,050,000,000	SBI Cap Trustee Company Ltd	-
2	INE153A08022	5-Dec-13	5-Dec-23	9.38%		No			19,750,000,000		-
3	INE153A08030	26-Mar-14	26-Mar-24	9.39%		No			7,650,000,000		Semi annual interest and principal repayment liability rest with DoT (GOI)
4	INE153A08048	19-Nov-14	19-Nov-24	8.24%		No			14,000,000,000		
5	INE153A08055	19-Nov-14	19-Nov-24	8.28%		Yes		Call option at the end of ninth year	1,000,000,000		
6	INE153A08063	19-Nov-14	19-Nov-24	8.24%		No			700,000		
7	INE153A08071	28-Nov-14	28-Nov-24	8.29%		No			22,689,000,000		
	Grand Total								**75,139,700,000**		

CREDIT RATING OF DEBT/BOND ISSUED BY MTNL ALONG WITH ANY REVISIONS THERETO DURING THE FY 2018-19

CRISIL and CARE have reaffirmed their ‘CRISIL AAA(SO)/Stable’ and CARE AAA(SO)/Stable rating respectively on the ₹ 7533.97 Crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL). There has been no change in the rating given by CRISIL and CARE in last three years i.e., 2016, 2017 and 2018.

REVIEW OF SUBSIDIARIES ASSOCIATES AND JOINT VENTURE COMPANIES

Pursuant to Section 129(3) of the Companies Act, 2013 (“Act”),the consolidated financial statements of the Company and its subsidiaries, associates and joint ventures, prepared in accordance with the relevant Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, form part of this Annual Report. Pursuant to the provisions of the said section, a statement containing the salient features of the financial statements of the Company’s subsidiaries, associates and joint ventures in Form AOC-1 is given in this Annual Report. At present there is no material subsidiary company of MTNL, within the meaning of the Companies Act, 2013 / SEBI (LODR), 2015.

The Policy on Material Subsidiary has been approved by the Board and the same may be accessed on the Company’s Website at the link: http://mtnl.in/policy_materialsubsidy.pdf Performance highlights of Subsidiaries, Associates and Joint Venture Companies are briefly given as under:-

SUBSIDIARIES

(i) MAHANAGAR TELEPHONE (MAURITIUS) LTD. (MTML) (A WHOLLY OWNED OVERSEAS SUBSIDIARY)

MTML is a 100% subsidiary of MTNL. The company is having license for mobile services, international long distance services and internet services. The customer base of MTML as on 31st March 2019 has grown to 3,18,875 resulting in a market share of around 20%. MTML is offering 2G/3G services all over the island and after completion of LTE Phase-2 in January 2019, almost 80% of the island population is covered by our 4G network.

During the Financial Year 2018-19 MTML had total Turnover amounting to INR 108.43 cr as against INR 93.19 cr in last year. During the Financial Year 2018-19, MTML has earned Profit amounting to INR 3.41 cr as against INR 3.73 cr in last year. The year 2018-19 has been 10th straight year for MTML to be in profit. In 2018-19, MTML continued to add more customers by introducing very attractive voice and data plans for existing as well as prospective customers. LTE (4G) expansion has resulted in exponential data growth. MTML is also making inroads in Enterprise Business solutions and could get a few more Enterprise customers during the year. MTML has also started selling Smartphone of all popular brands such as Apple, Samsung, Huawei, Nokia etc. after entering into agreements with main distributers of these brands at Mauritius. In this financial year the Company generated revenue of INR 22.22 million from this segment. MTML is well established in Mauritius due to its innovative tariff structure and on the merit of its state of art technical offerings. The Company is always exploring new business possibilities and is looking to consolidate its position in the market on the basis of a strong 4G network. During the year 2018-19, MTML was successful in getting substantially bigger orders to provide satellite bandwidth and mobile services in Agalega Island of Mauritius for the development project being carried out by AFCONS. Agalega Island is more than 1000Kms north of Mauritius Island.

All the expenses of the company are met from its own internal resources. The CAPEX for procurement of equipments is totally met from its own internal resources. There is no debt liability on the company. The company is managed by CEO, CTO, CFO and 10 more officers, all on deputation from the parent company. Other operations are managed through outsourcing the locals.

(ii) MILLENNIUM TELECOM LTD. (MTL) (A WHOLLY OWNED INDIAN SUBSIDIARY)

Millennium Telecom Ltd (MTL) is a wholly owned subsidiary of MTNL. Services being offered by MTL include Telecom consultancy & engineering, Project Management, Wi-Fi solution, project on e-governance, Managed services, Turnkey ICT solution, GIS based services, capacity building and skill development etc.

Millennium Telecom Ltd (MTL) is also moving ahead with a very high growth rate. During the year under report i.e. 2018-19 the company has earned revenue of ₹73,439,502/- as against ₹67,577,399/- last year. MTL earned a net profit of ₹64.07 Lakhs during the year under report. MTL is in the process of winning over more orders in the coming years.

A large number of Govt. Institutions have awarded works on nomination basis, which have been successfully executed by MTL. Customer list include Air India, J & K Government, Central University-(Mahendragarh) Haryana, UP Building and Other Constructions Workers Welfare Board (BOCWWB), Lucknow, Thane Municipal Corporation, CIDCO, Film Division of India, Insurance Institute of India etc. MTL is also expanding its portfolio of service for providing generalized as well customized solutions to suit government and semi government institutions. MTL has reopened the window for Empanelment of Business Development Associates in MTL through open ended EOI. MTL has around 24 empanelled BDAs. In 2018-19, MTL has worked on various projects including P2PRF connectivity (50 mbps) for Air India, FMS for campus wide wireless and wired

LAN for Central University Haryana, GIS based Survey of District Meerut and Ghaziabad of UP for generating social welfare fund for labor's CESS , LAN-WAN Project along with email hosting solution of Thane Municipal Corporation(TMC), Communication server project (state of art voice solution) of CIDCO, LAN networking of Films Division of India, enhancing EPABX Solution for Insurance Institute of India. Further, many new projects are in the pipeline including:-To provide bandwidth connectivity on MPLS-VPN Network (more than 36 locations including DC and DR) and Internet Leased Line for UJVN Limited, Dehradun, Establishment of Video Conferencing system between head office and there field offices of UJVNL Ltd, Dehradun Uttarakhand and GIS survey of various districts in Chhattisgarh with the help of modern GIS technologies.

JOINT VENTURE

(i) MTNL STPI IT SERVICES LTD. (MSITSL)

MTNL STPI IT SERVICES LTD (MSITSL) is a 50:50 Joint Venture company of Mahanagar Telephone Nigam Limited (MTNL) and Software Technology Parks of India (STPI).

MSITSL has established the physical infrastructure of Tier III Data Center at Chennai on space taken on lease basis from STPI. The Data Center has server farm area of around 3500 sq. ft. and the total investment made in this regard is of ₹477 lakhs. This Tier III Data Center is maintaining 99.98% uptime on 24X7. At present, the following are our prime customers who have co-located server/storage/network racks of their functions and operations in the MSITSL Data Centre.

- The **Ministry of External Affairs (MEA)** has hosted Passport Seva Project at MSITSL Data Center through M/s TCS.
- The **Directorate General of Employment & Training (DGE&T)** in Ministry of Labour & Employment has hosted National Career Project through STPI at MSITSL Data Centre.
- **M/s Repco Bank Ltd** and its associates such as **Repco Microfinance Ltd.** etc. have co-located server racks for banking/finance operation.

The revenue of the company has been increasing year after year from the date of its commercialization in 2009. In the current year, the revenue over the last year has registered an increase of 6.53% from ₹5,01,74,822/- to ₹5,34,49,037/-.

The service Agreement between TCS and MSITS ltd. for co-locating passport seva project (PSP) in MSITS datacenter at Chennai is expiring on 11th June 2020 for which MEA has floated the Expression of Interest(EoI) for onboarding an Implementing Agency for a further period of 10 years beginning July 2020 for operating and maintaining Passport seva project . The TCS may either exit or continue if it is the winning bidder in the MEA bid process. If another bidder is successful, then they may take over the Passport seva Project within six months after winning the bid. Presently MSITS is generating revenue of 4.4 crores per annum from TCS for Passport seva project. Keeping this in view, The Board has desired that MSITS should keep close watch as outcome of MEA's EoI as the PSP is a major source of revenue for our Company.

(II) UNITED TELECOMMUNICATIONS LTD. (UTL), NEPAL

UTL is another J.V Company of MTNL which consists of TCL, TCIL, NVPL (Nepal) & MTNL. The company provides Mobile/ILD/data services in Nepal. At present MTNL is holding 26.68% of Equity in UTL. The company has not been performing well for the last few years. It has huge losses. The Customer base has also reduced. It is not paying the statutory dues like Royalty, BTS site charges, and other dues to the Govt. of Nepal. The company does not have resources to clear outstandings. They have sought Equity participation by its JV partners but MTNL, TCIL & TCL all the Indian JV partners have decided not to contribute any amount towards its Share Capital or Loan. All the Indian JV Partners have decided to exit from the JV and have exercised their Right to exit, on January 30, 2018. Notice of exit (Sale of our share in JV Company) was given and was required to be accepted within 3 months i.e on or before 30.04.2018. The local partner had sought time extension of another 3 months i.e. till 30th July, 2018 for giving effect to the exit request by parent.

Accordingly, such investment has been classified as "held for sale" in the financial statement for year ended 31st March, 2019. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal Government Department and is yet to be approved by Nepal government. MTNL has taken up the matter with Ambassador of India in Nepal through the secretary DoT to get the process expedited so that facilitation of the remittance of amount invested in UTL is done.

During the year under report 2018-19, there has been no change in subsidiaries, associates or joint ventures of the company.

DETAILS OF SYSTEM STATUS FOR THE FINANCIAL YEAR 2018-19 (AS ON 31st MARCH, 2019)

Your Company has the following equipped and used capacity of Landline, GSM, Broadband etc. as on 31st March, 2019:-

S. No	Parameters	MTNL Delhi	MTNL Mumbai	MTNL Total
1	Number of Switches	361	278	**639**
2	Details of Capacity	-	-	**-**
2a	Fixed Phones	2416505	2586392	**5002897**
2b	GSM	2800000	2800000	**5600000**
2c	Broadband Capacity (in Ports)	788736	845908	**1634644**
3	DELs (including Fixed-Line, GSM and Broadband)	4129751	3402993	**7532744**
3a	Fixed Line	1441900	1761740	**3203640**
3b	GSM	2213046	1240177	**3453223**
3c	Broadband Subscribers	474805	401076	**875881**
4	FTTH Subscribers	12548	10227	22775
5	ISDN	7340	11056	**18396**
6	DLC (No.)	425	46	**471**
7	Tax Capacity	150000	115200	265200
8	Tandem Capacity	402500	331240	**733740**
9	**Optical Fibre Cable**	**-**	**-**	**-**
9a	OFC in Route Kms	9039.468	8936	**17975.47**
9b	OFC in Fibre Kms	298470.364	289792.346	**588262.7**
10	Leased Circuits	11861	18037	**29898**

HUMAN RESOURCE DEVELOPMENT

The Company attaches the highest priority to the quality of intellectual capital at its disposal and believes that knowledge and skills of its employees are the key to achievement of its corporate mission. It has sound recruitment policy and comprehensive training system. During the past one year, your company has laid greater emphasis on Human Resources Development. We have been devoting substantial resources on building a skilled workforce that have a capability to counter threats posed by ever changing customer base. The Company has been conducting various training and development activities which apart from reorienting the employees towards the greater organizational purpose are also focusing on eliminating any skill gap and technical obsolescence. The management's view on training is one of development of employee's overall personality and enabling them in becoming a vital productive resource.

TRAINING ACHIEVEMENTS

At present, MTNL has its two in house state of the art training centers, one located in New Delhi and another at Mumbai. The details of the achievement of training centers at Delhi and Mumbai are given below:

(I) THE INSTITUTE OF TELECOM, TECHNOLOGY & MANAGEMENT (ITTM), NEW DELHI

The Institute of Telecom, Technology & Management (ITTM) at Shadipur, New Delhi has been imparting induction training, in-service training and short term courses to its officers and employees in the field of Telecom, IT, Management and HR. With impressive growth of Telecom sector in India, the requirement of telecom trained personnel is growing day by day. Realizing this ever growing demand for telecom personnel, ITTM introduced industrial training to engineering students in the field of ECE/CS/IT as part of their summer/ winter training. During the year 2018-19, ITTM has successfully trained 854 Executives and 1034 Non-Executives of MTNL. Coaching classes for candidates appearing in Limited Departmental Competitive Exam for TMs was conducted and subsequently the exam was conducted at Andhra Education Society, New Delhi centre. Industrial training and industrial visits for engineering/school students were also organized. Total 278 BE/B.Tech/Diploma students have undergone Industrial training on paid basis. In addition to this, ITTM also conducted the industrial visits for 634 students from schools/technical institutions. Six employees of TCIL were also imparted training in Computer and Management skills on chargeable basis.

Revenue earned at ITTM for financial year 2018-19:-Industrial Training to Engineering Students = ₹ 22,01,666/- and Corporate Training to TCIL employees = ₹ 65,844/-

(II) CENTRE FOR EXCELLENCE IN TELECOM TECHNOLOGY & MANAGEMENT (CETTM), MUMBAI

The Centre for Excellence in Telecom Technology & Management (CETTM) is situated at Technology Street, Hiranandhani Garden, Powai, Mumbai. The competition in the field of training is increasing tremendously with each passing day.

CETTM's achievements during financial year 2018-19 are as follows:- CETTM successfully trained 3938 in-house personnel and 3264 external personnel with an achievement of 24414 Trainee days. Total of 318 Programs were conducted. 35 Students were trained through various certificate courses under Corporate Social Responsibility (CSR), while 23 students took part in one/two/six months Project Training works. Total 2731 number of Engineering College Students from 30 different Colleges took part in "Industrial Visit Programme" during 2018-19. 7 senior officers from the Security Wing from Cabinet Secretariat have been trained in Next Generation Networks. Under ITEC program, sponsored by MEA, Govt. of India, CETTM successfully completed 13 programs. Total 306 delegates from 54 different countries participated this financial year. CETTM also conducted 10 weeks Induction Training Programme for 2 newly recruited JTO (Electrical) in MTNL and 2 departmental JTOs as 16 weeks Induction training program for 8 departmental JAOs. Induction training of 50 candidates for TTA promotion of 8 weeks duration was also conducted. CETTM has conducted various short duration technical as well as Management related courses for MTNL employees on need basis to improve MTNL services. Behavioural and Attitudinal training for Line staff and CSC staff completed in all areas and CC operators. Onsite and in-house programs conducted in Landline BB, FTTH, OFC splicing, PON wiring & its troubleshooting for all areas. 60 students of Symbiosis Institute of Telecom Management (SITM) were trained under 4 days Industrial Visit Program. 35 Polytechnic faculties from Maharashtra State Board of Technical Education (MSBTE) were trained for 3 days training Course on Information Security. Workshops & Events organized by CETTM in FY 2018-19 are given below:-

- SMART (Stress Management & Right Thinking) workshop organized by Brahmakumaris on 17th Apr 2018.
- CETTM celebrated 'World Telecommunications & Information Society Day' by conducting one day workshop on "Artificial Intelligence" by Dr. Sasikumar Director, CDAC Mumbai and "Legal implication of A.I." by Mr. Chirag Balyan prof. from MNLU on 17th May 2018.
- Yoga session & talk by Dr.Sachin Parab were conducted for MTNL employees to celebrate International Yoga Day at CETTM on 21st June 2018.
- One day program on Awareness Program on Blockchain & IoT by SOFOCLE Technologies on 2nd Aug 2018 & 20th Oct 2018.
- Ceragon M/W training for Executives (AM/DM/SM) on 22nd and 25th Oct 2018.
- Organised two days advanced LPWA for IoT by M/s Award Solutions on 29th Oct 2018.
- TCIL E-Tendering procedure training (6 batches) arranged for executives on request from IT Unit in the month of Jan 2019.
- Workshop on Session Initiation Protocol for FTTH on 19th Feb 2019.
- One day course on "GPS based access network planning" on 22nd Feb 2019.

Business Development at CETTM in FY 2018-19 are given below:- Total revenue achieved in FY 2018-19 was ₹26.51Cr with an increase of 5.19% compared to 25.2Cr revenue in 2017-18. CETTM continues to be the first choice for conducting training courses, workshop, seminar etc. by our esteemed clients. Top clients include LIC, BPCL, NPCIL, Department of Sales Tax, KEC, IIT Mumbai, Grey Atom, Wipro, National School of Drama etc. CETTM has leased additional 50 hostel rooms & 4th floor of academic building (13000 sq.ft.) to Maharashtra National Law University. For Skill Development, courses perused with NSDC & TSSC. The efforts and the results, reiterate our commitment to growth in terms of business, quality & customer satisfaction and the customers have always rewarded our good work by giving us the repeated business.

(III) SKILL DEVELOPMENT

With a vision of a Skilled India, Ministry of Skill Development & Entrepreneurship (MSDE) aims to skill India on a large scale with speed and high standards. Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme that is driving towards greater realisation of this vision. MTNL have two training centre, one at Mumbai (CETTM) and another at New Delhi (ITTM). Both of the training centers are engaged to meet the requirement of skill development and giving summer trainings to students of BE/ B.Tech. Short Term (One Day/ Two days) training programs for outsiders including students, housewives & others are also being conducted. To achieve the aim of skill development programme, MTNL has signed MoU with Telecom Sector Skill Council & Global Institute of Skill Development. MTNL has also signed MoU with Gramin Vikas Trust (GVT) to run a training cum skilling center for promotion of entrepreneurship for the period of Five years. Under skill development programme MTNL has trained 3843 trainees in FY 2018-19. MTNL is also in process of conducting Recognition of Prior Learning certification for all eligible MTNL employees.

INDUSTRIAL RELATIONS

Industrial peace and Industrial harmony is based on healthy Employee Relations and like the previous years, Employees Relations remained Cordial throughout the year. The Grievances/Issues raised by the Employees/Unions/Associations were given due attention and regard. The cases/ issues brought up by them were settled through regular meetings and interactions between Management and Unions/Associations and action as mutually agreed was taken to settle them. MTNL vide letter No. MTNL/CO/IRW/22(8)/2018-19 dtd 22.06.18 has conveyed the approval of the Board for benefit of merger of IDA @ 73.8% for the purpose of fitment in respect of Board and below Board level Executives, Non-Executives, Non-unionized supervisors (all employees) of MTNL w.e.f. 01.01.2007 on the notional basis and actual payment from 01.01.2018.

EMPLOYEES' WELFARE

Employees' Welfare Schemes like subsidized Canteen, Housing, Medical facilities, Group Insurance, dormitories for females working in night shift etc. continued and maintained by the Company for its employees. Sports and Cultural activities were also given priority during the year. Changeover of Contributory Group Health Insurance Scheme for retirees to CGHS after pursuance of MTNL with DoT, the Ministry of Health issued instructions to CGHS for enrolment of MTNL retirees (drawing Govt. Pension) in the CGHS. To facilitate the same an incentive is being provided to the concerned retirees. As on date approximately '8285' retirees in MTNL have benefited from this scheme.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

The Company continued its efforts to comply with statutory requirements in promoting the use of Hindi and has been able to achieve most of the annual targets set by the Government for implementation and promotion of Hindi as Official Language in the Company.

IMPLEMENTATION OF RESERVATION POLICY FOR SC/ST/OBC/PHYSICAL HANDICAPED AND ECONOMICALLY WEAKER SECTION

The Company has endeavored to fulfill all the statutory requirements with regard to implementation of reservation policy for candidates belonging to SC/ ST/ OBC communities as well as Physically Challenged and Economically Weaker Section candidates.

IMPLEMENTATION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has constituted an internal Committee to look into the complaints on Prevention, Prohibition & Redressal of Sexual Harassment of Women at workplace and matters connected therewith or incidental thereto covering all aspects as contained in the Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act 2013.

WORKING CONDITIONS OF WOMEN EMPLOYEES

We are continuously striving towards gender sensitization amongst our employees. Special care has been taken in case of woman employees in night shifts. Also to redress the issues of Sexual Harassment at workplace, special cells have been constituted.

MANPOWER STATUS

As on 31st March, 2019, the total strength of employees and SC/ST Category working in the company as per details is given below:-

Group	Total Working	SC	ST
A	810	137	55
B	2317	347	56
C	12758	1946	205
D	5819	1494	300
TSM	4	-	-
Grand Total	**21708**	**3924**	**616**

New Recruitment

The Board of Directors during the last financial year had approved to induct 100 officers at E-2 level in the stream of Telecom, Finance, Electrical, Civil, HR and Sales & Mktg. Total 39 officers in the stream of JTO (Telecom/Civil/Electrical) at E-2 level joined MTNL during the last financial year. The recruitment of non-technical posts viz AM (Finance/Mktg/HR) as detailed below is under process:- Finance- 17, HR- 06 and Sales & Marketing – 15. During the financial year 2018-19 no further recruitment was made.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has been suffering losses for the last few years and hence. The provisions of Section 135 of the Companies Act, 2013 are not applicable. However, the company has constituted a CSR Committee and also formed a CSR Policy in compliance with the provisions of The Companies Act, 2013 and DPE Guidelines on the subject. MTNL is undertaking non funding CSR activities like sending SMS to the public for spreading awareness on Swachh Bharat, Pulse Polio, other moves of the Government, etc. For details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of this Report. The CSR Policy is available on the website of the company www.mtnl.net.in .

VIGILANCE

The Vigilance organization of MTNL is headed by Chief Vigilance Officer. Shri Deepak Kashyap, CVO, BSNL was holding is in additional charge of CVO, MTNL. CVO is responsible for complete vigilance administration in MTNL. During the year 2018-19, emphasis was laid on preventive vigilance and to enhance the awareness of transparency and accountability in working by carrying out various field inspections. Advices for system improvement were issued by Vigilance Unit. CTE type inspections were also carried out as per CVC guidelines. Further, training programme/ seminars on vigilance matters/complaints handling and disciplinary proceedings have been conducted during the year for the employees to make the participants understand the conduct rules of MTNL, procedure for handling departmental proceedings and improve their working efficiency. As per CVC instructions, the Vigilance Awareness Week was observed from 29/10/2018 to 03/11/2018. During this week, various activities like administering of integrity pledge, release of information booklet on the Vigilance & Disciplinary matters with a focus on “Eradicate Corruption- Build a New India”, Preventive Vigilance and other general conduct (Do’s & Don’ts) among the employees of MTNL was distributed. Also various programmes such as seminars, workshops, debates as well as Quiz competitions were organized during Vigilance Awareness Week. MTNL Board was regularly apprised of the progress of Disciplinary cases for review through quarterly reports. Review of vigilance work/matters by CMD with approval of CVO was also submitted quarterly.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

Your Company has in place a robust vigil Mechanism for reporting genuine concerns through the company’s Whistle Blower Policy. The Policy on Whistle Blower may be accessed on the Company’s Website at the link: http://mtnl.in/whistleBlowerPolicy.pdf . The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior as defined under Regulation 22 of SEBI (LODR) Regulation, 2015. Under the Whistle Blower Policy the employees are free to report violations of applicable laws and regulations and the Code of Conduct to the Chairman of the Audit Committee. During the year under report, no employee was denied access to the Audit Committee.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators/Courts/Tribunals that would impact the going concern status of the Company and its future operations.

INTEGRITY PACT PROGRAME WITH TRANSPARENCY INTERNATIONAL INDIA

MTNL has signed a Memorandum of Understanding (MOU) with Transparency International India (TII) for implementing an Integrity Pact Programme (IPP) focused on enhancing transparency in its business transactions, contracts and procurement process. Under this MOU, MTNL is committed to implementing the Integrity Pact in all its major procurement and work contract activities. The Integrity Pact has strengthened the established system and procedures by creating trust in various stakeholders. Three Independent External Monitors (IEMs) being persons of eminence nominated by the Central Vigilance Commission (CVC), to monitor the activities. As on 31-03-2019, Shri Dhruv Kr. Agarwal [Ex-Advisor (T), DOT], Shri V. K. Gupta [Ex-Addl. DG, CPWD] and Ms. Alka Sirohi [IAS (Retd)] are acting as IEMs of MTNL. There have been regular Vender and Management Meeting of IEM, during FY 2018-19.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The provision of Section 134(m) of the Companies Act, 2013 do not apply to the Company as your Company is a service provider. The total foreign exchange earning was ₹1.53 Crore and the total foreign exchange expenditure was ₹4.17 Crore.

ENTERPRISE RISK MANAGEMENT

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee also has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of Risk Management Policy has been covered in the Management Discussion and Analysis Report, which forms part of this Report.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under report, the Board of Directors of your Company met Seven times during the Financial Year 2018-19. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 & the Listing Regulations. Details of Board Meetings are given in Corporate Governance Report which forms part of this Report. At these meetings, the Board held intensive discussions on the budget, important financial transactions and various steps to face the impending competition from private operators both in Basic Telephone Service, Cellular Mobile Telephone and other value added services.

SELECTION AND PROCEDURE FOR NOMINATION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

MTNL being a Government Company, the appointment and the terms and conditions of appointment (including remuneration) of the Whole-Time Directors are decided by the Government of India. However, the Board has constituted a Nomination & Remuneration Committee. The Government Nominee Directors do not get any remuneration from the Company. The Independent Directors are being paid sitting fee of ₹10,000/- for attending each meeting of the Board or Committee thereof. They are reimbursed travel expenses & hotel expenses on this account, if any in addition to the sitting fees. Details of remuneration paid to the Whole time Directors and KMP as well as sitting fees paid to Independent Directors for the year under review are given in the Corporate Governance Report which is attached as annexure to this report.

PERFORMANCE EVALUATION OF DIRECTORS

Ministry of Corporate Affairs (MCA), through General Circular dated 5th June, 2015, has exempted Government Companies from the provisions of Section 178 (2) of the Companies Act, 2013 which provides about manner of performance evaluation of Board of Directors, Committee of Board of Directors and Director by the Nomination and Remuneration Committee. The aforesaid circular of MCA further exempted listed Govt. Companies from provisions of Section 134 (3) (p) of the Companies Act, 2013 which requires mentioning the manner of formal evaluation of its own performance by the Board and that of its Committees and Individual Director in Board's Report, if directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government as per its own evaluation methodology. Now, MCA, through Notification dated 05.07.2017, has amended Schedule IV of the Companies Act, 2013 with respect to performance evaluation of directors of the Government Companies that in case of matters of performance evaluation are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies, such provisions of Schedule IV are exempt for the Government Companies.

Similar exemption has been requested by PSUs wing of CII from SEBI under the SEBI LODR for all PSUs. In this regard, Deptt. of Public Enterprises (DPE) has already laid down a mechanism for performance appraisal of all functional directors. DPE has also initiated evaluation of Independent Directors.

Your Company enters into a Memorandum of Understanding (MOU) with Government of India each year, demarcating key performance parameters for the Company. The performance of the Company and Board of Directors are evaluated by the Department of Public Enterprises vis-à-vis MOU entered into with the Government of India.

TRANSFER OF FUNDS/SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Your Company has not declared dividend from FY 2009-10 onwards, hence provision of transfer of unclaimed dividend and shares as per IEPF Rules is not applicable to your Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under report, the Company has not entered into any Material Transaction with any of its related parties. The Company's major Related Party Transactions are generally with its subsidiaries and associates. All Related Party Transactions, if any, were in ordinary course of Business and were negotiated at an Arm's Length basis and they were intended to further the company's interest. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of Companies Act, 2013 in Form AOC-2 is not applicable. Web link for Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transactions has been provided in the Report on Corporate Governance which forms part of Annual Report. Details of Related Parties and transaction with your Company are given in Notes to the financial statement which is a part therof.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under report, your Company has executed Deed of Corporate Guarantee on 25/10/2018 for ₹25.96 crores in favour of Bharat Broadband Network Ltd.(BBNL) for the purpose of participating in BBNL tender for various telecom services by MTNL alongwith its consortium partners. The Corporate Guarantee was valid till 22/04/2019. The validity of the said Corporate Guarantee was extended till 31/07/2019.

During the Year there was no loan given or investments made by the MTNL under Section 186 of the Companies Act, 2013.

CORPORATE GOVERNANCE

Your company has complied with the Corporate Governance requirement under the Act, Listing Regulations and the relevant guidelines issued by Department of Public Enterprises (DPE). Your company is also complying with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). A certificate from M/s V.K. Sharma & Co. Practising Company Secretaries, regarding compliance of conditions of Corporate Governance as stipulated under Schedule V (E) of SEBI (LODR), 2015 for the FY 2018-19 and Annual Secretarial Compliance Report for the FY 2018-19 pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 has been obtained from M/s Mritunjay Shekhar & Associates, Practising Company Secretaries is also placed at annexure to this report. Further, a separate section on Corporate Governance is placed as annexure to this report.

EXTRACT OF ANNUAL RETURN

As provided under Section 92 of the Act and rules framed thereunder the extract of Annual Return in Form MGT-9 is given as Annexure which forms part of this report. In compliance with Section 134 (3) (a) of the Act an extract of Annual Return is also uploaded on MTNL Website and can be accessed at www.mtnl.net.in.

IMPLEMENTATION OF CIRCULAR ISSUED BY MINISTRY OF CORPORATE AFFAIRS ON "GREEN INITIATIVES IN CORPORATE GOVERNANCE"

The Ministry of Corporate Affairs, vide its Circular no. 17/2011 dated 21st April 2011 followed by Circular no.18/2011 dated 29th April 2011 has taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies through electronic mode and introduced e-mail address as one of the modes of sending communication to the members. Also as per provision of Section 101 of the Companies Act, 2013, and rules made there under notice of meeting may be sent by electronic mode.

In accordance with the above circulars and to ensure compliance of Green Initiative, your Company has sent various documents including Notice of the 33rd AGM, Audited Financial Statements, Directors' Report, Auditors' Report for the F.Y. 2018-19 etc. to its shareholders in electronic form, at the e-mail addresses provided / registered by members and made available to us by the Depositories (NSDL/CDSL). The members are advised to update by registering changes, if any, in their e-mail address, with the concerned Depository Participant.

Your Company shall also display full text of Notice of 33rd AGM & Annual Report 2018-19 at its website www.mtnl.net.in and physical copies of such documents will be made available at the registered office of the Company for inspection by the members during office hours on all working days. Your Company looks forward towards active participation of Shareholders in this "Green Initiative" and request all Shareholders, who have not so far supplied their e-mail addresses, to give the same at the earliest.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and belief confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis and

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating efficiently.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company had maintained, in all respects, adequate internal financial controls over financial reporting and such internal control over financial reporting were operating effectively during the financial year 2018-19, based on the internal control over financial reporting criteria established by the Company considering the essential components on internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). Report on the Internal Financial Control under Section 143(3)(1) of the Companies Act, 2013 for the FY 2018-19 is attached as annexure to the Independent Auditors Report which is part of the report.

FIXED DEPOSITS

Your Company has not invited/ accepted any fixed deposits under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date on this account.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

The provisions of Section 197(12) of Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company as being a Govt. Company.

BUSINESS RESPONSIBILITY REPORT (BRR)

The Listing Regulations mandate the inclusion of the Business Responsibility Report as part of the Annual Report for top 500 listed companies based on Market Capitalization. MTNL is voluentarly disclosing Business Responsibility Report (BRR) as part of Annexure to this report. The BRR maps the sustainability performance of your Company against the reporting framework suggested by SEBI.

STATUTORY AUDITORS

M/s. Kumar Vijay Gupta & Co., Chartered Accountants and M/s Mehra Goel & Co, Chartered Accountants have been appointed as Joint Statutory Auditors of your Company by the Comptroller and Auditor General (CAG) of India for the Financial Year 2018-19 and the Board has already ratified their appointment.

COST AUDITORS

M/s R. M. Bansal & Co., Cost Accountants have been appointed as Cost Auditors of your company for carrying out audit under Section 148 of the Companies Act, 2013, for the cost records as maintained under Section 209(1)(d) of Companies Act,1956 and as notified under: (i) Cost Accounting Records (Telecommunications) Rules,2002 & (ii) Cost Audit Rules,2001. The Cost Audit Report alongwith the annexures for the Financial Year 2017-18 have been submitted to the Central Government in the Form I-XBRL format on MCA portal on 16/10/2018.

SECRETARIAL AUDITORS

Your Company has appointed M/s R. P. Sehgal & Associates, Practising Company Secretaries, to conduct the Secretarial Audit of the company for the Financial Year 2018-19. The Secretarial Audit Report of M/s R. P. Sehgal & Associates and the replies to their observations are given in as annexure to this report.

AUDITORS QUALIFICATIONS AND MANAGEMENT REPLY THERETO

The replies to the observation of the Statutory Auditors for the Financial Year 2018-19 are given as annexure. The Comments of the Comptroller and Auditor General of India (CAG) on the Financial Statements and the replies of the Management thereon are also given in the annexure to the Directors' Report.

FRAUD REPORTED BY AUDITORS

The Auditors of the Company have not reported any fraud as specified under second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being enforce).

CRITERIA FOR DETERMINATING QUALIFICATION, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

(i) Qualification:- The Board of Directors of your Company has formulated criteria for appointment of Whole time Directors in your Company. The selection of Whole time Directors is done by Public Enterprise Selection Board (PESB) on the basis of such criteria.

(ii) Positive Attribute:- Apart from the duties of Directors as prescribed in the Companies Act the Directors are expected to demonstrate high standards of ethical behavior, communication skills and independent judgment. The Directors are also expected to abide by the respective code of conduct as applicable to them

(iii) Independence:- A Director is considered as independent if he/she meets the criteria laid down in Section 149(6) of the Act, the Rules framed their under and Regulations 16(1)(b) of the Listing Regulations.

INDEPENDENT DIRECTOR DECLARATION

The Independent Directors have submitted a declaration/confirmation that they meet the criteria of independence as lad down in section 149 (6) of Companies Act, 2013 & Regulation 16 (1) (b) of the Listing Regulation and they are not aware of any circumstances or situation which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence, pursuant to Regulation 25 of the Listing Regulations.

The following Non-Executive Director are independent as on March 31, 2019: -

1. Shri Ashok Mittal
2. Shri Rakesh Nangia
3. Smt. Suneeta Trivedi
4. Shri Chinmay Basu
5. Smt. G. Padmaja Reddy
6. Shri K. B. Gokulchandran

DIRECTORS & KEY MANAGERIAL PERSONNEL

The Company has a very balanced and diversified Board of Directors with an optimum mix of Executive [represented by CMD, Director (HR & EB), Director (Finance) and Director (Technical)], Non-Executive [represented by Government Directors] and Independent Directors. List of Present Directors of MTNL as on 14-08-2019 is given in the Corporate Governance Report. During the period under report, the following changes took place in the Directorship/Key Managerial Personnel (KMP) of Your Company: -

1. Shri Shri Amit Yadav ceased to be Government Nominee Director on 22.10.2018
2. Shri R. K Khandelwal was appointed as Government Nominee Director Vide DoT letter E-5-1/2018-PSA dtd 11.10.2018 and ceased to be Government Director of the company on 30.05.2019.
3. Shri Milind Vijay Joshi was appointed as Director (Finance) and KMP on 05.11.2018.
4. Shri Navneet Gupta, Jt. Secretary (Admin), Government of India was appointed as Government Nominee Director vide DoT letter no. E-5-4/2019-PSA dtd 27.05.2019.
5. Shri P. K. Purwar ceased to be CMD of MTNL w.e.f 15.07.2019.
6. Shri Sunil Kumar Director (HR & EB) has been entrusted with additional charge of CMD vide DOT letter no. E-2-2/2019-PSA dtd.24.07.2019 w.e.f 24.07.2019.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel (KMP) of your Company as on 31.03.2019 are: -

i) Shri P.K. Purwar, CMD (Ceased to be CMD of MTNL w.e.f. 15.07.2019)

ii) Shri Sunil Kumar, Director (HR&EB}

iii) Shri Milind Vijay Joshi, Director (Finance)

iv) Shri Sanjeev Kumar, Director(Tech)

v) Shri S.R. Sayal, Company Secretary

Apart from the above, no other Director (including Independent Directors) or KMP were appointed or had retired or resigned during the Financial Year 2018-19. Details of Board of Directors are given in the Corporate Governance Report.

RETIREMENT OF DIRECTORS BY ROTATION

In accordance with the provisions of Section 152 of the Companies act, 2013 read with Article 66 F of the Articles of Association of the Company. Shri Milind Vijay Joshi, Director (Finance) and Shri Sanjeev Kumar Director (Tech) retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Brief particulars of directors seeking re-appointment together with their directorships in other companies and committee memberships have been given in the annexure to the Notice of Annual General Meeting in pursuance to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standards 2 issued by ICSI.

COMMITTEES OF THE BOARD

The Company has five Board Committees as on 31.03.2019:-

1. Audit Committees.
2. Nomination & Remuneration Committees.
3. Stakeholder Relationship Committee.
4. Risk Management Committee
5. Corporate Social Responsibility Committee

Details of all the Committees along with their main terms, composition and meeting held during the year under review are provided in the report on Corporate Governance, a part of this annual report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to gratefully acknowledge the help, guidance and support received from Deptt. of Telecom (DoT) and various Ministries of the Government of India. Your Directors are especially grateful to its Bankers, all stakeholders and investors including, ADR holders, for their continued patronage and confidence reposed in the company. The Directors would like to express their thanks for the sincere hard work and dedicated services rendered by every employee of the company. The Board is confident that with the employees' continued enthusiasm, initiative and dedicated efforts, your company could face the new challenges and opportunities arising out of the resultant competition from private operators in the Cellular Mobile, Basic Telephone, Internet services and other Value Added services.

For and on behalf of the **Board of Directors**

Sd/-

PLACE: NEW DELHI **(Shri Sunil Kumar)**

DATE: 14/08/2019 **CMD & Director (HR & EB)**

ANNEXURE I TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We have conducted the Secretarial Audit for the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHANAGAR TELEPHONE NIGAM LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on the information provided by the company and verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March 2019 compiled with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the Rules made there-under,

ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there-under,

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under,

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings,

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act).

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011,

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period).

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit Period),

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008,

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client with respect to issue of securities,

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit Period),

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period) and

vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sectors/Businesses are:

a) The Telecom Regulatory Authority of India Act 1997 and Rules and Regulations made there-under,

b) The Indian Telegraph Act, 1885.

c) The Indian Wireless Telegraphy Act, 1933.

We have also examined compliance with the applicable Standards/Regulations of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India,

b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **The Company has applied for delisting from the Calcutta Stock Exchange Limited & Delhi Stock Exchange Limited on 16th October, 2012. However, the confirmation is still awaited. The shares of the Company are also listed on OTCQX, New York.**

During the period under review, as per our audit of records of the Company and as per the explanations and clarifications given to us, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above subject to our observation as under.

a) The company did not comply with the Regulation 18(2)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Deviation:

AS PER THE ABOVE REGULATION:

i. The gap between two Audit Committee meetings should not be more than 120 days whereas the gap between the two Audit Committee meetings has been noticed as 167 days.

ii. Only three Audit Committee meetings held during the financial year 2018-19.

Observation: The gap between Audit Committee meeting no. 117 held on 30/05/2018 and meeting no. 118 held on 14/11/2018 is 167 days whereas the gap between two meetings should not be more than 120 days. The Company convened Audit Committee meeting on 14/08/2018 but due to lack of quorum the Audit Committee meeting could not be convened.

b) The company did not comply with the Regulation 18(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Deviation: As per the above regulation Audit Committee should review and recommend the financial results before approval of the Board but the committee could not review and recommend the same due to non availability of quorum in the Audit Committee meeting.

Observation: In the Board meeting no.333 held on 14/08/2018, the financial results were approved for the quarter ended 30.06.2018 without review and recommending by the Audit Committee as the Audit Committee Meeting could not be convened due to non availability of quorum.

c) The company did not comply with the Regulation 30(1) and (2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations) Regulations, 2011.

Deviation: As per the above Regulation, **the promoter could not file the Annual disclosure relating to their aggregate shareholding and voting rights as on 31 March to the Stock Exchanges and to its registered office.** However, The Company has forwarded letter to the Joint Secretary (Admin.) DOT, Govt. of India for such Annual Disclosure requirements.

d) **The National Stock Exchange of India Limited** has issued Notices under Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the entity shall submit proceedings of the AGM/EGM to the Stock Exchanges and that the Company shall take abundant precaution with respect to the aforesaid matter.

However, Company replied that scrutinizer report & voting result for 32nd AGM held on 28/09/2018 under Regulation 44(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were submitted to National Stock Exchange of India Limited on 29/09/2018 and the minutes were submitted on 12/10/2018 as soon as the Chairman approved the same.

We further report that

As informed by the Company and as per inspection of records, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors.

Adequate notices were given to all directors to schedule the Board Meetings in advance, agenda and detailed notes on agenda were sent in advance of the Meetings. The system exists in the Company for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

All decisions of the Board and Committee Meetings were carried out unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee(s) of the Board as the case may be. No dissenting views of any Director were recorded in the minutes maintained by the Company.

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there has not been any such activity having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

R.P. SEHGAL & ASSOCIATES
Company Secretaries

Sd/-

Place: New Delhi **(R.P. SEHGAL)**
Date: 23rd July 2019 **Membership No. FCS-1468**
CP No. 14936

ANNEXURE II TO DIRECTORS' REPORT

V.K. SHARMA & CO.
Company Secretaries
422, Ocean Plaza, Sector-18, Noida
Tel. : 0120-4221470, Mobile : 9811009592
E-mail : vks_cosecy@yahoo.com

CERTIFICATE OF COMPLIANCE WITH CORPORATE GOVERNANCE UNDER LISTING AGREEMENT/ REGULATIONS FOR THE FINANCIAL YEAR 2018-2019

To
The Members of

Mahanagar Telephone Nigam Limited

1. We have examined the compliance of the conditions of corporate governance by Mahanagar Telephone Nigam Limited ('Company') for the year ended 31st March, 2019, as stipulated in the relevant clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Schedule V to the Listing Regulations and also DPE Guidelines on Corporate Governance for CPSEs, 2010 as amended from time to time
2. The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the listing regulations except that:
   (i) The Audit Committee held only three meetings during the year 2018-19, instead of the mandatory four meetings and the gap between two meetings was more than the stipulated 120 days in contravention of Regulation 18(2) (a) of the Listing Regulations.
   (ii) The Unaudited Financial Result for the quarter ending 30 June 2018 was not reviewed by the audit committee which was not held due to lack of quorum.
   (iii) Performance review of Independent Directors by the entire board of directors as required by Regulation 17(10) of Listing Regulations was not done.
4. We further state that the compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management conducted the affairs of the Company.

For V. K. SHARMA & CO.
Company Secretaries

Sd/-
(**Vijay Sharma**)
FCS: 3440
C. P. NO: 2019

Place: NOIDA
Date: 22. 07.2019

Mritunjay Shekhar & Associates

Company Secretaries

311, Aadarsh Apartment Pocket 16, Sector 3, Dwarka, New Delhi-75

E-mail :.shekharmritunjay3@gmail.com

Mobile : 9540043975/ 8076567045

ANNUAL SECRETARIAL COMPLIANCE REPORT

OF

M/S. MAHANAGAR TELEPHONE NIGAM LIMITED

FOR THE YEAR ENDED 31st MARCH 2019

(Pursuant to circular CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by the Securities Exchange Board of India)

We, Mritunjay Shekhar & Associates, Company Secretaries have examined:

a) All the documents and records made available to us and explanation provided by M/s Mahanagar Telephone Nigam Limited.

b) the filings/ submissions made by the listed entity to the stock exchanges,

c) the website of the listed entity,

d) any other document/ filing, as may be relevant,

Which has been relied upon to make this certification, for the year ended 31st March 2019 ("Review Period") in respect of compliance with the provisions of :-

a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued there under; and

b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India ("SEBI"); The specific Regulations, whose provisions and the circulars/ guidelines issued there under, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Take over Regulations) Regulations, 2011;

(d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and based on the above examination.

We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued there under, except in respect of matters specified below:-

S. No.	Compliance Requirement (Regulations/ circulars / Remarks of the guidelines including specific Practicing clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
1	Regulation 18(2) (a) of the (Listing Obligations and Disclosure Requirements) Regulations, 2015	Prescribed date gaps between two audit Committee meetings are 120 days whereas it got delayed by 167 days. Only three Audit Committee Meetings held in the Financial Year 2018-2019.	Audit Committee Meeting No. 117 held on 30.05.2018 and Meeting No. 118 held on 14.11.2018. There is a gap of 167 days. It could not hold within 120 days. The Company Scheduled Audit Committee meeting on 14th August 2018 but due to lack of quorum the audit committee meeting did not took place.
2	Regulation 18(3) of the (Listing Obligations and Disclosure Requirements) Regulations, 2015	Audit Committee should review and recommend the financial results before approval of the Board.	Board Meeting No. 333 dated 14.08.2018 financial results approved by the Board without placing before the Audit Committee for its recommendation. The Company Scheduled Audit Committee meeting on 14th August 2018 but due to lack of quorum the audit committee meeting did not took place
3	Regulation of 30(1) and 30(2) of the (Substantial Acquisition of Shares and Take over Regulations) Regulations, 2011;	The Annual Disclosure could not be received by the company and could not be submitted to the stock exchange within the prescribed time	The company has forwarded letter to the Joint Secretary (Admin) DOT, Govt. of India for such Annual Disclosure requirement.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under insofar as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:

S.No.	Action taken by	Details of Violations	Details of action taken e.g. fines, remarks of the warning letter, Practicing debarment, etc.	Observations/Remarks of the Practicing Company Secretary, if any
No fines, remarks of the warning letter, Practicing debarment, etc. were received by the Company during the review period.				

(d) The listed entity has, taken the following actions to comply with the observations made in previous reports:

S. No	Observations of the Practicing Company Secretary in the previous report	Observations made in the previous Secretarial Compliance Report for the year ended.. (the years are to be mentioned)	Action taken by the listed entity, if any	Comments of the Practicing Company Secretary on the Action taken by the listed entity
Not Applicable- First Report				

MRITUNJAY SHEKHAR & ASSOCIATES

Place: New Delhi
Date: 14/05/2019

Company Secretaries
ACS/ FCS No.: 17250
C P No.: 20871

ANNEXURE IV TO DIRECTORS' REPORT

REPLY OF MTNL TO QUALIFICATIONS IN SECRETARIAL AUDIT REPORT, COMPLIANCE CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AND ANNUAL SECRETARIAL COMPLIANCE REPORT OF MTNL FOR FINANCIAL YEAR 2018-19

S. No.	Qualifications	Observations/Remarks of the Company
1	The Audit Committee held only three meetings during the year 2018-19, instead of the mandatory four meetings and the gap between two meetings was more than the stipulated 120 days in contravention of Regulation 18(2) (a) of the Listing Regulations.	Audit Committee Meeting No. 117 was held on 30.05.2018 and Meeting No. 118 held on 14.11.2018. There is a gap of 167 days. It could not hold within 120 days. The Company has Scheduled an Audit Committee meeting on 14th August 2018 but due to lack of quorum the audit committee meeting could not be held.
2	The Unaudited Financial Result for the quarter ending 30 June 2018 was not reviewed by the audit committee which was not held due to lack of quorum.	The Company had Scheduled an Audit Committee meeting on 14th August 2018 but due to lack of quorum the audit committee meeting could not be held.
3	The company did not comply with the Regulation 30(1) and (2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations) Regulations, 2011.	The Promoter & Promoter Group are required to send a letter to the Stock Exchanges and the Company about their holding annually but DOT has not submitted it yet. The company has forwarded letter to the Joint Secretary (Admin) DOT, Govt. of India for such Annual Disclosure requirement but
4	Performance review of Independent Directors by the entire board of directors as required by Regulation 17(10) of Listing Regulations was not done.	Ministry of Corporate Affairs (MCA), through General Circular dated 5th June, 2015, has exempted Government Companies from the provisions of Section 178 (2) of the Companies Act, 2013 which provides about manner of performance evaluation of Board of Directors, Committee of Board of Directors and Director by the Nomination and Remuneration Committee. The aforesaid circular of MCA further exempted listed Govt. Companies from provisions of Section 134 (3) (p) of the Companies Act, 2013 which requires mentioning the manner of formal evaluation of its own performance by the Board and that of its Committees and Individual Director in Board's Report,

4		if directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government as per its own evaluation methodology. Now, MCA, through Notification dated 05.07.2017, has amended Schedule IV to the Companies Act, 2013 with respect to performance evaluation of directors of the Government Companies that in case of matters of performance evaluation are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies, such provisions of Schedule IV are exempt for the Government Companies. Similar exemption has been requested by PSUs wing of CII from SEBI under the SEBI LODR for all PSUs which is still awaited. In this regard, Deptt. of Public Enterprises (DPE) has already laid down a mechanism for performance appraisal of all functional directors. DPE has also initiated evaluation of Independent Directors. The Company enters into a Memorandum of Understanding (MOU) with Government of India each year, demarcating key performance parameters for the Company. The performance of the Company and Board of Directors are evaluated by the Department of Public Enterprises vis-à-vis MOU entered into with the Government of India.

ANNEXURE V TO DIRECTORS' REPORT

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS :

- **I) CIN:-** L32101DL1986GOI023501
- **II) REGISTRATION DATE:-** 28th FEBRUARY, 1986
- **III) NAME OF THE COMPANY: -** MAHANAGAR TELEPHONE NIGAM LIMITED
- **IV) CATEGORY/ SUB-CATEGORY OF THE COMPANY:-** GOVERNMENT OF INDIA ENTERPRISES
- **V) ADDRESS OF THE REGISTERED OFFICE AND CONTACTS DETAILS:-**

MAHANAGAR DOORSANCHAR SADAN,

5TH FLOOR, 9, CGO COMPLEX,

LODHI ROAD, NEW DELHI-110003,

Tel:- 011-24319020, Fax 011- 24324243

WHETHER LISTED COMPANY YES / NO:- YES

- **VI) NAME, ADDRESS AND CONTACT DETAILS OF REGISTRAR AND TRANSFER AGENT, IF ANY:-**

M/s Beetal Financial and Computer Services (Pvt) Ltd. , 3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062, Ph:011-29961281-82, Fax:011-29961284, Email Id: beetalrta@gmail.com, beetal@beetalfinancial.com Website: www.beetalfinancial.com.

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business contributing 10% or more of the total turnover of the company shall be stated:-

SI . No.	Name and Description of the main products/ services	NIC Code of the Product/services	% to total turnover of the company
1	Telecommunication Service	752	100%

3. PARTICULARS OF HOLDING , SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLIC ABLE SECT ION
1	Mahanagar Telephone Mauritius Limited (MTML) MTML Square, 63, Cyber City, Ebene City, Mauritius	N.A.	Wholly Owned Overseas Subsidiary	100%	2 (87)
2	Millennium Telecom Ltd. (MTL) Room No. 4208, 4th Floor Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi-110003.	U64200DL2000GOI333459	Wholly Owned Indian Subsidiary	100%	2 (87)
3	MTNL STPI IT Services Ltd. (MSITS), Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003	U72901DL2006PLC148310	Joint Venture	50%	2(6)
4	United Telecommunications Ltd. (UTL) Triveni Complex, Putali Sadak, Kathmandu.	N.A.	Associate	26.68%	2(6)

4. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category – wise Share Holding

Category of Shareholders	No. Of Shares held at the Beginning of the Year i.e. 01/04/2018				No. Of Shares held at the end of the Year i.e. 31/03/2019				% Change during the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi cal	Total	% of Total Shares	
A) Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0	
b) Central Govt/ State Govt (s)	354378740	0	354378740	56.25	354378740	0	354378740	56.25	0

c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other…..	0	0	0	0	0	0	0	0	0
Sub- total A (1):-	354378740	0	354378740	56.25	354378740	0	354378740	56.25	0
(2) Foreign									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
b) Bodies Corp.	0	0	0	0	0	0	0	0	0
c)Bank/FI	0	0	0	0	0	0	0	0	0
d) Any other….	0	0	0	0	0	0	0	0	0
Sub- total (A) (2):-	**0**	0	**0**	0	0	0	0	0	0
Total sharehold-ing of Promoter (A)=(A)(1)+(A)(2)	**100**	**0**	**354378740**	**56.25**	**354378740**	**0**	**354378740**	**56.25**	**0**
B. Public shareholding									
1**. Institutions**									
a) Mutual Funds	100	4400	4500	0	100	4400	4500	0	0
b) Banks/FI/ Insurance Companies	127497698	2200	127499898	20.25	123280533	2200	123282733	19.56	-0.69
c) Central Govt./ State Govt.	2500	0	2500	0	2500	0	2500	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Foreign Fin Inst./Banks/ Foreign Portfolio Investors	2169654	600	2170254	0.34	2089346	600	2089946	0.33	-0.01
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Others (specify	0	0	0	0	0	0	0	0	0
(i) Stressed Asset	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**129669952**	**7200**	**129677152**	**20.59**	**125372479**	**7200**	**125379679**	**19.89**	**-0.7**
2**. Non Instittions**									

a) Bodies Corp. (Indian & Overseas)	28851594	6001	28857595	4.59	29748439	6000	29754439	4.72	0.13
b) Individuals									0
(i) Individual Shareholders holding nominal share capital upto ₹ 2 lakh	67333011	72994	67406005	10.72	73163246	62823	73226069	11.65	0.93
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	33036273	0	33036273	5.25	30714473	0	30714473	4.88	-0.37
c) Others (Specify)									0
Trusts	255932	0	255932	0.04	289652	0	289652	0.05	0.01
Foreign Nationals	0	0	0	0	0	0	0		0
NRI & Foreign Corporate Bodies	1499070	0	1499070	0.23	1715292	0	1715292	0.27	0.04
c-ii) Clearing Members	1072154	0	1072154	0.12	801149	0	801149	0.12	0
HUF	6635957	0	6635957	1.06	6701113	0	6701113	1.06	0
Sub-total (B)(2):-	**138683991**	**78995**	**138762986**	**22.01**	**143133364**	**68823**	**143202187**	**22.75**	**0.74**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**268353943**	**86195**	**268440138**	**42.6**	**268505843**	**76023**	**268581866**	**42.64**	**0.04**
C. Shares held by Custodian for GDR&ADRs	**7181122**	**0**	**7181122**	**1.15**	**7039394**	**0**	**7039394**	**1.11**	**-0.04**
Grand Total (A+B+C)	**275535165**	**86195**	**630000000**	**100**	**629923977**	**76023**	**630000000**	**100**	**0**

(ii) Shareholding of Promoters during F.Y. 2018-19

SL NO.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2018			Shareholding at the end of the year as on 31.03.2019			
		No. of shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of Pledged/ encumbered to total shares	% change in shareholding during the year
1.	PRESIDENT OF INDIA	354378740	56.25	Nil	354378740	56.25	Nil	Nil
	Total	**354378740**	**56.25**	**Nil**	**354378740**	**56.25**	**Nil**	**Nil**

(iii) Change in Promoters' Shareholding during the F.Y. 2018-19 (please specify, if there is no change)

Sl. NO.		Shareholding at the Beginning of the year as on 01.04.2018		Cumulative Shareholding during the year (2018-19)	
		No. of Shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1.	At the beginning of the year (as on 01.04.2018)	354378740	56.25	354378740	56.25
2.	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	N.A.	___	N.A.	___
3.	At the end of the year (as on 31.03.2019)	354378740	56.25	354378740	56.25

There is no change in the total Shareholding of Promoters i.e. President of India between 01.04.2018 and 31.03.2019 (during F.Y. 2018-19).

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31.03.2019:

Sl. NO.		Shareholding at the beginning of the year as on 01.04.2018					Cumulative Shareholding during the year (2018-19)	
	Name	No. of Shares at the beginning of the year (01.04.18)/ end of the year (31.03.19)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
1	LIFE INSURANCE CORPORATION OF INDIA	118515213	18.8119	31-Mar-18				0
			0	22-Mar-19	-707459	Sell	117807754	18.6996
			0	29-Mar-19	-2648788	Sell	115158966	18.2792
		115158966	18.2792	30-Mar-19			115158966	18.2792
			0	-				0
2	SHAREKHAN BNP PARIBAS FINANCIAL SERVICES PVT LTD	9584023	1.5213	31-Mar-18				0
			0	06-Apr-18	-383	Sell	9583640	1.5212
			0	13-Apr-18	-600	Sell	9583040	1.5211
			0	27-Apr-18	4050	Purchase	9587090	1.5218
			0	04-May-18	250	Purchase	9587340	1.5218
			0	11-May-18	13311	Purchase	9600651	1.5239
			0	18-May-18	2776225	Purchase	12376876	1.9646
			0	25-May-18	-1000	Sell	12375876	1.9644
			0	01-Jun-18	2304	Purchase	12378180	1.9648
			0	08-Jun-18	750	Purchase	12378930	1.9649
			0	15-Jun-18	-6950	Sell	12371980	1.9638
			0	22-Jun-18	-75	Sell	12371905	1.9638
			0	29-Jun-18	-47775	Sell	12324130	1.9562
			0	06-Jul-18	5075	Purchase	12329205	1.957
			0	13-Jul-18	-20200	Sell	12309005	1.9538
			0	20-Jul-18	373962	Purchase	12682967	2.0132
			0	27-Jul-18	555	Purchase	12683522	2.0133

Sl. NO.		Shareholding at the beginning of the year as on 01.04.2018					Cumulative Shareholding during the year (2018-19)	
	Name	No. of Shares at the beginning of the year (01.04.18)/ end of the year (31.03.19)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	03-Aug-18	-555	Sell	12682967	2.0132
			0	17-Aug-18	145	Purchase	12683112	2.0132
			0	24-Aug-18	-150	Sell	12682962	2.0132
			0	31-Aug-18	1363	Purchase	12684325	2.0134
			0	07-Sep-18	-5950	Sell	12678375	2.0124
			0	14-Sep-18	150	Purchase	12678525	2.0125
			0	21-Sep-18	30	Purchase	12678555	2.0125
			0	29-Sep-18	1160	Purchase	12679715	2.0127
			0	05-Oct-18	285	Purchase	12680000	2.0127
			0	12-Oct-18	-33150	Sell	12646850	2.0074
			0	19-Oct-18	-1143	Sell	12645707	2.0073
			0	26-Oct-18	-645	Sell	12645062	2.0072
			0	02-Nov-18	-3209	Sell	12641853	2.0066
			0	09-Nov-18	-65	Sell	12641788	2.0066
			0	16-Nov-18	165	Purchase	12641953	2.0067
			0	23-Nov-18	75	Purchase	12642028	2.0067
			0	30-Nov-18	350	Purchase	12642378	2.0067
			0	07-Dec-18	327	Purchase	12642705	2.0068
			0	14-Dec-18	-850	Sell	12641855	2.0066
			0	21-Dec-18	-250	Sell	12641605	2.0066
			0	28-Dec-18	-794	Sell	12640811	2.0065
			0	31-Dec-18	325	Purchase	12641136	2.0065
			0	04-Jan-19	-650	Sell	12640486	2.0064
			0	11-Jan-19	-200	Sell	12640286	2.0064
			0	25-Jan-19	2075	Purchase	12642361	2.0067
			0	08-Feb-19	428	Purchase	12642789	2.0068
			0	15-Feb-19	100	Purchase	12642889	2.0068
			0	22-Feb-19	-885	Sell	12642004	2.0067
			0	01-Mar-19	850	Purchase	12642854	2.0068

Sl. NO.		Shareholding at the beginning of the year as on 01.04.2018					Cumulative Shareholding during the year (2018-19)	
	Name	No. of Shares at the beginning of the year (01.04.18)/ end of the year (31.03.19)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	08-Mar-19	-1235	Sell	12641619	2.0066
			0	15-Mar-19	206	Purchase	12641825	2.0066
			0	22-Mar-19	-3188	Sell	12638637	2.0061
		12638637	2.0061	30-Mar-19			12638637	2.0061
			0	- -				0
3	THE BANK OF NEW YORK MELLON	7181122	1.1399	31-Mar-18				0
			0	25-May-18	-37408	Sell	7143714	1.1339
			0	01-Jun-18	-50000	Sell	7093714	1.126
			0	29-Jun-18	-52096	Sell	7041618	1.1177
			0	29-Sep-18	-2224	Sell	7039394	1.1174
		7039394	1.1174	30-Mar-19			7039394	1.1174
			0	- -				0
4	THE NEW INDIA ASSURANCE COMPANY LIMITED	1994544	0.3166	31-Mar-18		NIL MOVEMENT DURING THE YEAR	1994544	0.3166
		1994544	0.3166	30-Mar-19			1994544	0.3166
			0	- -				0
5	KAVITA R. POPLEY	1771940	0.2813	31-Mar-18				0
			0	04-Jan-19	-25000	Sell	1746940	0.2773
		1746940	0.2773	30-Mar-19			1746940	0.2773
			0	- -				0
6	ELARA INDIA OPPORTUNITIES FUND LIMITED	1618500	0.2569	31-Mar-18		NIL MOVEMENT DURING THE YEAR	1618500	0.2569
		1618500	0.2569	30-Mar-19			1618500	0.2569
			0	- -				0

Sl. NO.		Shareholding at the beginning of the year as on 01.04.2018					Cumulative Shareholding during the year (2018-19)	
	Name	No. of Shares at the beginning of the year (01.04.18)/ end of the year (31.03.19)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
7	PUNJAB NATIONAL BANK	1550000	0.246	31-Mar-18		NIL MOVEMENT DURING THE YEAR	1550000	0.246
		1550000	0.246	30-Mar-19			1550000	0.246
			0	- -				0
8	THE ORIENTAL INSURANCE COMPANY LIMITED	1392970	0.2211	31-Mar-18		NIL MOVEMENT DURING THE YEAR	1392970	0.2211
		1392970	0.2211	30-Mar-19			1392970	0.2211
			0	- -				0
9	GLOBE CAPITAL MARKET LTD	824320	0.1308	31-Mar-18				0
			0	06-Apr-18	-210629	Sell	613691	0.0974
			0	13-Apr-18	-58515	Sell	555176	0.0881
			0	20-Apr-18	2525	Purchase	557701	0.0885
			0	27-Apr-18	-856	Sell	556845	0.0884
			0	04-May-18	14702	Purchase	571547	0.0907
			0	11-May-18	17084	Purchase	588631	0.0934
			0	18-May-18	514394	Purchase	1103025	0.1751
			0	25-May-18	-122	Sell	1102903	0.1751
			0	01-Jun-18	-12261	Sell	1090642	0.1731
			0	08-Jun-18	-10170	Sell	1080472	0.1715
			0	15-Jun-18	-20739	Sell	1059733	0.1682
			0	22-Jun-18	47607	Purchase	1107340	0.1758
			0	29-Jun-18	-47714	Sell	1059626	0.1682
			0	30-Jun-18	-2279	Sell	1057347	0.1678
			0	06-Jul-18	-316620	Sell	740727	0.1176

Sl. NO.		Shareholding at the beginning of the year as on 01.04.2018					Cumulative Shareholding during the year (2018-19)	
	Name	No. of Shares at the beginning of the year (01.04.18)/ end of the year (31.03.19)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	13-Jul-18	-29113	Sell	711614	0.113
			0	20-Jul-18	-79842	Sell	631772	0.1003
			0	27-Jul-18	-29469	Sell	602303	0.0956
			0	03-Aug-18	8085	Purchase	610388	0.0969
			0	10-Aug-18	-11975	Sell	598413	0.095
			0	17-Aug-18	323	Purchase	598736	0.095
			0	24-Aug-18	-5344	Sell	593392	0.0942
			0	31-Aug-18	37140	Purchase	630532	0.1001
			0	07-Sep-18	28492	Purchase	659024	0.1046
			0	14-Sep-18	302115	Purchase	961139	0.1526
			0	21-Sep-18	434683	Purchase	1395822	0.2216
			0	29-Sep-18	-90656	Sell	1305166	0.2072
			0	05-Oct-18	20272	Purchase	1325438	0.2104
			0	12-Oct-18	-1700	Sell	1323738	0.2101
			0	19-Oct-18	5563	Purchase	1329301	0.211
			0	26-Oct-18	2930	Purchase	1332231	0.2115
			0	02-Nov-18	-32347	Sell	1299884	0.2063
			0	09-Nov-18	-25325	Sell	1274559	0.2023
			0	16-Nov-18	-6144	Sell	1268415	0.2013
			0	23-Nov-18	1269	Purchase	1269684	0.2015
			0	30-Nov-18	9840	Purchase	1279524	0.2031
			0	07-Dec-18	-6968	Sell	1272556	0.202
			0	14-Dec-18	-23501	Sell	1249055	0.1983
			0	21-Dec-18	-262178	Sell	986877	0.1566
			0	28-Dec-18	-2783	Sell	984094	0.1562
			0	31-Dec-18	-12575	Sell	971519	0.1542
			0	04-Jan-19	-67067	Sell	904452	0.1436
			0	11-Jan-19	44632	Purchase	949084	0.1506
			0	18-Jan-19	-1996	Sell	947088	0.1503
			0	25-Jan-19	73451	Purchase	1020539	0.162

Sl. NO.		Shareholding at the beginning of the year as on 01.04.2018					Cumulative Share-holding during the year (2018-19)	
	Name	No. of Shares at the beginning of the year (01.04.18)/ end of the year (31.03.19)	% of total shares of the Company	Date	Increase/ Decrease in share-holding	Reason	No. of shares	% of total shares of the company
			0	01-Feb-19	-14640	Sell	1005899	0.1597
			0	08-Feb-19	-13927	Sell	991972	0.1575
			0	15-Feb-19	22346	Purchase	1014318	0.161
			0	22-Feb-19	194561	Purchase	1208879	0.1919
			0	01-Mar-19	-40051	Sell	1168828	0.1855
			0	08-Mar-19	-8280	Sell	1160548	0.1842
			0	15-Mar-19	64165	Purchase	1224713	0.1944
			0	22-Mar-19	-46841	Sell	1177872	0.187
			0	29-Mar-19	-1550	Sell	1176322	0.1867
			0	30-Mar-19	-3000	Sell	1173322	0.1862
		1173322	0.1862	30-Mar-19			1173322	0.1862
			0	- -				0
10	RAVIKUMAR RAMKISHORE SANWALKA	1060000	0.1683	31-Mar-18				0
			0	22-Jun-18	-10000	Sell	1050000	0.1667
			0	29-Jun-18	10000	Purchase	1060000	0.1683
		1060000	0.1683	30-Mar-19			1060000	0.1683

(v) Shareholding of Directors and Key Managerial Personnel as on 31st March 2019:

Sl No.		Shareholding at the beginning of the year as on 01.04.2019		Cumulative Shareholding during the year (2018-19)	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri P. K. Purwar CMD (ceased to be CMD w.e.f. 15.07.2019)	NIL		NIL	
2.	Shri Sunil Kumar Director (HR&EB) (entrusted with additional charge of CMD w.e.f. 24.07.2019)	NIL		NIL	
3.	Shri Milind Vijay Joshi, Director (Finance)	NIL		NIL	

4.	Shri Sanjeev Kumar, Director (Tech)	**NIL**	**NIL**
5.	Shri Amit Yadav, Govt. Director (ceased to be Director w.e.f. 22.10.2018)	**NIL**	**NIL**
6.	Shri. R.K. Khandelwal, Govt. Director (Ceased to be Director w.e.f 30.05.2019)	**NIL**	**NIL**
7.	Smt. Tiakala Lynda Yaden, Govt. Director	**NIL**	**NIL**
8.	Shri Rakesh Nangia, Independent Director	**NIL**	**NIL**
9.	Shri Ashok Mittal, Independent Director	**NIL**	**NIL**
10.	Shri Chinmay Basu, Independent Director	**NIL**	**NIL**
11.	Shri K.B. Gokulchandran, Independent Director	**NIL**	**NIL**
12.	Smt. G. Padmaja Reddy, Independent Director	**NIL**	**NIL**
13.	Smt. Suneeta Trivedi, Independent Director	**NIL**	**NIL**
14.	Shri S. R. Sayal, Company Secretary.	**NIL**	**NIL**

V. INDEBTEDNESS

(a) Indebtedness of the Company including interest outstanding/accrued but not due for payment during F.Y. 2018-19 as per Ind AS

(in crores)

	Secured Loans excluding deposits (LTL)	**Unsecured Loans BOND+ STL+OD**	**Deposits**	**Total Indebtness**
Indebtedness at the beginning of the financial as on 01.04.2018				
i) Principal Amount	**7,614.04**	**9,360.20**	—	**16,974.24**
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	**1.64**	**60.33**	—	**61.97**
Total (i+ii+iii)	**7,615.68**	**9,420.53**	**--**	**17,036.21**
Change in Indebtedness during the financial year 2018-19				
• Addition	**1,478.53**	**1,238.60**	**--**	**2,717.13**
• Reduction	**--**	**--**	**--**	**--**
Net Change	**1,478.53**	**1,238.60**	--	**2,717.13**

Indebtedness at the end of the financial year as on 31.03.2019				
i) Principal Amount	9,093.13	10,598.80	--	19,691.93
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	1.08	60.33	--	61.41
Total (i+ii+iii)	**9,094.21**	**10,659.13**	__	**19,753.34**

Note: Government of India approved the financial support to the Company in the year 2014 and on surrender of Broadband Wireless Access (BWA) Spectrum by MTNL, upfront charges paid by the Company in the year 2011 for such spectrum amounting to ₹4533.97 crores were agreed to be funded by way of issuance of debentures by the Company on behalf of Government of India (GOI) and for which GOI provided sovereign guarantee with attendant condition for repayment of principal on maturity as well as the interest payments through DOT. Accordingly, the Company does not have any liability toward repayment of principal and interest on the bonds issued and has been offset against the amount recoverable from DOT of equivalent amount.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole – time Directors and/or Manager during the F.Y. 2018-19:

SI No.	Particulars of Remuneration	NAME OF MD/WTD/Manager				Total Amount in Rupees
		Shri P. K. Purwar, CMD	Shri Sunil Kumar, Director (HR & EB)	Shri Milind Vijay Joshi Director (Fin)*	Shri Sanjeev Kumar, Director (Tech)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 (b) Value of perquisites u/s 17(2) Income –tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2409625/- 629767/- -	2397487/- 708701/- -	910839/- 82638/- -	2457018/- 649894/- -	8174969/- 2071000/-
2.	Stock Option	NIL	NIL	NIL		NIL
3.	Sweat Equity	NIL	NIL	NIL		NIL
4.	Commission - As % of profit - Others, specify….	NIL	NIL	NIL		NIL
5.	Others , please specify	NIL	NIL	NIL		NIL
	Total (A)	**3039392/-**	**3106188/-**	**993477/-**	**3106912/-**	**10245969/-**
	Ceiling as per the Act	As per Section 198 of the Companies Act, 2013				

* Shri Milind Vijay Joshi, Director (Finance) has taken over the duty as Director (Finance) of MTNL w.e.f 15.10.2018.

B. REMUNERATION TO OTHER DIRECTORS DURING THE F.Y. 2018-19:-

Sl no.	Particulars of Remuneration	Name of Directors						Total Amount in Rupees
	Independent Directors	**Shri Rakesh Nangia**	**Shri Ashok Mittal**	**Shri Chinmay Basu**	**Shri K.B. Gokulchan-dran**	**Smt. G Padmaja Reddy**	**Smt. Suneeta Trivedi**	
	• Fee for attending Board and its committee meetings • Commission • Others, please specify	60,000	80,000	50,000	80,000	50,000	1,30,000	4,50,000
	Total (1)	**60,000**	**80,000**	**50,000**	**80,000**	**50,000**	**1,30,000**	**4,50,000**
	Other Non-Executive Directors							
	• Fee for attending board committee meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	—	–	—	–	–	–	—
	Total (b)=(1+2)	**60,000**	**80,000**	**50,000**	**80,000**	**50,000**	**1,30,000**	**4,50,000**
	Total Managerial Remuneration (A+B)							**10,69,5969**
	Overall Ceiling as per the Act	As per Section 198 of the Companies Act, 2013						

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD DURING THE F.Y. 2018-19:-

Sl. NO.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	**COMPANY SECRETARY**	**TOTAL Amount in Rupees**
		N.A.	**Shri S R Sayal**	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income – tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961	- -	1835734/- 16896/-	1835734/- 16896/-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of profit - Others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	-	**18,52,630**	**18,52,630**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES DURING THE F.Y. 2018-19: --- NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority[RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Compounding					

NIL

ANNEXURE VI TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2018-19

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Philosophy on Corporate Governance encompasses achieving the balance between Shareholders interest and Corporate Goals through the efficient conduct of its business and meeting its Stakeholder's obligation in a manner that is guided by Transparency, Accountability and Integrity. The Companies Act, 2013 together with the Companies Rules and SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 [SEBI (LODR), 2015] applicable for all listed entities including MTNL provide a robust framework for Corporate Governance. MTNL is complying with relevant provisions of the Companies Act, 2013, rules made there under and SEBI (LODR) Regulation, 2015 for good Corporate Governance. As MTNL being a PSU, is also complying with the Guidelines on Corporate Governance for Central Public Sector Enterprise (CPSE) issued by the Department of Public Enterprises, Ministry of Heavy Industries, Government of India.

2. BOARD OF DIRECTORS

(I) The Composition of the Board of Directors as on March 31, 2019 is as follows:

Category of Directors	Board Structure	Actual Strength as on March 31, 2019
Chairman & Managing Director	1	1
Whole-time Executive (Functional) Directors	3	3
Part-time Official Directors (Government Nominees) representing the Department of Telecommunication, Government of India	2	2
Part-time Non-official (Independent) Directors	6	6
Total	**12**	**12**

The Company has a very balanced and diversified Board of Directors with an optimum mix of Executive [represented by CMD, Director (HR & EB), Director (Finance) and Director (Technical)], Non-Executive [represented by Government Directors] and Independent Directors. The Composition of the Board is in conformity with Regulations 17 of SEBI (LODR) Regulation, 2015 read with Section 149 of the Act and the DPE Guidelines on Corporate Governance.

(II) Board Level Committee in MTNL

The Board has constituted five mandatory Board Level Committees under the Companies Act, 2013, SEBI (LODR) Regulation, 2015 and DPE Guidelines on Corporate Governance for Central Public Sector Enterprise (CPSE) namely Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, CSR Committee and Enterprise Risk Management Committee. These Board Level Committees mainly consist of Independent/Non-Executive Directors. The meetings of these Committees are held whenever required. The details are given elsewhere in this report. The minutes of all the Board Level Committee Meetings are circulated and discussed in the Board Meetings.

(III) The list of Present Directors & Chairmanship/Membership in Board Level Committee in MTNL (as on 14.08.2019) and their Directorship in other Companies

Name	Category	Details of Directorship in other Companies	Details of Committee Chairmanship and Membership MTNL
Shri Sunil Kumar [CMD & Director (HR&EB)]	Executive	**1. MTNL STPI IT Services Ltd.** – Director **2. Millennium Telecom Ltd. -** Director	Chairman- Enterprise Risk Management Committee & CSR Committee Member- Audit Committee
Shri Milind Vijay Joshi [Director (Fin)]	Executive	**NIL**	Member- Enterprise Risk Management Committee & CSR Committee.
Shri Sanjeev Kumar [Director (Tech)]	Executive	**1. MTNL STPI IT Services Ltd. –** Director	Member- CSR Committee & Enterprise Risk Management Committee.
Shri Navneet Gupta	Government Nominee Director	**1. Bharat Sanchar Nigam Limited (BSNL)-** Director	Member- CSR Committee & Nomination and Remuneration Committee.
Smt Tiakala Lynda Yaden	Government Nominee Director	**NIL**	**NIL**
Shri Rakesh Nangia	Independent Director	**1. Torrence Capital Advisors Pvt. Ltd.-**Director **2. The Indo-Canadian Business Chamber-** Director **3. True Gainers Network Pvt. Ltd.-**Director **4. Nangia & Co, LLP –** Designated Partner **5. Nangia Insolvency Professionals LLP –** Designated Partner.	Member-Audit Committee, Enterprise Risk Management Committee & Stakeholders Relationship Committee.
Shri Ashok Mittal	Independent Director	**1. Nischay Housing Pvt. Ltd –** Director	Chairman- Stakeholders Relationship Committee, Nomination and Remuneration Committee & Audit Committee Member- Enterprise Risk Management Committee & CSR Committee.

Name	Category	Details of Directorship in other Companies	Details of Committee Chairmanship and Membership MTNL
Shri Chinmay Basu	Independent Director	**NIL**	Member- CSR Committee.
Shri K.B. Gokulchan-dran	Independent Director	**NIL**	Member-Nomination and Remuneration Committee & Enterprise Risk Management Committee.
Smt G. Padmaja Reddy	Independent Director	**NIL**	Member-Stakeholders Relationship Committee & CSR Committee.
Smt Suneeta Trivedi	Independent Director	**Delhi Gymkhana Club - Independent Director**	Member- Audit Committee, Nomination and Remuneration Committee, Enterprise Risk Management Committee & CSR Committee.

None of the Directors on the Board hold Directorships in more than Twenty (20) Companies or acts as Independent Director in more than Seven (7) Listed Companies. CMD does not serve as Independent Director on any Listed Company. Further none of them is a member of more than Ten (10) Board Level Committees or Chairman of more than Five (5) such committees across all Companies in which he is a Director. Also no director of MTNL is holding equity shares of MTNL. Necessary disclosures i.e., Form MBP-1 i.e., Notice of Interest by Director for the Financial Year 2019-20 pursuant to Section 184(1) of Companies Act, 2013 and Rule 9 (1) of Companies (Meeting of Board and its Power) Rule 2014 have been obtained from all the directors. Also Certificate pursuant to Regulation 26 (3) of SEBI (LODR) Regulation, 2015 regarding Membership/Chairmanship of Board Level Committee for the Financial Year 2019-20 has been taken from all the directors. Disclosure of relationship between Directors inter alia: - NIL

(IV) Attendance of Directors at the Board Meetings during the financial year 2018-19 and in the last Annual General Meeting (held on 28-09-2018).

The Company holds regular Board Meetings as per the provisions of the Companies Act, 2013 and adheres to the Secretarial Standards on the Board & Committee Meetings as prescribed by The Institute of Company Secretary of India (ICSI). The Board has complete access to all information of the Company. The Company Secretary in consultation with the Chairman & Managing Director sends a written notice of each Board Meeting to each Director. The Agenda papers containing all necessary information/documents are available to the Board/Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. The information as specified in the Listing Regulation, 2015 is regularly made available to the Board, whenever applicable, for discussion & consideration. The Directors can suggest inclusion of any item(s) in the agenda at the Board meeting. The Agenda is placed before the Board inter alia includes the information as mentioned in Schedule II Part A of SEBI (LODR) Regulation 2015. During the financial year 2018-19, a total of 07 meetings of the Board were held and the gap between two meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings.

Name of the Director	No. of Board Meetings		Percent-age of attend-ance (%)	Attendance at the Last AGM (held on 28th September, 2018)	Remarks
	Held during their Tenure	Attended during their Tenure			
Shri P.K. Purwar, CMD	7	7	100%	Yes	Ceased to be CMD of MTNL w.e.f 15.07.2019.
Shri Sunil Kumar, CMD & Director (HR & EB)	7	7	100%	No	Was given additional Charge of CMD w.e.f 24.07.2019
Shri Milind Vijay Joshi, Director (Finance)	2	2	100%	N.A	Was appointed as Director (Finance) on 05.11.2018.
Shri Sanjeev Kumar, Director (Technical)	7	7	100%	Yes	---
Shri Amit Yadav, Government Nominee Director	4	3	75%	No	Ceased to be Government Nominee Director on 22.10.2018
Smt. Tiakala Lynda Yaden, Government Nominee Director	7	5	71%	No	---
Shri R.K Khandelwal, Government Nominee Director	2	1	50%	N.A	Was appointed as Government Nominee Director Vide DoT letter -5-1/2018-PSA dtd 11.10.2018 and Ceased to be Director on 30.05.2019
Shri Rakesh Nangia, Independent Director	7	3	43%	Yes	---
Shri Ashok Mittal, Independent Director	7	4	57%	Yes	---
Shri Chinmay Basu, Independent Director	7	4	57%	Yes	---
Shri K.B. Gokul Chandran, Independent Director	7	5	71%	No	---
Smt. G. Padmaja Reddy, Independent Director	7	4	57%	No	---
Smt. Suneeta Trivedi, Independent Director	7	7	100%	Yes	---

(V) Details of Board Meetings and dates & places at which held during the Financial Year 2018-19 (01/04/2018 to 31/03/2019) are given below:-

S. No.	Meeting No.	Date	Place	No. of Directors present
1	330	19.04.2018	New Delhi	9/11
2	331	30.05.2018	New Delhi	9/11
3	332	14.06.2018	New Delhi	11/11
4	333	14.08.2018	New Delhi	6/11
5	334	22.10.2018 -23.10.2018	Port Blair	5/10
6	335	14.11.2018	New Delhi	8/12
7	336	14.02.2019	New Delhi	11/12

(VI) Independent Directors

Independent Directors are appointed by the Govt. of India and hold the position of Non-executive Directors as defined under Regulation 16(1) (b) of the SEBI (LODR) Regulation, 2015 read with Section 149(6) of the Act. The maximum tenure of Independent Directors is three years. All the Independent Directors have confirmed that they meet the criteria of Independence as provided in Regulation 16(1) (b) of the SEBI (LODR) Regulation, 2015 read with Section 149(6) of the Act. As required under Regulation 46(2) (b) of the Listing Regulations, the Company has given Formal Letter of Appointment to Independent Directors. The terms and conditions of their appointment are posted on the Company's website and can be accessed at http://mtnl.net.in/directors.html. Each newly appointed Independent Director is provided with an appointment letter which sets out their Role, Functions, Duties & Responsibilities and copy of the Code of Conduct is made available to them. A separate meeting of Independent Directors was held on 14th June, 2018 which was attended by following Independent Directors - Shri Rakesh Nangia, Shri Ashok Mittal, Shri Chinmay Basu, Shri K.B. Gokul Chandran and Smt. G. Padmaja Reddy.

The Independent Directors are paid an amount of ₹10,000/- towards sitting fees for attending each meeting of the Board or any Committee thereof. The out of pocket expenses such as travel expenses & hotel expenses etc. incurred by Independent Directors for attending such meetings are reimbursed.

The sitting fees paid to the Independent Directors during the Financial Year 2018-19 is as under:

Sl No	Name Of the Independent director	Sitting fees						
		Board Meetings	Committee Meetings					Total Amount in Rupees
			Audit Committee	CSR Committee	Nomination & Remuneration Committee	Stakeholder Relationship Committee	Enterprise Risk Management Committee	
1.	Shri Rakesh Nangia	30,000	20,000	-	-	-	10,000	60,000

2.	Shri Ashok Mittal	40,000	20,000	-	10,000	-	10,000	80,000
3.	Shri Chinmay Basu	40,000	-	-	-	-	10,000	50,000
4.	Shri K.B. Gokulchandran	50,000	-	-	10,000	-	20,000	80,000
5.	Smt. G Padmaja Reddy	40,000	-	-	-	-	10,000	50,000
6.	Smt. Suneeta Trivedi	70,000	30,000	-	10,000	-	20,000	1,30,000

(VII) Service contracts and Severance fee

The Chairman-cum-Managing Director and other Executive directors are appointed by the Government of India, for a period of five years from the date of taking over charge or till the date of superannuation (presently 60 years of age) or till further order, whichever event occurs the first. Government Nominee directors are appointed by the President of India and hold office till further orders. Govt. Directors are not entitled for any remuneration in the form of sitting fees or reimbursement of expenses etc. Independent Directors are also appointed by the Government of India for a period of three years or till further orders whichever is earlier. There is no provision for payment of severance fees to directors.

(VIII) Familiarization programme for Directors

All Directors on the Board (including Independent Directors) are appointed by the Govt. of India. Training of newly appointed Directors and familiarization of all the Board Members is the responsibility of the Company. The Familiarization Programme includes the presentation & interactive Session with CMD, other Directors and Senior Management Personnel. The Company Secretary briefs the Director about the Legal & Regulatory responsibilities as a director. The Familiarization Programme is uploaded in company's website ad can be accessed at http://mtnl.in/famliarization.pdf.

(IX) Skills/Expertise/Competencies identified by the Board of Directors of MTNL

The Board of Directors of MTNL has formulated the job description for the posts of CMD and other Functional Directors as under :-

S. No.	Post of Functional Director	Skills/Expertise/Competencies required
1.	CMD	Applicant should have proven Managerial Ability in manning a large Telecom Organization. Engineering Graduate candidates shall be preferred. He should possess leadership quality, vision and drive etc. He should be a Person of Outstanding Personality, Professional Competency and proven Managerial Ability. As the Head of the organization, he/she should be able to co-ordinate and interact effectively with various other institutions and agencies. Shri Sunil Kumar, the present CMD & Director (HR & EB) is having the requisite qualification, experience and leadership activity.

S. No.	Post of Functional Director	Skills/Expertise/Competencies required
2.	Director (HR & EB)	The incumbent should Post Graduate Degree/Diploma in Personnel Management or M.B.A. with specialization in Personnel Management/Industrial Relations. A degree in Law will be an added advantage. A Person should have vast experiences in Industrial Relations & in a Service/Manufacturing Sector. Shri Sunil Kumar the present CMD & Director (HR & EB) is having the requisite qualification and experience He was selected to this post by the PSEB w.e.f 21-06-2013. Further w.e.f 24.07.2019, he has been entrusted with additional charges of CMD.
3	Director (Finance)	The incumbent should posses a Cost Accountant/Charted Accountant/MBA (Finance) degree from a recognized University/Institution with good academic record with managerial experience at a senior level in Corporate Financial Management and accounts including Cost, Budgetary Control, Institutional Finance, Working Capital Management etc. Shri Milind Vijay Joshi, the present Director (Finance) is having the requisite qualification and experience. He was selected to this post by the PSEB w.e.f 15-10-2018.
4.	Director (Technical)	The incumbent should be an Engineering Graduate or equivalent preferably in Telecommunications Engineering with good academic record from a recognized University/Institution. He should have adequate experience at senior level in large organization of good repute. Preferably in the field of Operations, Mtce., Planning and Development of large Telecom Network. Shri Sanjeev Kumar, the present Director (Technical) is having the requisite qualification and experience He was selected to this post by the PSEB w.e.f 02-07-2016.

Presently MTNL has Six Independent Director on its Board who have been possessing qualification and vast experience in different fields like Admin., Finance, Management Consultancy etc. The Govt. Nominee Directors hold requisite qualification and joined Central Govt. Services through UPSE.

3. AUDIT COMMITTEE

(I) Terms of Reference of Audit Committee

The term of reference of Audit Committee covers all matters specified under the provisions of the Companies Act, 2013 as well as Regulation 18 (3) read with Part 'C' of Schedule V of SEBI (LODR), 2015 which inter alia including the following:-

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with Management the Quarterly and Annual Financial Statements alongwith related party transactions, if any, before submission to the Board.
- Approval or any subsequent modification of transactions of the Company with related parties.

- Reviewing with the Management and Statutory and Internal Auditors, the adequacy of internal control systems.
- Discussion with Internal Auditors on Annual Internal Audit Program, Significant Audit Findings and follow up on such issues.
- Discussion with Statutory Auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern.
- Reviewing the Company’s financial and risk management policies. - Evaluation of internal financial controls and risk management systems.
- Reviewing with the Management, the observations / comments / assurances of the Comptroller & Auditor General of India (CAG).
- Review with the Management, the follow-up action taken on the recommendations of the Parliamentary Committee on Public Undertaking (CoPU), if any.
- Review of Cost Audit Report.
- To examine, decide and deal with all issues relating to Ethics in the Company. - Review of functioning of Whistle Blower Policy.

(II) Composition of Audit Committee

As on 14.08.2019, the Audit Committee consists of the following Members:-

1)	Shri Ashok Mittal, Independent Director	Chairman
2)	Shri Rakesh Nangia, Independent Director	Member
3)	Smt Suneeta Trivedi, Independent Director	Member
4)	Shri Sunil Kumar, CMD & Director (HR & EB)	Member

The members of the Audit Committee have requisite financial and management expertise. The Company Secretary acts as the Secretary to the committee.

(III) Attendance of Directors at the Audit Committee Meetings during the Financial Year 2018-19.

The Audit Committee held 03 meetings during the Financial Year 2018-19 and the gap between 117th Audit Committee Meeting and 118th Audit Committee Meeting exceeded one hundred and twenty days (the scheduled Audit Committee meeting was on 14th August 2018, but due to lack of quorum the Audit Committee meeting did not took place), but the gap between 118th Audit Committee Meeting and 119th Audit Committee Meeting did not exceeded one hundred and twenty days. The necessary quorum was present in all the meetings.

The details of Meeting and Attendance are given below:-

Name of the Director	No. of Audit Committee Meetings attended	Percentage (%)	Remarks
Shri Ashok Mittal, Independent Director	2/3	67%	---

Name of the Director	No. of Audit Committee Meetings attended	Percentage (%)	Remarks
Shri Rakesh Nangia, Independent Director	2/3	67%	---
Smt. Suneeta Trivedi, Independent Director	3/3	100%	----
Shri Sunil Kumar, CMD & Director (HR & EB)	1/1	100%	Became member of Audit Committee on 14.11.2018

(IV) Details of Audit Committee Meetings held during the Financial Year 2018-19 (01/04/2018 to 31/03/2019)

Sl. No.	Meeting No.	Date	Place	No. of Members Attended
1	117	30.05.2018	New Delhi	2/3
2	118	14.11.2018	New Delhi	3/3
3	119	14.02.2019	New Delhi	3/4

4. NOMINATION & REMUNERATION COMMITTEE:

(I) Terms of Reference of Nomination & Remuneration Committee

MTNL being a Government Company, the appointment and the terms and conditions of appointment (including remuneration) of the Whole-Time Directors are decided by the Government of India. However, the Board has constituted a Nomination & Remuneration Committee. The Government Nominee Directors do not get any remuneration from the Company. The Independent Directors are being paid sitting fee of ₹10,000/- for attending each meeting of the Board or Committee thereof. They are reimbursed travel expenses & hotel expenses on this account, if any in addition to the sitting fees.

The Performance Evaluation of the Directors (including Independent Directors) has not been done by the Nomination and Remuneration Committee, as MTNL being a Government Company, the powers relating to the appointment, evaluation and the terms of Independent Directors vest with Government of India. The same is also exempted to Government Companies under the provisions of Companies Act, 2013.

(II) Composition of Nomination & Remuneration Committee

As on 14.08.2019, the Nomination & Remuneration Committee consists of the following members:-

1)	Shri Ashok Mittal, Independent Director	Chairman
2)	Smt Suneeta Trivedi, Independent Director	Member
3)	Shri K.B. Gokulchandran, Independent Director	Member
4)	Shri Navneet Gupta, Govt. Director	Member

The Company Secretary acts as the Secretary to the committee.

(III) Attendance of Directors at the Nomination & Remuneration Committee during the Financial Year 2018-19

A meeting of the Nomination & Remuneration Committee was held on 19/04/2018 during the Financial Year 2018-19, which was attended by Shri Ashok Mittal (Chairman and Independent Director), Smt Suneeta Trivedi (Independent Director), Shri K.B. Gokulchandran (Independent Director) and Shri Amit Yadav (Government Director).

(IV) The details of remuneration paid to the Whole- Time Directors during F.Y. 2018-19 are given below:

Name of the Whole Time Directors	All elements of remuneration package i.e., salary, PF contribution, Pension, gratuity etc	Performance Linked Incentives*	Other Benefits (Perquisites)	Total Amount in Rupees
Shri P. K. Purwar, CMD (ceased to be CMD w.e.f. 15.07.2019)	2409625	___	629767	3039392
Shri Sunil Kumar, CMD & Director (HR & EB)	2397487	___	708701	3106188
Shri Milind Vijay Joshi Director (Fin.)	910839**	___	82638	993477
Shri Sanjeev Kumar, Director (Tech)	2457018	___	649894	3106912

**relating to FY 2018-19*

**Shri Milind Vijay Joshi has taken over the charge of Director (Finance) of MTNL w.e.f 15-10-2018.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

(I) Terms of Reference of Stakeholder Relationship Committee

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.

2. Review of measures taken for effective exercise of voting rights by shareholder.

3. Review of adherence to the service standards adapted by the listed entity in respect of various services being rendered by the Registered & Share Transfer Agent.

4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports notices by the shareholders of the company.”

Letters of Shareholders received through SEBI (SCORES)/Stock Exchange/MCA/Depositories/RTA/Other Statutory Authorities are considered as complaints. The day to day requests received from shareholders are taken up by M/s Beetal Financial & Computer Services (P) Ltd, the RTA of the Company directly and are not included in the complaints. During the F.Y. 2018-19 only Two (2) complaints were received from the Shareholders directly or through SEBI (SCORES)/Stock Exchange/MCA, etc which pertains to non-receipt of Annual Report and both the Complaints have been resolved. The Shareholders related matters/ issues are given top priority and are resolved within a reasonable period. The investors may submit their request/ grievances through e-mail to the RTA and the Company. The Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the Investor's grievances. Contact information of the designated officials of MTNL who are responsible for assisting & handling Investor Grievances of MTNL and email address for Investor/Shareholder Grievances Redressal & relevant details are uploaded in Company's website and can be accessed at http://mtnl.in/off_grievances.pdf and http://mtnl.in/email_inv.pdf respectively.

(II) Composition of Stakeholders Relationship Committee

As on 14.08.2019, the Stakeholders Relationship Committee consists of the following members:-

The Company Secretary acts as the Secretary to the committee.

1.	Shri Ashok Mittal, Independent Director	Chairman
2.	Shri Rakesh Nangia, Independent Director	Member
3.	Smt. G. Padmaja Reddy, Independent Director	Member

No meeting of the Stakeholders Relationship Committee was held during the Financial Year 2018-19.

6. CORPORATE SOCIAL RESPONSIBILTY ("CSR") COMMITTEE

(I) Terms of Reference CSR Committee

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- Recommend the amount of expenditure to be incurred on the activities referred as above;
- Monitor the CSR Policy of the Company from time to time;

Since MTNL is incurring losses for the last four years, and last 3 year's average is not showing profits, no fund has been earmarked for the CSR activities. However, MTNL is doing non-functioning CSR activities through SMS, etc. spreading awareness of the Govt. moves for Swachh Bharat, Pulse Polio etc.

(II) Composition of CSR Committee

As on 14.08.2019, Corporate Social Responsibility (CSR) Committee consists of the following members:-

1.	Shri Sunil Kumar, CMD & Director (HR & EB)	Chairman
2.	Shri Milind Vijay Joshi, Director (Finance)	Member
3.	Shri Sanjeev Kumar, Director (Tech)	Member
4.	Shri Ashok Mittal, Independent Director	Member
5.	Shri Navneet Gupta, Government Director	Member
6.	Shri Chinmay Basu, Independent Director	Member
7.	Smt. G. Padmaja Reddy, Independent Director	Member
8.	Smt. Suneeta Trivedi, Independent Director	Member

The Company Secretary acts as the Secretary to the committee.

No Meeting of the CSR Committee was held during the Financial Year 2018-19.

7. ENTERPRISE RISK MANAGEMENT COMMITTEE

(I) Terms of Reference of Enterprise Risk Management Committee

The Enterprise Risk Management Committee (ERM) has been constitute to evaluate and present the Risk Management report of the Company to the Board which include among other aspects, the identification of various risks, analysis of the risk management, risk associated with operational, technological and application systems processes related to internal controls and remedial measures for mitigating the same. The ERM Policy of the Company is included in Management Discussions and Analysis (MD&A) Report which is included as Annexure to the Director's Report.

(II) Composition of Enterprise Risk Management Committee

As on 14.08.2019, the Enterprise Risk Management Committee consists of the following Members:-

1.	Shri Sunil Kumar, CMD & Director (HR & EB)	Chairman
2.	Shri Milind Vijay Joshi, Director (Finance)	Member
3.	Shri Sanjeev Kumar, Director (Tech)	Member
4.	Shri Ashok Mittal, Independent Director	Member
5.	Shri Rakesh Nangia, Independent Director	Member
6.	Smt. Suneeta Trivedi, Independent Director	Member
7.	Shri K.B. Gokulchandran, Independent Director	Member
8.	Shri Chinmay Basu, Independent Director	Member

The Company Secretary acts as the Secretary to the committee.

(II) Details of Enterprise Risk Management Committee Meetings held during the Financial Year 2018-19 (01/04/2018 to 31/03/2019)

Sl. No.	Meeting No.	Date	Place	No. of Members Attended
1	4	14.06.2018	New Delhi	8/8
2	5	23.10.2018	Post Blair	5/8

8. SHARE TRANSFER COMMITTEE (STC) & SHARE TRANSFER SYSTEM

(i) The Company has constituted STC consisting of 2 Senior Management level officers who look after the share transfer/transmission/transposition/remat/demat/ consolidation/splitting of share earned. The committee reviews all such cases fortnightly.

(ii) The Share Transfer Committee meeting held Twelve (12) times during the FY 2018-19.

(iii) Shares sent for transfer in Physical form are registered and returned by our Registrar & Share Transfer Agent in 15 days of receipt of the documents, provided the documents are found to be in order. Shares under objection are returned within 2 weeks.

(iv) All the requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

9. COMPANY SECRETARY & COMPLIANCE OFFICER

Name of the Company Secretary & Compliance Officer: Shri S.R.Sayal

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

Tel No. 011- 24317225 e-mail: mtnlcsco@gmail.com.

10. LOCATION, DATE AND TIME FOR LAST THREE ANNUAL GENERAL MEETING

Nature of meeting	Date and Time	Venue	Special Resolution passed in the last 3yrs AGM
32nd Annual General Meeting (2018)	28th September, 2018, 11:30A.M	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9,CGO Complex, Lodhi Road, New Delhi-110003	1. To Increase the Authorized Share Capital of MTNL from ₹800 Crores to ₹10,000 Crores. 2. To approve the Issue of Non-Convertible Debentures on Private Placement basis. 3. To Raise the Borrowing Powers of the Board from ₹18,000 Crores to ₹25,000 Crores.
31th Annual General Meeting (2017)	27th September, 2017, 11:30A.M.	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9,CGO Complex, Lodhi Road, New Delhi-110003	1. Issuance of Non Convertible Debentures on Private Placement basis.
30th Annual General Meeting (2016)	30th September, 2016, 11:30A.M.	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9,CGO Complex, Lodhi Road, New Delhi-110003	1. Issue of Non-Convertible Debentures on Private Placement basis.

No special resolution was passed through Postal Ballot during the FY 2018-19. None of the business proposed to be transacted in the ensuring Annual General Meeting require passing a special resolution through Postal Ballot. There was no EGM held during the FY 2018-19.

11. DISCLOSURES

(I) CEO/CFO Certification - CMD & Director (Finance) of the Company have given the CEO/CFO certification to the Board for the Financial Year 2018-19.

(II) Pursuant to Part C (2) (i) of Schedule V of SEBI (LODR) 2015, the Board of Directors of MTNL is in the opinion that the Independent Directors fulfill the conditions specified in these regulations and are independent of the Management.

(III) Pursuant to Schedule V Part C (10) (i) of SEBI (LODR), 2015, M/s V.K.Sharma & Co., Company Secretary in Practice has furnished a certificate that none of the directors in the board of MTNL has been debarred or disqualified from being appointed or continue as directors of Company by the Board/ Ministry of Corporate Affairs or any other statutory authority. The Certificate is attached as annexure to this report.

(IV) Pursuant to Part C (10) (k) of SEBI (LODR), 2015, during the last three financial years i.e. 2016-17, 2017-18 & 2018-19 there has been no instance of Non-Compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or the SEBI or any statutory authorities, on any matter related to capital markets.

(V) All mandatory requirement of the DPE Guidelines in Corporate Governance for CPSEs and SEBI (LODR), 2015 have been duly complied by the Company. A certificate of compliance with Corporate Governance under SEBI (LODR), 2015 has been obtained from M/s V. K. Sharma & Co. for the Financial Year 2018-19, and placed as annexure to the Directors Report.

(VI) Pursuant to SEBI Circular No. CIR/CFDCMD1/27/2019 dtd 08/02/2019 an Annual Secretarial Compliance certificate for the Financial Year 2018-19 has been obtained from M/s Mritunjay Shekhar & Associates Practising Company Secretaries and has been filed in BSE, NSE & OCTIC on 14.05.2019.

(VII) Policy on Related Party Transactions: The Policy on Related Party Transactions has been approved by the Board and the same may be accessed on the Company's Website at the link: http://mtnl.in/Policy_relpartytransac.pdf

(VIII) Whistle Blower Policy: The Policy on Whistle Blower may be accessed on the Company's Website at the link: http://mtnl.in/whistleBlowerPolicy.pdf . The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior as defined under Regulation 22 of SEBI (LODR) Regulation, 2015. The Company has a Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Employees may also report to the Chairman of the Audit Committee. During the year under report, no employee was denied access to the Audit Committee.

(IX) Policy on Material Subsidiary: The Policy on Material Subsidiary has been approved by the Board and the same may be accessed on the Company's Website at the link: http://mtnl.in/policy_materialsubsidy.pdf The Audit Committee reviews the consolidated financial statements of the company. The minutes of the Board Meetings along with the report on significant developments of the unlisted subsidiary companies are placed before the Board of Directors of the Company regularly. The Company does not have any material non-listed Indian subsidiary company.

(X) Policy for Determining Materiality of an Event or Information: The Policy for determining Materiality of an event or information as defined under Regulation 30 of SEBI (LODR), 2015 has been approved by the Board and the same may be accessed on the Company's Website at the link: http://mtnl.in/PolicyfordeterminingMateriality.pdf

(XI) Preservation of Documents Required to be Maintained under SEBI (LODR),Regulation 2015 & Archival Policy of information hosted on the Website of MTNL: This Policy as prescribed under Regulation 9 of SEBI(LODR),Regulation 2015 & Archival Policy of information hosted on the Website of MTNL as prescribed under Regulation 30 of SEBI(LODR), 2015 has been approved by the Board and the same may be accessed on the Company's Website at the link: www.mtnl.in/Preservation.pdf

(XII) The Policy for "Internal Code of Conduct for Prevention of Insider Trading in dealing with Securities of MTNL" covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading has been approved by the Board and the same may be accessed on the Company's Website at the link: http://mtnl.in/insiderpolicy.pdf.

All the Directors, employees and third parties such as Auditors, Consultants etc who could have access to the unpublished price sensitive information of the company are governed by this Code. The trading window is closed during the time of declaration of financial results.

(XIII) Business Responsibility Report for the FY 2018-19: In order to comply with Regulation 34 (2) of SEBI (LODR) Regulation, 2015, a Business Responsibility Report (BRR) of MTNL describing the initiatives taken by MTNL from an environmental, social and governance perspective has been prepared and placed as Annexure to Directors Report.

(XIV) Share Capital Audit: M/s V.K. Sharma & Co., Practicing Company Secretaries has carried out a Share Capital Audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services Limited ("CDSL") and the total issued and listed equity share capital.

(XV) Code of Conduct for Directors, Key Managerial Personnel and Senior Management Personnel: The Board of Directors of MTNL has approved the Code of Conduct for Directors, Key Managerial Personnel and Senior Management Personnel as per Companies Act, 2013 and SEBI (LODR) Regulation, 2015. The Code lays down in detail the standard of business conduct, ethics governance and centers on the following theme: **"Integrity and transparency are the core value in all our business dealings. We shall act in compliance with applicable laws and regulations, in a manner that excludes considerations of personal advantage and will not compromise in our commitment to honesty and integrity in any aspect of our business. We are committed to excellence, in all our endeavors".** The Code may be accessed in the Company's website www.mtnl.net.in.

(XVI) Certificate by the CMD regarding Affirmation of Compliance of Code of Conduct for Board of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel for the F.Y. 2019-20. The CMD has issued a Certificate of Compliance of the above code by all as under:-

Pursuant to Regulation 26 (3) and Schedule V (D) of SEBI (LODR) Regulations, 2015, I confirm that Board Members, Key Managerial Personnel and Senior Management Personnel of MTNL have affirmed compliance with the "MTNL's Code of Conduct" for Board Members, Key Managerial Personnel and Senior Management Personnel for the Financial Year 2018-19".

Sd/-
(P.K. PURWAR)
CMD

PLACE: New Delhi
DATE: 30.05.2019

(XVII) Means of Communication:-

a) The Quarterly, Half Yearly and Annual Financial results were published in English and Hindi Newspapers on the SEBI prescribed format and are also posted on the Company's website i.e. www.mtnl.net.in.

b) Annual Report: The Annual Report containing, inter-alia, Audited Financial Statements, Audited Consolidated Financial Statements, Director's Report, Auditor's Report, Business Sustainability Report, Management Discussion & Analysis (MD&A) Report and other important information is circulated to members and other's entitled thereto & is also displayed on the Company's website www.mtnl.net.in .

c) Printed copy of the Chairman's Speech (English & Hindi version) is distributed to all the shareholders at the Annual General Meeting and is a part of the company's Annual Report.

d) NSE Electronic Application Processing System (NEAPS): NEAPS is a web based application designed by National Stock Exchange (NSE) for Corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, media releases, etc are filed electronically on NEAPS in order to comply with Regulation 10 of SEBI (LODR), 2015 and the general public may view the same.

e) BSE Corporate Compliance & Listing Centre (the "Listing Centre"): The BSE's listing Centre is the Web based application designed for Corporates. All periodical compliance filings like Shareholding pattern, Corporate Governance Report, media releases, etc are filed electronically on BSE Listing Centre in order to comply with Regulation 10 of SEBI (LODR), Regulation 2015 and the general public may view the same.

f) SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

(g) All Compliances are filed electronically in OTCQX through its website www.otciq.com.

(h) All filing in the Stock Exchanges are also simultaneously uploaded on the website of MTNL i.e. www.mtnl.net.in.

(XVIII) General Shareholder Information:

(1)	**Company Registration Details**	-	The Company is registered with the Registrar of Companies, NCT of Delhi & Haryana on 28.02.1986. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L32101DL1986GOI023501.
(2)	**Date and Time of AGM**	-	27th September, 2019 At 11.30 AM.
(3)	**Venue**	-	Auditorium, Mahanagar Doorsanchar Sadan, 9 CGO Complexes, Lodhi Road, New Delhi-110003
(4)	**Financial year**	-	1st April 2018 to 31st March 2019
(5)	**Financial Calendar**		

Board meeting for considering Audited Annual Accounts for the year ended on 31.03.2019	30th May , 2019
Submission of Audited Accounts to C&AG of India	1st June , 2019
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30th June 2019	14th August, 2019
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30th September 2019	On or before 14th November, 2019
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the quarter ended on 31st December 2019	On or before 14th February, 2020
Board Meeting for Annual Financial Results and Unaudited Quarterly Financial Results for the Quarter ended on 31st March 2020	On or before 30th May, 2020

(6) Dates of Book Closure - Saturday 21st September, 2019 to Friday 27th September, 2019 (Both days inclusive).

(7) Dividend Payment Date - N.A.

(8) Name and address of each Stock Exchange at which Company Shares are listed and Stock code

Listing on Stock Exchanges	**Names**	**Address**	**Stock code**
Equity Shares	Bombay Stock Exchange Limited (BSE Ltd.)	25th Floor, P.J. Towers, Dalal Street, Mumbai – 400001	500108
	The National Stock Exchange of India Limited, (NSE Ltd.)	Exchange Plaza, Plot no C/1, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051	MTNL
American Depository Receipts (ADR)	OTCQX International Market, New York		MTENY

- The Bond issued by MTNL are listed in BSE.
- Applications for delisting of MTNL's shares from Delhi, Calcutta & Madras Stock Exchanges have been filed with the above mentioned Stock Exchanges on 16th October, 2012. The shares of the company is delisted from Madras Stock Exchange w.e.f. 26/07/2013. No Confirmation of delisting has been received from Delhi & Calcutta Stock Exchange so far. However, the Company has not been paying listing fees from the financial year 2013-14 onwards.

(9) Dematerialisation

Name	**Address**	**ISIN**
National Securities Depository Limited (NSDL)	Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013	INE 153A01019
Central Depository Services (India) Limited	17th floor, Phiroze Jeefeebhoy Towers, Dalal Street, Mumbai- 400001	INE 153A01019

(10) Corporate Identity Number (CIN) of MTNL - L32101DL1986GOI023501

(11) Payment of Listing Fees and Annual Custody fee : Annual Listing Fees and Annual Custody fee for the Financial Year 2018-19 has been paid by the company to BSE& NSE and NSDL & CDSL respectively.

(12) Stock Market Price Data: : Information relating to high & low price during each month in the financial year 2018-19 at BSE and NSE is given here under:-

The Opening Price on BSE as on 02/04/2018 was ₹19.00 and NSE as on 02/04/2018 was ₹19.00. The Closing Price on BSE as on 29/03/2019 was ₹11.96 and NSE as on 29/03/2019 was ₹12.00. [Market was closed on 01/04/2018, 30/03/2019 and 31/03/2019 respectively]:

MONTH	BOMBAY STOCK EXCHANGE (BSE)		NATIONAL STOCK EXCHANGE (NSE)	
	Month's High Price (₹)	Month's Low Price (₹)	Month's High Price (₹)	Month's Low Price (₹)
April, 2018	21.50	19.00	21.65	19.00
May, 2018	19.75	15.80	19.75	15.70
June, 2018	18.60	14.90	18.70	14.90
July, 2018	16.60	14.50	16.70	14.55
August ,2018	17.55	14.80	17.60	14.80
September, 2018	16.75	13.35	16.85	13.40
October, 2018	14.74	12.45	14.85	12.20
November, 2018	14.90	12.30	14.90	12.60
December, 2018	16.45	11.90	16.45	11.85
January, 2019	19.40	13.50	19.40	13.40
February, 2019	14.71	11.82	14.90	11.75
March, 2019	15.00	11.90	14.85	11.90

(13) Registrar and Transfer Agents of Equity Shares of MTNL - M/s. Beetal Financial & Computer Services (P) Ltd, 3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110 062. Ph: 011 29961281-82 Fax No.: 011- 29961284, e-mail- beetalrta@gmail.com. All Investor's Grievances have been promptly attended by RTA.

(14) Registrar and Transfer Agents of Debentures/ Bonds of MTNL – M/s Karvy Fintech Pvt. Ltd., Karvy Selenium Tower B, Plot No.31&32, Financial District Gachibowli, Hyderabad-500032 Contact Person: Mr. Umesh Pandey, Contact No: 9849712635, 040-67162222; FAX NO: 040-23420814, E-MAIL: umesh.pandey@karvy.com

(15) Debenture Trustee Details - SBI CAP TRUSTEE CO.LTD, Apeejay House,6th Floor, West Wing,3, Dinshaw Wachha Road Churchgate, Mumbai-400020, Contact person – Smt. Savitri Yadav, Company Secretary, Landline:022-43025503.E-Mail: savitri.yadav@sbicaptrustee.com

(16) Share Transfer System - As per the directives of Securities & Exchange Board of India, the Equity Shares of your Company have been mandated for trading in dematerialized form by all categories of investors since 1997. Share transfers in physical form are registered, if documents are complete in all respects, and thereafter the share certificates are issued within 15 days from the date of receipt of request for transfer of shares and returned to the Shareholder's by our Registrar and Share Transfer Agent, Shares under objection are returned within 2 weeks. The Board has delegated the authority for approving transfer, transmission, remat, split, consolidation etc. of the Company's shares to the Share Transfer Committee comprising of DGM (Budget & Banking) and Company Secretary. A summary of transfer/ transmission of securities of the Company so approved by the Share Transfer Committee is placed before the Stakeholders Relationship Committee of the Board. The Company has obtained the certificate of compliance of the formalities regarding Share Transfer from M/s V.K. Sharma & Co., Company Secretaries as required under Regulation 40(9) of SEBI(LODR) Regulation, 2015 and filed a copy of the same certificate with the Stock Exchanges, on half-yearly basis.

(17) INFORMATION ON SHAREHOLDING IN MTNL -

(i) Shareholding Pattern of MTNL as on 31st March, 2019.

S.No.	Category of Shareholder	Total number of Shares	Total Shareholding as a % of Total number of Shares
1.	President of India	354378740	56.25
2.	Mutual Funds	4500	0.00
3.	Financial Institutions/Banks	3718867	0.57
4.	Insurance Companies	119563866	19.18
5.	Bodies Corporates	29754439	4.71
6.	Individuals	103940542	16.39
7.	Trusts	289652	0.04
8.	HUF	6701113	1.05
9.	Clearing Members	801149	0.12
10.	Foreign Porfolio Investors	2089946	0.32
11	NRI	1709292	0.26
12.	Foreign Bodies Corporate	6000	0.00
13.	Shares held by Custodians and against which Depository Receipts have been issued	7039394	1.11
14.	Any other	2500	0.00
	GRAND TOTAL	**630000000**	**100**

(ii) Information on Distribution of Equity Shareholding as on 31st March, 2019:-

Share Holding of Nominal Value of ₹	No. of Share holders	% to Total holders	No. of Shares	Amount in ₹ (Face value)	% to Total Share Capital
UPTO 5000	101643	78.01	15144055	151440550.00	2.4038
5001 to 10000	12884	9.88	11005005	110050050.00	1.7468

Share Holding of Nominal Value of ₹	No. of Share holders	% to Total holders	No. of Shares	Amount in ₹ (Face value)	% to Total Share Capital
10001 to 20000	7060	5.41	11128309	111283090.00	1.7664
20001 to 30000	2634	2.02	6866859	68668590.00	1.0900
30001 to 40000	1305	1.00	4737777	47377770.00	0.7520
40001 to 50000	1313	1.00	6276127	62761270.00	0.9962
50001 to 100000	1958	1.50	14931852	149318520.00	2.3701
100001 and above	1494	1.14	559910016	5599100160.00	88.8746
TOTAL	**130291**	**100.00**	**630000000**	**6300000000.00**	**100.00**

Note: - Nominal Value of Each Share is ₹10/-.

(iii) List of Shareholders who are holding more than 5% of the shares of the company as on March 31, 2019:-

Category & Shareholder's Name	No. of Shares held	% of Total number of Shares
1. President of India	354378740	56.2506
2. LIC of India	115158966	18.2792

(18) Dematerialization of shares and liquidity - As on 31st March 2019, 99.99% shares of the Company's equity share capital available in the market is in dematerialized form. The Company has entered into agreements with both the depositories of the country viz. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL), and the shareholders have an option to dematerialize their shares with any of them.

(19) Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund (IEPF) – As the Company has not declared any dividend (Final/Interim), for the last seven years, Therefore, Provision of Transfer of Unpaid/Unclaimed amount to IEPF is not applicable.

(20) List of Credit Ratings obtained by MTNL along with any revisions thereto during F.Y. 2018-19 for all debt instruments - CRISIL has reaffirmed its 'CRISIL AAA(SO)/Stable' rating on the ₹ 7533.97 crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL). There has been no change in the rating given by CRISIL in last three years i.e., 2016, 2017 and 2018. CARE Ratings has reaffirmed its 'CARE AAA (SO); Stable' rating on the ₹ 7533.97 crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL). There has been no change in the rating given by CRISIL in last three years i.e., 2016-17, 2017-18 and 2018-19.

(21) Beneficiary Account - In accordance with the requirement of Regulation 34 (3) and Schedule V Part F of SEBI Listing Regulations, MTNL has opened a Beneficiary Account under the name of "MTNL- Unclaimed Suspense Account" (DP ID- IN301330, Client ID- 21234840) for crediting unclaimed Demat shares of MTNL on November 1, 2012 as under:

Details of MTNL– Unclaimed Suspense Account :-

Opening Balance (as on 01.04.2018)		Requests received and Disposed off during 2018-2019		Closing Balance (as on 31.03.2019)	
Cases	Shares	Cases	Shares	Cases	Shares
0	0	0	0	0	0

(22) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity - As on March 31, 2019, the Company does not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

(23) Commodity Price Credit rating Risk or Foreign Exchange Risk and hedging activities - As MTNL is a Service Provider Company, Commodity Price Risk is not applicable.

(24) Details of utilization of funds raised through preferential allotment or qualified institution placement as specified under Regulation 32(7A) of SEBI (LODR) 2015 – Not Applicable

(25) Total fees for all services paid by the listed entity and its subsidiaries on a consolidated basis, to the Statutory auditors and all entities in the network firm/network entity of which the Statutory auditor is a part , given below:-

S.NO.	Payment to Statutory Auditors	₹(In Crore) FY 2018-19
1	Statutory Auditor	0.45
2	Other services including reimbursement	0.40
	Total	0.85

(26) Disclosure in relation to the Sexual Harassment of women at Workplace (Prevention, prohibition and Redressal) Act, 2013 – No Complaints was received and pending during FY 2018-19.

(27) Plant Locations - The Company has active operations of services in two metro cities i.e. Delhi and NCR and Mumbai including Thane District only.

(28) Investors' correspondence may be addressed to -

Shri S.R. Sayal
Company Secretary and Compliance Officer,
Mahanagar Telephone Nigam Limited,
Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex,
Lodhi Road, New Delhi-110003
Tel: 91+11-24317225 Fax: 91+11-24315655
Website: www.mtnl.net.in / www.bol.net.in
E-mail Id: csco@bol.net.in, mtnlcsco@gmail.com.

ANNEXURE TO CORPORATE GOVERNANCE REPORT

V.K. SHARMA & CO.
Company Secretaries
422, Ocean Plaza, Sector-18, Noida
Tel. : 0120-4221470, Mobile : 9811009592
E-mail : vks_cosecy@yahoo.com

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We, V. K. Sharma & Co. Company Secretaries have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mahanagar Telephone Nigam Limited** having **CIN L32101DL1986GOI023501** and having registered office at **MAHANAGAR DOORSANCHAR SADAN 5TH FLOOR, 9 CGO COMPLEX LODHI ROAD DL 110003 IN** (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority except that the names of **Mr Rakesh Kumar Nangia (DIN 00147386) and Mr. Ashok Mittal (DIN 06581045)** appear in 'Defaulting Status ' in respect of Nangia & co. LLP and Nischay Advisory LLP respectively in MCA portal on 'View Director/Designation Partner Details'. No reason could be ascertained.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	RAKESH KUMAR NANGIA	00147386	23/12/2015
2.	CHINMAY BASU	02105505	26/10/2017
3.	RAMKRISHNA KHANDELWAL	02861350	01/02/2019
4.	GRUDDANTI PADMAJA	06464905	26/10/2017
5.	ASHOK MITTAL	06581045	23/12/2015
6.	PRAVIN KUMAR PURWAR	06619060	01/06/2013
7.	SUNIL KUMAR	06628803	21/06/2013
8.	SUNEETA TRIVEDI	06742087	26/10/2017
9.	TIAKALA LYNDA YADEN	07522884	19/05/2016
10.	SANJEEV KUMAR	07566882	18/07/2016
11.	KADATHUR BIKSHANDESWARAN GOKULCHANDRAN	07969005	26/10/2017
12.	MILIND VIJAY JOSHI	08273959	05/11/2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Noida

Date: 05.07.2019

V.K. Sharma & Co

Company Secretary

(V. K Sharma)

FCS NO.: 3440

C P NO. :2019

BUSINESS RESPONSIBILITY REPORT (For F.Y. 2018-2019)

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L32101DL1986GOI023501
2.	Name of the Company	Mahanagar Telephone Nigam Limited
3.	Registered Address	Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
4.	Website	www.mtnl.net.in
5.	E-mail id	mtnlcsco@gmail.com
6.	Financial Year reported	2018-19
7.	Sector(s) that the Company is engaged in Service (Industrial activity code-wise)	Telecommunication
8.	List three key products/services that the Company manufactures/provides as in balance sheet)	1. Basic Telephony 2. Broadband Services 3. Mobile Services
9.	Total number of locations where business activity is udertaken by the Company:	
	Total number of locations where business activity is undertaken by the Company	i) Number of International Locations- NIL However the Company has a Wholly Owned Subsidiary in Mauritius i.e. MTML and Joint Venture in Nepal i.e. UTL ii) Number of National Locations - 2 (Delhi & Mumbai)
10.	Markets served by the Company- Local/State/National/International	National (Delhi & Mumbai) and International (Mauritius through Its subsidiary and Nepal through its JV as per 9 (i) above.

Section B: Financial Details of the Company

1.	Paid up Capital (INR)	₹ 630 Crores
2.	Total Turnover (INR) (including other income)	₹ 2606.71 Crores
3.	Total profit after taxes (INR) including other comprehensive income.	₹ (3397.58) Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	NIL.

5.	List of activities in which expenditure in 4 above been incurred: a. b. c.	Not Applicable

Section C: Other Details

Subsidiaries: The Company has following two Subsidiary companies as on 31.3.2019:-

1. Mahanagar Telephone (Mauritius) Ltd.(Wholly Owned Overseas Subsidiary)
2. Millennium Telecom Ltd.(Wholly owned Indian subsidiary)

The Business Responsibility Initiatives of the parent company are applicable to the subsidiary companies also. However, none of the entities that the company does business which participate in the BR initiatives of the Company.

Section D: BR Information

1. Individual Directors responsible for implementation of the BR Policy/Policies

Principle No.	Description	Policy/Policies	Director(s) Responsible
Principle 1(P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	1. Code of Conduct for Directors & Senior Managerial Personnel and KMPs. 2. CDA Rules 3. Whistle Blower Policy 4. Insider Trading Policy 5. CVC Guidelines	All Directors & Chief Vigilance Officer
Principle 2(P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	1.TRAI Regulation 2. Regulations and Licensing conditions issued by the Department of Telecommunications 3. Indian Telegraph Act	All Functional Directors
Principle 3(P3)	Business should promote the well being of all the employees	1. MTNL Conduct & Disciplinary Rules 2. Human Resources Policies 3. DPE Guidelines on HR issues 4. Guidelines issued by DOPT	Director (HR & EB) and CMD
Principle 4(P4)	Businesses should respect the interests of, and be responsive towards all the stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	1. CSR Policy 2. HR Policies 3. TRAI Guidelines 4. DoT's Policies 5. Indian Telegraph Act	All Functional Directors

Principle No.	Description	Policy/Policies	Director(s) Responsible
Principle 5(P5)	Business should respect and promote human rights	HR Policies for Employees, DoT's Policies, TRAI Guidelines	Director (HR & EB)
Principle 6(P6)	Business should respect, protect and make efforts to restore the environment	TRAI/DoT Guidelines. Indian Telegraph Act. Pollution Control Laws	All Functional Directors
Principle 7(P7)	Business, when engaged in influencing public and regulatory policy should do so in a responsible manner.	Code of Conduct(for Board Members & Senior Management Personnel) All applicable laws Corporate Governance Code	All Directors
Principle 8(P8)	Business should promote inclusive growth and equitable development	Corporate Governance Code CSR Policy	All Directors
Principle 9(P9)	Business should engage with and provide value to their customers and consumers in a responsible manner	Indian Telegraph Act TRAI Guidelines DoT's Policies All applicable Laws	All Directors

2. Details of Director/Directors responsible for BR as a whole

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

(b) Details of the BR head: Same as above

3. Principle-wise (as per NVGs) PR Policy/policies

FULL NAME	**SUNIL KUMAR**	**MILIND VIJAY JOSHI**	**SANJEEV KUMAR**
DESIGNATION	CMD & DIRECTOR (HR & EB)	Director (Finance)	Director (Tech)
DIN NUMBER	06628803	08273959	07566882
CONTACT NUMBER	011-2432-9501, 24321095	9013138120	011-2431-5931
EMAIL ID	dirhr@bol.net.in, cmd@bol.net.in	mvj960@gmail.com	dirtco@bol.net.in
TELEPHONE NO.	011-2432-9501, 240319020, 24314477	011-24321095	011-2431-5931
FAX NO.	011-2432-8117, 24324243	011-24328361	011- 2431-5646

(A)	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for the Principle?	Y	Y	Y	Y	Y	Y	Y	Y	Y

2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	N	N
3.	Does the policy conform to any national/ international standards? If yes specify? (50 words)	Y	Y	Y	Y	N	Y	Y	Y	N
4.1	Has the policy being approved by the Board?	Y	Y	Y	Y	N	N	Y	Y	N
4.2	Is yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	N	N	Y	Y	N
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	N	N	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	N	N	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	N	N	N	N	N	N	N	N

i) Web links for the Policies

Code of Conduct	-	www.mtnl.net.in
Whistle Blower Policy	-	www.mtnl.net.in
Citizen Charter	-	www.mtnl.net.in
CVC Guidelines	-	http://mtnl.net.in/vig.htm
CSR Policy	-	http://mtnl.in/csr_2014.pdf
Insider Trading Policy	-	http://mtnl.in/insiderpolicy.pdf

(A) If answer at S.No.1 against any principle, is 'No' please explain why :

4. Governance related to BR

i.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	Within 3 Months
ii.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	No

Section E: Principle-wise performance

Principle 1: *Businesses should conduct and govern themselves with Ethics, Transparency and Accountability*

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No:-

Yes. The ethical conduct of the Company is reflected in the various policy initiatives. While the Employees Conduct, Discipline & Appeal Rules (CDA Rules) cover the employees at all levels in the organization. In addition, to promote ethical business, Policies like Code of Conduct, Integrity Pact, Whistle Blower Policy, Insider Trading Code and Citizen Charter have also been put into operation.

Additionally, the Company has a Vigilance Department headed by Chief Vigilance Officer (CVO), who is a nominee of the Central Vigilance Commission. The Vigilance Department submits its reports to Competent Authority including the Board of Directors. The CVO also reports to the Central Vigilance Commission as per their norms.

2. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

Yes, the Integrity Pact, Citizen Charter covers/extends to suppliers; customers, etc. while the Code of Conduct, Insider Trading Code & Whistle Blower Policy covers only Directors and Senior Management of the company.

3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Ethics Complaints received during the F.Y. 2018-19				**Bribery & Corruption Complaints received during the F.Y. 2018-19**			
Total Complaints	No. of Complaints Resolved	No. of Complaints pending	% of Complaint resolved	Total Complaints Received	No. of Complaints Resolved	No. Complaints pending	% of Complaint resolved
51	44	7	86.27	31	26	5	83.87

Principle 2: *Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.*

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

As MTNL provides Telecommunication Services. Our Wireless Services (WS) complies with relevant guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI:

a) Whether MTNL is complying with relevant guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI? Is there any Policy framed by MTNL in this regard.

MTNL is complying with relevant Guidelines regarding Electromagnetic Radiation from BTS Towers issued by DoT, GoI and TRAI. Yes, a Policy has been framed by MTNL in this regard.

b) Steps taken for reduction of energy consumption and safeguarding environment.

Steps taken by MTNL Delhi Unit for reduction of energy consumption are given below

1. Maintaining power factor near to unity.
2. Sealing of all Air- Conditioned areas to avoid air- leakages.

3. Maximum Loading of Transformers.
4. Installing LED type electrical fitting whenever new fittings are installed.
5. Providing free Air cooling system whenever feasible.
6. Switching of lights, Fans and Air-Conditioners when not required.
7. Installing only Energy efficient Electrical equipments.
8. Carrying out Energy-Auditing of major telephone buildings.
9. Periodic review of maximum demand, contract load and sanction load.
10. Rationalizing use of Air-Conditioners.
11. Operating only one lift during off-load periods of the day.
12. Regularizing all temporary electricity connection.
13. Running the optimum number of AC units to maintain switch room temperature in the specified limit.
14. Utilizing compound lights and corridor lights for the minimum periodicity.
15. Keeping lights in the switch rooms normally switched off.

Steps taken by MTNL Mumbai Unit for reduction of energy consumption are given below:-

1. Instructions are issues to improve Power Factor and reduce contract demand.
2. Saving on TOD (Time of Day) Charges by using power at selective time.

In addition to the above, power saved by switching off Rack in different wire centre of MTNL. Mumbai. The details of racks switched off during 2018-19.

Area	**Work Done**
South	4
Central	11
North	0
West 1	6
West 2	9
West 3	12
East 1	16
East 2	2
NM	13
Total	**73**

Steps taken by IITM, Delhi (training centre of MTNL) for reduction in energy consumption are given below:-

- AT ITTM, we try to ensure that electrical appliances are switched on only on need basis.
- We ensure to avoid wastage and leakage of water.
- In Shadipur Telephone Exchange campus, plantations are done and proper upkeep of plants are maintained.
- Optimum utilization of paper is ensured.

Principle 3: *Business should promote the well being of all the employees*

1. **Please indicate the Total number of employees: 21708 (as on 31.03.2019)**
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:76+276=352**
3. **Please indicate the Number of permanent women employees: 5671**
4. **Please indicate the Number of permanent employees with disabilities: 108**
5. **Do you have an employee association that is recognized by management: No**
6. **What percentage of your permanent employees is members of this recognized employee association? Not Applicable** (in view of point no. 5 above)
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

S. No.	Category filed during the financial year	No. of complaints pending at end of the financial year	No. of complaints
1.	Child labour/forced labour/ involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**
   - Permanent Employees: Nil
   - Permanent women Employees: Nil
   - Casual/Temporary/Contractual Employees: Data not available
   - Employees with Disabilities: Data not available

Principle 4: *Businesses should respect the interests of, and be responsive towards all the stakeholders, especially those who are disadvantaged, vulnerable and marginalized.*

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   Yes. Over the years of its existence, the organization has identified & engaged with a varied group of stakeholders- both internal like employees, shareholders & external such as customers, communities, Business Partners (Suppliers & Venders), Industry Association etc.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized Stakeholders?**

   No Corporate Social Responsibility (CSR) funds has been allocated/spent for CSR activities during the Financial Year as the requirement for allocation of funds for CSR activities under section 135 of the Companies Act, 2013 is not applicable as the average profit during the three immediately preceding years is NIL (The Company is suffering losses).

3. Are there any special initiatives taken by the company to engage with the disadvantages, vulnerable and marginalized stakeholders. If so, provide details therefore, in about 50 words or so.

Not Applicable.

Principle 5: *Business should respect and promote human rights*

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

MTNL owes allegiance to the Constitution of India, which resolves to secure to all its citizens justice, liberty, equality and fraternity and which also encompasses the fundamental human rights as envisaged in the Universal Declaration of Human Rights. MTNL stands committed to support and respect the protection of internationally proclaimed human rights at its work places and in dealing with customers, suppliers, customers, venders etc.

2. How many stakeholders' complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Already given in Business Responsibility Report

Principle 6: *Business should respect, protect and make efforts to restore the environment*

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company is following the Policy framed in this regard.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

MTNL is complying with relevant Environmental Laws and Guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI. No initiative to address the global environmental issues.

3. Does the company identify and assess potential environmental risks? Y/N

Yes, MTNL Wireless Services (WS) has taken initiatives to comply with relevant Guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No, the company does not have any project related to Clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company has taken initiative on energy efficiency. The detail reply is given in Principle 2 (1) (b).

6. Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

MTNL is complying with relevant Guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI. The Emissions/ Wastes generated is within the permissible limits given by the Pollution Control Board during the Financial Year 2018-19.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year.**

   NIL

Principle 7: *Business, when engaged in influencing public and regulatory policy should do so in a responsible manner.*

1. **Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:**

   i) SCOPE

   ii) FICCI

   iii) DMA

   iv)GSM Association

2. **Have you advocated/lobbied through above association for the advancement or improvement of public good? Yes/No; if yes specify the broad areas(drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

   No

Principle 8: *Business should promote inclusive growth and equitable development*

1. **Does the Company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   No Corporate Social Responsibility (CSR) fund has been allocated/spent for CSR activities during the Financial Year as the requirement for allocation of funds for CSR activities under section 135 of the Companies Act, 2013 is not applicable because the Company is incurring losses during the three immediately preceding years. The CSR Policy is available on the website of the company www.mtnl.net.in. MTNL is contributing to CSR activities in non- mandatory ways to the extent possible.

2. **Are the programmes/projects undertaken through in house team /own foundation/external NGO/government structures/any other organization?**

   Not applicable.

3. **Have you done any impact assessment of your initiative?**

   Not applicable since MTNL is not doing any CSR activity where funds are involved, because of losses in the company.

4. **What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?**

   Not applicable since MTNL is a loss making company and is not undertaking any CSR activity involving funds/ money.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Not applicable.

Principle 9: *Business should engage with and provide value to their customers and consumers in a responsible manner*

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

DETAILS OF CUSTOMER COMPLAINTS FOR THE PERIOD FROM APRIL 2018 TO MARCH 2019.

S.No	PARTICULARS	TOTAL RECEIVED		TOTAL PENDING		% OF PENDING CASES AT THE END OF FINANCIAL YEAR	
		MUMBAI	DELHI	MUMBAI	DELHI	MUMBAI	DELHI
1.	P.G. Cases	721	17132	64	101	8.80	0.59
2.	Landline Faults	1173303	1071484	2589	1932	0.22	0.18
3.	Broadband Faults	495975	593055	6111	822	1.23	0.14

2. Does the company display product information on the product label, over and above what is mandated as per local news? Yes/No/N.A./Remarks(additional information)

As far as MTNL is concerned customer is being well informed at the time of issue of Customer Application Form (CAF) about the various plans. This is also being done through pamphlet/brochures/ website of the Company. However there is a need to further strengthen customer interface/ FRS system for proper and prompt handing of customer complaint.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on the end of financial year? If so, provide details thereof, in about 50 words or so.

NIL

4. Did your company carry out any consumer survey/consumer satisfaction trends?

Yes, "Open House Session/Consumer education workshops were held by MTNL Delhi Unit during the year 2018-19 on 28.06.2018, 28.09.2018, 28.12.2018 & 28.03.2019.

In MTNL Mumbai Unit, Customer feedback is taken manually & through IVRS for faults. Market survey is done to assess needs of customers.

ANNEXURE VIII TO DIRECTORS' REPORT

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

(ENTERPRISE RISK MANGEMENT POLICY OF MTNL) FOR THE F.Y. 2018-19

INTRODUCTION:

MTNL was incorporated as Public Sector Undertaking in the year 1986 with an Authorized share capital of ₹ 10,000 crore to serve the cities of Delhi including NCR and Mumbai including Thane District in India. Its objective is to provide world class telecommunication services to its customers at affordable tariffs. MTNL got Navratana Status in 1997. It is listed in NSE, BSE and OTCQX. Following major risks are faced by MTNL in the current competitive telecom scenario and it's Management & Minimization for the F.Y. 2018-19 are mentioned below:-

1. MARKET/COMPETITION RISK:

The market of MTNL is limited to Mumbai and Delhi. Many other Private operators are currently competing with us in these markets for basic as well as cellular services. Many of these companies already have significant market share and latest state of the art telecommunications infrastructure in Delhi and Mumbai through which they are offering low-cost, mobile and fixed wireline telephone services as well as 4G services. The subscriber base of MTNL has declined during last few years due to lack of enough investment by MTNL in technology/network expansion & upgradation, severe competition in the sector with entrance of few big players and strategic consolidation in the telecom sector. Increased competition in wireless services continue to keep downward pressure on prices and will require more capital investment to upgrade and expand network to improve QoS, Capacity and launch of 4G Services. Telecommunication tariffs in India have declined significantly in recent years due to cut throat competition in the market, which has adversely affected revenues of the industry. As a result of competition, the revenue of services has declined. Further, our operations being limited to cities of Mumbai and Delhi inhibit us in competing with companies with a Pan-India presence. MTNL is also facing tough competition in Fixed Line and Broadband service segment. MTNL is offering Broadband Internet at 2-8Mbps Speed, predominantly on ADSL technology on Copper Wire. MTNL is offering FTTH Service also with speed up to 1Gbps, but number of FTTH subscribers are merely 2.5% of total broadband subscriber base. Today customer is able to get an internet experience of 2Mbps upwards speed on 4G along with unlimited Call & SMS at a very competitive tariff (1/4th of Land Line Tariff) with added benefit of mobility. This is resulting into churn of MTNL's fixed Broadband customer to 4G Service of competitors. Further, to improve Internet speed on Copper network up to 100Mbps, MTNL is required to migrate to VDSL2 technology and CAPEX investment of up to ₹100 Crores is needed for deployment of VDSL2 technology.

MTNL is providing only 2G/3G service with limited coverage and capacity. To prevent churn of Wireless and Fixed Line Customers, MTNL has to invest heavily up to ₹1,200 Cr. in next 2 to 3 years to launch 4G Service and expand/upgrade other network.

2. POLICY AND REGULATION RISK AND REGULATORY COMPLIANCE:

The Indian government regulates our business through licensing of services and service areas, and the regulator (TRAI) through price tariffs on some of the services. The license for fixed-line services is valid until March 31, 2023 and the licence of cellular mobile service was valid until 05-04-2019. MTNL has already represented to DOT for seeking extension of CMTS license with administrative allocated spectrum up to 10-01-2021, the date on which MTNL's license got geographical coverage and is made at par with private operators as per the standard terms & conditions of license. MTNL had sought the opinion from Sh. Vikramjit Bannerjee, Ld. Additional Solicitor General to Government of India on this issue. The learned ASG has also supported the stance taken by MTNL. Matter is under consideration in DoT. As per the present Govt. policy MTNL may be required to pay around ₹ 1718/- Cr for one time spectrum charges for the spectrum held beyond 4.4 MHz w.e.f 01.07.2008 till expiry of CMTS license i.e. 05-04-2019. Presently, the issue of payment of one time spectrum charges is under litigation and the payment liability will be subject to outcome of the case filed by other operators. Further in the case of non availability of 2G spectrum, it will effect the continuation of service or put additional financial cost to MTNL and considering this MTNL has requested DoT to extend Unified License (UL) so that MTNL can continue to provide services after 05.04.2019. Matter of extension of CMTS license extension beyond 05-04-2019 is under consideration and decision awaited.

MTNL has adjusted the SUC and License fee amounting ₹801.98 crores from the excess amount paid by MTNL on account of pensionary benefits in respect of combined service pension optees based on the cabinet decision of Govt. of India on 09.01.2014. However the DoT is challenging the adjustment. The matter was also placed before the Board of MTNL in 301st meeting of the Board at item no.14/301 on 09.10.2014 and the board while noting the adjustment is as per Cabinet decision also desired that management has to follow up with the Government for implementation of Cabinet decision. In such a situation although the adjustment is done as per Cabinet decision , the remote chance of coercive action such as levy of penalty and interest cannot be ruled out and will remain a threat for the company which includes forcing MTNL to pay the above amounts with interest and penalty. However DoT has commenced the process of seeking details for adjustment of the deductions made by MTNL from excess pension payouts.

Telecom regulator TRAI has already reduced ceiling tariffs on termination charges and also on roaming charges in the past year also have significant impact on the revenues. The combined annual effect of all these regulations mentioned above including those on port charges and abrogation of incoming call termination charges is clearly seen on the revenue of MTNL and such impacts due to regulations of TRAI have been a constant risk on the rate of return of CAPEX.

Besides TRAI regulations, the new Companies Act 2013 and SEBI's Listing Obligation & disclosure requirement-2015 (LODR), Implementation of Ind AS & ICFR already made the compliance very cumbersome and costly affair. Further implementation of GST w.e.f. 01-07-2017 also added additional cost burden for MTNL including additional cash flows and the need to revamp the existing IT, Billing & Accounting software in compliance to GST requirement will add up further to the cost element. The risk of imposing heavy penalties under GST and SEBI regulations as well as risk of debarring from the exchanges for non-compliance or delay in compliance with reference equity and debt listing requirements also need to be taken care of by proper training to the work force of MTNL to gear up fully for compliance requirements. This threat is all the more difficult to be tackled considering the existing work culture.

Under our articles of association, the President of India, on behalf of the Indian government, may also issue directives with respect to the conduct of our business and affairs, and certain matters with respect to our business, including the appointment and remuneration of our Chairman-and-Managing Director and the declaration of dividends. None of our shareholders, management or board of directors may take action in respect of any matter reserved for the President of India without his approval. Government formalities, including requirements that many of our purchases be made through a competitive bidding process, often cause delays in our equipment and product procurement; these delays can place us at a disadvantage vis-a-vis the private sector competitors and also erode operational competitiveness resulting in to erosion of clientele strength for want of service standards on the same footing of private operators.

TRAI being a Regulatory Authority for telecom operators imposes various conditions in connection with provision of service, quality of service and tariff policy. There are regular checks through various reports as well TRAI metering & billing audits and there are penalties for non compliances.

Although MTNL is meeting most of TRAI QoS parameters, however network needs immediate up-gradation / expansion. The CAPEX is continuously declining over the period. Investment of ₹ 2000-2500 Cr. required over next 2-3 years for up-gradation and expansion. The company has planned to up-grade its 3G network in Delhi & Mumbai and manage to incurred CAPEX (including 3G network up gradation) during the year with the help of borrowings only. However being in a debt trap of ₹ 19,865 Cr as on 31.12.2018 (excludes ₹ 4533.97 Crore of the Bonds, the liability for interest and principle of which are with Govt. of India), it is a great threat for the company to meet the Capex as well as Opex requirement. Hence MTNL should take necessary steps to meet the quality of service parameters to raise quality of service and thereby revenue/customer retention.

3. Technology Risk/Quality of Service:

As far as MTNL is concerned, we have always been pioneer in introducing latest technologies in the telecom field. As a company, MTNL has rapidly modernized its network by incorporating state-of-the-art technologies and adopting customer friendly approach. With the developments in the Telecom Sector MTNL has transformed itself from telecom voice service provider to a total telecom solution provider. While deploying any new technology, it should always be ensured that the technology is well proven in telecom field. Whenever a new technological development is to be taken place, proper evaluation of the situation / market condition should be carried out.

3.1: MTNL's 2G / 3G network in Delhi & Mumbai is quite old. With the passage of time, new technologies are introduced in the market by the manufacturers / operators to meet the customer aspirations and demand. Accordingly, the maintenance supports for legacy / old equipments posses a big challenge for any operator. MTNL is also facing difficulty in getting maintenance support from various manufacturers of 2G/3G network equipment. The Validity of the Cellular License is also approaching its due date, i.e. 05-04-2019, if extension request of MTNL is not considered by the Government.

3.2 : Following immediate technological Up-gradation/Expansion for improvement of service and keep the QoS intact:

i. *MTNL has undertaken the task of improving the Wireless Network in Delhi and Mumbai so as to improve the downlink speed of 21.1 Mbps & uplink speed of 5.76 Mbps which is presently of 3.6 Mbps & 384 Kbps respectively with following major projects:*

(a) Expansion of GSM / 3G RF network by adding 1080 nos. of 3G sites & 800 nos. of hybrid microwave to meet the backhaul capacity and Data handling capacity to 10 Gbps and Upgradation / replacement of existing 3G network (720 Node-Bs) and 914 (754+160) nos. of existing 8Mbps Microwave Hops to 400 Mbps capacity in MTNL Delhi.

(b) *3G Network Up-gradation of existing 3G network (720 Node-Bs) and 497 nos. of existing 8Mbps Microwave Hops to 400 Mbps in Mumbai:*

ii. Rollout of 4G Services: *The Company is planning to rollout 4G services and has requested DoT for allocation of spectrum for 4G services in MTNL vide a letter dated 15th February 2018. In the letter MTNL has submitted a proposal along with Detailed Project Report (DPR) for launching of 4G services in Delhi and Mumbai duly approved by the Board of Directors of MTNL in its 329th Board meeting held on 13.02.2018. MTNL has sought allotment of spectrum from DoT (5 MHz in 2100 MHz band and 10 MHz in 1800 MHz band for Mumbai and Delhi respectively) for launching 4G service through equity infusion in GOI in MTNL. The spectrum allotment is awaited.*

iii. Migration of legacy TDM network to IMS : *MTNL has roped in C-DOT to help it in migration of its obsolete legacy TDM networks to all IP based converged network(s). Successful field trial of C-DOT's IMS complied NGN switches has successfully completed and voice to MTNL's FTTH subscribers, certain Fixed IN and centrex services are being provided through this switch. Trial commercial migration one of the existing TDM switch of 10-20K capacity each in Delhi and Mumbai has been identified.*

iv. Extending reach of FTTH and taking fiber to the HUB / near to the subscriber : *MTNL plans to increase 45 POP locations in Delhi and 56 in Mumbai on its' deployed state of art NGCN (IP/MPLS) Network to 400-500 POP in next 2-3 years to reduce subscriber copper loop length to 1-2 Kms. Further to increase FTTH reach, certain societies & housing complexes in Delhi & Mumbai has already been identified for this purpose. MTNL has also Partnered with Two Companies for providing managed Services on revenue share basis to roll out FTTH Services*

v. Investment of about ₹3500 Cr. required over next 3 years for above up-gradation and expansion of Wireless, Wireline, IT, Back bone, CRM, ERP etc. However being in a debt trap, it is a great threat for the company to meet the Capex requirement.

3.3 As far as MTNL is concerned customer is being well informed at the time of issue of CAF about the various plans through pamphlet/brochures. However there is a need to further strengthen customer interface/FRS system for proper and prompt handing of customer complaint. Network of MTNL is also required to be strengthened to further improve the quality of service.

MTNL's TDM fixed line switches are becoming obsolete as their induction started around 20 years back and currently having difficulties in its day to day maintenance. Therefore these technologies need to be replaced progressively during the current five year plan with the state of art NGN / IMS switches. Further the new technology will also help launching a number of value added services on fixed lines at par with wireless technologies which are very vital for its survival and revenue increase since landline revenue got stagnated over the last 4-5 years.

MTNL's Wireline Network is predominantly Copper based, which is expensive to be laid and difficult to maintain. High cost of Copper also poses a constant threat of theft of cables, laid down by MTNL. On the other hand, Fiber connectivity is Cheaper to maintain with comparatively lesser theft threat and above all offers better bandwidth and reliability of the network. To mitigate the risks involved with Copper network, MTNL needs to progressively migrate to Fiber network.

Present ADSL technology, being used by MTNL for Broadband, offer limited Download/Upload capabilities of 3/21 Mbps, whereas there is increasing demand among customers for higher upload speeds. The latest

VDSL technologies offer 300 Mbps each for Downlink as well Uplink. With ever changing scenarios, MTNL needs to switch to latest VDSL technologies to cater the latest requirements of higher upload speeds.

SDH technology is obsolete now however at present our access & aggregation network is primarily on SDH technology. MTNL is now planning to migrate to new technology i.e. Carrier Ethernet based solution in the access network and IP-MPLS at aggregation level. In order to protect our investment on SDH equipments, the migration will be on phased manner.

Apart from this, there is acute shortage of competent and motivated work force at all levels including executives & non-executives. This significantly hampers effective network planning and rollout, policy implementation, operations and customer management at field level.

4. OPERATIONAL RISK:

a) Utilization of Assets:

MTNL's assets located in prime locations of Delhi and Mumbai were transferred by an order of the government of India (the Government) and a deed of sale was executed by the Government in its favor representing an irrevocable transfer. A formal transfer deed for real estate property of the DOT, transferred by the Government to MTNL has been executed but has not been registered with the appropriate municipal authorities. Indian law also requires payment of stamp duty (at rates which vary among states) on instruments, which effect transfer of title to real estate or in respect of leases of real estate assets. Therefore MTNL could be liable for stamp duty, if any, upon registration (other than with respect to the DOT properties acquired from the Government as of April 1st, 1986). Although MTNL has valid possession to all of its properties, but these need to be registered and stamped to acquire marketable titles to real properties in its possession for which stamp duty has to be paid. Hence MTNL cannot monetize or sell these properties without payment of stamp duties and registering the properties in its name. In case of merger/demerger acquisition amalgamation, the proper valuation and transfer of assets will be a serious concern in this situation.

The process for better utilization of its assets, such as buildings in Delhi and Mumbai, to generate additional revenue MTNL has already started entering in to a memorandum of understanding (MoU) with BSNL to share the infrastructure and network of each other, in a bid to offer better services to their consumers. Further the building in Delhi and Mumbai are also given on rental for generation of additional revenues. These can be further used for advertisement, brand building and earn good revenue.

b) Utilization of manpower resources:

MTNL has huge legacy staff strength inherited from DoT. Presently MTNL has around 21,697 working employees as at 31-03-2019 as compared to 62000 in the year 1997-98. There has been some reduction in staff because of three V R Schemes and normal attrition. However, MTNL is still suffering from overstaffing and the legacy staff cost which is threat upon MTNL which absorbs a very high percentage of the total income. Overstaffing is a major risk which the Company faces as it has little flexibility to address the problem and this cost in case of other operators is around 5% where as it is around 93% in case of MTNL as on 31-12-2018 and w.r.t. service revenue it is as high as 123%.

c) Industrial Unrest:

Due to strict RBI restrictions and PCA guidelines, it become very difficult to get further funding from the bank and chances of default in making statutory as well as other payments has also increased. As the salary & wages of employees were not paid on time during past few months, which has increased the chances of industrial unrest in near future, if the issue is not been resolved by the Govt. in a timely manner.

d) Litigation:

Various litigations, involving MTNL are ongoing in respect of issues arising out of business operations. The same may incur financial risk to the organization contingent upon the outcome of such litigation. Effective measures are in place to mitigate the risks to the minimum.

5. FINANCIAL/LIQUIDITY/DEBTS MANAGEMENT RISK:

Vide exposure of loans from bank and financial institution there is possible risk of liquidity crunch in near future as follows:

- **CAPEX:** Huge amount is required for further expansion/modernization to keep abreast with the technological changes in the near future for which the company has to depend upon the Govt. support and in the absence of such support the stagnation sets in and network gets obsolete running the risk of exodus of existing subscribers in pursuit of systems with latest and innovative telecom solutions.
- **Staff Legacy Cost:** After meeting the staff cost (including pay revision in near future if any), which is almost 123% of service revenue in MTNL and interest costs on debts to the tune of 87 % of service revenues, no cash flow is left for OPEX or CAPEX which poses a serious threat to the continuation of the company as a viable entity and unless the capital infusion and other supporting revival plans at different levels of Govt. for consideration fructify and percolate practically in terms of financial support packages.
- **Debt:** To meet fund requirement for opex, capex and spectrum company has borrowed ₹ 19,865 crore from banks up to 31-12-2018 excluding DOT liability, and servicing interest towards bank itself which is presently around 65% of total revenues including other income is a big threat and the spiraling interest costs due to restituting old debts with new debts gradually could lead to a serious debt trap effecting the capability of the Company either to raise further loans or to service the debts and interest costs leading a defaulting scenario, without the revival plans taking shape on war footing.
- **Debts Management:** the debt management of the company is itself a big challenge. As on 31-12-2018 company has total debts of ₹ 19,865 Cr from bank and financial institutions, payment of interest as well as repayment of principal is challenge for MTNL unless Govt/DOT support for recasting the debts. However the issue of Debenture to the tune of ₹ 4,533.97 Crore against refund of BWA one time spectrum fees has reduced the debts burden of Term loan as well outflow of interest, but meeting further Capex requirement will still remain a great threat to the company.
- Debt servicing/interest servicing coverage ratio of the company as on 31-12-2018 are on negative trend on year on year basis. Similarly debt equity ratio is also negative as on 31-12-2018.

6. Ongoing Concern Risk

Net worth of MTNL is negative as on 31/12/2018 to the tune of ₹ 8,972.04 Cr and debts service as well as interest service coverage ratio is also negative. Further vide exposure of loans from bank and financial institution and heavy repayment schedule of loans as well as interest payment to Bank & Financial Institutions in the coming years, there is possible risk of liquidity crunch in near future, which will be a great threat to MTNL to keep it as ongoing concern in near future.

MTNL has a joint venture in Nepal M/s UTL Nepal, which incurring continuous losses and to rest the MTNL share of losses in UTL Nepal, the management has exercised the exit option from UTL Nepal as per clause no 12.19 of amended agreement on 15.12.2014 through which the JV partners with the exception of NVPL had the option to exit the JV at par.

7. INTERNAL CONTROL FAILURES AND INTEGRITY OF FINANCIAL INFORMATION RISK :

Informations are required at each level/department for policy and decision making. Lack of effective internal control and management information system can put an organization in the risk of making ineffective policy and decision. Revenue assurance being also part of Internal control system should also be strengthened for avoiding any possibility of leakage of revenue. The System tools used for Internal control and Revenue Assurance should also be controlled through review system for their appropriateness and adequacy. The new Companies Act 2013 made it mandatory for audit of internal controls on financial reporting from 2015-16 onwards which also adds up to Compliance risks. Effective internal controls enables the organization to furnish reliable financial reporting and substantially complies with the laws and regulations that apply to it. However, the extent to which the organization achieves operational and strategic objectives depends on factors outside the enterprise, such as competition, regulations, government procedures and controls or technological innovation. These factors are outside the scope of internal control and therefore, effective internal control provides only timely information or feedback on progress towards the achievement of operational and strategic objectives, but cannot guarantee their achievement.

8. INFORMATION TECHNOLOGY & SYSTEMS SECURITY RISK:

(i) ***IT general controls –*** Controls related to: a) Security, to ensure access to systems and data is restricted to authorized personnel, such as usage of passwords and review of access logs; and b) Change management, to ensure program code is properly controlled, such as separation of production and test environments, system and user testing of changes prior to acceptance, and controls over migration of code into production. Information Technologies are vital to MTNL operations. They are tools that improve the quality and efficiency of work. They are the repositories for critical and proprietary corporate information. Improper access to or the destruction of these resources will have serious consequences for the company. Therefore for the purpose of according full security to IT applications the IT policy document has been finalized by MTNL IT team in order to-

- *Ensure that IT resources are appropriately protected from destruction, alteration or unauthorized access and that.*
- *All used hardware & software used for these applications are appropriately protected from intrusion, destruction, alteration or unauthorized access.*

(ii) ***IT application controls –*** Controls over information processing enforced by IT applications, such as edit checks to validate data entry, accounting for transactions in numerical sequences, and comparing file totals with control accounts. IT related resources such as Operational, Billing and Customer Care Systems are prone to hacking, spoofing and other cyber crimes.

(iii) ***CBCRM System –*** CBCRM system is quite critical from revenue perspective as a number of revenue activities are being done through it e.g. Voice IUC settlement, mobile rating, invoice generation etc. The project/its equipment’s are running since 2006 and almost outlived its life. The major challenges are non availability of source code, lack of support of various licenses due to prohibitive cost etc. Such constraints pose challenges in implementation/feasibility of development as per the dynamic market conditions. BEL, the project implementer has already pulled out of the project in July’2014. Post, pull out, limited support could be finalized initially for June 2016 and further extended up to June 2017 on as-is-where basis and there is no further support available.

MTNL cannot utilize the system indefinitely and the new billing tender/ new billing system to be made operational at the earliest possible.

(iv) ***Obsolete Hardware infrastructure –*** Many of the hardware for providing core services and providing supportive/workflow processes have became obsolete and need to be replaced due to EOSL and non-availability of spares e.g. the hardware for CSMS, ISP set up, EPS/CBCRM etc.

(v) ***Call Centre –*** A number of call centers are working in Delhi and Mumbai for services such as Landline, Broadband and Mobile. Most of the set up were procured along with the main equipment and are now obsolete. Non availability of support on these equipments in recent past (e.g. mobile call centre at CBCRM Mumbai) leads to direct impact on the customer satisfaction & churn.

(vi) ***Network Security & Audit –*** Govt of India has been focusing on strengthening the security of critical information infrastructure (CII) and many of the IT systems of MTNL have been declared as CII's. DOT vide its direction has mandated all ISP's to get their system audited once in a year. MTNL Network Audit by third party i.e. M/s PWC has been completed in 2016.

To safeguard against above risks, effective IT security policy is to be followed in all Data Centres. Also, proper back up arrangements as well as disaster recovery mechanism are to be put in place.

MTNL has finalized common IT policy for all Line of Business (LoBs) & network and has been in effect since 01.01.2016. The IT policy take cognizance of guidelines of Govt. of India as well as various standard developing organizations viz. ISO, ITU etc and their revision from time to time and in a manner consistent with the business and work flow requirements of the company.

(vii) ***Aadhar based booking –*** MTNL is going to implement Aadhar based eKYC booking for Mobile & Landline and Bill presentment & payment through PoS on optional basis. The benefit of eKYC is to reduce the activation time of service and authentication of subscribers instantly from UIDAI Data Center. The payment through PoS is a step towards Smart Service Centers. MTNL is also working to introduce digital KYC for the customers not willing to use Aadhar based booking.

(viii) ***Analytics Engine -*** MTNL needs to move towards data led positioning and to install a customer analytics engine. Analytics will enable differential billing and Customer profiling basis on the history of usage of customer thereby helping MTNL in identification of target audience. With this Cluster assessment can also be implemented to identify potential high revenue clusters. MTNL needs to invest in real-time predictive analysis and tailoring products to customer. Customer analytics features can help to provide customer specific plans. MTNL does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. However MTNL is having many standalone packages with interfaces. The risk of not having a ERP type of system is inherent.

9. DISASTER MANAGEMENT AND BUSINESS CONTINUITY RISK:

Lack of proper disaster management could become a threat to the business. To safeguard against this risk, effective disaster management policy should be framed keeping in view the anticipated risk of data as well as other information loss. Hence proper back up arrangements as well as disaster recovery mechanism are to be put in place.

10. Greater transparency and entity level ethical & governance risk:

Policy to be framed to monitor the ethical level of all the concerned, so that any decision should be taken consciously with full care and applying due diligence. To ensure this proper vigilance mechanism and Whistle Blower Policy is already in place.

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ANNUAL ACCOUNTS

2018-19

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INDEPENDENT AUDITORS' REPORT

TO,
THE MEMBERS OF
MAHANAGAR TELEPHONE NIGAM LIMITED

Report on the Audit of the Standalone Ind-AS Financial Statements

Qualified Opinion

We have audited the accompanying standalone Ind-AS financial statements of **MAHANAGAR TELEPHONE NIGAM LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the basis for Qualified Opinion Section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the standalone financial statements 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 Ind AS Financial Statements 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 Ind AS financial statements 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 Ind AS financial statements.

(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, 2019 as well as in the previous year and the current liabilities exceeded the current assets substantially.

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

However, the standalone Ind-AS financial statements 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. (Also refer note no. 76 to the standalone Ind-AS financial statements)

(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 ₹ 3,352.67 Crores out of which ₹ 2,505.46 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 63 to the standalone Ind-AS financial statements).

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 ₹ 144.66 Crores has not been carried forward or ineligible credits amounting to ₹ 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 ₹ 6,69.34 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 68 to the standalone Ind-AS financial statements).

(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 ₹ 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (Also refer note no. 79 to the standalone Ind-AS financial statements).

(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 Ind-AS financial statements for year is not ascertained and quantified. (Also refer note no. 36,37 and 39 to the standalone Ind-AS financial statements).

(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. (Also refer note no. 70 to the standalone Ind-AS financial statements).

(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 Ind-AS financial statements are not ascertainable and quantifiable. (Also refer note no. 65 to the standalone Ind-AS financial statements).

(viii) (a) In Delhi Wireless Unit, reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on standalone Ind-AS financial statements cannot be ascertained and quantified at present.

(b) Unlinked credit of ₹ 51.04 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. (Also refer note no. 64 and 75 to the standalone Ind-AS financial statements).

(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 Ind-AS financial statements cannot be ascertained and quantified.

(xi) Department of Telecommunication (DOT) had raised a demand of ₹ 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 ₹ 107.44 Crores 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 the Company *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 ₹ 3205.71 Crores has been disclosed 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 Ind-AS financial statements of the Company. (Also refer note no. 58 to the standalone Ind-AS financial statements).

(xii) In Mumbai Unit, the Company has been awarded a long duration contract from Larsen & Turbro (L&T) for design, development, implementation & Maintenance of CCTV based surveillance system for Mumbai City. The Company has not recognized profit/loss on the basis of percentage of completion method of accounting as prescribed under Indian Accounting Standard (Ind-AS) – 18 on "Revenue". In the absence of any working/detail, we are not in a position to comment on the impact thereof on the standalone Ind-AS financial statements. (Also refer note no. 77 to the standalone Ind-AS financial statements).

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)(a), (ix), (x), (xi) and (xii) on the standalone Ind-AS financial statements of the Company for the year ended on 31st March 2019.

Emphasis of Matters

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

(i) Impairment in the value of investments in subsidiary, joint ventures, and associates are considered temporary in nature by management and no provision for impairment in value of these investments has been done.

(ii) Refer note no. 61 to the standalone Ind-AS financial statements regarding the adequacy or otherwise of the provision and / or contingency reserve held by the Company 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.

(iii) Point no. (a) of note no. 62 to the standalone Ind-AS financial statements regarding 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.

(iv) 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. (Also refer note no. 9, 15 and 18 to the standalone Ind-AS financial statements).

(v) Disclosure of consumption of imported and indigenous stores and spares and percentage to the total consumption as required by Division II of Schedule III of the Companies Act, 2013 has not been made by the Company in the standalone Ind-AS financial statements.

(vi) 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 standalone Ind-AS financial statements and further explained in point no. (d) of Note no. 68 to the standalone Ind-AS financial statements.

(vii) 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.

(viii) 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.

(ix) 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.

(x) 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 Ind-AS financial statements.

(xi) 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. (Also refer clause no. (k) of note no. 3 to the standalone Ind-AS financial statements).

Our opinion is not modified in respect of these matters.

Material uncertainty related to going concern

We draw attention to Note no. 76 in the financial statements, 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 as set forth in Note 76, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis of qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
1.	**Material Uncertainty relating to Going Concern:** There is use of Going Concern Assumption basis of accounting in financial statement but a material uncertainty exists.	We have analyzed the management projection are submitted to Department of Telecom (DOT). We received the expected revenue and corresponding expenses, EBITDA and other expected Capex expenditure outflows.(Refer note no. 76)
2.	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers” (new revenue accounting standard) There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.) The application of the new revenue accounting standard is complex and involves a number of key judgements and estimates. Additionally, new revenue accounting standard contains disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. Refer Notes no. 56 to the Standalone Ind-AS Financial Statements.	We assessed the Company’s process to identify the impact of adoption of the new revenue accounting standard. Our audit approach including controls testing and substantive procedures covering in particular: Testing the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams. Testing the end to end reconciliation from business support systems to billing and rating systems to the general ledger. This testing includes validating material journals processed between the billing system and general ledger. Performing tests on the accuracy of customer bill generation on sample basis and testing of a sample of the credits and discounts applied to customer bills: and Testing receipts for a sample of customers back to customer invoice.
3.	Accuracy of revenues and onerous obligations in respect of fixed price contracts involves critical estimates. Estimated effort is a critical estimate to determine revenues and liability for onerous obligations. This estimate has a high inherent uncertainty as it requires consideration of progress of the contract, efforts incurred till date and efforts required to complete the remaining contract performance obligations. Refer Notes no. 56 to the Standalone Ind-AS Financial Statements.	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: • Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations. • Tested the access and application controls pertaining to time recording, allocation and budgeting systems which prevents unauthorized changes to recording of efforts incurred. • Selected a sample of contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to efforts incurred and estimated.

		• Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract. • Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. • Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts.
4.	**Uncertain Taxation Matters:** The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes no. 48 and 61 to the Standalone Ind-AS Financial Statements.	We have obtained details of completed tax assessments and demands up to March 31, 2019 from management. We assessed the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We also considered legal precedence and other rulings, including in the company's own cases, in evaluating management's position on these uncertain tax positions.
5.	**Recoverability of Indirect Tax Receivables:** As at March 31, 2019, non-current assets in respect of indirect tax and others include Cenvat recoverable amounting to INR 153.5 crores which are pending adjudication. Refer Note no 12 and 20 to the Standalone Ind-AS Financial Statements.	**Principal Audit Procedures:** We have assessed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.
6.	**Impairment Loss:** For the CGUs the determination of recoverable amount being the higher of fair value less costs to sell and value –in-use, requires judgement on the part of management in both identifying and then valuing the relevant CGUs. Recoverable amounts are based on management 's view of variables such as future average revenue per user, average customer numbers and customers churn, timing and approval of future capital , spectrum and obtaining expenditure and the most appropriate discount rate. Refer to Note no. 70 of standalone Ind-AS Financial statements.	We evaluated the appropriateness of management's identification of the groups CGUs and testing the impairment assessment process, including indicators of impairment. We analyzed key assumptions in management's valuation model used to determine recoverable amount including assumptions of project adjusted EBITDA projected capital expenditure, projected license and spectrum payments, long term growth rates and discount rates. We compared historical forecasting to actual results and We performed testing of the mathematical accuracy of the cash flow and analyzed key assumptions. Based on our procedures we consider management's key assumptions to be within a reasonable range.

		We validated the appropriateness of the related disclosures in note no. 70 of the Standalone Ind- AS financial statements.
7.	**Discontinued Operations and Assets Held for Sale:** Assests of CDMA continues to be treated as held for sale and discontinued operations as at the balance sheet date. Refer to note no. 51 of standalone Ind-AS Financial statements.	We analyzed in management's estimates of, the releasable value. Based on our procedures, we noted no exceptions and consider management's approach and assumptions to be reasonable.
8.	The Company holds investments comprising investments in Associates, Joint Ventures and subsidiaries of ₹ 106.13 Crores Investments in Associates, Joint Ventures and subsidiaries accounted forat cost less any provision for impairment Investments are tested for impairment annually. If impairment exists, the recoverable amounts of the investment in Associates, Joint Ventures sand subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognized in the income statement. Refer to Note no.8 of standalone Ind-AS Financial statements.	We assessed the net assets values of the investments as at 31 March 2019 with the Company's investment carrying values. As a result of our work, we agreed with management that the carrying values of the investments held by the Company are supportable in the context of the Company financial statements taken as a whole.
9.	**Deferred Tax Assets:** - significant judgement is required in relation to the recognition and recoverability of deferred tax assets, Refer to note no. 40 of standalone Ind-AS Financial statements.	In respect of the deferred tax assets, we analyzed to assess the recoverability of losses from a tax perspective through performing the following: • Understanding how losses arose and where they are located, including to which subgroups they are attributed. • Considering whether the losses can be reversed based on the ability to generate profits in excess of past losses; • Comparing historical forecasting to actual results; • Considering the impact of recent regulatory developments, as applicable; • Assessing any restrictions on future use of losses; and • Determining whether any of the losses will expire. In addition, we assessed the application of Ind-AS 12 – Income Taxes including: • Understanding the triggers for recognition of deferred tax assets; • Considering the effects of tax planning strategies;

		• Testing the mathematical accuracy of the cash flow models and challenging and agreeing the key assumptions in the management plan and likelihood of generating future taxable profits to support the recoverability of the deferred tax asset. We also reviewed the disclosures made in respect of the utilization period of deferred tax assets. Refer to note no. 40 of standalone Ind-AS Financial statements.
10.	**Provisions and contingent liabilities** There are a number of **legal, regulatory and tax** cases against the Group. High level of judgement is required in estimating the level of provisioning required. Refer to note no. 48 of standalone Ind-AS Financial statements.	We analyzed the current status of the tax cases. For legal, regulatory and tax matters our procedures included the following: • Testing key controls over litigation, regulatory and tax procedures; • Performing substantive procedures on the underlying calculations supporting the provisions recorded; • Where relevant, reading external legal opinions obtained by management; • Meeting with regional and local management and reading relevant Group correspondence; • Discussing open matters with the Group litigation, regulatory, general counsel and tax teams; • Assessing management's conclusions through understanding precedents set in similar cases; and • Circularization where appropriate of relevant third party legal representatives and direct discussion with them regarding certain material cases. Based on the evidence obtained, and the related disclosures in note no. 48 of the Standalone Ind-AS financial statements, conclude that the disclosure was sufficient.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and those charged with governance for the Standalone Ind-AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Ind-AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements 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 statements.

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 statements, 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 financial controls 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 system 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 management.
- Conclude on the appropriateness of management's 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 standalone financial statements 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 statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in term of sub section (11) of section 143 of the Companies Act 2013, we give in the ''Annexure A'' a statement on the matters specified in paragraph 3 and 4 of the Order , to the extent applicable.
2. As required by section 143(5) of the Act, we give in "Annexure B" a statement on the matters specified by the Comptroller and Auditor General of India for the Company.
3. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) The going concern matter described in material uncertainty related to going concern paragraph above, in our opinion, may have an adverse effect on the functioning of the company.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 read with the schedule V of the Companies Act 2013.the remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The ministry of corporate affairs has not prescribed other details under section 197 (16) which are required to comment upon by us.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 000517N

(CA SANJAY MEHRA)
PARTNER
Membership No.: 085389

FOR KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 007814N

(CA ALOK JAIN)
PARTNER
Membership No.: 095345

PLACE : NEW DELHI
DATED : 30th May, 2019

ANNEXURE-A

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MAHANAGAR TELEPHONE NIGAM LIMITED ON THE STANDALONE IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019.

(i) (a) Delhi unit has maintained records of fixed assets. However in MS unit-Delhi, identification numbers are not mentioned. It has been noticed that records of the Estates Department in respect of land and building do not match with the records as per financial books.

In case of Mumbai units (both basic and WS), fixed assets registers have been maintained w.e.f. 01.04.2002. However, the fixed assets records maintained by the Mumbai units are not updated and reconciled with the financial records. Also identification numbers are not mentioned in respect of most of the items.

Corporate office has maintained fixed assets records showing full particulars including quantitative details and situation of fixed assets.

(b) As per the accounting policy of the Company, fixed assets are required to be physically verified by the management on rotation basis, once in three years, which in our opinion is reasonable and adequate in relation to the size of the Company and the nature of its business. As certified by the management, Office Machinery and Equipments, Leased Premises and Cables were physically verified in accordance with the said programme of verification by the management during the year. The accuracy, reliability and completeness of the fixed assets verification procedure could not be verified by us.

(c) Title deeds of some of the immovable properties recorded in the books of the Company are in the name of Govt. of India, P&T and President of India, since the operation of Delhi & Mumbai of Department of Telecom was converted as MTNL. Details of such properties are given hereunder:

		(₹ in Crores)
PARTICULARS	**DELHI UNIT**	**MUMBAI UNIT**
Free Hold Land		
-Total Number of Cases	**1**	**23#**
-Gross Block	**0.06**	**4.15**
Lease Hold Land		
-Total Number of Cases	**89***	**12#**
-Gross Block	**219.53**	**2.65**
-Net Block	**152.03**	**1.78**
Building		
-Total Number of Cases	**53****	**3##**
-Gross Block	**32.37**	**1.53**
-Net Block	**3.89**	**0.76**

In respect of Delhi Units:

* In respect of 43 cases out of 89 where the lease hold land acquired from DOT have been capitalized by MTNL and no data is available in respect of depreciation and net WDV of such assets as the same is not identifiable from the fixed assets register.

** No information is available in respect of lease hold buildings allotted by the various govt. authorities to MTNL but the same has been capitalized by MTNL and due to non availability of information, the aforesaid cases has not been included in the above details.

In respect of Mumbai Units:

In respect of 12 cases where the possession of freehold and leasehold land are lying with the Company but the value of which are not lying in books of accounts of Mumbai units. Out of which tile deeds of 1 freehold lands and 6 leasehold lands are not in the name of the Company.

In respect of 5 cases where the possession of freehold and leasehold buildings are lying with the Company but the value of which are not lying in books of accounts of Mumbai units. Out of which tile deeds of 1 leasehold building are not in the name of the Company.

Further, in most of the cases, value of the immovable properties as per title deeds are not matching with books of accounts and in respect of 9 cases, court cases are pending with the various authorities out of which title deed of 1 freehold land and 1 leasehold land are not in the name of the Company.

Furthermore, in respect of 9 cases of freehold and leasehold land where total area measuring 21,160 square meter have been encroached by the various persons in respect of which matter is either pending in court or perusing with the various authorities for clearing the encroachment. Out of total 9 cases, title deed of 2 freehold land measuring 1840 square meter and 1 leasehold land measuring 200 square meters are not in the name of the Company.

(ii) In respect of Delhi Units:

In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals except in case of Sub-stores of Basic Unit Delhi, Store of Wireless Unit Delhi.

In respect of Mumbai Units:

In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals except in case of Area Stores of East-1, HQ-Transmission and Planning Units, ANC Area Stores and Sub-Stores of Mumbai Basic Units and inventory of Wireless Unit Mumbai. Further, reconciliation of the physically verified inventory with books of accounts has not been done by the units except by Material Management (MM) Unit.

Discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.

(iii) The Company has not granted any secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') except the following:

Name of the Company	Outstanding Balance	Amount Overdue for more than 90 days
Millennium Telecom Limited	60,60,175	60,60,175

Repayment of principal and payment of interest is not regular.

(iv) The Company has not entered any transaction involving compliance with the provisions of Section 185 and 186 of the Companies Act 2013. Thus, paragraph 3(iv) of the Order is not applicable

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act, 2013 or rules framed there under.

(vi) As per information and explanation given to us, Company is required to maintain the cost records under Section 148(1) of the Companies Act 2013. As explained the Company has not yet maintained the required cost records for year 2018-19.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, wherever applicable, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable except in respect of the following:

Name of the Statue	Nature of the Dues	Amount (in ₹)	Period to which the amount relates	Due Date	Date of Payment
Luxury Tax Act, 1987	Luxury Tax	11,49,680	April, 2017 to June, 2017	21st day of the following month/quarter	Amount has not been paid
	TOTAL	**11,49,680**			

The amounts of Luxury Tax collected and not deposited are lying with the company. The same should be deposited along with interest. The amount of Interest has not been provided in the financial statements. Considering the quantum of irregularity, the same has not been considered in the basis of qualified opinion paragraph.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited with the appropriate authorities on account of any dispute except for the following dues:

In respect of Delhi Units:

i. Sales Tax

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending
Delhi Value Added Tax Act, 2004	12.21	2007-08	Delhi Value Added Tax, Tribunal
Delhi Value Added Tax Act, 2004	62.60	2009-10 & 2010-11 (CWG 2010)	Delhi Value Added Tax, Tribunal
Central Sales Tax Act, 1956	0.04	2012-13	Addl. Comm. Sales Tax
TOTAL	**74.85**		

ii. Service Tax

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending
Finance Act, 1994	8.45	2005-06	Commissioner of Central Excise and Service Tax
Finance Act, 1994	22.13	2006-08	Custom Excise and Service Tax Appellate Tribunal
Finance Act, 1994	0.08	2000-03	Commissioner of Central Excise and Service Tax
Finance Act, 1994	1.42	2008-12	Commissioner of Central Excise and Service Tax
TOTAL	**32.08**		

iii. Labour Cess

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending
Building and other Construction Workers Welfare Cess Act, 1996.	9.73	1996 to 2001	Deputy Labour Commissioner

In respect of Mumbai Basic Units

i. Income Tax:

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Nil	2000-08	Hon'ble Supreme Court of India
Total	**Nil**		

ii. Sales Tax:

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending
Bombay Sales Tax Act, 1959	0.17	1993-94	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	5.27	1996-97	Hon'ble High Court of Bombay
Bombay Sales Tax Act, 1959	170.08	1997-98	Hon'ble Supreme Court of India
Bombay Sales Tax Act, 1959	216.01	2003-04	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	101.32	2004-05	Joint Commissioner of Sales Tax, Mumbai
Bombay Sales Tax Act, 1959	14.97	2009-10	Joint Commissioner of Sales Tax, Mumbai
Bombay Sales Tax Act, 1959	6.11	2011-12	Joint Commissioner of Sales Tax, Mumbai
Bombay Sales Tax Act, 1959	26.47	2012-13	Joint Commissioner of Sales Tax, Mumbai
Total	**540.39**		

iii. Luxury Tax

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending
Luxury Tax Act, 1987	0.54	2007-08	Joint Commissioner of Sales Tax (Appeal) - IV, Mumbai
Luxury Tax Act, 1987	0.94	2008-09	Joint Commissioner of Sales Tax (Appeal) – IV, Mumbai
Luxury Tax Act, 1987	0.21	2009-10	Joint Commissioner of Sales Tax (Appeal) – IV, Mumbai
Luxury Tax Act, 1987	0.44	2010-11	Joint Commissioner of Sales Tax (Appeal) – IV, Mumbai
Luxury Tax Act, 1987	0.79	2011-12	Joint Commissioner of Sales Tax (Appeal) – IV, Mumbai
Luxury Tax Act, 1987	2.07	2012-13	Joint Commissioner of Sales Tax (Appeal) – IV, Mumbai
Total	**4.99**		

iv. Service Tax:

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending
Finance Act, 1994	0.07	2013-14	Custom, Excise and Service Tax Appellate Tribunal
Total	**0.07**		

In respect of Mumbai MS Unit:

Central Excise:

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Nil	2004-05	Commissioner of Central Excise
Central Excise Act, 1944	Nil	2006-07	Commissioner of Central Excise
Central Excise Act, 1944	Nil	2013-14	Commissioner of Central Excise
Central Excise Act, 1944	Nil	2006-07	Commissioner of Central Excise
Central Excise Act, 1944	Nil	2005-06	Commissioner of Central Excise
Total	**Nil**		

In respect of Corporate Office:

Income Tax:

Name of the Statute	Amount (₹ in Crores) (Net)	Period to which amount relates	Forum where the dispute is pending	Remarks
Income Tax Act, 1961	0.00	1998-2010	Hon'ble High Court of Delhi, Income Tax Appellant Tribunal and Commissioner of Income Tax (Appeal)	Total disputed demand of ₹ 775.75 Crores either paid by the Company or deducted by the Income Tax Department from refund due to the Company
Total	**0.00**			

(viii) The Company has not defaulted in the repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and term loans have been generally applied for the purposes for which they were raised.

(x) Based on audit procedures applied and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended on 31st March 2019.

(xi) In view of the Government notification No. GSR 463 (E) dated 5th June, 2015; Government Companies are exempt from the applicability of Section 197 of the Companies Act 2013. Accordingly clause 3 (xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, Clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and as per the information and explanation given to us, the company has not entered into any transaction requiring compliance with Section 177 and 188 of the Companies Act, 2013. Hence, Clause 3 (xiii) of the Order is not applicable to the Company.

(xiv) Based on the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review requiring compliance with Section 42 of the Companies Act, 2013. Hence, Clause 3 (xiv) of the

Order is not applicable to the Company.

(xv) Based on the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Hence, Clause 3 (xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, Company is not required to register under Section 45 – IA of the Reserve Bank of India Act, 1934. Hence, Clause 3 (xvi) of the Order is not applicable to the Company.

FOR MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
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(CA SANJAY MEHRA)
PARTNER
Membership No.: 085389

FOR KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 007814N

(CA ALOK JAIN)
PARTNER
Membership No.: 095345

PLACE : NEW DELHI
DATED : 30th May, 2019

ANNEXURE - B

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MAHANAGAR TELEPHONE NIGAM LIMITED ON THE STANDALONE IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019.

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **Mahanagar Telephone Nigam Limited** (Standalone) for the year 2018-19 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

Based on the information and explanations given to us we report as under:

<table>
<tr><th>Sr. No.</th><th>Areas Examined</th><th>Observation / Finding</th></tr>
<tr><td>1</td><td>Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.</td><td>The Company does not have clear title/lease deeds in a number of cases. Summarized position of such cases is as under :
DELHI UNIT
The Company does not have clear title deeds in respect of 1 land property at Minto Road, Delhi and classified as freehold. Also Company does not have any lease deed in respect of 89 cases of land properties spread across Delhi and classified as Leasehold.
MUMBAI UNIT
The Company does not have clear title deeds in respect of 23 cases of land properties spread across Mumbai and classified as freehold. Also, Company does not have lease deeds in respect of 12 cases of land properties spread across Mumbai and classified as Leasehold.</td></tr>
<tr><td>2</td><td>Please report whether there are any cases of waiver / write off of debts / loans / interest etc. if, yes, the reason therefore and the amount involved.</td><td>The details of cases of waiver / write off of debts / loans / interest by the Company during the year are as under:
<table>
<tr><th>Particulars</th><th>(₹ in Crores)</th></tr>
<tr><td>Write off of debts
Due to non recoverability
(Refer note no. 39)</td><td>18.32</td></tr>
<tr><td>Waiver of Penalty & Interest</td><td>Nil</td></tr>
<tr><td>TOTAL</td><td>18.32</td></tr>
</table></td></tr>
<tr><td>3</td><td>Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.</td><td>a. There are no inventories lying with third parties.
b. The Company has not received any assets as gifts from Government or other authorities during the year.</td></tr>
</table>

Sr. No.	Areas Examined	Observation / Finding
4	Amount of Revenue Share (License Fee and Spectrum Usage Charges) appearing in the Financial Statements should be thoroughly checked for its correctness.	The details have been verified by us.
5	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, Majority of the accounting transactions are done through the IT system. Although manual intervention is prevalent. Adequate security measures for manual intervention need to be strengthened with supervisory sanction only and properly documented.
6	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to a company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As certified by the management and those charged with governance, we have been informed that there is no restructuring of loan/ wavier/ write off of debts/ loan/ interest during the 2018-19.
7	Whether funds received/ receivable from the specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the case of deviation.	Yes, Company received the Swachh Action Plan contribution during 2018-19 ₹ 56.39Lakh out of which ₹ 32.72Lakh is pending utilization with the company.
8	Whether the amount of revenue of share (License fees and Spectrum Usage charges) recognized in the financial statement in accordance with the DoT? If so, detailed statement & calculation sheet may be attached	Yes, AGR Audit Report will be provided separately

We have conducted of the audit of accounts of Mahanagar Telephone Nigam Limited for the year ended 2018-19 in accordance with the directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with the all directions issued to us.

FOR MEHRA GOEL & CO.
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Membership No.: 085389

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CHARTERED ACCOUNTANTS
Firm Registration No.: 007814N

(CA ALOK JAIN)
PARTNER
Membership No.: 095345

PLACE : NEW DELHI
DATED : 30th May, 2019

ANNEXURE - C

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **Mahanagar Telephone Nigam Limited** ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone Ind-AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind-AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind-AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind-AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind-AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

(i) The Company does not have an appropriate internal control system for identification of overheads to be capitalized with the cost of Property, Plant and Equipment which could potentially result into under /over capitalization of Property, Plant and Equipment and corresponding impact on the operational results of the Company.

(ii) The Company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items or due to delay of inventory issue slip by stores. Hence, the date of capitalization is not reliable. This could potentially result into delayed capitalization and corresponding impact on the operational results due to lower charge of depreciation.

(iii) The Company does not have appropriate internal control system for ensuring de-commissioning and de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result into overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.

(iv) The Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / contractors / operators / government departments at the quarter end and year end are duly reversed when actual bills are received and accounted for. This could potentially result in the same being accounting twice.

(v) The Company does not have an appropriate internal control system to track open purchase orders, work orders, agreements and contracts which have been entered with vendors / contractors / operators / government departments and are lying open. This could have a bearing on efficiency of operations and recording of financial liabilities and provisions pertaining to the same.

(vi) The Company does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting.

(vii) The Company does not have an appropriate internal control system for reconciliation of vendors / contractors / operators / government departments, accounts which could potentially result in some changes in the standalone Ind-AS financial statements. The cases identified by us have been appropriately qualified at various places in our report.

(viii) The Company does not have effective internal audit system so as to cover all major areas with extensive scope. The extent and depth of coverage, manner of conduct and reporting in respect of internal audit is very weak. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.

(ix) The Company does not have an appropriate internal control system for reconciliation of items of unlinked debits and credits because of receipts from the subscriber and the amount debited by the banks. This could potentially lead unreported financial adjustments ultimately resulting into distorted financial reporting.

(x) The Company does not have an appropriate internal control system for invoicing which are due and payable based on manual invoicing. The invoicing systems does not have reliability of measurement and reconciliation of items. This leads to multiple revisions and errors in invoicing. This could potentially lead errors in revenue recognition.

(xi) The Company does not have appropriate internal control system for ensuring end use of issued inventory. The accounting is done based on the requisition statement of item and not actual installation or commission of item. This could potentially result into non-identification of pilferage and also early capitalization of equipments.

(xii) The Company does not have appropriate internal control system for ensuring billing and recovery of water and electricity charges from the lessee. This could potentially result into non-recovery and delayed recovery of such charges causing financial loss of the absolute expenses and also finance cost on the delay in realization. This could also result in inaccurate expense values in the financial statements of the company.

A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone Ind-AS financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone Ind-AS financial statements of the Company.

FOR MEHRA GOEL & CO.
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(CA ALOK JAIN)
PARTNER
Membership No.: 095345

PLACE : NEW DELHI
DATED : 30th May, 2019

MTNL

MAHANAGAR TELEPHONE NIGAM LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2019

	Notes	31 March 2019 (₹ in crores)	31 March 2018 (₹ in crores)
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,233.78	4,575.15
Capital work-in-progress	5	320.04	330.98
Investment property	6	25.74	25.57
Intangible assets	7	3,101.90	3,439.27
Financial assets			
Non-current investments	8	106.13	106.13
Loans	9	192.02	1,653.12
Other financial assets	10	1.74	10.81
Income tax assets (net)	11	723.71	714.82
Other non-current assets	12	230.31	369.33
Total non-current assets		**8,935.37**	**11,225.18**
Current assets			
Inventories	13	24.17	24.61
Financial assets			
Current investments	14	-	-
Trade receivables	15	603.86	424.27
Cash and cash equivalents	16	74.85	54.37
Other bank balances	17	20.42	11.41
Loans	18	3,390.42	2,954.37
Other financial assets	19	899.90	886.66
Other current assets	20	692.31	632.86
Total current assets		**5,705.93**	**4,988.55**
Assets held for sale	21	36.14	35.94
Total assets		**14,677.44**	**16,249.66**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	22	630.00	630.00
Other equity	23	(10,364.94)	(6,967.35)
Total equity		**(9,734.94)**	**(6,337.35)**
Non-current liabilities			
Financial liabilities			
Borrowings	24	11,472.15	10,292.71
Other financial liabilities	25	323.81	1,995.55
Long-term provisions	26	911.72	1,049.67
Other non-current liabilities	27	146.10	193.70
Total non-current liabilities		**12,853.78**	**13,531.64**
Current liabilities			
Financial liabilities			
Borrowings	28	7,620.36	6,382.09
Trade payables	29		
(a) Total outstanding dues of micro enterprises and small enterprises		5.35	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		524.38	428.80
Other financial liabilities	30	2,260.74	1,335.46
Other current liabilities	31	764.02	592.26
Short-term provisions	32	383.75	316.78
Total current liabilities		**11,558.60**	**9,055.39**
Total liabilities		**24,412.38**	**22,587.02**
Total equity and liabilities		**14,677.44**	**16,249.67**
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements.
This is the balance sheet referred to in our report of even date.

For and on behalf of Board of Directors

For Mehra Goel & Co.
Chartered Accountants
FRN: 000517N

Sd/-
(Sanjay Mehra)
Partner
Membership No. 085389

For Kumar Vijay Gupta & Co.
Chartered Accountants
FRN No. 007814N

Sd/-
(Alok Jain)
Partner
Membership No. 095345

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

Sd/-
(P. K. Purwar)
Chairman & Managing Director
DIN 06619060

Place : New Delhi
Date : 30 May, 2019

MTNL

MAHANAGAR TELEPHONE NIGAM LIMITED

Statement of Profit and Loss for the year ended 31 March 2019

	Notes	31 March 2019 (₹ in crores)	31 March 2018 (₹ in crores)
Continuing operations			
Income			
Revenue from operations	33	1,987.80	2,371.91
Other income	34	618.91	744.51
Total income		**2,606.71**	**3,116.42**
Expenses			
Purchases of stock-in-trade		-	5.88
License fees expense	35	176.55	182.54
Employee benefits expense	36	2,272.03	2,445.79
Finance costs	37	1,703.18	1,505.49
Revenue sharing expense		162.18	151.69
Depreciation and amortisation expense	38	983.70	1,028.68
Other expenses	39	699.27	769.80
Total expenses		**5,996.91**	**6,089.87**
Profit/ (loss) before tax from continuing operations		**(3,390.20)**	**(2,973.45)**
Tax expense	40	**-**	**-**
Net profit/ (loss) for the year from continuing operations		**(3,390.20)**	**(2,973.45)**
Discontinued operations			
Profit from discontinued operations before and after tax		-	0.42
Profit/ (loss) from discontinued operations		**-**	**0.42**
Net profit/ (loss) for the year		**(3,390.20)**	**(2,973.03)**
Other comprehensive income			
Items that will not be reclassified to profit and loss	41		
Re-measurements of defined benefit plans		(7.39)	2.38
Income tax relating to items that will not be reclassified to profit or loss	40	-	-
Total other comprehensive income/ (loss) for the year		(7.39)	2.38
Total comprehensive income/ (loss) for the year		**(3,397.58)**	**(2,970.65)**
Loss per equity share for loss from continuing operations:	42		
Basic (₹)		(53.81)	(47.20)
Diluted (₹)		(53.81)	(47.20)
Profit per equity share from discontinued operations:	42		
Basic (₹)		-	0.01
Diluted (₹)		-	0.01
Loss per equity share from continuing and discontinued operations:	42		
Basic (₹)		(53.81)	(47.19)
Diluted (₹)		(53.81)	(47.19)
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements.

This is the statement of profit and loss referred to in our report of even date.

For and on behalf of Board of Directors

For Mehra Goel & Co.
Chartered Accountants
FRN: 000517N

Sd/-
(Sanjay Mehra)
Partner
Membership No. 085389

For Kumar Vijay Gupta & Co.
Chartered Accountants
FRN No. 007814N

Sd/-
(Alok Jain)
Partner
Membership No. 095345

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

Sd/-
(P. K. Purwar)
Chairman & Managing Director
DIN 06619060

Place : New Delhi
Date : 30 May, 2019

MTNL

MAHANAGAR TELEPHONE NIGAM LIMITED

Cash Flow Statement for the year ended 31 March 2019

		31 March 2019 (₹ in crores)	31 March 2018 (₹ in crores)
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before tax		
	Continuing operations	(3,390.20)	(2,973.45)
	Discontinued operations	-	0.42
		(3,390.20)	**(2,973.03)**
	Adjustments for:		
	Depreciation expense	646.68	691.61
	Amortisation expense	337.02	337.07
	Loss on disposal of property, plant and equipment (net)	1.02	1.44
	Dividend income	2.91	(2.71)
	Interest income	(94.80)	(261.23)
	Excess provisions written back	(90.54)	(181.66)
	Provision for doubtful debts including discount	9.65	21.06
	Provision for obsolete inventory	1.35	0.75
	Provision for doubtful claims	2.12	6.39
	Loss of assets	1.41	10.90
	Provision for abandoned work capital work in progress	-	13.05
	Remeasurement gains and loss on employee benefit obligations	(7.39)	2.38
	Finance costs	1,703.18	1,505.49
	Bad debts recovered	(0.33)	(0.06)
	Bad debts written off	18.32	22.73
	Operating profit before working capital changes	**(859.58)**	**(805.81)**
	Movement in working capital		
	Decrease/(increase) in loans	1,105.20	1,138.92
	(Increase)/decrease in inventories	(2.32)	(21.19)
	Increase in other financial assets	(13.24)	(42.94)
	Decrease in other assets	79.57	2.70
	Decrease/(increase) in trade and other receivables	(207.22)	23.58
	Increase/(decrease) in other financial liabilities	(1,062.43)	(54.03)
	(Decrease)/increase in other liabilities	124.14	(125.50)
	Increase in provisions, trade and other payables	106.83	68.42
	Cash flow from operating activities post working capital changes	**(729.05)**	**184.14**
	Income tax refunds (net)	**(8.89)**	**(65.77)**
	Net cash flow from operating activities (A)	**(737.94)**	**118.37**
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)	(295.40)	(491.30)
	Movement in fixed deposits (net)	0.06	(11.06)
	Dividend received	(2.91)	2.71
	Interest received	12.52	4.02
	Net cash used in investing activities (B)	**(285.73)**	**(495.63)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds and repayment of long-term borrowings (net)	1,477.39	3,345.06
	Proceeds and repayment of short-term borrowings (net)	1,238.26	(1,528.16)
	Finance cost paid	(1,671.49)	(1,472.26)
	Net cash flows from financing activities (C)	**1,044.16**	**344.64**
	Decrease in cash and cash equivalents (A+B+C)	20.48	(32.62)
	Cash and cash equivalents at the beginning of the year	54.38	87.00
	Cash and cash equivalents at the end of the year	**74.86**	**54.38**

For and on behalf of Board of Directors

For Mehra Goel & Co.
Chartered Accountants
FRN: 000517N

For Kumar Vijay Gupta & Co.
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

Sd/-
(Sanjay Mehra)
Partner
Membership No. 085389

Sd/-
(Alok Jain)
Partner
Membership No. 095345

Sd/-
(P. K. Purwar)
Chairman & Managing Director
DIN 06619060

Place : New Delhi
Date : 30 May, 2019

MAHANAGAR TELEPHONE NIGAM LIMITED

Statement of changes in equity for the year ended 31 March 2019

A Equity share capital (₹ in crores)

Particulars	Balance as at 01 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
Equity Share Capital	630.00	-	630.00		630.00

B Other equity

(₹ in crores)

						Other comprehensive income	
	Securities Premium Reserve	Research & Development reserve	Contingency reserve	Debenture redemption reserve	Retained Earnings	Remeasurement of defined benefit plans	Total
Balance as at 01 April 2017	**665.00**	**30.80**	**243.22**	**45.27**	**(4,945.69)**	**(35.32)**	**(3,996.70)**
Profit for the year	-	-	-	-	(2,973.03)	-	(2,973.03)
Transfer from other comprehensive income to retained earnings					(35.32)	35.32	-
Remeasurement of defined benefit obligation	-	-	-	-	2.38		2.38
Balance as at 31 March 2018	**665.00**	**30.80**	**243.22**	**45.27**	**(7,951.65)**	**-**	**(6,967.35)**
Profit for the year	-	-	-	-	(3,390.20)	-	(3,390.20)
Remeasurement of defined benefit obligation	-	-	-	-	(7.39)		(7.39)
Balance as at 31 March 2019	**665.00**	**30.80**	**243.22**	**45.27**	**(11,349.24)**	**-**	**(10,364.94)**

For and on behalf of Board of Directors

For Mehra Goel & Co.
Chartered Accountants
FRN: 000517N

Sd/-
(Sanjay Mehra)
Partner
Membership No. 085389

For Kumar Vijay Gupta & Co.
Chartered Accountants
FRN No. 007814N

Sd/-
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(M.V. Joshi)
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DIN 8273959

(S.R. Sayal)
CO. Secy.

Sd/-
(P. K. Purwar)
Chairman & Managing Director
DIN 06619060

Place : New Delhi
Date : 30 May, 2019

1. Corporate Information

Mahanagar Telephone Nigam Limited ('MTNL' or 'Parent') along with its subsidiaries, associates and joint venture (collectively referred to as 'Group'), a public sector enterprise, is engaged in providing telecom services in the geographical area of Mumbai and Delhi. The registered office of the company is located at Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi – 110003. The Company's shares are listed with Bombay Stock Exchange, National Stock Exchange and Delhi Stock Exchange.

2. Basis of preparation

These consolidated financial statements ('financial statements') have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements are consolidated financial statements of the Group prepared in accordance with Ind AS 110 and they were approved for issue by the Board of Directors on 30 May 2019.

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention except for the following –

- Certain financial assets and liabilities which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value; and
- Assets held for sale – measured at fair value less cost to sell

3. Summary of significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, joint ventures and associates as at 31 March 2019. Control is achieved when the Group is exposed or has rights to variable returns from its involvement through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Subsidiaries

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Profit/(loss) and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Associates and joint ventures

Associates

Investment in entities in which there exists significant influence but not a controlling interest are accounted for under the equity method i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from associate ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities.

Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement.

- Joint ventures – Interest in joint venture are accounted for using the equity method, after initially being recognised at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities.
- Joint operations – The Group recognises its direct right to the assets, liabilities, revenue and expenses of Joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. These have been incorporated in the financial statement under the appropriate heading.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

b) Revenue recognition

Effective 1 April 2018, the Group has applied Ind AS 115. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 3 – Significant accounting policies – Revenue recognition in the financial statements of the Group for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. Revenue is recognized on accrual basis, including income from subscribers whose disputes are pending resolution, and closure of the subscribers' line.

a) In the case of contracts involving single performance obligation, accounting for revenue is done on accrual basis and revenue is recognized over the period in which services are rendered.

b) In case of contracts involving multiples promises, which involve delivery or performance of multiple products, services or right to use assets, evaluation is done for all deliverables in an arrangement to determine whether they represent separate performance obligations at the inception of arrangement. Total consideration related to the bundled contract is allocated among the different elements based on their standalone selling prices. In case the relative fair value of different performance obligations cannot be determined on a reasonable basis, the total consideration is allocated to the different performance obligations based on residual value.

c) For sale of prepaid products, processing fee on recharge coupons is recognized over the customer relationship period or coupon validity period, whichever is lower.

d) Activation & installation revenue and related costs, not exceeding the respective revenue, are to be deferred and amortized over the estimated customer relationship period. The excess of costs over revenue, if any, are to be expensed as incurred. Subscriber acquisition costs are to be expensed as incurred.

e) Income from sale of prepaid calling cards, virtual calling cards (VCC) and prepaid internet connection cards is recognised basis the usage or expiry of cards, whichever is earlier.

f) Interest income/expenditure is to be recognized based on effective interest rate [EIR] i.e. the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs fees paid or received, premiums or discounts if any etc. The difference between the actual interest rate and effective interest will be routed through statement of profit or loss.

g) Income from services includes income from leasing of infrastructure to other service providers. Cost of related stores and materials consumed in execution is charged to project or revenue job at the time of issue. However, spill over items at the end of the year lying at various stores are valued at weighted average cost.

h) Sale proceeds of scrap arising from maintenance & project works are taken into miscellaneous income in the year of sale.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue (“contract liability”) is recognised when there is billing in excess of revenues or advances received form the customer.

c) Post-employment benefits

a) Defined contribution plan

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Group’s defined contribution plans include provident fund, pension contribution and leave salary.

(i) In respect of absorbed combined service pension optees in MTNL, provision for pension contribution is payable to the Govt. of India as per FR-116 as in Bharat Sanchar Nigam Limited (‘BSNL’) with equivalent BSNL pay scales and it is expensed off in the relevant year.

(ii) In respect of officials who are on deemed deputation from Department of Telecommunications (DoT) and other Government departments, the provision for pension contribution is payable to the Government of India at the rates specified in Appendix 2(A) to FR 116 and 117 of FR. & SR and it is expensed off in the relevant year. Further, provision for leave encashment is payable @ 11% of pay as specified in appendix 2(B) of F.R.116 and 117 of F.R. & S.R. and it is expensed off in the relevant year.

b) Defined benefit plan

The defined benefit plans sponsored by the Group defines the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group. The Group’s defined benefit plans include amounts provided for gratuity and provident fund.

(i) For Absorbed CPF optees and direct recruits of MTNL, the Company makes contribution to provident fund Trust administered by the Company, which is recognised by the income tax authorities. Both the employer and employee contribute to this Fund and such contributions together with interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The interest rate payable to the members of the Trust is not lower than the rate of interest declared annually by the Government under the Employees’s Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company. Accordingly, this is accounted for a defined benefit plan and any shortfall in the Fund is accounted as expense in the books of the company.

(ii) For Absorbed CPF optees and direct recruits of MTNL, the liability for gratuity is estimated using actuarial valuation as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

(iii) For absorbed combined service pension optee employees in MTNL, no provision is made for the pensionary benefits viz pension and gratuity, except for the amounts due to difference in pay scales of MTNL and BSNL which is payable by MTNL to the Government of India till next wage revision by which time MTNL and BSNL shall achieve pay scale parity. Long-term provisions in this respect have been discounted using the applicable discount rates.

c) Other long-term employee benefits

(i) Liability for leave encashment for all employees of MTNL is accounted for on actuarial valuation basis, performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the consolidated statement of profit and loss in the year in which such gains or losses arise.

(ii) For post-retirement medical benefits, no provision is made since insurance policy is taken periodically and the premium is expensed off in the relevant year.

d) Short-term benefits comprise of employee costs such as salaries, bonus, ex-gratia, short-term compensated absences are accrued in the year in which the associated services are rendered by employees of the Group.

e) Bonus/Ex-gratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company.

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time, which is generally considered as one year, to get ready for its intended use or sale are capitalised as part of the cost of the asset. Further, projects with estimated cost up to ` 30 crores generally take a year to complete. All other borrowing costs are expensed in the period in which they occur and reported in finance cost. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest method.

e) Property, plant and equipment

Recognition and initial measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Assets are capitalized, as per the practices described below, to the extent completion certificates have been issued, wherever applicable.

i. Land is capitalized when possession of land is taken.

ii. Building is capitalized to the extent it is ready for use.

iii. Apparatus &plants principally consisting of telephone exchange equipment and air conditioning plants are capitalised on commissioning of the exchange. Subscriber's installations are capitalized as and when the exchange is commissioned and put to use either in full or in part. Identifiable components in Apparatus &plants having significant cost and/or separate useful life than the main asset i.e. ADSL, VDSL & MES CPES, UPS/Batteries and Subscriber Telephone Instruments are capitalised separately on commissioning and put to use.

iv. Lines & wires are capitalised as and when laid or erected to the extent completion certificates have been issued.

v. Cables are capitalised as and when ready for connection with the main system.

vi. Vehicles and other assets are capitalized as and when purchased.

(a) Property, plant and equipment are being verified by the management at reasonable intervals i.e. once in every three years by rotation. The physical verification of underground cables is done on the basis of working of network and based on records available together with a certificate from the technical officers.

(b) Expenditure on replacement of assets, equipment, instruments and rehabilitation work is capitalized if it is expected to generate future economic benefits for more than one year.

(c) Upon scrapping/decommissioning of assets, these continue to be classified in property, plant and equipment unless they are classified as ‘held for sale’ and carried at the lower of carrying value or fair value less costs to sell. Resultant loss, if any, is charged to consolidated statement of profit and loss.

(d) Cost of major inspection is recognized in the carrying amount of plant and equipment if it is expected to generate economic benefits and its life is more than one year.

(e) On replacement of significant components of plant and equipment, recognition is made for such replacement of components as individual assets with specific useful life and depreciated as if these components are initially recognised as separate asset.

(f) In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

(g) The present value of expected cost for decommissioning of the asset on expiry of its useful life is included in the cost of respective asset. A provision for decommissioning is also created with equivalent amount.

(h) Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss as ‘other income’ or ‘other expenses’, as the case may be, on the date of disposal.

Subsequent measurement

(a) Depreciation is provided by Parent using straight-line method on the basis of the useful lives prescribed in Schedule II of the Companies Act, 2013 except in respect of Apparatus & Plant (including Towers, Transceivers, switching centers, transmission & other network equipment) and identifiable components in Apparatus & plant having significant cost and/or separate useful life than the main asset, mobile handsets for service connection, low cost aerial optical fibre cable and major structural repairs of the building which are depreciated at the rates based on technical evaluation of useful life of these assets, which are lower than the lives prescribed in Schedule II of the Companies Act 2013. Depreciation is provided by foreign subsidiary on Straight line basis over the useful lives of each part of an item of property plant and equipments. The estimated useful lives and residual value are reviewed at the end of each reporting period.

For Apparatus &plant (including Towers, Transceivers, switching centres, transmission & other network equipment), Office equipment & Cable having useful life of 10 Years other than following assets/ components with shorter useful lives –

Name of assets	Useful life (years)
1. UPS/Battery up to 300AH capacity	4
2. UPS/Battery more than 300AH capacity	7

3.	ADSL, VDSL & MES CPES	5
4.	Subscribers telephone instruments	5

For **Office Equipment** having useful life of 5 Years other than following assets/components with shorter useful lives –

Name of assets		Useful life (years)
5.	Mobile handset for service connection	4

For **Cable** having useful life of 18 years other than following assets/components with shorter useful lives –

Name of assets		Useful life (years)
6.	Low cost aerial optical fibre cable	3

For **Office Building & exchange** having useful life of 60 and 30 years respectively other than following assets/ components with shorter useful lives –

Name of assets		Useful life (years)
7.	Others (Major structural repair of building)	7

For Foreign Subsidiary depreciation rates used are as follows:

Name of assets		Depreciation rate
8.	Buildings	4.75%
9.	Computer equipments	31.67%
10.	Furniture, Fixtures and fittings	11.87%
11.	Office equipments	19.00%
12.	Motor vehicles	11.88%
13.	Plant & equipments (Outdoor)	10.00%
14.	Plant & equipments (Indoor)	13.57%

(b) 100 % depreciation is provided on assets immaterial in value up to `0.05 lakh, in the year of purchase itself, other than those forming part of project, the cost of which is below `0.10 lakh in case of Apparatus &plants, Training equipment & testing equipment and `2.00 lakh for partitions, which is not considered to be material.

(c) Value of leasehold Land is amortized over the period of lease.

(d) Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed or replaced.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

f) Intangible assets

Intangible assets are stated at their cost of acquisition and/or development less accumulated amortisation. Intangible assets including application software are capitalised when ready for use. All intangible assets with definite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired.

(a) Intangible assets represented by one-time upfront payment for 3G spectrum is amortized on straight-line basis over the period of license i.e. 20 years.

(b) Application software is amortised on straight-line basis over the useful life of the assets which is considered as 10 years.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

g) Leased assets

Group as a lessee

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance lease liability.

Assets held under finance leases (including land) are depreciated over their estimated useful lives. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of profit and loss, as finance costs over the period of the lease.

Operating leases

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to consolidated statement of profit and loss on straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Group as a lessor

Operating leases

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight-line basis over the lease term except where scheduled increase in rent compensates the Group with expected inflationary costs.

Indefeasible right to use (IRU)

As a part of operations, the Company enters into agreement for leasing assets under "Indefeasible right to use" with third parties. Under the arrangement, the assets are given on lease over the substantial part of the asset life but the title to the assets and significant risk associated with the operation and maintenance of these assets remain with the lessor. Hence, such arrangements are recognised as operating lease and revenue is recognised over the tenure of the agreement.

h) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit and loss.

i) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of investment properties other than land.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognized.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its investment properties recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

j) Inventories

Inventories being stores and spares are stated at the lower of cost and net realisable value. However, inventories held for capital consumption are stated at cost.

Cost of inventories:

Cost of stores and spares is determined on weighted average basis.

Net realisable value:

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

k) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Company, since substantially the entire funding of the Company and its operational income is denominated in Indian Rupee. The functional currency of the subsidiaries, associate and joint venture is local currency applicable in respective jurisdictions.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the statement of profit or loss.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

l) Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

➢ Amortised cost

➢ financial assets at fair value through profit or loss (FVTPL)

➢ financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the statement profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within 'other expenses'.

➢ Amortised cost

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

a) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Group's cash and cash equivalents, trade and certain other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

(i) **For debtors that are not past due –** Life time expected credit losses are assessed and accounted based on company's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates for each identified segment.

(ii) **For debtors considered past due –** any enhancement in the accrual done for expected credit loss on individually significant receivables is made as follows –

- Provision is made for wrong billing, disputed claims from subscribers (excluding operators covered under the agreements related to IUC/Roaming/MOU) and cases involving suspension of revenue realization due to proceedings in Court.
- For landline services – provision is made on the basis of ECL for debtors outstanding for more than 1 year but up to 3 years and 100% in respect of for more than 3 years.
- For closed connections, provision is made in respect of outstanding for more than 3 years along with spill over amount for up to 3 years.
- For wireless services (GSM & CDMA) – 100% provision is made for debtors outstanding for more than 180 days.

➢ *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in the statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

➢ *Financial assets at FVOCI*

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within FVOCI reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statement of profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated as FVTPL, that are carried subsequently at fair value with gains or losses recognised in the statement of profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in the statement of profit or loss and are included within finance costs or finance income.

m) Income taxes

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961and in the overseas branches/companies as per the respective tax laws.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Parent and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax asset (‘DTA’) is recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilised or to the extent of taxable temporary differences.

In respect of deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that the temporary difference will reverse in the foreseeable future; and taxable profit will be available against which the temporary difference can be utilised.

Minimum Alternate Tax (MAT) credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the consolidated statement of profit and loss and classified under 'deferred tax asset'.

n) Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

For intangible assets with indefinite useful life that are tested at least annually. For other assets, the Group assesses at each balance sheet date whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the consolidated statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risks factors.

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Contingent liabilities are disclosed in case of present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be estimated reliably.

Contingent assets are not recognised. However, when inflow of economic benefit is probable, related asset is disclosed.

p) Government grants

Government grants are recognised if it is sufficiently certain that the assistance will be granted and the conditions attached to assistance are satisfied. Where the grant relates to specified asset, it is recognised as deferred income, and amortized over the expected useful life of the asset. Other grants are recognizsd in the consolidated statement of comprehensive income concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the consolidated statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

r) Adjustment pertaining to earlier years

Income from services and other income pertaining to prior years is not disclosed as prior period item for each individual transaction not exceeding ₹ 1.00 lakh and similarly items of expenditure for each individual transaction not exceeding ₹ 1.00 lakh are considered as expenditure of current year.

In respect of other items of income (including operating income and other income) and expenditure relating to prior periods, the net effect of which on retained earning does not exceed 1% of turnover is treated as income/expenditure of current year.

s) Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium account, net of any related income tax benefits.

Other components of equity include the following:

- Re-measurement of defined benefit liability – comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets
- Reserve for contingencies
- Reserve for research and development
- Reserve for debenture redemption
- General reserve
- Other transactions recorded directly in other comprehensive income.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Standards issued but not yet effective:

i. Ind AS 116 'Leases'

On 30 March 2019, Ministry of Corporate Affairs ('MCA') has clarified that Ind AS 116 is effective for annual periods beginning on or after 1 April 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group is evaluating the requirements of the new standard and its effect on the financial statements is being evaluated.

ii. Amendment to Ind AS 12, Income taxes

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is 1 April 2019. Further, there has been an amendment in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. The Group is evaluating the requirements of the appendix and its impact on the financial statements.

iii. Amendment to Ind AS 19, Employee benefits

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is 1 April 2019. The Group is evaluating the requirements of the amendments and their impact on the financial statements.

iv. Amendment to Ind AS 109, Financial instruments

On 30 March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after 1 April 2019. The Group expects no impact of the amendment on the financial statements.

v. Amendment to Ind AS 23, Borrowing costs

On 30 March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind AS 23 "Borrowing Costs" clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after 1 April 2019. The Group expects no material impact of the amendment on the financial statements.

vi. Amendment to Ind AS 28, Investments in associates and joint ventures

On 30 March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 28 "Investments in Associates and Joint Ventures" in relation to long-term interests in associates and joint ventures. The amendment clarifies that an entity applies Ind-AS 109 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. This amendment is effective for annual periods beginning on or after 1 April 2019. The Group expects no material impact of the amendment on the financial statements.

vii. Amendment to Ind AS 103, Business combinations

On 30 March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 103, "Business Combinations". The amendment clarifies that when an entity obtains control of a business that is a joint operation, it shall need to re-measure the previously held interests in that business. This amendment is effective for annual periods beginning on or after 1 April 2019. The Group expects no material impact of the amendment on the financial statements.

viii. Amendment to Ind AS 111, Joint arrangements

On 30 March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 111, "Joint Arrangements". The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity shall not re-measure previously held interests in that business. This amendment is effective for annual periods beginning on or after 1 April 2019. The Group expects no material impact of the amendment on the financial statements.

Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have significant effect on the financial statements.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Recognition of deferred tax liability on undistributed profits – The extent to which the Company can control the timing of reversal of deferred tax liability on undistributed profits of its subsidiaries, associate and joint venture requires judgement.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Classification of leases – The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

Arrangements containing lease - The Group applies Appendix C of Ind AS 17 'Leases', "Determining whether an arrangement contains a lease", to contracts entered with telecom operators/passive infrastructure services providers to share tower infrastructure services. Appendix C deals with the method of identifying and recognising service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Asset retirement obligations (ARO) - In measuring the provision for ARO the Group uses technical estimates to determine the expected cost to dismantle and remove the infrastructure equipment from the site and the expected timing of these costs. Discount rates are determined based on the government bond rate of a similar period as the liability.

Activation and installation fees - The Group receives activation and installation fees from new customers. These fees together with directly attributable costs are amortised over the estimated duration of customer relationship period. The customer relationship period is reviewed periodically. The estimated relationship period principally reflects management's view of the average economic relationship period of the customer base and is assessed by reference to key performance indicators (KPIs) which are linked to establishment/ ascertainment of customer relationship period. A change in such KPIs may lead to a change in the estimated useful life and an increase/ decrease in the amortisation income/charge. The Group believes that the change in such KPIs will not have any material effect on the financial statements.

Recoverability of advances/receivables – At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factor.

Classification of assets and liabilities into current and non-current – The management classifies the assets and liabilities into current and non-current categories based on management's expectation of the timing of realisation of the assets or timing of contractual settlement of liabilities.

Impairment of assets - In assessing impairment, management estimates the recoverable amounts of each asset or cash-generating unit (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate

Useful lives of depreciable/amortisable assets (tangible and intangible) - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

Inventories – Management estimates the cost of inventories including cost of materials and overheads considered attributable to the production of such inventories, taking into account the most reliable evidence available including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined benefit obligation (DBO) - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses

Fair value measurements - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

MAHANAGAR TELEPHONE NIGAM LIMITED

Notes to the Standalone Financial Statements for the year ended 31 March 2019

4. PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

Description	Freehold land	Leasehold land	Buildings	Leased premises	Lines & wires	Cables	Apparatus & plant	Furniture & fixtures	Computers	Vehicle	Office machinery & equipment	Electrical appliances	Asset scrapped/ decommis-sioned	Total
Gross carrying value														
As at 01 April 2017	18.72	360.67	1,833.75	6.53	160.46	7,739.70	9,828.34	153.94	310.65	25.38	37.52	151.76	48.38	20,675.81
Additions	-	0.72	34.13	-	6.27	94.10	369.48	2.87	2.02	0.42	0.43	3.11	0.81	514.35
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	(0.43)	(0.43)
Adjustments^	0.08	1.90	27.90	-	(1.61)	(35.92)	(77.92)	(0.01)	(0.21)	(2.57)	(0.13)	(0.33)	(3.97)	(92.80)
Disposals	-	-	-	-	-	-	(0.89)	-	-	(0.03)	-	-	-	(0.92)
As at 31 March 2018	18.79	363.29	1,895.78	6.53	165.13	7,797.88	10,119.00	156.80	312.46	23.20	37.82	154.53	44.80	21,096.01
Additions	**-**	**0.06**	**28.99**	**-**	**9.05**	**64.28**	**201.14**	**0.26**	**0.98**	**-**	**0.08**	**1.97**	**12.80**	**319.62**
Adjustments^	(0.01)	(0.07)	(3.65)	-	-	(0.13)	(1.87)	(0.00)	(0.00)	(0.17)	(0.02)	0.01	(11.93)	(17.83)
Disposals	-	-	(0.79)	-	-	-	(22.60)	(0.02)	(0.93)	(2.07)	(0.03)	(1.73)	(0.18)	(28.36)
As at 31 March 2019	**18.79**	**363.28**	**1,920.32**	**6.53**	**174.18**	**7,862.03**	**10,295.67**	**157.04**	**312.52**	**20.97**	**37.84**	**154.79**	**45.49**	**21,369.45**
Accumulated depreciation														
As at 01 April 2017	-	65.75	929.78	1.87	93.75	6,365.15	7,779.26	141.83	292.90	23.50	35.59	138.10	-	15,867.49
Charge for the year	-	3.82	79.40	0.14	5.20	150.26	444.38	2.72	1.46	0.29	0.23	2.67	-	690.56
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	0.40	0.40
Adjustments^	-	0.42	11.68	-	0.01	(4.16)	(42.32)	(0.01)	(0.20)	(2.19)	(0.11)	(0.31)	0.40	(36.78)
As at 31 March 2018	**-**	**69.98**	**1,020.85**	**2.01**	**98.96**	**6,511.26**	**8,181.32**	**144.54**	**294.16**	**21.60**	**35.71**	**140.46**	**-**	**16,520.86**
Charge for the year	-	3.81	76.30	0.14	5.33	137.33	416.67	1.93	1.49	0.21	0.21	2.20	-	645.61
Adjustments^	-	(0.03)	(3.22)	-	0.22	0.15	(23.56)	(0.02)	(0.88)	(2.13)	(0.05)	(1.29)	-	(30.81)
As at 31 March 2019	**-**	**73.76**	**1,093.94**	**2.15**	**104.50**	**6,648.73**	**8,574.44**	**146.45**	**294.77**	**19.68**	**35.87**	**141.36**	**-**	**17,135.67**
Net block as at 01 April 2017	18.72	294.92	903.97	4.66	66.71	1,374.55	2,049.08	12.12	17.75	1.87	1.93	13.65	48.38	4,808.32
Net block as at 31 March 2018	18.79	293.30	874.92	4.52	66.16	1,286.62	1,937.68	12.26	18.30	1.60	2.11	14.08	44.80	4,575.15
Net block as at 31 March 2019	18.79	289.52	826.39	4.38	69.67	1,213.30	1,721.23	10.58	17.75	1.28	1.97	13.42	45.49	4,233.78

^Adjustments includes transfer to/from investment properties.

Notes:

(i) Contractual obligations

Refer note 49 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Finance leases

Refer note 50(B) for information on property, plant and equipment taken on finance lease.

(iii) Depreciation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iv) Additions during the year include adjustments on account of value difference, spill over cost etc. identified during the year in respect of existing property, plant and equipment.

5. CAPITAL WORK-IN-PROGRESS

(₹ in crores)

	31 March 2019	31 March 2018
Buildings	24.18	21.46
Apparatus & plants	174.51	207.82
Lines & wires	3.04	1.71
Cables	33.15	36.97
Subscribers' installations	11.92	5.99
Air conditioning plants	20.23	15.35
Others	84.19	97.81
	351.22	**387.12**
Less: provision for :		
Abandoned work	(1.10)	(14.15)
Others	(30.08)	(41.98)
	320.04	**330.98**

Movement in capital work in progress:

(₹ in crores)

Particulars	
Capital work-in-progress as at 01 April 2017	291.34
Add: additions during the year	526.13
Less: capitalisation during the year	(465.05)
Less: reversal/(provision) for abandoned work	(21.44)
Capital work-in-progress as at 31 March 2018	**330.98**
Add: additions during the year	346.70
Less: capitalisation during the year	(373.70)
Less: reversal/(provision) for abandoned work	16.07
Capital work-in-progress as at 31 March 2019	**320.04**

Notes:

(i) Capitalised borrowing cost
The borrowing costs capitalised during the year ended 31 March 2019 was ₹ nil (31 March 2018 ₹ 6.53 crores).

(ii) Contractual obligations
Refer note 49 for disclosure of contractual commitments.

(iii) Nature of expenses capitalised during the year

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Salaries and other employee costs	165.43	194.29
Finance cost	-	6.53
Administrative costs	0.02	0.01
Total	**165.45**	**200.83**

6. INVESTMENT PROPERTY

(₹ in crores)

Description	Gross block				Accumulated depreciation				Net block	Net block
	01 April 2017	Additions	Disposals/ Adjustments	31 March 2018	01 April 2017	Charge	Disposals/ adjustments^	31 March 2018	31 March 2018	01 April 2017
Freehold land	0.33	-	(0.08)	0.25	-	-	-	-	0.25	0.33
Leasehold land	10.32	-	(1.90)	8.43	2.58	0.10	(0.42)	2.26	6.17	7.75
Buildings	62.43	-	(29.54)	32.90	24.00	0.95	(11.19)	13.75	19.15	38.44
Total	**73.09**	**-**	**(31.51)**	**41.58**	**26.57**	**1.05**	**(11.61)**	**16.01**	**25.57**	**46.52**

(₹ in crores)

Description	Gross block				Accumulated depreciation				Net block	Net block
	01 April 2018	Additions	Disposals/ Adjustments	31 March 2019	01 April 2018	Charge	Disposals/ adjustments^	31 March 2019	31 March 2019	01 April 2018
Freehold land	0.25	0.01	-	0.26	-	-	-	-	0.26	0.25
Leasehold land	8.43	0.07	-	8.50	2.26	0.10	0.03	2.39	6.11	6.17
Buildings	32.90	3.90	(0.25)	36.55	13.75	0.97	2.47	17.19	19.36	19.15
Total	**41.58**	**3.98**	**(0.25)**	**45.31**	**16.01**	**1.07**	**2.50**	**19.57**	**25.74**	**25.57**

^Disposals/adjustments includes transfer from/to property, plant and equipment.

(i) Amount recognised in profit and loss for investment properties

(₹ in crores)

	31 March 2019	31 March 2018
Rental income	325.52	182.43
Direct operating expenses that generated rental income*	-	-
Direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property	**325.52**	**182.43**

*Direct operating expenses attributable to investment property cannot be specifically identified with properties, although management does not expect them to be material.

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given, as required by Ind AS 17 "Leases".

(iii) Fair value of investment property

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Fair value	3,287.21	2,137.62

The Company reviews fair values annually. The following factors have been considered for determination of fair value -

(a) Leasehold properties - These land properties have been allotted to MTNL on perpetual lease from the government for carrying out operations in normal course of business. The Company constantly reviews the utilisation of its facilities and any surplus properties are considered for letting out to earn rental income. Being leasehold properties, the Company is restricted from selling them in an active market, however, such properties can be converted into freehold properties at circle rates at which the government (or other bodies representing the government) would sell such properties in an active market. This is considered to be representative of the fair value of properties as at reporting date.

(b) Freehold land - The circle rates are considered to be a fair representation at which such properties can be sold in an active market.

(c) Buildings - In case of constructed building, cost of construction adjusted with the present day price index has been taken as the basis of valuation. Necessary depreciation for age and life of the structure has been taken into account.

(iv) The Company had certain properties in Mumbai which were intended to held primarily for letting out having gross block of ₹ 31.51 crores and accumulated depreciation ₹ 11.61 crores. However, till suitable tenants are found, such properties were temporarily deployed for own use by the Company. Such properties were classified as investment properties till 31 March 2017. During the year ended 31 March 2018, the management reexamined the situation and with their requirement for own use, such properties were not planned to be let out. Therefore, such properties with their gross block and accumulated depreciation have been moved from investment properties to property, plant and equipment as at 31 March 2018.

7. INTANGIBLE ASSETS

(₹ in crores)

	Softwares	One time spectrum fees	Total
Gross carrying value			
At 01 April 2017	133.25	6,564.00	6,697.25
Additions	-	-	-
Disposals/adjustments	-	-	-
Balance as at 31 March 2018	**133.25**	**6,564.00**	**6,697.25**
Additions	-	-	-
Disposals/adjustments	-	-	-
Balance as at 31 March 2019	**133.25**	**6,564.00**	**6,697.25**
Accumulated amortisation			
At 01 April 2017	**82.11**	**2,838.45**	**2,920.56**
Amortisation charge for the year	8.87	328.20	337.07
Adjustments	0.35	-	0.35
Balance as at 31 March 2018	**91.33**	**3,166.65**	**3,257.98**
Amortisation charge for the year	8.82	328.20	337.02
Adjustments	0.80	(0.46)	0.34
Balance as at 31 March 2019	**100.96**	**3,494.39**	**3,595.35**
Net book value as at 01 April 2017	**51.14**	**3,725.55**	**3,776.69**
Net book value as at 31 March 2018	**41.92**	**3,397.35**	**3,439.27**
Net book value as at 31 March 2019	**32.29**	**3,069.61**	**3,101.90**

Notes:

(i) Contractual obligations

Refer note 49 for disclosure of contractual commitments for the acquisition of intangible assets.

(ii) Amortisation for the year has been included in line item ‘Depreciation and amortisation expense’ in statement of profit and loss.

(iii) There was no expenditure incurred on research and development during the current and comparative year.

8. NON-CURRENT INVESTMENTS

(₹ in crores)

	Number of shares		Amount	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
In equity instruments				
In subsidiaries (unquoted)				
Millenium Telecom Limited (face value ₹ 10 each fully paid up)	2,875,880	2,875,880	2.88	2.88
Mahanagar Telephone Mauritius Limited	572,264,029	572,264,029	100.97	100.97
Sub total (A)			**103.85**	**103.85**
In Joint ventures (unquoted)				
MTNL STPI IT Services Limited (face value of ₹ 10 each fully paid up)	2,282,000	2,282,000	2.28	2.28
Sub total (B)			**2.28**	**2.28**
In Associates (unquoted)				
United Telecom Limited (face value of Nepali ₹ 100 (₹ 62.50) each fully paid up) (refer note (b) below)	-	5,736,200	-	-
Sub total (C)			**-**	**-**
Total non-current investments (A+B+C)			**106.13**	**106.13**
Aggregate amount of unquoted investments			106.13	106.13

Notes:

(a) Investments in subsidiaries, associates and joint venture are stated at cost as per Ind AS 27 ‘Separate Financial Statements’.

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

9. LOANS

(₹ in crores)

	31 March 2019	31 March 2018
	Non-current	Non-current
Secured, considered good		
Loan to employees	9.29	22.80
Unsecured, considered good		
Security deposits with other departments	160.97	120.98
Receivable from DoT	21.77	1,149.58
Receivable from BSNL	-	359.75
Credit impaired		
Security deposits with other departments	11.51	4.94
Receivable from DoT	1.39	1.39
Receivable from BSNL	-	6.22
	204.92	**1,665.66**
Less: Allowance for doubtful loans	**(12.90)**	**(12.55)**
	192.02	**1,653.12**

Notes:

(i) No loans are due from director or other officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is partner, director or a member.

(ii) Refer note 43 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 44 - Financial risk management for assessment of expected credit losses.

(iii) For details on settlement of receivable from BSNL, refer note 63.

(iv) For details on settlement of receivable from DoT, refer note 68.

10. OTHER FINANCIAL ASSETS

	31 March 2019	31 March 2018
	Non-current	Non-current
Bank deposits with more than 12 months maturity	1.74	10.81
	1.74	**10.81**

(i) ₹ 1.74 crores (31 March 2018 - ₹ 10.81 crores) representing deposits with original maturity of more than twelve months, held by the entity that are not available for use by the Company, as these are pledged with the banks for issuing bank guarantees to third parties.

(ii) Refer note 43 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 44 - Financial risk management for assessment of expected credit losses

11. INCOME TAX ASSETS (NET)

(₹ in crores)

	31 March 2019	31 March 2018
	Non-current	Non-current
Advance income tax (net of provision)	723.71	714.82
	723.71	**714.82**

12. OTHER NON-CURRENT ASSETS

(₹ in crores)

	31 March 2019	31 March 2018
Capital advances	1.58	1.57
Advance against future settlements towards DoT	215.02	351.98
Balances with statutory authorities	2.70	3.37
Prepaid expenses	11.02	12.40
	230.31	**369.33**

13. INVENTORIES

(₹ in crores)

	31 March 2019	31 March 2018
(Valued at cost, unless otherwise stated)		
Exchange equipments	37.24	28.87
Mobile handsets & sim cards	2.34	2.34
WLL equipments	0.08	0.08
Telephones & telex spares	0.09	0.09
	39.75	**31.38**
Less : Provision for obsolete stores	(15.58)	(6.77)
	24.17	**24.61**

14. CURRENT INVESTMENTS

(₹ in crores)

	Number of shares		Amount	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
In preference shares (₹ 100 each fully paid up)				
8.75% unquoted preference shares in M/s. ITI Limited*	1,00,00,000	1,00,00,000	100.00	100.00
Less : Provision for doubtful investments			(100.00)	(100.00)
Total current investments			-	-

*Receivable in 5 equal instalments, all instalments of ₹ 20 crore each were due in 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 but still not received. Refer note 59 for further details.

15. TRADE RECEIVABLES

(₹ in crores)

	31 March 2019	31 March 2018
Trade receivables		
- Secured, considered good	76.02	51.47
- Unsecured, considered good	414.87	283.37
- Credit impaired	782.41	808.19
Unbilled receivables*	201.13	144.29
	1,474.43	**1,287.32**
Less: Allowance for doubtful debts		
Unsecured considered good (expected credit loss)	(88.17)	(54.86)
Credit impaired	(782.41)	(808.19)
	603.85	**424.27**

* Represents contract assets under Ind AS 115. Refer note 56 for details.

Notes:

(i) Trade receivables have been pledged as security for liabilities, for details refer note 53.

(ii) No trade or other receivable are due from director or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is partner, director or a member.

(iii) Trade receivables are secured to the extent of security deposits received from customers, with contractual amounts as at 31 March 2019 of ₹ 76.02 crores (31 March 2018 - ₹ 51.47 crores) and related amortised cost as at 31 March 2019 of ₹ 26.06 crores (31 March 2018 - ₹ 27.39 crores).

(iv) The carrying values of trade receivables are considered to be a reasonable approximation of fair values.

16. CASH AND CASH EQUIVALENTS

(₹ in crores)

	31 March 2019	31 March 2018
Balances with banks in current accounts	74.87	54.00
Cheques, drafts in hand	0.32	0.66
Cash on hand	0.22	0.27
Less: provision for doubtful bank balances	(0.56)	(0.56)
	74.85	**54.37**

Notes:

(ii) The carrying values are a reasonable approximate of their fair values.

17. OTHER BANK BALANCES

(₹ in crores)

	31 March 2019	31 March 2018
Bank deposits maturity for more than 3 months but less than 12 months	20.42	11.41
	20.42	**11.41**

(i) ₹ 20.42 crores (31 March 2018 - ₹11.39 crores) representing deposits with original maturity of more than three months but less than twelve months, held by the entity that are not available for use by the Company, as these are pledged with the banks for issuing bank guarantees to third parties.

(ii) The carrying values are a reasonable approximate of their fair values.

18. LOANS

(₹ in crores)

	31 March 2019	31 March 2018
	Current	Current
Secured, considered good		
Loan to employees	13.47	21.98
Unsecured, considered good		
Loan to employees	1.71	1.91
Security deposits with other departments	22.09	21.07
Receivable from related parties	0.48	0.48
Receivable from BSNL	3,352.67	2,916.48
Credit impaired		
Loan to employees	0.01	0.01
	3,390.43	**2,954.38**
Less: Allowance for doubtful loans	(0.01)	(0.01)
	3,390.42	**2,954.37**

Notes:

(i) Refer note 43 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

(ii) For details on settlement of receivable from related parties refer note 47.

(iii) For details on settlement of receivable from BSNL, refer note 63.

19. OTHER FINANCIAL ASSETS

(₹ in crores)

	31 March 2019	31 March 2018
	Current	Current
Amount recoverable		
IUC operators	232.94	233.91
Others	776.10	760.44
	1,009.03	**994.35**
Less: provision for doubtful receivables	(109.13)	(107.69)
	899.90	**886.66**

Refer note 43 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

20. OTHER CURRENT ASSETS

(₹ in crores)

	31 March 2019	31 March 2018
Advances to suppliers	18.07	23.84
Advance against future settlements towards DoT	431.16	431.16
Balances with statutory authorities	150.80	120.91
Prepaid expenses	52.25	55.76
Other recoverables	40.04	1.19
	692.31	**632.86**

21. ASSETS HELD FOR SALE

(₹ in crores)

	31 March 2018	31 March 2017
Property, plant and equipment (refer note (a))	0.29	0.09
Investments in United Telecom Limited (refer note (b))	35.85	35.85
	36.14	**35.94**

Notes:

(a) In respect of assets classified as held for sale in the year ended 31 March 2018, the Company was in the process to sell switches and BTS-batteries originally acquired for GSM Services in Mumbai in earlier years. A tender was floated for auction of the asset held for sale, which failed due to technical reasons that was not originally envisaged. Another tender was under process for auction of the asset at the year ending 31 March 2019 and favourable resolution is expected. Therefore, such assets continue to be classified as held for sale.

Non-recurring fair value measurements

Asset classified as held for sale was measured at the lower of its carrying amount and fair value less costs to sell at the time of re-classification, resulting in the recognition of a write down of nil (31 March 2018: ₹ 0.45 crores) as impairment loss in the statement of profit and loss.

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

Non-recurring fair value measurements

The recoverable amount is expected to be higher than the carrying value of such investment and therefore, no further loss required to be recognised upon classification of such investment as 'held for sale'.

22. EQUITY SHARE CAPITAL

(₹ in crores)

	31 March 2019	31 March 2018
Authorised capital		
100,000,000,000 (previous year 800,000,000) equity shares of ₹ 10 each	10,000.00	800.00
	10,000.00	**800.00**
Issued, subscribed capital and fully paid up		
630,000,000 (previous year 630,000,000) equity shares of ₹ 10 each fully paid up	630.00	630.00
	630.00	**630.00**

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

	31 March 2019		31 March 2018	
	No. of shares	(₹ in crores)	No. of shares	(₹ in crores)
Equity shares at the beginning of the year	630,000,000	630.00	630,000,000	630.00
Changes during the year	-	-	-	-
Equity shares at the end of the year	**630,000,000**	**630.00**	**630,000,000**	**630.00**

b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

	As on 31 March 2019		As on 31 March 2018	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10 each fully paid up				
President of India	354,378,740	56.25	354,378,740	56.25
LIC including LIC Fortune Plus secured Fund	118,515,213	18.81	118,515,213	18.81

d) There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

e) There are no shares reserved for issue under options or other purpose.

23. OTHER EQUITY

(₹ in crores)

	31 March 2019	31 March 2018
Retained earnings		
As per last balance sheet	(7,951.65)	(4,945.69)
Add : Net profit/ (loss) for the year	(3,390.20)	(2,973.03)
Add: Remeasurements of employee benefit obligations	(7.39)	2.38
Add: Transfer from other comprehensive income	-	(35.32)
Add: Transfer from contingency reserve	-	-
	(11,349.24)	**(7,951.65)**
Other reserve		
Debenture redemption reserve		
Securities premium account	**45.27**	**45.27**
Research and development reserve	**665.00**	**665.00**
	30.80	**30.80**
Contingency reserve		
As per last balance sheet	243.22	243.22
	243.22	**243.22**

	31 March 2019	31 March 2018
Other comprehensive income reserve		
As per last balance sheet	-	(35.32)
Transfer of remeasurement of employee benefit obligations to retained earnings	-	35.32
	-	-
	984.30	**984.30**

Nature and purpose of other reserves

(i) Debenture redemption reserve

The Company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

(ii) Securities premium reserve

Securities premium represents premium received on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act.

(iii) Contingency reserve

The Company created this reserve for unforeseen tax demands/disallowances by Income tax department under section 80IA of the Income Tax Act, 1961.

(ii) Other Comprehensive Income(OCI)

The Company has recognised remeasurements benefits on defined benefits plans through Other comprehensive income

24. BORROWINGS

(₹ in crores)

	31 March 2019	31 March 2018
	Non-current	**Non-current**
Secured		
Term loans (net of current maturities)		
From banks	8,453.13	7,274.04
Finance lease obligations		
Obligations under finance leases	40.57	40.56
	8,493.70	**7,314.60**
Unsecured		
Debentures		
Debentures - Series 4D	-	-
[22,689 number of 8.29% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4C	-	-
[7 number of 8.24% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4B	-	-
[1,000 number of 8.28% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4A	-	-
[14,000 number of 8.24% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 3A	-	-
[7650 number of 9.39% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		

Debentures - Series 2A*	1,973.96	1,973.73
[19,750 number of 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each]		
Debentures - Series 1A*	1,004.50	1,004.37
[10,050 number of 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each]		
	2,978.45	2,978.11
	11,472.16	**10,292.71**
Amount disclosed under other financial liabilities:		
Current maturities of long-term debt	640.00	340.00
Current maturities of finance lease obligations	4.65	4.65
Interest accrued	61.40	61.97

Notes:

(i) No loans have been guaranteed by the directors and others.

(ii) There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.

(iii) These facilities are secured by floating first pari passu charge on all movable fixed assets (classified under property plant and equipment) and current assets. Further, for securing the above term loans letter of comfort was issued by DoT. For repayment terms of the outstanding long-term borrowings (including current maturities) refer the table below:

(a) AS ON 31 MARCH 2019:

Name of bank	Amount outstanding (in crores)	No. of installments	Rate of interest
Corporation Bank	500.00	“Repayment due in 20 instalments spread on:- From Dec-20 to Sep-25 ₹ 12.5 crores/quarter (8 instalments) From Dec-20 to Sep-22 ₹ 25 crores/quarter (4 instalments) From Dec-22 to Sep-23 ₹ 37.5 crores/quarter (8 instalments) From Dec-23 to Sep-25”	8.95%
Andhra Bank	300.00	“Repayment due in 20 instalments spread on:- From Sep-20 to Jun-22 ₹ 7.5 crores/quarter (8 instalments) From Sep-22 to Jun-23 ₹ 15 crores/quarter (4 instalments) From Sep-23 to Jun-25 ₹ 22.5 crores/quarter (8 instalments)”	8.50%
UCO bank	500.00	“Repayment due in 20 instalments spread on:- From Aug-20 to May-22 ₹ 12.5 crores/quarter (8 instalments) From Aug-22 to May-23 ₹ 25 crores/quarter (4 instalments) From Aug-23 to May-25 ₹ 37.5 crores/quarter (8 instalments)”	8.45%

Andhra Bank	1,000.00	"Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 25 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 50 crores/quarter (4 instalments) From June 2022 to March 2023 - ₹ 75 crores/quarter (8 instalments)"	8.42%
Corporation Bank	1,000.00	"Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 12.5 crores/quarter (8 instalments) From July 2019 to April 2021 - ₹ 12.5 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 25 crores/quarter (4 instalments) From July 2021 to April 2022 - ₹ 25 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 37.5 crores/quarter (8 instalments) From July 2022 to April 2024 - - ₹ 37.5 crores/quarter (8 instalments)"	8.81%
Punjab & Sindh Bank	500.00	"Repayment due in 20 instalments spread on:- From July 2019 to April 2021 - ₹ 12.5 crores/quarter (8 instalments) From July 2021 to April 2022 - ₹ 25 crores/quarter (4 instalments) From July 2022 to April 2024 - ₹ 37.5 crores/quarter (8 instalments)"	8.41%
United Bank	300.00	"Repayment due in 20 instalments spread on:- From July 2019 to April 2021 - ₹ 7.5 crores/quarter (8 instalments) From July 2021 to April 2022 - ₹ 15 crores/quarter (4 instalments) From July 2022 to April 2024 - - ₹ 22.5 crores/quarter (8 instalments)"	8.70%
Oriental Bank of Commerce	500.00	"Repayment due in 20 instalments spread on:- From Mar-20 to Dec-2021 ₹ 12.5 crores/quarter (8 instalments) From Mar 2022 to Dec 2022 - ₹ 25 crores/quarter (4 instalments) From March 2023 to December 2024 - ₹ 37.5 crores/quarter (8 instalments)"	8.46%
Punjab & Sindh Bank	200.00	"Repayment due in 20 instalments spread on:- From May-2020 to Feb 2022 - ₹ 5 crores/quarter (8 instalments) From May 2022 to Feb 2023 ₹ 10 crores/quarter (4 instalments) From May 2023 to Feb 2025 ₹ 15 crores/quarter (8 instalments)"	8.41%
Bank of India	500.00	"Repayment due in 20 instalments spread on:- From Jun-2020 to Mar 2022 - ₹ 12.5 crores/quarter (8 instalments) From Jun 2022 to Mar 2023 - ₹ 25 crores/quarter (4 instalments) From Jun 2023 to Mar 2025 - ₹ 37.5 crores/quarter (8 instalments)"	8.33%

State Bank of India	1,800.00	"Repayable due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 45 crores/ quarter (8 instalments) From June 2021 to March 2022, ₹ 90 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 135 crores/quarter (8 instalments)"	8.49%
Union Bank of India	2,000.00	"Repayable due in 20 instalments spread on:- From May 2019 to February 2021, ₹ 50 Crore/quarter (8 instalments) From May 2021 to February 2022, ₹ 100 crores/quarter (4 instalments) From May 2022 to February 2024 - ₹ 150 crores/quarter (8 instalments)"	8.20%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(6.87)		
Less: Current maturities of long term debt	(640.00)		
Long term borrowings	**8,453.13**		

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 8.47% per annum calculated using the interest rate effective as on 31 March 2019.

(b) AS ON 31 MARCH 2018:

Name of bank	Amount outstanding (in crores)	No. of installments	Rate of interest
Indian Overseas Bank	220.00	"Repayable in 2 instalments spread on:- July 2018 - ₹ 150 crores January 2019- ₹ 70 crores"	8.55%
State Bank of India	1,800.00	"Repayable due in 20 instalments spread on:- From March 2019 to December 2020 - ₹ 45 crores/quarter (8 instalments) From March 2021 to December 2021, ₹ 90 crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 135 crores/quarter (8 instalments)"	8.49%
Union Bank of India	2,000.00	"Repayable due in 20 instalments spread on:- From March 2019 to December 2020, ₹ 50 Crore/quarter (8 instalments) From March 2021 to December 2021, ₹ 100 crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 150 crores/quarter (8 instalments)"	8.20%
Andhra Bank	1,000.00	"Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 25 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 50 crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 75 crores/quarter (8 instalments)"	8.40%

Corporation Bank	1,000.00	"Repayment due in 20 instalments spread on:- From March 2019 to December 2020 - ₹ 25 crores/quarter (8 instalments) From March 2021 to December 2021 - ₹ 50 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 75 crores/quarter (8 instalments)"	8.65%
Punjab & Sindh Bank	500.00	"Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 12.5 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 25 crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 37.5 crores/quarter (8 instalments)"	8.75%
United Bank	300.00	"Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 7.5 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 15 crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 22.5 crores/quarter (8 instalments)"	8.80%
Oriental Bank of Commerce	500.00	"Repayment due in 20 instalments spread on:- From Mar-20 to Dec 2021 - ₹ 12.5 crores/quarter (8 instalments) From Mar 2022 to Dec 2022 - ₹ 25 crores/quarter (4 instalments) From March 2023 to December 2024 - ₹ 37.5 crores/quarter (8 instalments)"	8.35%
Punjab & Sindh Bank	200.00	"Repayment due in 20 instalments spread on:- From Jun-20 to Mar 2022 - ₹ 5 crores/quarter (8 instalments) From Jun 2022 to Mar 2023 - ₹ 10 crores/quarter (4 instalments) From Jun 2023 to Mar 2025 - ₹ 15 crores/quarter (8 instalments)"	8.40%
Bank of India	100.00	"Repayment due in 20 instalments spread on:- From Apr-20 to Jan 2022 - ₹ 2.5 crores/quarter (8 instalments) From Apr 2022 to Jan 2023 - ₹ 5 crores/quarter (4 instalments) From Apr 2023 to Jan 2025 - ₹ 7.5 crores/quarter (8 instalments)"	8.30%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate Less: Current maturities of long term debt	(5.96) (340.00)		
Long term borrowings	**7,274.04**		

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 8.53% per annum calculated using the interest rate effective as on 31 March 2018.

***Debentures-Series 1A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 28 March 2023. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 2A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 05 December 2023. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

(iv) Government of India approved the financial support to the Company in the year 2014 and on surrender of Broadband Wireless Access (BWA) Spectrum by MTNL, upfront charges paid by the Company in the year 2011 for such spectrum amounting to ` 4,533.97 crores were agreed to be funded by way of issuance of debentures by the Company on behalf of Government of India (GOI) and for which GOI provided sovereign guarantee with attendant condition for repayment of principal on maturity as well as the interest payments through DOT. Accordingly, the Company does not have any liability towards repayment of principal and interest on the bonds issued and has been offset against the amount recoverable from DoT of equivalent amount.

(v) For details on repayment schedule of finance lease obligations, refer note 50(B).

(vi) Refer note 43 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(vii) Reconciliation of financial liabilities arising from financing activities:

(₹ in crores)

Particulars	Finance lease obligations	Long term borrowings	Short-term borrowings	Total
Net debt as at 1 April 2017	**45.22**	**7,315.81**	**7,910.24**	**15,271.28**
Cash flows:				
- Proceeds	-	3,625.00	750.00	4,375.00
- Repayment	(5.16)	(275.00)	(2,278.15)	(2,558.31)
Interest expense	5.16	532.46	623.02	1,160.63
Interest paid	-	(544.16)	(623.02)	(1,167.18)
Net debt as at 31 March 2018	**45.21**	**10,654.11**	**6,382.10**	**17,081.43**
Cash flows:				
- Proceeds	-	1,700.00	2,238.25	3,938.25
- Repayment	(5.15)	(220.00)	(1,000.00)	(1,225.15)
Interest expense	5.16	737.40	625.96	1,368.52
Interest paid	-	(738.53)	(625.96)	(1,364.49)
Net debt as at 31 March 2019	**45.22**	**12,132.99**	**7,620.35**	**19,798.56**

25. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	31 March 2019	31 March 2018
	Non-current	Non-current
Security deposits	199.79	133.65
Employee related payables - GPF of MTNL Optee	124.01	1,861.90
	323.81	**1,995.55**

Refer note 43 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

26. LONG-TERM PROVISIONS

(₹ in crores)

	31 March 2019	31 March 2018
Provision for employee benefits		
Provision for leave encashment	896.06	931.36
Provision for pension	0.95	88.68
Provision for gratuity	-	16.15
Provision for asset retirement obligations	14.71	13.48
	911.72	**1,049.67**

(i) Information about individual provisions and significant estimates

(a) Provision for asset retirement obligations

The Company as part of its business installs wireless telecommunication towers and other equipments for facilitating telecommunication services to its customers and is under an obligation to decommission the tower and replenish the site at end of useful life of the tower and other equipment. For the purpose of same Appendix A to Ind AS 16, “Property, Plant and Equipment” states measurement of Property, plant and equipment to include initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company has estimated the cost of dismantling based on independent bids received from open market and the same have been escalated using the expected inflation rate (6% per annum) and discounted at the rates prevailing at each period end date.

(b) For disclosures required related to provision for employee benefits, refer note 46- Employee benefit obligations

(ii) Movement in provision related to asset retirement obligations during the financial year:

(₹ in crores)

	31 March 2019	31 March 2018
As at beginning of reporting period	**13.48**	**11.97**
Additions during the year	0.13	0.45
Amounts used during the year on account of dismantled towers	(0.19)	(0.17)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	1.29	1.22
As at end of reporting period	**14.71**	**13.48**

27. OTHER NON-CURRENT LIABILITIES*

(₹ in crores)

	31 March 2019	31 March 2018
Deferred income	127.97	172.20
Deferred activation/ installation charges	18.13	21.50
	146.10	**193.70**

* Represents contract liabilities under Ind AS 115. Refer note 56 for details.

28. SHORT-TERM BORROWINGS

(₹ in crores)

	31 March 2019	31 March 2018
Unsecured		
From banks		
Cash credit from banks	6,570.35	5,632.09
Short term loans	1,050.00	750.00
	7,620.35	**6,382.09**

The carrying values of above are considered to be a reasonable approximation of their fair values.

29. TRADE PAYABLES

(₹ in crores)

	31 March 2019	31 March 2018
Due to micro and small enterprises (refer note 54)	5.35	-
Due to others*	432.20	331.51
Other accrued liabilities	92.19	97.29
	529.74	**428.80**

*includes related party balances

The carrying values of above are considered to be a reasonable approximation of their fair values.

30. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	31 March 2019	31 March 2018
Current maturities of		
- Long-term debt	640.00	340.00
- Finance lease obligations	4.65	4.65
Interest accrued		
- Not due on bonds	60.33	60.33
- Not due on borrowings	1.08	1.64
- Not due on deposits	0.07	0.07
Security deposits	64.46	117.88
Due to employees	806.82	184.28
Amount payable to contractors other than goods and services	441.59	492.69
Amount payable to other operators	51.48	22.31
Other payables	190.27	111.60
	2,260.74	**1,335.46**

Refer note 43 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost.

31. OTHER CURRENT LIABILITIES

(₹ in crores)

	31 March 2019	31 March 2018
Advances received*	457.20	294.21
Statutory dues	278.95	265.84
Deferred income*	22.20	25.56
Deferred activation/ installation charges*	5.67	6.65
	764.02	**592.26**

* Represents contract liabilities under Ind AS 115. Refer note 56 for details.

32. SHORT-TERM PROVISIONS

(₹ in crores)

	31 March 2019	31 March 2018
Provision for employee benefits		
Provision for leave encashment - Company employees	223.02	182.03
Provision for leave encashment - Others	0.94	0.46
Provision for pension - Company employees	110.38	107.21
Provision for pension - Others	1.54	0.82
Provision for gratuity - Company employees	47.86	26.26
	383.75	**316.78**

For disclosures required related to provision for employee benefits, refer note 46- Employee benefit obligations

33. REVENUE FROM OPERATIONS

(₹ in crores)

	31 March 2019	31 March 2018
Fixed Telephone income		
Revenue - Telephone calls and other charges	170.17	237.08
Revenue - Fixed telephone monthly charges	482.92	511.34
Revenue - Telephone (Franchise services)	7.87	12.05
Revenue - Access calls and other charges	11.42	15.88
Revenue - Rent and junction charges	31.02	57.36
Revenue - Broadband	502.05	593.27
Revenue - ISDN call charges	15.43	22.95
Revenue - ISDN call rental	51.79	50.72
Enterprise business		
Revenue - Local circuits	285.53	313.23
Revenue - Long distance circuits	12.03	6.80
Mobile revenue		
Revenue - Activation charges	0.33	0.52
Revenue - Mobile rental and call charges	71.02	42.01
Revenue - Income from roaming	61.74	98.87
Revenue - Prepaid trump	36.77	80.40
Revenue - IUC income	12.17	39.11
Revenue - VAS	95.03	50.41
Others		
Revenue - Free phone services	73.15	72.85
Revenue - Internet	33.27	42.58
Revenue - Premium rate services	0.19	0.19
Revenue - Other services	17.83	18.94
Other operating revenues		
Other operating revenues - Surcharge on delayed payment	8.26	11.88
Other operating revenues - Revenue from enterprise business	7.81	88.24
Other operating revenues - Revenue from sale of goods		5.24
	1,987.80	**2,371.91**

34. OTHER INCOME

(₹ in crores)

	31 March 2019	31 March 2018
Interest on :		
Interest from bank	1.93	1.68
Interest on advance to employees	3.66	4.29
Other interest income	81.69	255.26
Interest on income tax refund	7.51	-
	94.80	**261.23**
Other income		
Sale of directories, pub. etc.	0.13	0.16
Income from liquidated damages	22.97	9.01
Exchange variation (net)	-	0.04
Bad debts recovered	0.33	0.06
Credit balances written back	90.54	181.66
Rental on quarters/ hostels etc.	16.21	21.53

Rental income from properties	370.11	225.13
Miscellaneous income	23.82	45.70
	524.12	**483.28**
	618.91	**744.51**

35. LICENSE FEES EXPENSE

(₹ in crores)

	31 March 2019	31 March 2018
License fees expenses	153.90	164.29
Spectrum charges	22.65	18.25
	176.55	**182.54**

36. EMPLOYEE BENEFIT EXPENSE

(₹ in crores)

	31 March 2019	31 March 2018
Salaries, wages allowances & other benefits	2,036.59	2,235.82
Medical expenses and allowances	85.98	96.03
Pension contribution		
(a) Company employees	95.51	106.98
(a) Others	1.77	2.01
Leave encashment		
(a) Company employees	143.88	111.04
(a) Others	1.31	1.29
Contribution to gratuity fund	11.19	21.90
Contribution to provident & other funds	60.66	64.63
Staff welfare expenses	0.57	0.40
	2,437.46	**2,640.09**
Less : Allocation to capital/CWIP	(165.43)	(194.29)
	2,272.03	**2,445.79**

For descriptive notes on disclosure of defined benefit obligation, refer note 46 - Employee benefit obligations.

37. FINANCE COSTS

(₹ in crores)

	31 March 2018	31 March 2019
Interest on		
- term loans	739.43	538.99
- cash credit facility	549.57	510.50
- short-term loan facility	76.39	112.52
- bonds	272.55	272.74
- customer deposits	0.02	0.17
- others	35.42	47.30
Other finance costs		
- commitment fees	29.80	29.80
	1,703.18	**1,512.02**
Less : Allocation to CWIP	-	(6.53)
	1,703.18	**1,505.49**

38. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crores)

	31 March 2019	31 March 2018
Depreciation on		
Property, plant and equipment	645.61	690.56
Investment properties	1.07	1.05
Amortisation on		
Intangible assets	337.02	337.07
	983.70	**1,028.68**

39. OTHER EXPENSES

(₹ in crores)

	31 March 2019	31 March 2018
Power, fuel and water	236.98	244.06
Rent	114.27	93.75
Repairs to buildings	24.33	33.05
Repairs to machinery	125.12	117.72
Repairs others	25.29	28.46
Insurance	3.30	5.20
Rates and taxes	52.76	55.73
Travelling and conveyance	0.62	0.58
Postage, telegram and telephones	7.19	8.46
Printing and stationery	5.20	5.52
Vehicle maintenance expenses	0.47	0.51
Vehicle running expenses	1.08	1.16
Vehicle hiring expenses	10.77	10.33
Advertisement and promotional expenses	2.37	2.21
Bad debts written off	18.32	22.73
Legal and professional expenses*	5.79	6.28
Seminar and training charges	0.61	0.40
Security service expenses	16.55	30.43
Loss on sale of property, plant and equipment (net)	1.02	1.44
Internet charges	6.18	13.07
Loss of assets	1.41	10.90
Provision for abandoned work- capital work-in-progress	-	13.05
Commission	1.30	4.35
Net loss on foreign currency transactions and translations	0.25	-
Provision for doubtful debts including discount	9.65	21.06
Provision for obsolete inventory	1.35	0.75
Provision for doubtful claims	2.12	6.39
Miscellaneous expenses	24.97	32.21
Less: Allocation to CWIP	(0.02)	(0.01)
	699.27	**769.80**

***Legal and professional expenses includes payments to auditor**

As Auditor:		
Audit fee	0.45	0.45
Tax audit fee	0.09	0.08
Certification and other services	0.27	0.21
For reimbursement of expenses	0.04	0.12
	0.85	**0.85**

40. TAX EXPENSE

(₹ in crores)

	31 March 2019	31 March 2018
Current tax (including taxes earlier years)	-	-
Deferred tax	-	-
	-	-

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 34.944% and the reported tax expense in profit or loss are as follows:

(₹ in crores)

	31 March 2019	31 March 2018
Accounting profit before income tax	**(3,390.20)**	**(2,973.45)**
At country's statutory income tax rate of 34.944% (31 March 2018: 34.608%)	(1,184.67)	(1,029.05)
Adjustments in respect of taxes earlier years	-	-
Difference in property, plant and equipment as per books and Income Tax Act, 1961	153.90	133.15
Non-deductible expenses for tax purposes	(113.04)	31.56
Employee benefits allowed on payment basis	(10.83)	(37.41)
Others	1.48	1.87
Deferred tax not created on losses for current year	1,153.15	899.88
	-	-

(i) MTNL has unabsorbed depreciation and brought forward business losses amounting to ₹ 17,565.19 crores as on 31 March 2019 on which no deferred tax asset has been recognised. Deferred tax asset shall be created in the year in which the Company will have reasonable certainty of future taxable income as required by Indian Accounting Standard 12 - "Income Taxes" as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

(ii) The Company has not recognized tax expense/credit (current and deferred tax) in the statement of profit and loss (including other comprehensive income) as the Company is incurring losses and there is no reasonable certainty supported by convincing evidence that sufficient future taxable profits will be available against which unused tax losses can be utilized.

(ii) Details of year wise expiry are given below:

Particulars	Year of origination	Year of expiry	Amount
Brought forward losses	Assessment year 2013-14	Financial year 2021-22	1,057.11
Brought forward losses	Assessment year 2015-16	Financial year 2023-24	1,941.74
Brought forward losses	Assessment year 2016-17	Financial year 2024-25	1,042.33
Brought forward losses	Assessment year 2017-18	Financial year 2025-26	2,242.83
Brought forward losses	Assessment year 2018-19	Financial year 2026-27	2,457.36
Brought forward losses	Assessment year 2019-20	Financial year 2027-28	2,756.72
Unabsorbed depreciation	Multiple	Indefinite	6,067.10

41. OTHER COMPREHENSIVE INCOME

(₹ in crores)

	31 March 2019	31 March 2018
Items that will not be reclassified to profit or loss		
Re-measurement gains (losses) on defined benefit plans	(7.39)	2.38
Income tax effect	-	-
	(7.39)	**2.38**

42. EARNINGS PER EQUITY SHARE

The Company's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

	31 March 2019	31 March 2018
		(₹ in crores)
Net loss attributable to equity shareholders		
Continuing operations	(3,390.20)	(2,973.45)
Discontinued operation	-	0.42
Net Loss attributable to equity holders of the Company	**(3,390.20)**	**(2,973.03)**
Loss per equity share for loss from continuing operations:		
Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	630,000,000	630,000,000
Basic and diluted loss per share (₹)	**(53.81)**	**(47.20)**
Earnings per equity share for profit from discontinued operations:		
Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	630,000,000	630,000,000
Basic and diluted earnings per share (₹)	**-**	**0.01**
Loss per equity share for loss from continuing and discontinued operations:		
Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	630,000,000	630,000,000
Basic and diluted loss per share (₹)	**(53.81)**	**(47.19)**

43. FAIR VALUE DISCLOSURES

I Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are divided into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

II. Financial assets and liabilities measured at fair value - recurring fair value measurements

III. Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

(₹ in crores)

Particulars	Level	31 March 2019		31 March 2018	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans	Level 3	3,582.44	3,589.06	4,607.49	4,632.78
Other financial assets	Level 3	901.64	912.96	897.47	897.47
Total financial assets		**4,484.08**	**4,502.02**	**5,504.96**	**5,530.25**
Borrowings	Level 3	12,071.58	12,203.38	10,592.14	10,720.91
Finance lease obligations	Level 3	45.22	59.12	45.21	61.12
Other financial liabilities	Level 3	1,939.90	1,915.67	2,986.36	2,969.50
Total financial liabilities		**14,056.71**	**14,178.17**	**13,623.71**	**13,751.52**

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of the Company's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2019 was assessed to be insignificant.

44. FINANCIAL RISK MANAGEMENT

I Financial instruments by category

(₹ in crores)

Particulars	31 March 2019			31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	-	-	-	-	-
Loans	-	-	3,582.45	-	-	4,607.49
Other financial assets	-	-	901.64	-	-	897.47
Trade receivables	-	-	603.86	-	-	424.27
Cash and cash equivalents	-	-	74.85	-	-	54.37
Other bank balances	-	-	20.42	-	-	11.41
Total	**-**	**-**	**5,183.22**	**-**	**-**	**5,995.00**
Financial liabilities						
Borrowings	-	-	19,092.51	-	-	16,674.79
Trade payables	-	-	529.74	-	-	428.80
Other financial liabilities	-	-	2,584.55	-	-	3,331.01
Total	**-**	**-**	**22,206.79**	**-**	**-**	**20,434.60**

*Investments in subsidiaries, associate and joint venture are carried at cost per Ind AS 27 – Separate financial statements and therefore, not presented here.

ii Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Company presently does not make any investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A. Credit risk

"Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,

- trade receivables,

- loans & receivables carried at amortised cost, and

- deposits with banks and financial institutions."

a. Credit risk management

The Company assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

Assets under credit risk – **(₹ in crores)**

Credit rating	Particulars	31 March 2019	31 March 2018
A: Low	Loans	3,582.45	4,607.49
	Other financial assets	899.90	886.66
	Bank deposits	22.16	22.22
	Cash and cash equivalents	74.85	54.37
B: Medium	Trade receivables	603.85	424.27
D: Doubtful	Trade receivables	870.58	863.05

	Investments	100.00	100.00
	Loans	12.90	12.55
	Other financial assets	109.13	107.69
	Cash and cash equivalents	0.56	0.56

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due in each business segment as follows:

(i) Cellular: Six months past due

(i) Basic & other services: Three years past due

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b. Expected credit losses

The Company provides for expected credit losses based on the following:

Trade receivables

(i) The company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default relevant to each business segment based on the criteria defined above. And such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

				(₹ in crores)
Particulars	**31 March 2019**		**31 March 2018**	
	Basic & other services	**Cellular**	**Basic & other services**	**Cellular**
Gross amount of sales	5,969.51	11.70	6,801.84	27.82
Expected loss rate	1.46%	7.47%	0.75%	14.88%
Expected credit loss(loss allowance provision)	87.29	0.87	50.72	4.14
Receivables due from customers where specific default has occurred	566.15	216.27	592.74	215.45

During the periods presented, the Company made no write-offs of trade receivables.

(ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

	(₹ in crores)
Reconciliation of loss allowance	**Trade receivables**
Loss allowance on 01 April 2017	(846.98)
Add (Less): Changes in loss allowances due to Assets originated or purchased	16.07
Loss allowance on 31 March 2018	**(863.05)**
Add (Less): Changes in loss allowances due to Assets originated or purchased	7.53
Loss allowance on 31 March 2019	**(870.58)**

Other financial assets measured at amortised cost

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the company can draws to apply consistently to entire population For such financial assets, the Company's policy is to provides for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

B. Liquidity risk

"Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans."

(a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

						(₹ in crores)
	31 March 2019			**31 March 2018**		
Paritculars	**Total facility**	**Drawn**	**Undrawn**	**Total facility**	**Drawn**	**Undrawn**
0-1 year	8,570.00	8,260.35	309.65	8,440.00	6,722.09	1,717.91
1-2 years	865.00	865.00	-	672.50	672.50	-
More than 2 years	7,595.00	7,595.00	-	6,607.50	6,607.50	-
Total	**17,030.00**	**16,720.35**	**309.65**	**15,720.00**	**14,002.09**	**1,717.91**

b) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity Companyings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in crores)

31 March 2019	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	1,745.14	4,261.82	9,101.73	990.25	16,098.95
Finance lease obligations	5.16	10.32	10.32	375.81	401.61
Short term borrowings	7,620.36	-	-	-	7,620.36
Trade payable	529.74	-	-	-	529.74
Other financial liabilities	1,554.69	13.12	5.90	482.14	2,055.85
Total	**11,455.09**	**4,285.26**	**9,117.95**	**1,848.20**	**26,706.50**

(₹ in crores)

31 March 2018	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	1,242.55	3,192.54	5,934.22	4,246.30	14,615.62
Finance lease obligations	5.16	10.32	10.32	380.78	406.58
Short term borrowings	6,382.09	-	-	-	6,382.09
Trade payable	428.80	-	-	-	428.80
Other financial liabilities	1,336.45	15.82	4.29	2,199.71	3,556.28
Total	**9,395.05**	**3,218.68**	**5,948.83**	**6,826.80**	**25,389.36**

C. Market Risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Company entities. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Financial assets	2.48	2.86
Financial liabilities	2.24	1.21
Net exposure to foreign currency risk (liabilities)	**0.24**	**1.64**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
USD sensitivity		
INR/USD- increase by 500 bps (31 March 2018 500 bps)*	0.01	0.08
INR/USD- decrease by 500 bps (31 March 2018 500 bps)*	(0.01)	(0.08)

** Holding all other variables constant*

(ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Financial assets	0.02	0.07
Financial liabilities	0.18	0.24
Net exposure to foreign currency risk (liabilities)	**(0.16)**	**(0.18)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
EURO sensitivity		
INR/EURO- increase by 500 bps (31 March 2018 500 bps)*	(0.01)	(0.01)
INR/EURO- decrease by 500s bps (31 March 2018 500 bps)*	0.01	0.01

** Holding all other variables constant*

b) Interest rate risk

(i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2019 and 31 March 2018, the Company is exposed to changes in interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Variable rate borrowing	16,713.48	13,996.13
Fixed rate borrowing	2,978.45	2,978.11
Total borrowings	**19,691.93**	**16,974.23**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
'Interest sensitivity*		
Interest rates – increase by 50 bps basis points	83.57	69.98
Interest rates – decrease by 50 bps basis points	(83.57)	(69.98)

** Holding all other variables constant*

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Company does not have any significant investments in equity instruments which create an exposure to price risk.

45. CAPITAL MANAGEMENT

The Company' s capital management objectives are

- to ensure the Company's ability to continue as a going concern

- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Net debt	12,112.15	10,632.71
Total equity	(9,734.94)	(6,337.35)
Net debt to equity ratio*	**-**	**-**

The Company has not declared dividend in current year or previous year.

*Owing to equity being negartive as at 31 March 2019 and 31 March 2018, debt to equity ratio has been shown as nil.

46. EMPLOYEE BENEFIT OBLIGATIONS

(₹ in crores)

Particulars	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Gratuity	81.71	318.53	62.68	325.47
Compensated absences (unfunded)	223.02	896.06	182.03	931.36
Total	**304.73**	**1,214.59**	**244.71**	**1,256.83**

Gratuity

"The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

For the funded plan, the Company makes contributions to recognised debt base funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected payments. The expected contribution to the plan for next annual reporting period amounts to ₹ 19.19 crores (previous year - ₹ 20.33 crores). The weighted average duration of the defined benefit obligation as at 31 March 2019 is 7 to 8 years (31 March 2018: 7 to 8 years)."

A Disclosure of gratuity

(i) Amount recognised in the statement of profit and loss is as under:

(₹ in crores)

Description	31 March 2019	31 March 2018
Current service cost	20.54	24.86
Amount recognised in the statement of profit and loss	20.54	24.86

(ii) Movement in the liability recognised in the balance sheet is as under:

(₹ in crores)

Description	31 March 2019	31 March 2018
Present value of defined benefit obligation as at the start of the year	**388.16**	**380.72**
Current service cost	20.54	20.86
Past service cost including curtailment gains/losses	-	4.00
Interest cost	29.69	27.60
Actuarial loss recognised during the year	10.35	2.61
Benefits paid	(48.50)	(47.63)
Present value of defined benefit obligation as at the end of the year	**400.24**	**388.16**

(iii) Movement in the plan assets recognised in the balance sheet is as under:

(₹ in crores)

Description	31 March 2019	31 March 2018
Fair value of plan assets at beginning of year	**510.30**	**462.80**
Expected return on plan assets	39.04	30.85
Transfer to/from MTNL	-	(34.09)
Receivable from MTNL	12.08	41.53

Premium redemption reserve	(4.67)	0.55
Advance income	(0.08)	0.08
Actuarial gain on plan assets	2.97	4.99
Provision for interest	-	3.59
Fair value of plan assets at the end of the year	**559.64**	**510.30**
Actual return on plan assets	42.01	35.84

(iv) Breakup of actuarial (gain)/loss:

(₹ in crores)

Description	**31 March 2019**	**31 March 2018**
Actuarial (gain)/loss on arising from change in demographic assumption	**-**	**-**
Actuarial (gain)/loss on arising from change in financial assumption	(2.79)	1.46
Actuarial (gain)/loss on arising from experience adjustment	10.18	(3.84)
Total actuarial (gain)/loss	**7.39**	**(2.38)**

(v) Actuarial assumptions

(₹ in crores)

Description	**31 March 2019**	**31 March 2018**
Discount rate	7.64%	7.65%
Future basic salary increase	3.50%	3.50%
Future DA increase	4.00%	4.00%

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vi) Sensitivity analysis for gratuity liability

(₹ in crores)

Description	**31 March 2019**	**31 March 2018**
Impact of the change in discount rate		
Present value of obligation at the end of the year	400.24	388.15
- Impact due to increase of 0.50 %	(8.44)	(8.51)
- Impact due to decrease of 0.50 %	8.92	8.99
Impact of the change in salary increase		
Present value of obligation at the end of the year	400.24	388.15
- Impact due to increase of 0.50 %	8.77	9.19
- Impact due to decrease of 0.50 %	(8.62)	(8.82)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(vii) Maturity profile of defined benefit obligation

(₹ in crores)

Description	31 March 2019	31 March 2018
Within next 12 months	81.71	50.55
Between 1-5 years	221.15	203.63
Between 5-10 years	84.86	90.26
Beyond 10 years	**12.52**	**42.71**

(viii) Category of investment in gratuity trust:

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Government of India Securities	-	16.99
Corporate bonds	197.78	191.97
State government securities	213.58	192.39
Mutual funds	3.34	2.86
Others	137.26	99.58
LIC	7.68	6.51
Total	**559.64**	**510.30**

B. Compensated absences (unfunded)

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of ₹ 181.87 crores (previous year: ₹ 146.02 crores) has been recognised in the statement of profit and loss.

C. Defined contribution plans

Contributions are made to the Government Provident Fund and Family Pension Fund which cover all regular employees eligible under applicable Acts. Both the eligible employees and the Company make pre-determined contributions to the Provident Fund. The contributions are normally based upon a proportion of the employee's salary.

The Company has recognized the following amounts in the statement of profit and loss :

Particulars	31 March 2019	31 March 2018
Employer contribution to provident fund*	60.66	64.63
Leave encashment contribution for DoT employees**	1.31	1.29
Pension contribution for DoT employees***	1.77	2.01
Pension contribution for company employees****	95.51	106.98

* Mentioned as contribution to CPF ** Mentioned as leave encashment - Others *** Mentioned as pension contribution - Others **** Mentioned as pension contribution - Company employees

D. Gratuity and compensated absences is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used LIC (1994-96) Ultimate table for mortality in service and LIC (1996-98) table for mortality in retirement.

E. Mortality in service is assumed on the basis of LIC (1994-96) Ultimate table for mortality in service and LIC (1996-98) table.

F. The Company has taken an Insurance Policy for medical benefits in respect of its retired and working employees. The Insurance Policy is fully funded by the Company.

47. RELATED PARTY DISCLOSURES

Related parties where control exists:

i Key Management Personnel

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

ii Subsidiaries

Mahanagar Telephone (Mauritius) Limited ('MTML')

Millenium Telecom Limited

MTML International Limited (subsidiary of MTML)

MTML Data Limited (subsidiary of MTML)

iii Joint ventures

MTNL STPI IT Services Limited ('MSISL')

iv Associates

United Telecommunications Limited ('UTL')

v Other related parties

MTNL Leave encashment trust

MTNL Gratuity trust

vi Other government entity

Bharat Sanchar Nigam Limited ('BSNL')

vii Summary of significant transactions with related parties:

(₹ in crores)

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

(viii) Summary of significant outstanding balances with related parties:

(₹ in crores)

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

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

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

48. DETAILS OF CONTINGENT LIABILITIES, PENDING LITIGATIONS AND OTHER MATTERS:

(₹ in crores)

	Particulars	31 March 2019	31 March 2018
a	Income Tax Demands disputed and under appeal ^	399.79	399.79
b	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	835.89	837.34
c	"(i) Interest to DDA on delayed payments/pending court cases/Tax cases (ii) Stamp duty payable on land and buildings acquired by the company"	Amount Indeterminate Amount Presently Unascertainable	Amount Indeterminate Amount Presently Unascertainable
d	Claims against the company not acknowledged as debts	3,234.93	3,205.71
e	Pending arbitration/court cases	2,440.63	2,443.00
f	Bank guarantee & Letter of Credit	87.14	85.67

g	Directory dispute	53.49	51.54
h	Pending court cases against land acquisition	4.87	4.87
i	License fee related contingent liability w.r.t. BSNL charges paid on netting basis	140.36	140.36
j	License fee related contingent liability w.r.t. provisional assessment done by DOT	1,197.07	811.16
k	BTS related penalty imposed by DoT	84.25	84.25

^Contingent Liability on account of Income Tax as shown in (a) above excludes various notices received from TDS department creating demand due to non-matching of their records with the returns filed.

49. COMMITMENTS

A Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in crores)

	31 March 2019	31 March 2018
Property, plant and equipment	68.26	106.06

B. In respect of incomplete contracts where the expenditure already incurred has exceeded the contract value, the additional expenditure required to complete the same cannot be quantified.

50. LEASES

A. Operating leases – Assets taken on lease

"The Group has leased certain towers, land and buildings under operating lease arrangements. The leases are renewable on periodical basis and cancellable at Company's option. Total lease payments recognized in the consolidated statement of comprehensive income is ₹ 114.27 crores (31 March 2018: ₹ 93.75 crores)."

B. Finance leases – Assets given on lease

"The Company has leased land under finance lease arrangements. As at 31 March 2019, the net carrying amount of the leasehold land was ₹ 289.52 crores (31 March 2018: ₹ 293.30 crores)."

(₹ in crores)

	31 March 2019			
	Minimum lease payments due			
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	5.16	20.64	375.81	401.61
Finance charges	0.52	6.38	349.48	356.39
Net present values	**4.64**	**14.25**	**26.34**	**45.22**
	31 March 2018			
	Minimum lease payments due			
	within 1 year	**1 to 5 years**	**after 5 years**	**Total**
Lease payments	5.16	20.64	380.78	406.58
Finance charges	0.52	6.39	354.45	361.37
Net present values	**4.64**	**14.25**	**26.33**	**45.21**

51. DISCONTINUED OPERATIONS

(a) Description

CDMA Service, which is reported under Cellular Segment as per Ind AS 108, 'Operating Segment' (Segment Reporting), was discontinued from 01 March 2016 and spectrum used for CDMA services has been surrendered for ₹ 458.04 crores to DoT. During the current year, the Company has made recoveries pertaining to CDMA assets and paid license fee on such recoveries.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 31 March 2019 and 31 March 2018.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Revenue	-	0.58
Expenses	-	(0.16)
Profit before income tax	-	0.42
Income tax expense	-	-
Profit after income tax	-	0.42
Gain on sale of assets after income tax for segment discontinued	-	-
Profit from discontinued operation	-	0.42
Exchange differences on translation of discontinued operations	-	-
Other comprehensive income from discontinued operations	**-**	**0.42**
Net cash inflow from operating activities	-	0.42
Net cash inflow (outflow) from investing activities	-	-
Net cash (outflow) from financing activities	-	-
Net increase in cash generated from discontinued operation	**-**	**0.42**

52. SEGMENT INFORMATION

The Company is in the business of providing telecommunication services in India and has two reportable segments viz. Basic and Cellular. As per para 4 of Ind AS 108 'Operating Segments", if a financial report contains both the consolidated financial statements as well as the separate financial statements, segment information is required only in the consolidated financial statements.

53. ASSETS PLEDGED AS SECURITY

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Current		
Pari-passu charge		
Inventories	24.17	24.61
Trade receivables	603.86	424.27
Cash and cash equivalents	74.85	54.37
Other bank balances	20.42	11.41
Loans	3,390.42	2,954.37
Other financial assets	899.90	886.66
Other currents assets	692.31	632.86
Total current assets pledged as security	**5,705.94**	**4,988.55**

Non-current		
Pari-passu charge		
Apparatus & plant	1,721.23	1,937.68
Vehicle	1.28	1.60
Furniture & fixtures	10.58	12.26
Office machinery & equipment	1.97	2.11
Electrical appliances	13.42	14.08
Computers	17.75	18.30
Total non-currents assets pledged as security	**1,766.24**	**1,986.03**
Total assets pledged as security	**7,472.17**	**6,974.58**

54. DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ("MSMED ACT, 2006") IS AS UNDER:

(₹ in crores)

	Particulars	31 March 2019	31 March 2018
(i)	*the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;*	5.35	Nil
(ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	Nil	Nil

The Company is in the process of seeking confirmation from its vendors regarding their status under the Micro, Small and Medium Exterprises Development Act, 2006. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

55A The Company is covered under Section 135 of the Companies Act, 2013 and accordingly constituted a Corporate Social Responsibility Committee of the Board. However, as the Company did not have average net profits based on the immediately preceding three financial years, the Company is not required to spend amounts towards Corporate Social Responsibility in terms of the 2013 Act.

55B During the year the Company has made expenditure in foreign currency equivalent to ₹ 1.53 crores. Whereas earnings in foreign currency are ₹ 4.17 crores.

56. Revenue from contracts with customers

"Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

(i) Identify the contract(s) with customer;

(ii) Identify separate performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when a performance obligation is satisfied.

The Company has adopted the standard on 1 April 2018 using modified retrospective approach with a cumulative catch-up adjustment made in retained earnings at the beginning of the current financial year, ie, 1 April 2018 as if the standard had always been in effect. The standard is applied only to contracts that are not completed as at 1 April 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any adjustments to the Company's revenue or net income."

(i) Revenue recognised in relation to contract assets and contract liabilities

Changes in contract assets:

(₹ in crores)

Description	Year ended 31 March 2019
Contract assets at the beginning of the year	144.29
Add: revenue recognised during the year	2,231.07
Less: invoices raised during the year	(2,174.24)
	201.13

Changes in contract liabilities:

(₹ in crores)

Description	Year ended 31 March 2019
Contract liabilities at the beginning of the year	520.12
Less: performance obligations satisfied in current year	(293.97)
Add: advance received during the year	405.01
	631.17

ii. Disaggregation of revenue:

(₹ in crores)

Description	Year ended 31 March 2019
Revenue from:	
- Fixed telephone income	1,272.67
- Enterprise business	297.56
- Mobile services	277.06
- Others	140.51
	1,987.80

iii. Assets and liabilities related to contracts with customers

(₹ in crores)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Contract assets				
Unbilled receivables	-	201.13	-	144.29
Contract liabilities				
Advance from customers	-	457.20	-	294.21
Deferred income	127.97	22.20	172.20	25.56
Deferred activation/ installation charges	18.13	5.67	21.50	6.65

57 Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the Company and the landed properties acquired from DOT have not been transferred in the name of the company and in the case of leasehold lands, the documentation is still pending. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 01 April 1986, the documentation shall be contemplated at the time of sale or disposal as and when effected.

58 Department of Telecommunications (DOT) has levied one time spectrum charges for the GSM and CDMA spectrum on MTNL and it also included the spectrum given on trial basis to the extent of 4.4 MHz in 1800 MHz frequency while calculating the spectrum charges. The calculations are further subject to change in accordance with the changes in the quantum of spectrum holding and the remaining valid period of license as per DOT MTNL has surrendered some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 MHz spectrum in respect of CDMA. DOT has been apprised of the same and the matter is still under correspondence. Apart from this, the issue of charges for spectrum given on trial basis is also to be decided. Further MTNL has finally surrendered CDMA spectrum w.e.f. 28 February 2016.

"Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by DOT on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability. Pending final outcome of the issue which itself is sub judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts as the amount is totally indeterminable. However the contingent liability of ₹ 3,205.71 crores is shown on the basis of the demand raised by DOT in respect of GSM."

59 "The Company had subscribed to 8.75% Cumulative Preference Shares of M/s. ITI Limited, amounting to ₹ 100 crores during the year 2001-02. As per the terms of allotment, the above Preference Shares were proposed to be redeemed in five equal instalments.

Accordingly, five instalments amounting to ₹ 20 crores each, aggregating to ₹ 100 crores have become redeemable, which have not been redeemed by ITI Limited. As per letter No.U-59011-10/2002-FAC dated 31.07.2009 issued by DOT, the repayment schedule of the above cumulative Preference Shares was deferred to 2012-13 onwards in five equal instalments. The instalments which were due in 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 have not been paid, therefore necessary provision for the overdue instalments has been made. Though in letter of Dept. of Telecom No: 20-37/2012-FAC.II dated 25-4-2014, the Cabinet Committee on Economic Affairs has approved the financial assistance to M/S ITI which includes the grants -in -aid for payment of commitments made by M/S ITI and as funds will be made available after budget 2014-15 is passed and hence repayment issue may be held in abeyance till such time. Subsequently M/S ITI vide letter no: ITI/Corp/Fin/MTNL dated 7 May 2014 informed that upon receipt of the financial assistance from the Govt. the redemption process would be initiated. Further DOT has also been reminded to issue directions to M/S ITI to redeem Preference Share capital and make repayment vide letter no. MTNL/CO/GM (BB & IA)/ITI Inve / 2013-14 dated 06 May 2015, 21 July 2015, 27 August 2015 and 29 January 2016.

Further a proposal for conversion of above cumulative Preference Shares to Equity Shares of ITI was given by ITI vide its letter no. K/B3/Pref-Shares/2016 dated 20 January 2016 but the same was rejected by MTNL and communicated to ITI vide letter no. MTNL/CO/GM(BB&IA)/ITI Investment/2013-14 dated 09 February 2016. Subsequently MTNL has initiated the required actions as per Section 55(3) of Companies Act 2013 effected from 1 June 2016 and the issue is taken up again vide letter no. MTNL/CO/BKG/ITI Investment/2013-14/127 dated 19 May 2017 for issuing of cumulative preference shares for the entire amount due inclusive of dividend."

60 Certain claims in respect of damaged/lost fixed assets and inventory has been lodged with Insurance Companies by MTNL but the settlement of the claims is pending. Final adjustment in respect of difference between amount claimed and assets withdrawn will be made in the year of settlement of claim.

61 The Company had claimed benefit under section 80IA of the Income Tax Act, 1961 for the financial year from 1996-97 to 2005-06. The appellate authorities have allowed the claim to the extent of 75% of the amount claimed. The Company has preferred appeals for the remaining claim before the Hon'ble Court of Delhi. The Company has retained the provision of ₹ 375.96 crores (previous year ₹ 375.96 crores) for this claim for the assessment years 1998-99, 1999-00 and 2000-2001, however, the demands on this account amounting to ₹ 243.22 crores (previous year ₹ 243.22 crores) for the assessment years 2000-01 to 2005-06 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80IA of Income Tax Act, 1961.

62. Litigations

a) "MTNL entered into contracts with M/s. M & N Publications Limited for printing, publishing and supply of telephone directories for Delhi and Mumbai unit for a period of 5 years starting from 1993. After printing and issue of 1993 (main & supplementary) and 1994 main directory, M/s. M & N Publications Ltd terminated the contract prematurely on 04 April 1996. MTNL, Mumbai & Delhi invoked Bank Guarantees on 09 April 1996, issued Legal Notice on 22 July 1996 and terminated the contract.

Sole Arbitrator has been appointed by CMD, MTNL. The Sole Arbitrator has since given his award on 09 April 2013 partly in favour of MTNL, Mumbai and on 31 July 2013 in favour of MTNL, Delhi. The claim and counter claim under arbitration will be accounted for in the year when the ultimate collection/payment of the same becomes reasonably certain. M/s. M & N Publications has approached the Bombay & Delhi High Courts against the arbitration awards and MTNL also approached the Bombay & Delhi High Courts for balance amount due.

b "As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai ₹ 124.93 crores and ₹ 33.99 crores in 2004-05 and 2005-06 respectively against the claim of ₹ 158.92 crores. The Company has recognised the amount realized as revenue in the respective period. The

Hon'ble TDSAT has ordered for refund of ₹ 96.71 crores. MTNL has filed a Civil Appeal and application for stay of operation of the order of TDSAT in the Hon'ble Supreme Court of India in which Supreme Court directed on 08 May 2014 that TDSAT will review the impugned order on seeking of it by appellant. MTNL filed review application which had been disposed off by Hon'ble TDSAT vide order dated 27 May 2014 on which MTNL filed CWP no.022764 dated 16 July 2014 in Hon'ble Supreme Court and the same is pending. Meanwhile UASL operator also filed appeal in Hon'ble Supreme Court.

The claim of ₹ 96.71 crores on this account has been shown as contingent liability."

C "MTNL Mumbai has received claims from M/s. BEST, Electricity supply provider categorizing MTNL at Commercial tariff instead of Industrial tariff. The claim has been made with retrospective effect for the period Feb-2007 to May-2009 in respect of HT connection and Jan-2002 to Apr-2011 in respect of LT connection. MTNL has represented to BEST for reconsideration which has not been accepted by BEST. Hence MTNL has approached Hon'ble Mumbai High Court and got a stay on the arrears claimed by BEST amounting to ₹ 20.82 crores.

In the opinion of the management, there is remote possibility of the case being settled against MTNL."

d) "In respect of Mobile Services Delhi, a sum of ₹ 25.89 crores claimed by TCL towards ILD charges for the period Oct-09 to March-10 has not been paid due to heavy spurt in ILD traffic towards M/S TCL. On technical analysis it was found that these calls were made to some dubious and tiny destination. These destinations do not confirm to international numbering plan of the respective countries and are not approved destinations as per approved interconnect agreement. Further these calls have not got physically terminated to the destinations. The observations were shared with M/S TCL. M/S TCL has also been advised that the balance, which relates to fraudulent calls, is not payable and accordingly no provision has been made in the books of accounts. The matter was handed over to the committee for investigation. Subsequently M/S TCL filed a case in Hon'ble TDSAT for recovery of the amount, decision for which is awaited. The claim of ₹ 172.83 crores on this account has been shown as contingent liability.

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management perceives that these legal actions, when ultimately concluded and determined, will not have any material impact on the Company's financial statements.

63 Settlements with BSNL:

a) The amount recoverable from BSNL is ₹ 5,455.62 crores (previous year ₹ 5,396.52 crores) and amount payable is ₹ 2,051.34 crores (previous year ₹ 2,009.37 crores). The net recoverable of ₹ 3,404.28 crores (previous year ₹ 3,387.15 crores) is subject to reconciliation and confirmation. The carrying value of the net recoverable from BSNL is ₹ 3,352.67 crores (previous year - ₹ 3,282.45 crores) measured at amortised cost.

b) Certain claims of BSNL on account of Signalling charges ₹ 21.93 crores (previous year ₹ 21.93 crores), Transit tariff ₹ 25.19 crores (previous yea ₹ 25.19 crores), MP Billing ₹ 6.01 crores (₹ 6.01 crores), Service Connections ₹ 40.15 crores (previous year ₹ 40.15 crores), IUC ₹ 10.14 crores (previous year ₹ 10.14 crores) and IUC from Gujrat Circle ₹ 1.11 crore (previous year ₹ 1.11 crore) are being reviewed. Pending settlement of similar other claims from BSNL, no provision is considered necessary.

c) Delhi Unit has accounted for the expenditure on account of telephone bills of service connections raised by BSNL towards MTNL for the period from 01 October 2000 to 30 September 2006 to the tune of

₹ 9.80 crores (previous year ₹ 9.80 crores) on the basis of actual reimbursement made for subsequent periods against the disputed claim of ₹ 31.27 crores (previous year ₹ 31.27 crores), since no details / justifications are received till date from BSNL in spite of repeated persuasion. The balance amount of ₹ 21.47 crores (previous year ₹ 21.47 crores) is shown as contingent liability.

64 Subscribers' dues and deposits:

"Other current liabilities include credits on account of receipts including service tax from subscribers amounting to ₹ 49.20 crores (previous year ₹ 36.07 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts."

65 The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation.

66 "The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods.

In MTNL Delhi unit, the collections received from the operators are matched in totality against the bills. The allocation of collection to individual operator's account is pending in the absence of detailed information which is being sought. Therefore although the roaming income and expenditure are booked on actual basis, the roaming debtors are reconciled in totality in the absence of detailed information and such reconciliation is being done on regular basis."

67. In case of Mumbai Unit, the balances with non-scheduled banks comprise of:

(₹ in crores)

Particulars	**31 March 2019**	**31 March 2018**
Indira Sahakari Bank Limited	0.56	0.56
(account closed, considered doubtful)	(0.56)	(0.56)

68 Settlements with DoT:

a Amount recoverable on current account from DoT is ₹ 763.76 crores (previous year ₹ 6,807.97 crores) and amount payable is ₹ 94.42 crores (previous year ₹ 38.71 crores). The net recoverable of ₹ 669.34 crores (previous year ₹ 6,769.26 crores) is subject to reconciliation and confirmation. There is no agreement between the MTNL and DoT for interest recoverable/payable on current account. Accordingly, no provision has been made for interest payable/receivable on balances during the year except charging of interest on GPF claims receivable from DoT.

b Deposits from applicants and subscribers as on 31 March 1986 were ₹ 81.32 crores (previous year ₹ 81.32 crores) in Mumbai unit as intimated provisionally by DoT. At the year end, these deposits amounted to ₹ 103.28 crores (previous year ₹ 103.28 crores), the difference being attributable to connections/refunds granted in respect of deposits received prior to 31 March 1986. Balance on this account still recoverable from DoT is ₹ 55.85 crores (previous year ₹ 55.85 crores).

c The total provision for Leave encashment is ₹ 1,119.08 crores up to 31 March 2019 (previous year ₹ 1,113.39 crores). Out of this, an amount of ₹ 45.48 crores (previous year ₹ 65.37 crores) and ₹ 43.37 crores (previous year ₹ 43.37 crores) is recoverable from DOT in respect of Company C & D and Company B employees respectively for the period prior to their absorption in MTNL.

d An amount of ₹ 23.15 crores (previous year ₹ 1,150.97 crores) towards GPF contribution is recoverable from DOT as on 31 March 2019. The amount pertains to Company C& D and Company B employees absorbed in MTNL w.e.f. 01 November 1998 and 01 October 2000 respectively.

69 As per gazette notification no.GSR 138(E) dated 3rd March 2014 pensionary benefits in respect of absorbed combined service pension optees are being paid by the Government of India on BSNL pay scales. Gratuity provision for other than combined service pension optee employees of MTNL, and Leave Encashment provision for all of the employees of MTNL has been made on the basis of actuarial valuation.

70 There is no indication of any impairment of assets of the Company, on the basis of the company as a whole as a CGU under Indian Accounting Standards - 36 “Impairment of assets” as specified under Section 133 of the Companies Act, 2013.

71 As per the accounting policy, Bonus/ Exgratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the Company. In view of losses, no provision for Bonus/ Exgratia has been made during the year.

72 **Debenture Redemption Reserve:** In view of losses, Debenture Redemption Reserve had not been created in respect of Redeemable Non-Convertible Debentures since 2014-15 (in the form of Bonds).

73 There is no amount which is required to be transferred to Investor Education and Protection Fund by the Company.

74 The Company has no foreseeable losses, which requires provision under applicable laws or accounting standards on long-term contracts and not dealing into derivative contracts at all.

75 The Bank Reconciliation Statements as at 31 March 2019 include unmatched/unlinked credits/debits amounting to ₹ 1.84 crores (previous ₹ 1.61 crores) and ₹ 3.37 crore (₹ 3.11 crores) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.

76 The Company has incurred a loss of ₹ 3,390.20 crores during the year under report. The Company has been incurring continuous losses since year 2009-10 (except in FY 2013-14) and the net worth has been fully eroded for the year under report. Considering the continuous losses and negative net worth, the management has made an assessment of its ability to continue as a going concern. The Company has taken up VRS proposal with the Government.,for retiring 9137 no. of employees of all grades going to retire in next 10 years to reduce the legacy staff costs inherited on account of absorption of employees recruited under government w.e.f. 1-11-1998 and also on 1-10-2000, as per the directions of Govt. as a part of revival of MTNL, which is under very active consideration of Govt. of India. On approval and implementation of the scheme, the company is likely to reduce the staff expenses around ₹700 crs which will help the company to reduce its costs and thereby losses. Besides, as decided in the meeting held on 2-4-2019 in which all officers of P.M.O. and others were there , the issue for monetization of the lands and buildings of the company was also deliberated and the proposal sent there after is also under active consideration of the Govt. and on approval of the same the outstanding debt of the company will be wiped out with the proceeds of monetization of assets which will make it debt and finance cost free. In addition to this, proposal of Govt to provide

4G license to the company and infusion of fresh capital by the Govt in lieu of granting 4G license is also under consideration. All these cases are under advanced stage of consideration of the Govt. All these aspects are considered by the management while preparing the financial statements, and an assessment of an entity's ability to continue as a going concern is made accordingly.

77 In Mumbai Unit, the Company has been awarded a long duration contract from Larsen & Turbro (L&T) for design, development, implementation & Maintenance of CCTV based surveillance system for Mumbai City. The recognition of profit/loss on the basis of percentage of completion method of accounting as prescribed under Indian Accounting Standard (Ind-AS) - 115 on "Revenue from contracts with customers" is pending till the finalisation of fresh addendum.

78 During the year, the Company has booked an income amounting to ₹ 12.00 crores (previous year ₹ 136.74 crores) as other income on account of difference between the estimated amounts of Pension Payout Orders (PPO), accounted for in the past years on completion of issuance of PPO's by the Department of Telecommunication (DOT), Government of India (GOI).

79. "License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR, the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement.

The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of ₹ 140.36 crores on this account upto the year 2011-12 has been shown as contingent liability. DOT has assessed the LF calculated on the basis of AGR of MTNL.

Further, DOT has disallowed certain deductions claimed in the AGR e.g. PSTN charges, IUC payment to other operators etc. The deductions claimed in AGR were disallowed for want of documents from MTNL. MTNL has submitted the documents and the revision of assessment of LF is pending at the end of DOT. The provision assessment order of LF from 2007-08 to 2016-17 issued by DOT shows demand of ₹ 1197.06 crores. The assessment is under revision in view of documents submitted by MTNL to CCA/ DOT. However an amount of ₹ 1197.06 crores is shown as contingent liability. The list of LF related liability is shown hereafter. Calculation of LF demand is not feasible to include in the notes. Detail of LF Contingent Liability of License Fee payable to DOT."

MTNL Corporate Office

Detail of LF Contingent Liability of Licence Fee payable to DOT

Sr No	**DOT Letter No's**	**Date**	**F.Y.**	**Amount Demanded**
1	17-14/2013/LF	12-May-14	2007-08	214.24
2	17-14/2013/LF	12-May-14	2008-09	146.71
3	17-18/2013/LF	16-Jun-14	2009-10	144.26
4	17-34/2013/LF	24-Jul-14	2010-11	40.94
5	17-19/2016/LFA	03-Oct-16	2011-12	76.12
6	17-34/2013/LF II	20-Dec-16	2010-11	124.34

7	17-34/2013/LF II	20-Dec-16	2010-11	0.86
8	17-20/2016/LFA	27-Dec-16	2012-13	26.60
9	17-19/2016/LFA	06-Jan-17	2011-12	12.93
10	17-19/2016/LFA	06-Mar-17	2011-12	33.50
11	17-20/2016/LFA	27-Apr-17	2012-13	5.70
12	17-20/2016/LFA	27-Apr-17	2012-13	0.34
13	17-20/2016/LFA	09-May-17	2012-13	0.42
14	17-20/2016/LFA	20-Jul-17	2012-13	1.90
15	17-20/2016/LFA	20-Jul-17	2012-13	0.34
16	1-9/CCA/Rev/Spectrum/Assmt/MTNL/221	20-Feb-18	2011-12	0.07
17	1-9/CCA/Rev/Spectrum/Assmt/MTNL/221	20-Feb-18	2011-12	47.53
18	1-9/CCA/Rev/Spectrum/Assmt/MTNL/221	20-Feb-18	2012-13	0.07
19	1-9/CCA/Rev/Spectrum/Assmt/MTNL/221	20-Feb-18	2012-13	19.21
20	1-9/CCA/Rev/Spectrum/Assmt/MTNL/592	01-May-18	2015-16	16.49
21	1-9/CCA/Rev/Spectrum/Assmt/MTNL/592	01-May-18	2015-16	49.40
22	1-9/CCA/Rev/Spectrum/Assmt/MTNL/592	01-May-18	2016-17	50.51
23	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	54.47
24	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	28.89
25	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.16
26	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.05
27	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	80.75
28	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	20.26
29	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.01
	Total			**1,197.07**

80 Certain items of property, plant and equipments such as batteries, Air conditioners, transformers, lifts and cables etc. are capitalized on account of replacement of old assets in existing property, plant and equipments. The removal of WDV of existing assets is pending till the relocation/ decommissioning of existing assets which is under scrutiny and the consequential impact of the residual value will be considered at the time of scrap in the ensuing year.

For and on behalf of Board of Directors

For Mehra Goel & Co.
Chartered Accountants
FRN: 000517N

For Kumar Vijay Gupta & Co.
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

Sd/-
(Sanjay Mehra)
Partner
Membership No. 085389

Sd/-
(Alok Jain)
Partner
Membership No. 095345

Sd/-
(P. K. Purwar)
Chairman & Managing Director
DIN 06619060

Place : New Delhi
Date : 30 May, 2019

MEHRA GOEL & CO
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INDEPENDENT AUDITORS' REPORT

TO,
THE MEMBERS OF
MAHANAGAR TELEPHONE NIGAM LIMITED

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated financial statements of **MAHANAGAR TELEPHONE NIGAM LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures and associates which comprise the Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the basis for Qualified Opinion Section of our report, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2019, the Consolidated profit and Consolidated total comprehensive income, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

The Consolidated financial statements include the year to date financial results of the following entities:

(a) List of Subsidiaries:

- Mahanagar Telephone (Mauritius) Limited ('MTML') - Audited
- Millenium Telecom Limited - Audited
- MTML International Limited (subsidiary of MTML) - Audited
- MTML Data Limited (subsidiary of MTML) - Audited

(b) List of Joint Ventures:

- MTNL STPI IT Services Limited ('MSISL') - Audited

(c) List of Associates:

- United Telecommunications Limited ('UTL') - Unaudited

Basis for Qualified Opinion

We conducted our audit of the Consolidated financial statements 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 Statements 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 statements 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 statements.

(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, 2019 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 Consolidated Ind-AS financial statements 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. (Also refer note no. 81 to the Consolidated Ind-AS financial statements)

(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 ₹ 3,352.67 Crores out of which ₹ 2,505.46 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 68 to the Consolidated Ind-AS financial statements).

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 ₹ 144.66 Crores has not been carried forward or ineligible credits amounting to ₹ 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 ₹ 6,69.34 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 73 to the Consolidated Ind-AS financial statements).

(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 ₹ 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (Also refer note no. 84 to the Consolidated Ind-AS financial statements).

(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 Ind-AS financial statements for year is not ascertained and quantified. (Also refer note no. 40 and 42 to the Consolidated Ind-AS financial statements).

(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. (Also refer note no. 75 to the Consolidated Ind-AS financial statements).

(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 Ind-AS financial statements are not ascertainable and quantifiable. (Also refer note no. 70 to the Consolidated Ind-AS financial statements).

(viii) (a) In Delhi Wireless Unit, reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on Consolidated Ind-AS financial statements cannot be ascertained and quantified at present.

(b) Unlinked credit of ₹ 51.04 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. (Also refer note no. 69 and 80 to the Consolidated Ind-AS financial statements).

(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 Ind-AS financial statements cannot be ascertained and quantified.

(xi) Department of Telecommunication (DOT) had raised a demand of ₹ 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 ₹ 107.44 Crores 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 the Company 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 ₹ 3205.71 Crores has been disclosed 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 Ind-AS financial statements of the Company. (Also refer note no. 63 to the Consolidated Ind-AS financial statements).

(xii) In Mumbai Unit, the Company has been awarded a long duration contract from Larsen & Turbro (L&T) for design, development, implementation & Maintenance of CCTV based surveillance system for Mumbai City. The Company has not recognized profit/loss on the basis of percentage of completion method of accounting as prescribed under Indian Accounting Standard (Ind-AS) – 18 on "Revenue". In the absence of any working/detail, we are not in a position to comment on the impact thereof on the Consolidated Ind-AS financial statements. (Also refer note no. 82 to the Consolidated Ind-AS financial statements).

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)(a), (ix), (x), (xi) and (xii) on the Consolidated Ind-AS financial statements of the Company for the year ended on 31st March 2019.

Emphasis of Matters

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

(i) Impairment in the value of investments in subsidiary, joint ventures, and associates are considered temporary in nature by management and no provision for impairment in value of these investments has been done.

(ii) Refer note no. 66 to the Consolidated Ind-AS financial statements regarding the adequacy or otherwise of the provision and / or contingency reserve held by the Company 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.

(iii) Point no. (a) of note no. 67 to the Consolidated Ind-AS financial statements regarding 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.

(iv) 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. (Also refer note no. 9, 16 and 19 to the Consolidated Ind-AS financial statements).

(v) Disclosure of consumption of imported and indigenous stores and spares and percentage to the total consumption as required by Division II of Schedule III of the Companies Act, 2013 has not been made by the Company in the Consolidated Ind-AS financial statements.

(vi) 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 Ind-AS financial statements and further explained in point no. (d) of Note no. 73 to the Consolidated Ind-AS financial statements.

(vii) 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.

(viii) 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.

(ix) 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.

(x) 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 Consolidated Ind-AS financial statements.

(xi) 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. (Also refer clause no. (k) of note no. 3 to the Consolidated Ind-AS financial statements).

Our opinion is not modified in respect of these matters.

Material uncertainty related to going concern

We draw attention to Note no. 81 in the consolidated financial statements, 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 as set forth in Note 76, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis of qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
1.	**Material Uncertainty relating to Going Concern:** There is use of Going Concern Assumption basis of accounting in financial statement but a material uncertainty exists.	We have analyzed the management projection are submitted to Department Of Telecom (DOT). We received the expected revenue and corresponding expenses, EBITDA and other expected Capex expenditure outflows.(Refer note no. 81)

2.	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.) The application of the new revenue accounting standard is complex and involves a number of key judgements and estimates. Additionally, new revenue accounting standard contains disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. Refer Notes no. 61 to the Consolidated Ind-AS Financial Statements.	We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach including controls testing and substantive procedures covering in particular: • Testing the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams. • Testing the end to end reconciliation from business support systems to billing and rating systems to the general ledger. This testing includes validating material journals processed between the billing system and general ledger. • Performing tests on the accuracy of customer bill generation on sample basis and testing of a sample of the credits and discounts applied to customer bills: and • Testing receipts for a sample of customers back to customer invoice.
3.	Accuracy of revenues and onerous obligations in respect of fixed price contracts involves critical estimates. Estimated effort is a critical estimate to determine revenues and liability for onerous obligations. This estimate has a high inherent uncertainty as it requires consideration of progress of the contract, efforts incurred till date and efforts required to complete the remaining contract performance obligations. Refer Notes no. 61 to the Consolidated Ind-AS Financial Statements	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: • Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations. • Tested the access and application controls pertaining to time recording, allocation and budgeting systems which prevents unauthorized changes to recording of efforts incurred. • Selected a sample of contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to efforts incurred and estimated. • Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract.

		• Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. • Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts.
4.	**Uncertain Taxation Matters:** The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes no. 53 and 66 to the Consolidated Ind-AS Financial Statements.	We have obtained details of completed tax assessments and demands up to March 31, 2019 from management. We assessed the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We also considered legal precedence and other rulings, including in the company's own cases, in evaluating management's position on these uncertain tax positions.
5.	**Recoverability of Indirect Tax Receivables:** As at March 31, 2019, non-current assets in respect of indirect tax and others include Cenvat recoverable amounting to INR 153.5 crores which are pending adjudication. Refer Note no 12 and 21 to the Consolidated Ind-AS Financial Statements.	**Principal Audit Procedures:** We have assessed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution
6.	**Impairment Loss:** For the CGUs the determination of recoverable amount being the higher of fair value less costs to sell and value –in-use, requires judgement on the part of management in both identifying and then valuing the relevant CGUs. Recoverable amounts are based on management 's view of variables such as future average revenue per user, average customer numbers and customers churn, timing and approval of future capital , spectrum and obtaining expenditure and the most appropriate discount rate. Refer to Note no. 75 of Consolidated Ind-AS Financial statements.	We evaluated the appropriateness of management's identification of the groups CGUs and testing the impairment assessment process, including indicators of impairment. We analyzed key assumptions in management's valuation model used to determine recoverable amount including assumptions of project adjusted EBITDA projected capital expenditure, projected license and spectrum payments, long term growth rates and discount rates. • We compared historical forecasting to actual results and • We performed testing of the mathematical accuracy of the cash flow and analyzed key assumptions. Based on our procedures we consider management's key assumptions to be within a reasonable range. We validated the appropriateness of the related disclosures in note no. 70 of the Consolidated Ind-AS financial statements.

7.	**Discontinued Operations and Assets Held for Sale:** Assests of CDMA continues to be treated as held for sale and discontinued operations as at the balance sheet date. Refer to note no. 56 of Consolidated Ind-AS Financial statements.	We analyzed in management's estimates of, the releasable value. Based on our procedures, we noted no exceptions and consider management's approach and assumptions to be reasonable.
8.	The Company holds investments comprising investments in Associates, Joint Ventures and subsidiaries of ₹ 106.13 Crores Investments in Associates, Joint Ventures and subsidiaries accounted forat cost less any provision for impairment Investments are tested for impairment annually. If impairment exists, the recoverable amounts of the investment in Associates, Joint Ventures sand subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognized in the income statement. Refer to Note no.8 of Consolidated Ind-AS Financial statements.	We assessed the net assets values of the investments as at 31 March 2019 with the Company's investment carrying values. As a result of our work, we agreed with management that the carrying values of the investments held by the Company are supportable in the context of the Company financial statements taken as a whole.
9.	**Deferred Tax Assets:** - significant judgement is required in relation to the recognition and recoverability of deferred tax assets, Refer to note no. 43 of Consolidated Ind-AS Financial statements.	In respect of the deferred tax assets, we analyzed to assess the recoverability of losses from a tax perspective through performing the following: • Understanding how losses arose and where they are located, including to which subgroups they are attributed. • Considering whether the losses can be reversed based on the ability to generate profits in excess of past losses; • Comparing historical forecasting to actual results; • Considering the impact of recent regulatory developments, as applicable; • Assessing any restrictions on future use of losses; and • Determining whether any of the losses will expire. In addition, we assessed the application of Ind-AS 12 – Income Taxes including: • Understanding the triggers for recognition of deferred tax assets; • Considering the effects of tax planning strategies; • Testing the mathematical accuracy of the cash flow models and challenging and

		agreeing the key assumptions in the management plan and likelihood of generating future taxable profits to support the recoverability of the deferred tax asset. We also reviewed the disclosures made in respect of the utilization period of deferred tax assets. Refer to note no. 40 of Consolidated Ind-AS Financial statements.
10.	**Provisions and contingent liabilities** There are a number of **legal, regulatory and** tax cases against the Group. High level of judgement is required in estimating the level of provisioning required. Refer to note no. 52 of Consolidated Ind-AS Financial statements.	We analyzed the current status of the tax cases. For legal, regulatory and tax matters our procedures included the following: • Testing key controls over litigation, regulatory and tax procedures; • Performing substantive procedures on the underlying calculations supporting the provisions recorded; • Where relevant, reading external legal opinions obtained by management; • Meeting with regional and local management and reading relevant Group correspondence; • Discussing open matters with the Group litigation, regulatory, general counsel and tax teams; • Assessing management's conclusions through understanding precedents set in similar cases; and • Circularization where appropriate of relevant third party legal representatives and direct discussion with them regarding certain material cases. Based on the evidence obtained, and the related disclosures in note no. 48 of the Consolidated Ind-AS financial statements, conclude that the disclosure was sufficient.

Other Matters

We did not audit the financial statements/financial information of subsidiaries, jointly controlled entities and associates, whose financial statements/financial information reflect total assets of ₹ 166.90 Crores and net assets of ₹ 145.35 Crores as at 31st March, 2019, total revenues of ₹ 116.12 Crores and net cash inflows amounting to ₹ 6.23 Crores for the year ended on that date, as considered in the consolidated Ind-AS financial statements. The consolidated Ind-AS financial statements also include the Group's share of net profit of ₹ 4.05 Crores for the year ended 31st March, 2019, as considered in the consolidated Ind-AS financial statements, in respect of one jointly controlled entities, whose financial statements/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 Ind-AS financial statements, 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 statements 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 statements/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 Ind-AS financial statements, 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 statements / financial information certified by the Management

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and those charged with governance for the Consolidated Ind-AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Ind-AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 statements.

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 statements, 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 financial controls 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 system 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 management.
- Conclude on the appropriateness of management's 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 Consolidated financial statements 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) The going concern matter described in material uncertainty related to going concern paragraph above, in our opinion, may have an adverse effect on the functioning of the company.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 read with the schedule V of the Companies Act 2013.the remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The ministry of corporate affairs has not prescribed other details under section 197 (16) which are required to comment upon by us.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

a) The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.

b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 000517N

(CA SANJAY MEHRA)
PARTNER
Membership No.: 085389

FOR KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 007814N

(CA ALOK JAIN)
PARTNER
Membership No.: 095345

PLACE : NEW DELHI
DATED : 30th May, 2019

ANNEXURE - A

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in our Independent Auditors' Report of even date to the members of Mahanagar Telephone Nigam Limited on the Consolidated Ind-AS Financial Statements for the year ended 31st March 2019.

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **Mahanagar Telephone Nigam Limited** (Consolidated) for the year 2018-19 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

Based on the information and explanations given to us we report as under:

<table>
<tr><th>Sr. No.</th><th>Areas Examined</th><th colspan="2">Observation / Finding</th></tr>
<tr><td>1</td><td>Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.</td><td colspan="2">The Company does not have clear title/lease deeds in a number of cases. Summarized position of such cases is as under :
DELHI UNIT
The Company does not have clear title deeds in respect of 1 land property at Minto Road, Delhi and classified as freehold. Also Company does not have any lease deed in respect of 89 cases of land properties spread across Delhi and classified as Leasehold.
MUMBAI UNIT
The Company does not have clear title deeds in respect of 23 cases of land properties spread across Mumbai and classified as freehold. Also, Company does not have lease deeds in respect of 12 cases of land properties spread across Mumbai and classified as Leasehold.</td></tr>
<tr><td rowspan="5">2</td><td rowspan="5">Please report whether there are any cases of waiver / write off of debts / loans / interest etc. if, yes, the reason therefore and the amount involved.</td><td colspan="2">The details of cases of waiver / write off of debts / loans / interest by the Company during the year are as under:</td></tr>
<tr><td>Particulars</td><td>(₹ in Crores)</td></tr>
<tr><td>Write off of debts
Due to non recoverability
(Refer note no. 39)</td><td>18.32</td></tr>
<tr><td>Waiver of penalty & interest</td><td>Nil</td></tr>
<tr><td>TOTAL</td><td>18.32</td></tr>
</table>

Sr. No.	Areas Examined	Observation / Finding
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	a. There are no inventories lying with third parties. b. The Company has not received any assets as gifts from Government or other authorities during the year.
4	Amount of Revenue Share (License Fee and Spectrum Usage Charges) appearing in the Financial Statements should be thoroughly checked for its correctness.	The details have been verified by us.
5	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, Majority of the accounting transactions are done through the IT system. Although manual intervention is prevalent. Adequate security measures for manual intervention need to be strengthened with supervisory sanction only and properly documented.
6	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to a company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As certified by the management and those charged with governance, we have been informed that there is no restructuring of loan/ wavier/ write off of debts/ loan/ interest during the 2018-19.
7	Whether funds received/ receivable from the specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the case of deviation.	Yes, Company received the Swachh Action Plan contribution during 2018-19 ₹ 56.39 Lakh out of which ₹ 32.72 Lakh is pending utilization with the company.
8	Whether the amount of revenue of share (License fees and Spectrum Usage charges) recognized in the financial statement in accordance with the DoT? If so, detailed statement & calculation sheet may be attached	Yes, AGR Audit Report will be provided separately

We have conducted of the audit of accounts of Mahanagar Telephone Nigam Limited for the year ended 2018-19 in accordance with the directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with the all directions issued to us.

FOR MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 000517N

(CA SANJAY MEHRA)
PARTNER
Membership No.: 085389

FOR KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 007814N

(CA ALOK JAIN)
PARTNER
Membership No.: 095345

PLACE : NEW DELHI
DATED : 30th May, 2019

ANNEXURE - B

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahanagar Telephone Nigam Limited** ("the Company") as of 31st March 2019 in conjunction with our audit of the Consolidated Ind-AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind-AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind-AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind-AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind-AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

(i) The Company does not have an appropriate internal control system for identification of overheads to be capitalized with the cost of Property, Plant and Equipment which could potentially result into under /over capitalization of Property, Plant and Equipment and corresponding impact on the operational results of the Company.

(ii) The Company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items or due to delay of inventory issue slip by stores. Hence, the date of capitalization is not reliable. This could potentially result into delayed capitalization and corresponding impact on the operational results due to lower charge of depreciation.

(iii) The Company does not have appropriate internal control system for ensuring de-commissioning and de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result into overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.

(iv) The Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / contractors / operators / government departments at the quarter end and year end are duly reversed when actual bills are received and accounted for. This could potentially result in the same being accounting twice.

(v) The Company does not have an appropriate internal control system to track open purchase orders, work orders, agreements and contracts which have been entered with vendors / contractors / operators / government departments and are lying open. This could have a bearing on efficiency of operations and recording of financial liabilities and provisions pertaining to the same.

(vi) The Company does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting.

(vii) The Company does not have an appropriate internal control system for reconciliation of vendors / contractors / operators / government departments, accounts which could potentially result in some changes in the Consolidated Ind-AS financial statements. The cases identified by us have been appropriately qualified at various places in our report.

(viii) The Company does not have effective internal audit system so as to cover all major areas with extensive scope. The extent and depth of coverage, manner of conduct and reporting in respect of internal audit is very weak. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.

(ix) The Company does not have an appropriate internal control system for reconciliation of items of unlinked debits and credits because of receipts from the subscriber and the amount debited by the banks. This could potentially lead unreported financial adjustments ultimately resulting into distorted financial reporting.

(x) The Company does not have an appropriate internal control system for invoicing which are due and payable based on manual invoicing. The invoicing system does not have reliability of measurement and reconciliation of items. This leads to multiple revisions and errors in invoicing. This could potentially lead errors in revenue recognition.

(xi) The Company does not have appropriate internal control system for ensuring end use of issued inventory. The accounting is done based on the requisition statement of item and not actual installation or commission of item. This could potentially result into non-identification of pilferage and also early capitalization of equipments.

(xii) The Company does not have appropriate internal control system for ensuring billing and recovery of water and electricity charges from the lessee. This could potentially result into non-recovery and delayed recovery of such charges causing financial loss of the absolute expenses and also finance cost on the delay in realization. This could also result in inaccurate expense values in the financial statements of the company.

A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 Consolidated Ind-AS financial statements of the Company, and these material weaknesses do not affect our opinion on the Consolidated Ind-AS financial statements of the Company.

FOR MEHRA GOEL & CO.	**FOR KUMAR VIJAY GUPTA & CO.**
CHARTERED ACCOUNTANTS	**CHARTERED ACCOUNTANTS**
Firm Registration No.: 000517N	**Firm Registration No.: 007814N**
(CA SANJAY MEHRA)	**(CA ALOK JAIN)**
PARTNER	**PARTNER**
Membership No.: 085389	**Membership No.: 095345**

PLACE : NEW DELHI
DATED : 30th May, 2019

MTNL

MAHANAGAR TELEPHONE NIGAM LIMITED

Consolidated Balance Sheet as at 31 March 2019

	Notes	31 March 2019 (₹ in crores)	31 March 2018 (₹ in crores)
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,329.56	4,687.54
Capital work-in-progress	5	320.04	330.98
Investment property	6	34.96	35.36
Intangible assets	7	3,101.90	3,440.70
Investments accounted for using the equity method	8	3.73	4.37
Financial assets			
Loans	9	192.34	1,653.40
Other financial assets	10	1.74	10.81
Deferred tax assets (net)	11	0.00	0.00
Income tax assets (net)	12	724.43	715.53
Other non-current assets	13	230.31	369.33
Total non-current assets		**8,939.01**	**11,248.02**
Current assets			
Inventories	14	24.98	25.41
Financial assets			
Current investments	15	-	-
Trade receivables	16	611.48	425.40
Cash and cash equivalents	17	119.58	105.33
Other bank balances	18	20.42	11.41
Loans	19	3,390.02	2,953.89
Other financial assets	20	900.04	886.92
Current tax assets (net)	21	0.33	0.31
Other current assets	22	698.36	634.41
Total current assets		**5,765.21**	**5,043.08**
Assets held for sale	23	0.29	0.09
Total assets		**14,704.51**	**16,291.19**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	24	630.00	630.00
Other equity	25	(10,357.83)	(6,962.01)
Total equity		**(9,727.83)**	**(6,332.01)**
Non-current liabilities			
Financial liabilities			
Borrowings	26	11,472.16	10,292.71
Other financial liabilities	27	323.81	1,995.55
Long-term provisions	28	911.72	1,049.67
Deferred tax liabilities (net)	29	6.34	5.71
Other non-current liabilities	30	146.32	193.92
Total non-current liabilities		**12,860.35**	**13,537.57**
Current liabilities			
Financial liabilities			
Borrowings	31	7,620.35	6,382.09
Trade payables	32		
(a) Total outstanding dues of micro enterprises and small enterprises		5.35	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		528.09	428.78
Other financial liabilities	33	2,268.14	1,342.40
Other current liabilities	34	765.51	598.09
Short-term provisions	35	384.55	334.30
Total current liabilities		**11,571.99**	**9,085.66**
Total liabilities		**24,432.34**	**22,623.23**
Total equity and liabilities		**14,704.51**	**16,291.22**
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements.
This is the balance sheet referred to in our report of even date.

For and on behalf of Board of Directors

For Mehra Goel & Co.	For Kumar Vijay Gupta & Co.	(M.V. Joshi)	(S.R. Sayal)
Chartered Accountants	Chartered Accountants	Director (Finance)	CO. Secy.
FRN: 000517N	FRN No. 007814N	DIN 8273959	
Sd/-	Sd/-		Sd/-
(Sanjay Mehra)	**(Alok Jain)**		**(P. K. Purwar)**
Partner	Partner		Chairman & Managing Director
Membership No. 085389	Membership No. 095345		DIN 06619060

Place : New Delhi
Date : 30 May, 2019

MAHANAGAR TELEPHONE NIGAM LIMITED

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

	Notes	31 March 2019 (₹ in crores)	31 March 2018 (₹ in crores)
Continuing operations			
Income			
Revenue from operations	36	2,085.41	2,471.86
Other income	37	636.09	745.34
Total income		**2,721.50**	**3,217.20**
Expenses			
Purchases of stock-in-trade		1.96	6.70
License fees expense	38	187.91	191.36
Employee benefits expense	39	2,275.34	2,448.79
Finance costs	40	1,703.18	1,505.49
Revenue sharing expense		181.09	173.07
Depreciation and amortisation expense	41	1,002.42	1,053.50
Other expenses	42	756.16	809.33
Total expenses		**6,108.05**	**6,188.22**
Profit/ (loss) before share of net profits of investments accounted for using equity method and tax		**(3,386.56)**	**(2,971.02)**
Share of profit/(loss) in investments accounted for using equity method		(0.64)	0.57
Profit/ (loss) before tax from continuing operations		**(3,387.20)**	**(2,970.46)**
Tax expense	43	0.88	0.90
Net profit/ (loss) for the year from continuing operations		**(3,388.07)**	**(2,971.35)**
Discontinued operations			
Profit from discontinued operations before and after tax		-	0.42
Profit/ (loss) from discontinued operations		**-**	**0.42**
Net profit/ (loss) for the year		**(3,388.07)**	**(2,970.93)**
Other comprehensive income	44		
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit plans		(7.39)	2.38
Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit and loss			
Exchange difference on translation of foreign operations		(0.36)	10.40
Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income/ (loss) for the year		**(7.75)**	**12.78**
Total comprehensive income/ (loss) for the year		**(3,395.82)**	**(2,958.15)**
Profit/ (loss) is attributable to :			
Owners of Mahanagar Telephone Nigam Limited		(3,388.08)	(2,970.93)
		(3,388.08)	**(2,970.93)**
Total comprehensive income/ (loss) is attributable to:			
Owners of Mahanagar Telephone Nigam Limited		(3,395.82)	(2,958.15)
		(3,395.82)	**(2,958.15)**
Total comprehensive income/ (loss) attributable to Owners of Mahanagar Telephone Nigam Limited arises from :			
Continuing operations		(3,395.82)	(2,958.58)
Discontinuing operations		-	0.42
		(3,395.82)	**(2,958.15)**
Loss per equity share for loss from continuing operations:	45		
Basic (₹)		(53.78)	(47.16)
Diluted (₹)		(53.78)	(47.16)
Profit per equity share from discontinued operations:	45		
Basic (₹)		-	0.01
Diluted (₹)		-	0.01
Loss per equity share from continuing and discontinued operations:	45		
Basic (₹)		(53.78)	(47.16)
Diluted (₹)		(53.78)	(47.16)
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements.
This is the statement of profit and loss referred to in our report of even date.

For and on behalf of Board of Directors

For Mehra Goel & Co.
Chartered Accountants
FRN: 000517N

Sd/-
(Sanjay Mehra)
Partner
Membership No. 085389

For Kumar Vijay Gupta & Co.
Chartered Accountants
FRN No. 007814N

Sd/-
(Alok Jain)
Partner
Membership No. 095345

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

Sd/-
(P. K. Purwar)
Chairman & Managing Director
DIN 06619060

Place : New Delhi
Date : 30 May, 2019

MAHANAGAR TELEPHONE NIGAM LIMITED

Consolidated Cash Flow Statement for the year ended 31 March 2019

		31 March 2019 (₹ in crores)	31 March 2018 (₹ in crores)
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before tax		
	Continuing operations	(3,387.20)	(2,970.46)
	Discontinued operations	-	0.42
		(3,387.20)	**(2,970.03)**
	Adjustments for:		
	Depreciation expense	665.41	716.43
	Amortisation expense	337.02	337.07
	Loss on disposal of property, plant and equipment (net)	15.96	1.44
	Share of profit from associates and joint ventures	0.64	(0.57)
	Interest income	(95.72)	(262.03)
	Excess provisions written back	(107.12)	(182.77)
	Loss of assets	1.41	10.90
	Provision for doubtful debts including discount	9.65	21.06
	Provision for obsolete inventory	1.35	0.75
	Provision for doubtful claims	2.29	6.66
	Provision for abandoned work capital work in progress	-	13.05
	Remeasurement gains and loss on employee benefit obligations	(7.39)	2.38
	Finance costs	1,703.19	1,505.49
	Bad debts recovered	(0.33)	(0.06)
	Bad debts written off	18.32	22.73
	Operating loss before working capital changes	**(842.52)**	**(777.50)**
	Movement in working capital		
	Decrease/(increase) in loans	1,101.54	1,150.63
	(Increase)/decrease in inventories	(2.32)	(21.59)
	Increase in other financial assets	(13.08)	(43.54)
	Decrease in other assets	74.84	2.78
	Decrease/(increase) in trade and other receivables	(213.07)	23.26
	Increase/(decrease) in other financial liabilities	(1,058.53)	(54.06)
	(Decrease)/increase in other liabilities	119.44	(121.61)
	Increase in provisions, trade and other payables	109.90	62.11
	Cash flows from/(used in) operating activities post working capital changes	**(723.80)**	**220.49**
	Income tax (paid)/refunds (net)	(9.16)	(65.79)
	Net cash used in operating activities (A)	**(732.96)**	**154.70**
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)	(310.46)	(511.77)
	Movement in fixed deposits (net)	0.06	14.88
	Interest received	13.44	4.82
	Net cash used in investing activities (B)	**(296.96)**	**(492.07)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds and repayment of long-term borrowings (net)	1,477.39	3,345.06
	Proceeds and repayment of short-term borrowings (net)	1,238.26	(1,528.16)
	Finance cost paid	(1,671.49)	(1,472.26)
	Net cash flows from financing activities (C)	**1,044.16**	**344.64**
	Decrease in cash and cash equivalents (A+B+C)	14.24	7.27
	Cash and cash equivalents at the beginning of the year	105.34	98.07
	Cash and cash equivalents at the end of the year	**119.58**	**105.34**

For and on behalf of Board of Directors

For Mehra Goel & Co.	For Kumar Vijay Gupta & Co.	(M.V. Joshi)	(S.R. Sayal)
Chartered Accountants	Chartered Accountants	Director (Finance)	CO. Secy.
FRN: 000517N	FRN No. 007814N	DIN 8273959	
Sd/-	Sd/-		Sd/-
(Sanjay Mehra)	**(Alok Jain)**		**(P. K. Purwar)**
Partner	Partner		Chairman & Managing Director
Membership No. 085389	Membership No. 095345		DIN 06619060

Place : New Delhi
Date : 30 May, 2019

MAHANAGAR TELEPHONE NIGAM LIMITED

Consolidated Statement of changes in equity for the year ended 31 March 2019

A Equity share capital

(₹ in crores)

Particulars	Balance as at 01 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
Equity Share Capital	630.00	-	630.00	-	630.00

B Other equity

(₹ in crores)

	Reserves and surplus							Other comprehensive income (OCI)	
	Securities Premium	General reserve	Research & Development reserve	Contingency reserve	Debenture redemption reserve	Retained Earnings	"Exchange differences on translating the financial statements of a foreign operation"	Remeasurement of defined benefit plans	Total
Balance as at 01 April 2017	**665.00**	**0.07**	**30.80**	**243.22**	**45.27**	**(4,957.19)**	**4.28**	**(35.32)**	**(4,003.86)**
Profit for the year	-	-	-	-	-	(2,970.93)	-	-	(2,970.93)
Transfer from other comprehensive income to retained earnings	-	-	-	-	-	(35.32)	-	**35.32**	-
Other comprehensive income for the year	-	-	-	-	-	2.38	10.39	**-**	12.77
Balance as at 31 March 2018	**665.00**	**0.07**	**30.80**	**243.22**	**45.27**	**(7,961.05)**	**14.67**	**-**	**(6,962.02)**
Profit for the year	-		-	-	-	(3,388.07)	-	-	(3,388.08)
Other comprehensive income for the year	-		-	-	-	(7.39)	(0.36)	-	(7.75)
Balance as at 31 March 2019	665.00	0.07	30.80	243.22	45.27	(11,356.51)	14.31	-	(10,357.84)

For and on behalf of Board of Directors

For Mehra Goel & Co.
Chartered Accountants
FRN: 000517N

Sd/-
(Sanjay Mehra)
Partner
Membership No. 085389

For Kumar Vijay Gupta & Co.
Chartered Accountants
FRN No. 007814N

Sd/-
(Alok Jain)
Partner
Membership No. 095345

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

Sd/-
(P. K. Purwar)
Chairman & Managing Director
DIN 06619060

Place : New Delhi
Date : 30 May, 2019

1. Corporate Information

Mahanagar Telephone Nigam Limited (MTNL), a public sector enterprise, is engaged in providing telecom services in the geographical area of Mumbai and Delhi. The registered office of the company is located at Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi – 110003.

2. Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2019 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 30th May 2019.

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention except for the following –

- Certain financial assets and liabilities which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value; and
- Assets held for sale – measured at fair value less cost to sell

3. Summary of significant accounting policies

a) Basis of consolidation

Effective 01st April 2018, the Company has applied Ind AS 115. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 01st April 2018). The comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 3 – Significant accounting policies – Revenue recognition in the financial statements of the Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. Revenue is recognized on accrual basis, including income from subscribers whose disputes are pending resolution, and closure of the subscribers' line.

a) In the case of contracts involving single performance obligation, accounting for revenue is done on accrual basis and revenue is recognized over the period in which services are rendered.

b) In case of contracts involving multiples promises, which involve delivery or performance of multiple products, services or right to use assets, evaluation is done for all deliverables in an arrangement to determine whether they represent separate performance obligations at the inception of arrangement. Total consideration related to the bundled contract is allocated among the different elements based on their standalone selling prices. In case the relative value of different performance obligations cannot be determined on a reasonable basis, the total consideration is allocated to the different performance obligations based on residual value.

c) For sale of prepaid products, processing fee on recharge coupons is recognized over the customer relationship period or coupon validity period, whichever is lower.

d) Activation & installation revenue and related costs (including subscriber acquisition cost), not exceeding the respective revenue, are to be deferred and amortized over the estimated customer relationship period. The excess of costs over revenue, if any, are to be expensed as incurred.

e) Income from sale of prepaid calling cards, virtual calling cards (VCC) and prepaid internet connection cards is recognised basis the usage or expiry of cards, whichever is earlier.

f) Interest income/expenditure is to be recognized based on effective interest rate [EIR] i.e. the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs fees paid or received, premiums or discounts if any etc. The difference between the actual interest rate and effective interest will be routed through statement of profit or loss.

g) Income from services includes income from leasing of infrastructure to other service providers. Cost of related stores and materials consumed in execution is charged to project or revenue job at the time of issue. However, spill over items at the end of the year lying at various stores are valued at weighted average cost.

h) Sale proceeds of scrap arising from maintenance & project works are taken into miscellaneous income in the year of sale.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there is billing in excess of revenues or advances received form the customer.

b) Post-employment benefits

a) Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Company’s defined contribution plans include provident fund, pension contribution and leave salary.

(i) In respect of absorbed combined service pension optees in MTNL, provision for pension contribution is payable to the Govt. of India as per FR-116 as in Bharat Sanchar Nigam Limited (‘BSNL’) with equivalent BSNL pay scales and it is expensed off in the relevant year.

(ii) In respect of officials who are on deemed deputation from Department of Telecommunications (DoT) and other Government department, the provision for pension contribution is payable to the Government of India at the rates specified in Appendix 2(A) to FR 116 and 117 of FR. & SR and it is expensed off in the relevant year. Further, provision for leave encashment is payable @ 11% of pay as specified in appendix 2(B) of F.R.116 and 117 of F.R. & S.R. and it is expensed off in the relevant year.

b) Defined benefit plan

The defined benefit plans sponsored by the Company defines the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company. The Company's defined benefit plans include amounts provided for gratuity and provident fund.

(i) For Absorbed CPF optees and direct recruits of MTNL, the Company makes contribution to provident fund Trust administered by the Company, which is recognised by the income tax authorities. Both the employer and employee contribute to this Fund and such contributions together with interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The interest rate payable to the members of the Trust is not lower than the rate of interest declared annually by the Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company. Accordingly, this is accounted for a defined benefit plan and any shortfall in the Fund is accounted as expense in the books of the company.

(ii) For Absorbed CPF optees and direct recruits of MTNL, the liability for gratuity is estimated using actuarial valuation as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

(iii) For absorbed combined service pension optee employees in MTNL, no provision is made for the pensionary benefits viz pension and gratuity, except for the amounts due to difference in pay scales of MTNL and BSNL which is payable by MTNL to the Government of India till next wage revision by which time MTNL and BSNL shall achieve pay scale parity. Long-term provisions in this respect have been discounted using the applicable discount rates.

c) Other long-term employee benefits

(i) Liability for leave encashment for all employees of MTNL is accounted for on actuarial valuation basis, performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the standalone statement of profit and loss in the year in which such gains or losses arise.

(ii) For post-retirement medical benefits, no provision is made since insurance policy is taken periodically and the premium is expensed off in the relevant year.

d) Short-term benefits comprise of employee costs such as salaries, bonus, ex-gratia, short-term compensated absences are accrued in the year in which the associated services are rendered by employees of the Company.

e) Bonus/Ex-gratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company.

c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time, which is generally considered as one year, to get ready for its intended use or sale are capitalised as part of the cost of the asset. Further, projects with estimated cost up to `30 crores generally take a year to complete. All other borrowing costs are expensed in the period in which they occur and reported in finance cost. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest method.

d) Property, plant and equipment

Recognition and initial measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Assets are capitalized, as per the practices described below, to the extent completion certificates have been issued, wherever applicable.

i. Land is capitalized when possession of land is taken.

ii. Building is capitalized to the extent it is ready for use.

iii. Apparatus &plants principally consisting of telephone exchange equipment and air conditioning plants are capitalised on commissioning of the exchange. Subscriber’s installations are capitalized as and when the exchange is commissioned and put to use either in full or in part. Identifiable components in Apparatus &plants having significant cost and/or separate useful life than the main asset i.e. ADSL, VDSL & MES CPES, UPS/Batteries and Subscriber Telephone Instruments are capitalised separately on commissioning and put to use.

iv. Lines &wires are capitalised as and when laid or erected to the extent completion certificates have been issued.

v. Cables are capitalised as and when ready for connection with the main system.

vi. Vehicles and other assets are capitalized as and when purchased.

(a) Property, plant and equipment are being verified by the management at reasonable intervals i.e. once in every three years by rotation. The physical verification of underground cables is done on the basis of working of network and based on records available together with a certificate from the technical officers.

(b) Expenditure on replacement of assets, equipment, instruments and rehabilitation work is capitalized if it is expected to generate future economic benefits for more than one year.

(c) Upon scrapping/decommissioning of assets, these continue to be classified in property, plant and equipment unless they are classified as ‘held for sale’ and carried at the lower of carrying value or fair value less costs to sell. Resultant loss, if any, is charged to standalone statement of profit and loss.

(d) Cost of major inspection is recognized in the carrying amount of plant and equipment if it is expected to generate economic benefits and its life is more than one year.

(e) On replacement of significant components of plant and equipment, recognition is made for such replacement of components as individual assets with specific useful life and depreciated as if these components are initially recognised as separate asset.

(f) In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

(g) The present value of expected cost for decommissioning of the asset on expiry of its useful life is included in the cost of respective asset. A provision for decommissioning is also created with equivalent amount.

(h) Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss as 'other income' or 'other expenses', as the case may be, on the date of disposal.

Subsequent measurement

(a) Depreciation is provided by Parent using straight-line method on the basis of the useful lives prescribed in Schedule II of the Companies Act, 2013 except in respect of Apparatus & Plant (including Towers, Transceivers, switching centers, transmission & other network equipment) and identifiable components in Apparatus &plant having significant cost and/or separate useful life than the main asset, mobile handsets for service connection, low cost aerial optical fibre cable and major structural repairs of the building which are depreciated at the rates based on technical evaluation of useful life of these assets, which are lower than the lives prescribed in Schedule II of the Companies Act 2013.The estimated useful lives and residual value are reviewed at the end of each reporting period.

For **Apparatus &plant** (including Towers, Transceivers, switching centres, transmission & other network equipment), Office equipment& Cable having useful life of 10 Years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
1. UPS/Battery up to 300AH capacity	4
2. UPS/Battery more than 300AH capacity	7
3. ADSL, VDSL & MES CPES	5
4. Subscribers telephone instruments	5

For **Office Equipment** having useful life of 5 Years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
5. Mobile handset for service connection	4

For **Cable** having useful life of 18 years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
6. Low cost aerial optical fibre cable	3

For **Office Building & exchange** having useful life of 60 and 30 years respectively other than following assets/ components with shorter useful lives –

Name of assets	Useful life (years)
7. Others (Major structural repair of building)	7

(b) 100 % depreciation is provided on assets immaterial in value up to `0.05 lakh, in the year of purchase itself, other than those forming part of project, the cost of which is below `0.10 lakh in case of Apparatus &plants, Training equipment &testing equipment and `2.00 lakh for partitions, which is not considered to be material.

(c) Value of leasehold Land is amortized over the period of lease.

(d) Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed or replaced.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

e) Intangible assets

Intangible assets are stated at their cost of acquisition and/or development less accumulated amortisation. Intangible assets including application software are capitalised when ready for use. All intangible assets with definite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired.

(a) Intangible assets represented by one-time upfront payment for 3G spectrum is amortized on straight-line basis over the period of license i.e. 20 years.

(b) Application software is amortised on straight-line basis over the useful life of the assets which is considered as 10 years.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

f) Leased assets

Company as a lessee

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance lease liability.

Assets held under finance leases (including land) are depreciated over their estimated useful lives. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of profit and loss, as finance costs over the period of the lease.

Operating leases

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to standalone statement of profit and loss on straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Company as a lessor

Operating leases

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

Indefeasible right to use (IRU)

As a part of operations, the Company enters into agreement for leasing assets under "Indefeasible right to use" with third parties. Under the arrangement, the assets are given on lease over the substantial part of the asset life but the title to the assets and significant risk associated with the operation and maintenance of these assets remain with the lessor. Hence, such arrangements are recognised as operating lease and revenue is recognised over the tenure of the agreement.

g) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the standalone statement of profit and loss.

h) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of investment properties other than land.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its investment properties recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

i) Inventories

Inventories being stores and spares are stated at the lower of cost and net realisable value. However, inventories held for capital consumption are stated at cost.

Cost of inventories:

Cost of stores and spares is determined on weighted average basis.

Net realisable value:

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

j) Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the statement of profit or loss.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Company's financial statements, all assets, liabilities and transactions of the Company entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Company has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

k) Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- ➢ Amortised cost
- ➢ financial assets at fair value through profit or loss (FVTPL)
- ➢ financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the statement profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within 'other expenses'.

- ➢ Amortised cost

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

a) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Company's cash and cash equivalents, trade and certain other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

(i) **For debtors that are not past due –** Life time expected credit losses are assessed and accounted based on company's historical counterparty default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the segment of the counterparty and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counterparty default rates for each identified segment.

(ii) **For debtors considered past due –** any enhancement in the accrual done for expected credit loss on individually significant receivables is made as follows –

- Provision is made for wrong billing, disputed claims from subscribers (excluding operators covered under the agreements related to IUC/Roaming/MOU) and cases involving suspension of revenue realization due to proceedings in Court.
- For landline services – 100% provision is made for debtors outstanding for more than 3 years.
- For closed connections, provision is made in respect of outstanding for more than 3 years along with spill over amount for up to 3 years.
- For wireless services (GSM & CDMA) – 100% provision is made for debtors outstanding for more than 180 days.

➢ *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in the statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

➢ *Financial assets at FVOCI*

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within FVOCI reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statement of profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated as FVTPL, that are carried subsequently at fair value with gains or losses recognised in the statement of profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss and are included within finance costs or finance income.

l) Investment in subsidiaries, joint ventures and associates

Investment in equity instruments of subsidiaries, joint ventures and associates are stated at cost as per Ind AS 27 'Separate Financial Statements'.

m) Income taxes

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961and in the overseas branches/companies as per the respective tax laws.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax asset ('DTA') is recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilised or to the extent of taxable temporary differences.

Minimum Alternate Tax (MAT) credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the standalone statement of profit and loss and classified under 'deferred tax asset'.

n) Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

For intangible assets with indefinite useful life that are tested at least annually. For other assets, the Company assesses at each balance sheet date whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the standalone statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risks factors.

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Contingent liabilities are disclosed in case of present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be estimated reliably.

Contingent assets are not recognised. However, when inflow of economic benefit is probable, related asset is disclosed.

p) Government grants

Government grants are recognised if it is sufficiently certain that the assistance will be granted and the conditions attached to assistance are satisfied. Where the grant relates to specified asset, it is recognised as deferred income, and amortized over the expected useful life of the asset. Other grants are recognised in the standalone statement of comprehensive income concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the standalone statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

r) Adjustment pertaining to earlier years

Income from services and other income pertaining to prior years is not disclosed as prior period item for each individual transaction not exceeding Rs. 1.00 lakh and similarly items of expenditure for each individual transaction not exceeding Rs. 1.00 lakh are considered as expenditure of current year.

In respect of other items of income (including operating income and other income) and expenditure relating to prior periods, the net effect of which on retained earning does not exceed 1% of turnover is treated as income/expenditure of current year.

s) Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium account, net of any related income tax benefits.

Other components of equity include the following:

- Re-measurement of defined benefit liability – comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets
- Reserve for contingencies
- Reserve for research and development
- Reserve for debenture redemption
- General reserve
- Other transactions recorded directly in other comprehensive income.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Standards issued but not yet effective:

i. Ind AS 116 'Leases'

On 30 March 2019, Ministry of Corporate Affairs ('MCA') has clarified that Ind AS 116 is effective for annual periods beginning on or after 1 April 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is evaluating the requirements of the new standard and its effect on the financial statements is being evaluated.

ii. Amendment to Ind AS 12, Income taxes

On 30th March 2019, Ministry of Corporate Affairs ("MCA") has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is 1 April 2019. Further, there has been an amendment in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. The Company is evaluating the requirements of the appendix and its impact on the financial statements.

iii. Amendment to Ind AS 19, Employee benefits

On 30th March 2019, Ministry of Corporate Affairs ("MCA") has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is 1 April 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

iv. Amendment to Ind AS 109, Financial instruments

On 30th March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after 1 April 2019. The Company expects no impact of the amendment on the financial statements.

v. Amendment to Ind AS 23, Borrowing costs

On 30th March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind AS 23 "Borrowing Costs" clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after 1 April 2019. The Company expects no material impact of the amendment on the financial statements.

Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have significant effect on the financial statements.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

Arrangements containing lease - The Company applies Appendix C of Ind AS 17 'Leases', "Determining whether an arrangement contains a lease", to contracts entered with telecom operators/passive infrastructure services providers to share tower infrastructure services. Appendix C deals with the method of identifying and recognising service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments.

The Company has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Asset retirement obligations (ARO) - In measuring the provision for ARO the Company uses technical estimates to determine the expected cost to dismantle and remove the infrastructure equipment from the site and the expected timing of these costs. Discount rates are determined based on the government bond rate of a similar period as the liability.

Activation and installation fees - The Company receives activation and installation fees from new customers. These fees together with directly attributable costs are amortised over the estimated duration of customer relationship period. The customer relationship period is reviewed periodically. The estimated relationship periodprincipally reflects management's view of the average economic relationship periodof the customer base and is assessed by reference to key performance indicators (KPIs) which are linked to establishment/ ascertainment of customer relationship period. A change in such KPIs may lead to a change in the estimated useful life and an increase/ decrease in the amortisation income/charge. The Company believes that the change in such KPIs will not have any material effect on the financial statements.

Recoverability of advances/receivables – At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factor.

Classification of assets and liabilities into current and non-current – The management classifies the assets and liabilities into current and non-current categories based on management's expectation of the timing of realisation of the assets or timing of contractual settlement of liabilities.

Impairment of assets - In assessing impairment, management estimates the recoverable amounts of each asset or cash-generating unit (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate

Useful lives of depreciable/amortisable assets (tangible and intangible) - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

Inventories – Management estimates the cost of inventories including cost of materials and overheads considered attributable to the production of such inventories, taking into account the most reliable evidence available including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined benefit obligation (DBO) - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

4. PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

Description	Freehold land	Leasehold land	Buildings	Leased premises	Lines & wires	Cables	Apparatus & plant	Vehicle	Furniture & fixtures	Office machinery & equipment	Electrical appliances	Computers	Asset scrapped/ decommis-sioned	Total
Gross carrying value														
As at 01 April 2017	18.72	360.67	1,850.24	6.53	160.46	7,739.70	10,078.29	26.27	156.01	37.75	151.76	310.83	48.38	20,945.61
Additions	-	0.72	34.13	-	6.27	94.10	379.44	0.56	2.87	0.44	3.11	2.08	0.81	524.54
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	(0.43)	(0.43)
Adjustments^	0.08	1.90	25.03	-	(1.61)	(35.92)	(77.92)	(2.57)	(0.01)	(0.13)	(0.33)	(0.21)	(3.97)	(95.66)
Exchange differences	-	-	1.24	-	-	-	20.90	0.08	0.17	0.02	-	0.02	-	22.42
Disposals	-	-	-	-	-	-	(0.89)	(0.03)	-	-	-	-	-	(0.92)
As at 31 March 2018	**18.80**	**363.28**	**1,910.64**	**6.53**	**165.13**	**7,797.88**	**10,399.82**	**24.31**	**159.04**	**38.09**	**154.54**	**312.72**	**44.79**	**21,395.57**
Additions	-	0.06	28.99	-	9.05	64.28	217.58	0.13	0.45	0.09	1.97	1.04	12.80	336.45
Adjustments^	(0.01)	(0.07)	(3.65)	-	-	(0.13)	(66.46)	(0.17)	(0.00)	(0.02)	0.01	(0.00)	(11.93)	(82.42)
Exchange differences	-	-	(0.04)	-	-	-	(0.75)	(0.00)	(0.01)	(0.00)	-	(0.00)	-	(0.81)
Disposals	-	-	(0.79)	-	-	-	(22.60)	(2.07)	(0.02)	(0.03)	(1.73)	(0.93)	(0.18)	(28.36)
As at 31 March 2019	**18.79**	**363.27**	**1,935.14**	**6.53**	**174.18**	**7,862.03**	**10,527.59**	**22.20**	**159.46**	**38.13**	**154.79**	**312.84**	**45.49**	**21,620.44**
Accumulated depreciation														
As at 01 April 2017	-	65.75	931.95	1.87	93.74	6,365.16	7,925.24	23.90	142.95	35.78	138.10	293.07	-	16,017.49
Charge for the year	-	3.82	80.04	0.14	5.20	150.26	467.67	0.40	2.95	0.24	2.67	1.47	-	714.86
Assets held for sale		-	-	-	-	-	-	-	-	-	-	-	(0.40)	(0.40)
Adjustments^	-	0.42	11.30	-	0.01	(4.16)	(42.32)	(2.19)	(0.01)	(0.11)	(0.31)	(0.20)	0.40	(37.16)
Exchange differences	-	-	0.19	-	-	-	12.89	0.04	0.10	0.02	-	0.01	-	13.25
As at 31 March 2018	**-**	**69.98**	**1,023.48**	**2.01**	**98.95**	**6,511.26**	**8,363.48**	**22.14**	**145.99**	**35.92**	**140.46**	**294.35**	**-**	**16,708.04**
Charge for the year	-	3.81	76.97	0.14	5.33	137.33	433.74	0.34	2.18	0.23	2.20	1.53	-	663.80
Adjustments^	-	(0.03)	(3.22)	-	0.22	0.15	(73.20)	(2.13)	(0.02)	(0.05)	(1.29)	(0.88)	-	(80.45)
Exchange differences	-	-	(0.01)	-	-	-	(0.48)	(0.00)	(0.00)	(0.00)	-	(0.00)	-	(0.50)
As at 31 March 2019	**-**	**73.76**	**1,097.23**	**2.15**	**104.49**	**6,648.74**	**8,723.54**	**20.36**	**148.15**	**36.11**	**141.36**	**295.00**	**-**	**17,290.88**
Net block as at 01 April 2017	**18.72**	**294.92**	**918.29**	**4.66**	**66.73**	**1,374.54**	**2,153.06**	**2.37**	**13.06**	**1.98**	**13.66**	**17.77**	**48.38**	**4,928.12**
Net block as at 31 March 2018	**18.80**	**293.30**	**887.15**	**4.52**	**66.17**	**1,286.62**	**2,036.34**	**2.17**	**13.05**	**2.16**	**14.08**	**18.37**	**44.79**	**4,687.53**
Net block as at 31 March 2019	**18.79**	**289.51**	**837.92**	**4.38**	**69.68**	**1,213.29**	**1,804.05**	**1.85**	**11.31**	**2.02**	**13.43**	**17.84**	**45.49**	**4,329.56**

^Adjustments includes transfer to/from investment properties.

Notes:

(i) Contractual obligations

Refer note 53 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Finance leases

Refer note 54(B) for information on property, plant and equipment taken on finance lease.

(iii) Depreciation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iv) Additions during the year include adjustments on account of value difference, spill over cost etc. identified during the year in respect of existing property, plant and equipment.

5. CAPITAL WORK-IN-PROGRESS

(₹ in crores)

	31 March 2019	31 March 2018
Buildings	24.18	21.46
Apparatus & plants	174.51	207.82
Lines & wires	3.04	1.71
Cables	33.15	36.97
Subscriber's installations	11.92	5.99
Air conditioning plants	20.23	15.35
Others	84.19	97.81
	351.22	**387.12**
Less: provision for :		
Abandoned work	(1.10)	(14.15)
Others	(30.08)	(41.98)
	320.04	**330.98**

Movement in capital work in progress:

(₹ in crores)

Particulars	Amount
Capital work-in-progress as at 01 April 2017	**291.34**
Add: additions during the year	526.13
Less: capitalisation during the year	(465.05)
Less: reversal/(provision) for abandoned work	(21.44)
Capital work-in-progress as at 31 March 2018	**330.98**
Add: additions during the year	346.70
Less: capitalisation during the year	(373.70)
Less: reversal/(provision) for abandoned work	16.07
Capital work-in-progress as at 31 March 2019	**320.04**

Notes:

(i) Capitalised borrowing cost

The borrowing costs capitalised during the year ended 31 March 2019 was ₹ Nil (31 March 2018 ₹ 6.53 crores).

(ii) Contractual obligations

Refer note 53 for disclosure of contractual commitments.

(iii) Nature of expenses capitalised during the year

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Salaries and other employee costs	165.43	194.29
Finance cost	-	6.53
Administrative costs	0.02	0.01
Total	**165.45**	**200.83**

6. INVESTMENT PROPERTY

(₹ in crores)

Description	Gross block					Accumulated depreciation					Net block	Net block
	01 April 2017	Additions	Disposals/ adjustments^	Exchange differences	31 March 2018	01 April 2017	Charge	Disposals/ adjustments^	Exchange differences	31 March 2018	31 March 2018	01 April 2017
Freehold land	0.33	-	(0.08)	-	0.25	-	-	-	-	-	0.25	0.33
Leasehold land	10.32	-	(1.90)	-	8.42	2.58	0.10	(0.42)	-	2.26	6.17	7.75
Buildings	70.68	-	(26.68)	0.79	44.79	25.08	1.46	(10.82)	0.12	15.85	28.94	45.60
Total	**81.33**	**-**	**(28.65)**	**0.79**	**53.47**	**27.66**	**1.56**	**(11.24)**	**0.12**	**18.11**	**35.36**	**53.68**

(₹ in crores)

Description	Gross block					Accumulated depreciation					Net block	Net block
	01 April 2018	Additions	Disposals/ adjustments^	Exchange differences	31 March 2019	01 April 2018	Charge	Disposals/ adjustments^	Exchange differences	31 March 2019	31 March 2019	01 April 2018
Freehold land	0.25	0.01	-	-	0.26	-	-	-	-	-	0.26	0.25
Leasehold land	8.42	0.07	-	-	8.50	2.26	0.10	0.03	-	2.39	6.11	6.17
Buildings	44.79	3.90	(0.25)	(0.03)	48.41	15.85	1.50	2.47	(0.01)	19.82	28.59	28.94
Total	**53.47**	**3.98**	**(0.25)**	**(0.03)**	**57.17**	**18.11**	**1.60**	**2.50**	**(0.01)**	**22.20**	**34.96**	**35.36**

^Disposals/adjustments includes transfer from/to property, plant and equipment.

(i) Amount recognised in profit and loss for investment property

(₹ in crores)

		31 March 2019	31 March 2018
Rental income		326.43	182.85
Direct operating expenses that generated rental income*		-	-
Direct operating expenses that did not generate rental income*		-	-
Profit from leasing of investment property		326.43	182.85

*Direct operating expenses attributable to investment property cannot be specifically identified with properties, although management does not expect them to be material.

(ii) Leasing arrangements :

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given, as required by Ind AS 17 "Leases".

(ii) Fair value of investment properties

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Fair value	3,296.44	2,147.42

The Group reviews fair values annually. The following factor have been considered for determination of fair value -

(a) Leasehold properties - These land properties have been allotted to Group on perpetual lease from the government for carrying out operations in normal course of business. The Group constantly reviews the utilisation of its facilities and any surplus properties are considered for letting out to earn rental income. Being leasehold properties, the Group is restricted from selling them in an active market, however, such properties can be converted into freehold properties at circle rates at which the government (or other bodies representing the government) would sell such properties in an active market. This is considered to be representative of the fair value of properties as at reporting date.

(b) Freehold land - The circle rates are considered to be a fair representation at which such properties can be sold in an active market.

(c) Buildings - In case of constructed building, cost of construction adjusted with the present day price index has been taken as the basis of valuation. Necessary depreciation for age and life of the structure has been taken into account.

(iv) The Group had certain properties in Mumbai which were intended to held primarily for letting out having gross block of ₹ 31.51 crores and accumulated depreciation ₹ 11.61 crores. However, till suitable tenants are found, such properties were temporarily deployed for own use by the Group. Such properties were classified as investment properties till 31 March 2017. During the year ended 31 March 2018, the management reexamined the situation and with their requirement for own use, such properties were not planned to be let out. Therefore, such properties with their gross block and accumulated depreciation have been moved from investment properties to property, plant and equipment as at 31 March 2018.

7. INTANGIBLE ASSETS

(₹ in crores)

	Softwares	One time spectrum fees	Total
Gross carrying value			
At 01 April 2017	133.21	6,565.45	6,698.66
Additions	-	0.44	0.44
Disposals/adjustments	-	0.03	0.03
Balance as at 31 March 2018	**133.21**	**6,565.93**	**6,699.14**
Additions	0.00	-	0.00
Disposals/adjustments	0.04	(1.93)	(1.89)
Balance as at 31 March 2019	**133.25**	**6,564.00**	**6,697.25**
Accumulated amortisation			
At 01 April 2017	82.11	2,838.87	2,920.97
Amortisation charge for the year	8.87	328.20	337.07
Adjustments	0.39	-	0.39
Balance as at 31 March 2018	**91.36**	**3,167.07**	**3,258.43**
Amortisation charge for the year	8.82	328.20	337.02
Adjustments	0.77	(0.87)	(0.09)
Balance as at 31 March 2019	**100.96**	**3,494.40**	**3,595.36**
Net book value as at 01 April 2017	**51.10**	**3,726.59**	**3,777.69**
Net book value as at 31 March 2018	**41.85**	**3,398.86**	**3,440.70**
Net book value as at 31 March 2019	**32.30**	**3,069.60**	**3,101.90**

Notes: (i) Contractual obligations

Refer note 53 for disclosure of contractual commitments for the acquisition of intangible assets.

(ii) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iii) There was no expenditure incurred on research and development during the current and comparative year.

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(₹ in crores)

	Number of shares		Amount	
	31 March 2019	**31 March 2018**	**31 March 2019**	**31 March 2018**
In equity instruments				
In Joint ventures (unquoted)				
MTNL STPI IT Services Limited (face value of ₹ 10 each fully paid up)	22,82,000	22,82,000	2.88	2.88
			2.88	**2.88**
Add: share of from joint ventures accounted through equity method			1.45	2.09
Investments accounted for using the equity method			**3.73**	**4.37**

Notes: (a) Refer note 49 for detailed information on interests in associates and joint ventures

"(b) As per article 12.19 (b) of Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's notice. Pursuant to this exit clause, the Parent had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Parent. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassdor of India in Nepal to get the process expedited so that faciliation of the remittance of amount invested in UTL back to MTNL is done. Refer note 23 for details."

9. LOANS

(₹ in crores)

	31 March 2019	31 March 2018
	Non-current	Non-current
Secured, considered good		
Loan to employees	9.29	22.80
Unsecured, considered good		
Security deposits with other departments	161.29	121.26
Receivable from DoT	21.77	1,149.58
Receivable from BSNL	-	359.75
Credit impaired		
Security deposits with other departments	11.51	4.94
Receivable from DoT	1.39	1.39
Receivable from BSNL	-	6.22
	205.24	**1,665.95**
Less: allowance for credit impaired loans	**(12.90)**	**(12.55)**
	192.34	**1,653.40**

Note : (i) No loans are due from director or other officers of the Group either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is partner, director or a member.

(ii) (ii) Refer note 46 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 47 - Financial risk management for assessment of expected credit losses.

(iii) For details on settlement of receivable from BSNL, refer note 68.

(iv) For details on settlement of receivable from DoT, refer note 73.

10. OTHER FINANCIAL ASSETS

(₹ in crores)

	31 March 2019	31 March 2018
	Non-current	Non-current
Bank deposits with more than 12 months maturity	1.74	10.81
	1.74	**10.81**

(i) ₹ 1.74 crores (31 March 2018 - ₹ 10.81 crores) representing deposits with original maturity of more than twelve months, held by the entity that are not available for use by the Group, as these are pledged with the banks for issuing bank guarantees to third parties.

(ii) Refer note 46 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 47 - Financial risk management for assessment of expected credit losses

11. DEFERRED TAX ASSETS (NET)

(₹ in crores)

	31 March 2019	31 March 2018
Deferred tax asset arising on account of :		
Property plant and equipment	0.00	0.00
	0.00	**0.00**

(i) Movement in deferred tax assets for year ended 31 March 2019:

(₹ in crores)

Particulars	01 April 2018	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2019
Non-current assets				
Property plant and equipment	0.00	-	0.00	0.00
Total	**0.00**	**-**	**0.00**	**0.00**

(ii) Movement in deferred tax liabilities for year ended 31 March 2018:

(₹ in crores)

Particulars	01 April 2017	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2018
Non-current assets				
Property plant and equipment	0.00	-	(0.00)	0.00
Total	**0.00**	**-**	**(0.00)**	**0.00**

12. INCOME TAX ASSETS (NET)

(₹ in crores)

	31 March 2019	31 March 2018
Advance income tax (net of provision)	724.43	715.53
	724.43	**715.53**

13. OTHER NON-CURRENT ASSETS

(₹ in crores)

	31 March 2019	31 March 2018
Capital advances	1.58	1.57
Advance against future settlements towards DoT	215.02	351.98
Balances with statutory authorities	2.70	3.37
Prepaid expenses	11.02	12.40
	230.31	**369.33**

14. INVENTORIES

(₹ in crores)

	31 March 2019	31 March 2018
(Valued at cost, unless otherwise stated)		
Exchange equipments	37.24	28.87
Telephones & telex instruments	0.14	0.25
Mobile handsets & sim cards	3.00	2.89
WLL equipments	0.08	0.08
Telephones & telex spares	0.09	0.09
	40.55	**32.18**
Less : Provision for obsolete stores	(15.58)	(6.77)
	24.98	**25.41**

15. CURRENT INVESTMENTS

(₹ in crores)

	Number of shares		Amount	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
In preference shares (₹ 100 each fully paid up)				
8.75% unquoted preference shares in M/s. ITI Limited*	10,000,000	10,000,000	100.00	100.00
Less : Provision for doubtful recovery of investment			(100.00)	(100.00)
			-	-
Total current investments				

*Receivable in 5 equal instalments, all instalments of ₹ 20 crore each were due in 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 but still not received. Refer note 64 for further details.

16. TRADE RECEIVABLES

(₹ in crores)

	31 March 2019	31 March 2018
Trade receivables		
- Secured, considered good	76.02	51.47
- Unsecured, considered good	422.48	284.50
- Credit impaired	785.94	822.92
Unbilled receivables	201.15	144.29
	1,485.58	**1,303.19**
Less: Allowance for impairment		
Unsecured considered good (expected credit loss)	(88.17)	(54.86)
Credit impaired	(785.94)	(822.92)
	611.48	**425.40**

Notes:

(i) Trade receivables have been pledged as security for liabilities, for details refer note 58.

(ii) No trade or other receivable are due from director or other officers of the Group either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is partner, director or a member.

(iii) Trade receivables are secured to the extent of security deposits received from customers, with contractual amounts as at 31 March 2019 of ₹ 76.02 crores (31 March 2018 - ₹ 51.47 crores) and related amortised cost as at 31 March 2019 of ₹ 26.02 crores (31 March 2018 - ₹ 27.39 crores).

(iv) The carrying values of trade receivables are considered to be a reasonable approximation of fair values.

17. CASH AND CASH EQUIVALENTS

(₹ in crores)

	31 March 2019	31 March 2018
Balances with banks in current accounts	88.11	73.19
Cheques, drafts in hand	0.32	0.66
Cash on hand	2.19	1.93
Bank deposits with original maturity of less than 3 months	29.52	30.12
Less: provision for doubtful bank balances	(0.56)	(0.56)
	119.58	**105.33**

The carrying values are a reasonable approximate of their fair values.

18. OTHER BANK BALANCES

(₹ in crores)

	31 March 2019	31 March 2018
Bank deposits maturity for more than 3 months but less than 12 months	20.42	11.41
	20.42	**11.41**

(i) ₹ 20.42 crores (31 March 2018 - ₹ 11.39 crores) representing deposits with original maturity of more than three months but less than twelve months, held by the entity that are not available for use by the Group, as these are pledged with the banks for issuing bank guarantees to third parties.

(ii) The carrying values are a reasonable approximate of their fair values.

19. LOANS

(₹ in crores)

	31 March 2019	31 March 2018
	Current	Current
Secured, considered good		
Loan to employees	13.47	14.43
Unsecured, considered good	-	-
Loan to employees	1.71	1.91
Security deposits with other departments	22.18	21.07
Receivable from BSNL	3,352.67	2,916.48
Credit impaired		
Loan to employees	0.01	0.01
	3,390.03	**2,953.90**
Less: Allowance for doubtful loans	(0.01)	(0.01)
	3,390.02	**2,953.89**

Notes:

(i) Refer note 46 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.
(ii) For details on settlement of receivable from related parties refer note 51.

(iii) For details on settlement of receivable from BSNL, refer note 68.

20. OTHER FINANCIAL ASSETS

(₹ in crores)

	31 March 2019	31 March 2018
	Current	Current
Amount recoverable		
IUC operators	232.94	233.91
Others	776.24	760.70
	1,009.17	**994.60**
Less: provision for doubtful receivables	(109.13)	(107.69)
	900.04	**886.92**

Refer note 46 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

21. CURRENT TAX ASSETS (NET)

(₹ in crores)

	31 March 2019	31 March 2018
Advance income tax (net of provision)	0.33	0.31
	0.33	**0.31**

22. OTHER CURRENT ASSETS

(₹ in crores)

	31 March 2019	31 March 2018
Advances to suppliers	18.07	23.84
Advance against future settlements towards DoT	431.16	431.16
Balances with statutory authorities	152.39	121.49
Prepaid expenses	56.68	56.70
Other recoverables	40.07	1.22
	698.36	**634.41**

23. ASSETS HELD FOR SALE

(₹ in crores)

	31 March 2019	31 March 2018
Property, plant and equipment (refer note (a))	0.29	0.09
Investments in United Telecom Limited (refer note (b))	35.85	35.85
Less: share of loss share from associates accounted using equity method	**(35.85)**	(35.85)
	0.29	**0.09**

Notes:

(a) In respect of assets classified as held for sale in the year ended 31 March 2018, the Group was in the process to sell switches and BTS-batteries originally acquired for GSM Services in Mumbai in earlier years. A tender was floated for auction of the asset held for sale, which failed due to technical reasons that was not originally envisaged. Another tender was under process for auction of the asset at the year ending 31 March 2019 and favourable resolution is expected. Therefore, such assets continue to be classified as held for sale.

Non-recurring fair value measurements

Asset classified as held for sale was measured at the lower of its carrying amount and fair value less costs to sell at the time of re-classification, resulting in the recognition of a write down of ₹ nil (31 March 2018: ₹ 0.45 crores) as impairment loss in the statement of profit and loss.

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

Non-recurring fair value measurements

The recoverable amount is expected to be higher than the carrying value of such investment and therefore, no further loss required to be recognised upon classification of such investment as 'held for sale'.

24. EQUITY SHARE CAPITAL

(₹ in crores)

	31 March 2019	31 March 2018
Authorised capital		
800,000,000 (previous year 800,000,000) equity shares of ₹ 10 each	10,000.00	800.00
	10,000.00	**800.00**
Issued, subscribed capital and fully paid up		
630,000,000 (previous year 630,000,000) equity shares of ₹ 10 each fully paid up	630.00	630.00
	630.00	**630.00**

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

	31 March 2019		31 March 2018	
	No. of shares	**(₹ in crores)**	**No. of shares**	**(₹ in crores)**
Equity shares at the beginning of the year	630,000,000	630.00	630,000,000	630.00
Increase/ decrease during the year	-	-	-	-
Equity shares at the end of the year	**630,000,000**	**630.00**	**630,000,000**	**630.00**

b) Rights/preferences/restrictions attached to equity shares

The Parent has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Parent declares and pays dividends in Indian rupees. In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the Parent, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Parent

	As on 31 March 2019		As on 31 March 2018	
	No. of shares	**% holding**	**No. of shares**	**% holding**
Equity shares of ₹ 10 each fully paid up				
President of India	35,43,78,740	56.25	35,43,78,740	56.25
LIC including LIC Fortune Plus secured Fund	11,85,15,213	18.81	11,85,15,213	18.81

d) There are no shares issued for consideration other than cash and no shares have been bought back in last five years.
e) There are no shares reserved for issue under options or other purpose.

25. OTHER EQUITY

(₹ in crores)

	31 March 2019	31 March 2018
Retained earnings		
As per last balance sheet	(7,961.05)	(4,957.19)
Add : Net profit/ (loss) for the year	(3,388.08)	(2,970.93)
Add: Remeasurements of employee benefit obligations	(7.39)	2.38
Add: Transfer from other comprehensive income	-	(35.32)
	(11,356.52)	**(7,961.05)**
Other reserve		
General reserve	**0.07**	**0.07**
Debenture redemption reserve	**45.27**	**45.27**
Securities premium	665.00	665.00
Research and development reserve	30.80	30.80
Contingency reserve		
As per last balance sheet	243.22	243.22
Less: Tranfer to retained earnings	-	-
	243.22	**243.22**
Other comprehensive income		
As per last balance sheet	14.67	(31.04)
Foreign currency translation for current year	(0.36)	10.40
Transfer of remeasurement of employee benefit obligations to retained earnings	-	35.32
	14.31	**14.67**
	998.68	**999.05**

Nature and purpose of other reserves

(i) Debenture redemption reserve

The Group is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

(ii) Securities premium reserve

Securities premium represents premium received on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act.

(iii) Contingency reserve

The Group created this reserve for unforeseen tax demands/disallowances by Income tax department under section 80IA of the Income Tax Act, 1961.

(iv) Other Comprehensive Income(OCI)

The Group has recognised remeasurements benefits on defined benefits plans through Other comprehensive income.

(v) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.

26. BORROWINGS

(₹ in crores)

	31 March 2019	31 March 2018
	Non-current	**Non-current**
Secured		
Term loans (Net of current maturities)		
From banks	8,453.13	7,274.04
Finance lease obligations		
Obligations under finance leases	40.57	40.56
	8,493.70	**7,314.60**
Unsecured		
Debentures		
Debentures - Series 4D	-	-
[22,689 number of 8.29% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4C	-	-
[7 number of 8.24% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4B	-	-
[1,000 number of 8.28% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4A	-	-
[14,000 number of 8.24% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 3A	-	-
[7650 number of 9.39% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 2A*	1,973.96	1,973.73
[19,750 number of 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each]		
Debentures - Series 1A*	1,004.50	1,004.37
[10,050 number of 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each]		
	2,978.45	2,978.11
	11,472.16	**10,292.71**
Amount disclosed under other financial liabilities:		
Current maturities of long-term debt	640.00	340.00
Current maturities of finance lease obligations	4.65	4.65
Interest accrued	61.40	61.97

Notes:

(i) No loans have been guaranteed by the directors and others.

(ii) There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.

(iii) These facilities are securred by floating first pari passu charge on all movable fixed assets (classified under property plant and equipment) and current assets. Further, for securing the above term loans letter of comfort was issued by DoT. For repayment terms of the outstanding long-term borrowings (including current maturities) refer the table below:

(a) AS ON 31 MARCH 2019:

Name of bank	Amount outstanding (in crores)	No. of installments	Rate of interest
Corporation Bank	500.00	"Repayment due in 20 instalments spread on:- From Dec-20 to Sep-25 ₹12.5 crores/quarter (8 instalments) From Dec-20 to Sep-22 ₹ 25 crores/quarter (4 instalments) From Dec-22 to Sep-23 ₹ 37.5 crores/quarter (8 instalments) From Dec-23 to Sep 25"	8.95%
Andhra Bank	300.00	"Repayment due in 20 instalments spread on:- From Sep-20 to Jun-22 ₹ 7.5 crores/quarter (8 instalments) From Sep-22 to Jun-23 ₹ 15 crores/quarter (4 instalments) From Sep-23 to Jun-25 ₹ 22.5 crores/quarter (8 instalments)"	8.50%
UCO Bank	500.00	"Repayment due in 20 instalments spread on:- FromAug-20 to May-22 ₹ 12.5 crores/quarter (8 instalments) From Aug-22 to May-23 ₹ 25 crores/quarter (4 instalments) From Aug-23 to May-25 ₹ 37.5 crores/quarter (8 instalments)"	8.45%
Andhra Bank	1,000.00	"Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 25 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 50 crores/quarter (4 instalments) From June 2022 to March 2023 - ₹ 75 crores/quarter (8 instalments)"	8.42%
Corporation Bank	1,000.00	"Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 12.5 crores/quarter (8 instalments) From July 2019 to April 2021 - ₹ 12.5 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 25 crores/quarter (4 instalments) From July 2021 to April 2022 - ₹ 25 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 37.5 crores/quarter (8 instalments) From July 2022 to April 2024 - - ₹ 37.5 crores/quarter (8 instalments)"	8.81%
Punjab & Sindh Bank	500.00	"Repayment due in 20 instalments spread on:- From July 2019 to April 2021 - ₹ 12.5 crores/quarter (8 instalments) From July 2021 to April 2022 - ₹ 25 crores/quarter (4 instalments) From July 2022 to April 2024 - ₹ 37.5 crores/quarter (8 instalments)"	8.41%
United Bank	300.00	"Repayment due in 20 instalments spread on:- From July 2019 to April 2021 - ₹ 7.5 crores/quarter (8 instalments) From July 2021 to April 2022 - ₹ 15 crores/quarter (4 instalments) From July 2022 to April 2024 - - ₹ 22.5 crores/quarter (8 instalments)"	8.70%

Oriental Bank of Commerce	500.00	"Repayment due in 20 instalments spread on:- From Mar-20 to Dec-2021 ₹ 12.5 crores/quarter (8 instalments) From Mar 2022 to Dec 2022 - ₹ 25 crores/quarter (4 instalments) From March 2023 to December 2024 - ₹ 37.5 crores/quarter (8 instalments)"	8.46%
Punjab & Sindh Bank	200.00	"Repayment due in 20 instalments spread on:- From May-2020 to Feb 2022 - ₹ 5 crores/quarter (8 instalments) From May 2022 to Feb 2023 ₹ 10 crores/quarter (4 instalments) From May 2023 to Feb 2025 ₹ 15 crores/quarter (8 instalments)"	8.41%
Bank of India	500.00	"Repayment due in 20 instalments spread on:- From Jun-2020 to Mar 2022 - ₹ 12.5 crores/quarter (8 instalments) From Jun 2022 to Mar 2023 - ₹ 25 crores/quarter (4 instalments) From Jun 2023 to Mar 2025 - ₹ 37.5 crores/quarter (8 instalments)"	8.33%
State Bank of India	1,800.00	"Repayable due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 45 crores/ quarter (8 instalments) From June 2021 to March 2022, ₹ 90 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 135 crores/ quarter (8 instalments)"	8.49%
Union Bank of India	2,000.00	"Repayable due in 20 instalments spread on:- From May 2019 to February 2021, ₹ 50 Crore/quarter (8 instalments) From May 2021 to February 2022, ₹ 100 crores/quarter (4 instalments) From May 2022 to February 2024 - ₹ 150 crores/quarter (8 instalments)"	8.20%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(6.87)		
Less: Current maturities of long term debt	(640.00)		
Long term borrowings	**8,453.13**		

Rate of interest- The Group's total borrowings from banks and others have a effective weighted average rate of 8.47% per annum calculated using the interest rate effective as on 31 March 2019.

(b) AS ON 31 MARCH 2018:

Name of bank	Amount outstanding (in crores)	No. of installments	Rate of interest
Indian Overseas Bank	220.00	"Repayable in 2 instalments spread on:- July 2018 - ₹ 150 Crores January 2019- ₹ 70 Crores"	8.55%

State Bank of India	1,800.00	“Repayable due in 20 instalments spread on:- From March 2019 to December 2020 - ₹ 45 Crores/quarter (8 instalments) From March 2021 to December 2021, ₹ 90 Crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 135 Crores/quarter (8 instalments)”	8.49%
Union Bank of India	2,000.00	“Repayable due in 20 instalments spread on:- From March 2019 to December 2020, ₹ 50 Crore/quarter (8 instalments) From March 2021 to December 2021, ₹ 100 Crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 150 Crores/quarter (8 instalments)”	8.20%
Andhra Bank	1,000.00	“Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 25 Crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 50 Crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 75 Crores/quarter (8 instalments)”	8.40%
Corporation Bank	1,000.00	“Repayment due in 20 instalments spread on:- From March 2019 to December 2020 - ₹ 25 Crores/quarter (8 instalments) From March 2021 to December 2021 - ₹ 50 Crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 75 Crores/quarter (8 instalments)”	8.65%
Punjab & Sindh Bank	500.00	“Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 12.5 Crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 25 Crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 37.5 Crores/quarter (8 instalments)”	8.75%
United Bank	300.00	“Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 7.5 Crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 15 Crores/quarter (4 instalments) From March 2022 to December 2023 - ₹ 22.5 Crores/quarter (8 instalments)”	8.80%
Oriental Bank of Commerce	500.00	“Repayment due in 20 instalments spread on:- From Mar-20 to Dec 2021 - ₹ 12.5 Crores/quarter (8 instalments) From Mar 2022 to Dec 2022 - ₹ 25 Crores/quarter (4 instalments) From March 2023 to December 2024 - ₹ 37.5 Crores/quarter (8 instalments)”	8.35%

Punjab & Sindh Bank	200.00	"Repayment due in 20 instalments spread on:- From Jun-20 to Mar 2022 - ₹ 5 Crores/quarter (8 instalments) From Jun 2022 to Mar 2023 - ₹ 10 Crores/quarter (4 instalments) From Jun 2023 to Mar 2025 - ₹ 15 Crores/quarter (8 instalments)"	8.40%
Bank of India	100.00	"Repayment due in 20 instalments spread on:- From Apr-20 to Jan 2022 - ₹ 2.5 Crores/quarter (8 instalments) From Apr 2022 to Jan 2023 - ₹ 5 Crores/quarter (4 instalments) From Apr 2023 to Jan 2025 - ₹ 7.5 Crores/quarter (8 instalments)"	8.30%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(5.96)		
Less: Current maturities of long term debt	(340.00)		
Long term borrowings	**7,274.04**		

Rate of interest- The Group's total borrowings from banks and others have a effective weighted average rate of 8.53% per annum calculated using the interest rate effective as on 31 March 2018.

***Debentures-Series 1A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 28 March 2023. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 2A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 05 December 2023. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

(iv) Government of India approved the financial support to the Parent in the year 2014 and on surrender of Broadband Wireless Access (BWA) Spectrum by MTNL, upfront charges paid by the Parent in the year 2011 for such spectrum amounting to ₹ 4,533.97 crores were agreed to be funded by way of issuance of debentures by the Parent on behalf of Government of India (GOI) and for which GOI provided sovereign guarantee with attendant condition for repayment of principal on maturity as well as the interest payments through DOT. Accordingly, the Parent does not have any liability towards repayment of principal and interest on the bonds issued and has been offset against the amount recoverable from DoT of equivalent amount.

(v) For details on repayment schedule of finance lease obligations, refer note 54(B).

(vi) Refer note 46 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(vii) Reconciliation of financial liabilities arising from financing activities:

(₹ in crores)

Particulars	Finance lease obligations	Long term borrowings	Short-term borrowings	Total
Net debt as at 1 April 2017	**45.22**	**7,315.81**	**7,910.24**	**15,271.28**
Cash flows:				
- Proceeds	-	3,625.00	750.00	4,375.00
- Repayment	(5.16)	(275.00)	(2,278.15)	(2,558.31)
Interest expense	5.16	532.46	623.02	1,160.63
Interest paid	-	(544.16)	(623.02)	(1,167.18)
Net debt as at 31 March 2018	**45.21**	**10,654.11**	**6,382.10**	**17,081.43**
Cash flows:				
- Proceeds	-	1,700.00	**2,238.25**	**3,938.25**
- Repayment	(5.15)	(220.00)	**(1,000.00)**	**(1,225.15)**
Interest expense	5.16	737.40	**625.96**	**1,368.52**
Interest paid	-	(738.53)	**(625.96)**	**(1,364.49)**
Net debt as at 31 March 2019	**45.22**	**12,132.99**	**7,620.35**	**19,798.56**

27. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	31 March 2019	31 March 2018
	Non-current	Non-current
Security deposits	199.79	133.65
Employee related payables - GPF of MTNL Optee	124.01	1,861.90
	323.81	**1,995.55**

Refer note 46 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

28. LONG-TERM PROVISIONS

(₹ in crores)

	31 March 2019	31 March 2018
Provision for employee benefits		
Provision for leave encashment	896.06	931.36
Provision for pension	0.95	88.68
Provision for gratuity	(0.00)	16.15
Provision for asset retirement obligations	14.71	13.48
	911.72	**1,049.67**

(i) Information about individual provisions and significant estimates

(a) Provision for asset retirement obligations

The Group as part of its business installs wireless telecommunication towers and other equipments for facilitating telecommunication services to its customers and is under an obligation to decommission the tower and replenish the site at end of useful life of the tower and other equipment. For the purpose of same Appendix A to Ind AS 16, "Property, Plant and Equipment" states measurement of Property, plant and equipment to include initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Group has estimated the cost of dismantling based on independent bids received from open market and the same have been escalated using the expected inflation rate (6% per annum) and discounted at the rates prevailing at each period end date.

(b) For disclosures required related to provision for employee benefits, refer note 50 - Employee benefit obligations

(ii) Movement in provision related to asset retirement obligations during the financial year: (₹ in crores)

	31 March 2019	31 March 2018
As at beginning of reporting period	**13.48**	**11.97**
Additions during the year	0.13	0.45
Amounts used during the year on account of dismantled towers	(0.19)	(0.17)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	1.29	1.22
As at end of reporting period	**14.71**	**13.48**

29. DEFERRED TAX LIABILITIES (NET)

(₹ in crores)

	31 March 2019	31 March 2018
Deferred tax liability arising on account of :		
Difference in carrying value of property, plant & equipment between accounts and tax	7.25	9.29
Deferred tax asset arising on account of :		
Carry forward of unabsorbed business losses	(0.88)	(3.53)
Provision for doubtful debts and advances	(0.03)	(0.04)
	6.34	**5.71**

Notes:

(i) Movement in deferred tax liabilities for year ended 31 March 2019:

(₹ in crores)

Particulars	1 April 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2019
Non-current assets				
Property plant and equipment	9.29	(2.01)	(0.03)	7.25
Current assets				
Trade and other receivable	(0.04)	0.02	0.00	(0.03)
Current liabilities				
Unused tax losses	(3.53)	2.63	0.01	(0.88)
Total	**5.71**	**0.64**	**(0.02)**	**6.34**

(ii) Movement in deferred tax liabilities for year ended 31 March 2018:

(₹ in crores)

Particulars	01 April 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2018
Non-current assets				
Property plant and equipment	9.32	(0.44)	0.41	9.29
Current assets				
Trade and other receivable	(0.08)	0.04	-	(0.04)
Current liabilities				
Unused tax losses	(4.64)	1.11	-	(3.53)
Total	**4.60**	**0.71**	**0.41**	**5.71**

(iii) The Group does not recognise deferred tax liability (31 March 2019 : ₹ 0.90 crores and 31 March 2018 : ₹ 2.21 crores) with respect to unremitted retained earnings and associated foreign currency translation reserve of subsidiaries and joint venture wherever it controls the timing of the distribution of profits and it is probable that the subsidiaries, joint venture and associate will not distribute the profits in the foreseeable future. Also, the Group does not recognises deferred tax liability on the unremitted earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution.

(iv) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

30. OTHER NON-CURRENT LIABILITIES

(₹ in crores)

	31 March 2019	31 March 2018
Deferred income	127.97	172.20
Deferred activation/ installation charges	18.35	21.72
	146.32	**193.92**

31. SHORT-TERM BORROWINGS

(₹ in crores)

	31 March 2019	31 March 2018
Unsecured		
From banks		
Cash credit from banks	6,570.35	5,632.09
Short term loans	1,050.00	750.00
	7,620.35	**6,382.09**

The carrying values of above are considered to be a reasonable approximation of their fair values.

32. TRADE PAYABLES

(₹ in crores)

	31 March 2019	31 March 2018
Due to micro and small enterprises (refer note 59)	5.35	-
Due to others	435.91	331.49
Other accrued liabilities	92.19	97.29
	533.45	**428.78**

The carrying values of above are considered to be a reasonable approximation of their fair values.

33. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	31 March 2019	31 March 2018
Current maturities of		
- Long-term debt	640.00	340.00
- Finance lease obligations	4.65	4.65
Interest accrued		
- Not due on bonds	60.33	60.33
- Not due on borrowings	1.08	1.64
- Not due on deposits	0.07	0.07
Security deposits	68.21	120.82
Due to employees	806.82	184.28
Amount payable to contractors other than goods and services	441.59	492.69
Amount payable to other operators	51.48	22.31
Other payables	193.92	115.61
	2,268.14	**1,342.40**

Refer note 46 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost.

34. OTHER CURRENT LIABILITIES

(₹ in crores)

	31 March 2019	31 March 2018
Advances received	457.20	298.93
Statutory dues	280.44	266.95
Deferred income	22.20	25.56
Deferred activation/ installation charges	5.67	6.65
	765.51	**598.09**

35. SHORT-TERM PROVISIONS

(₹ in crores)

	31 March 2019	31 March 2018
Provision for employee benefits		
Provision for leave encashment - Company employees	223.02	182.03
Provision for leave encashment - Others	0.94	0.46
Provision for pension - Company employees	110.38	107.21
Provision for pension - Others	1.54	0.82
Provision for gratuity - Company employees	47.86	26.26
Provision - others		
Provision for others	0.81	17.51
	384.55	**334.30**

(i) Movement in provision related to others during the financial year:

(₹ in crores)

	31 March 2019	31 March 2018
As at beginning of reporting period	17.51	17.33
Additions during the year	-	0.18
Amounts used during the year	(16.71)	-
As at end of reporting period	**0.81**	**17.51**

(ii)For disclosures required related to provision for employee benefits, refer note 50 - Employee benefit obligations

36. REVENUE FROM OPERATIONS

(₹ in crores)

	31 March 2019	31 March 2018
Fixed Telephone income		
Revenue - Telephone calls and other charges	179.35	251.32
Revenue - Fixed telephone monthly charges	482.92	511.34
Revenue - Telephone (Franchise services)	7.87	12.05
Revenue - Access calls and other charges	11.42	15.88
Revenue - Rent and junction charges	31.02	57.36
Revenue - Broadband	502.05	593.27
Revenue - ISDN call charges	15.43	22.95
Revenue - ISDN call rental	51.79	50.72
Enterprise business		
Revenue - Local circuits	289.04	314.19
Revenue - Long distance circuits	12.03	6.80
Mobile revenue		
Revenue - Activation charges	0.33	0.52
Revenue - Mobile rental and call charges	71.02	42.01
Revenue - Income from roaming	76.74	119.66
Revenue - Prepaid trump	82.55	124.87
Revenue - IUC income	25.54	49.63
Revenue - VAS	95.03	50.41
Others		
Revenue - Free phone services	73.15	72.85
Revenue - Internet	34.01	43.13
Revenue - Premium rate services	0.19	0.19
Revenue - Other services	25.08	25.56

Other operating revenues		
Other operating revenues - Surcharge on delayed payment	8.26	11.88
Other operating revenues - Revenue from enterprise business	2.66	88.38
Other operating revenues - Revenue from sale of goods	7.92	6.89
	2,085.41	**2,471.86**

37. OTHER INCOME

(₹ in crores)

	31 March 2019	31 March 2018
Interest on :		
Interest from bank	2.85	2.48
Interest on advance to employees	3.66	4.29
Other interest income	81.69	255.26
Interest on income tax refund	7.51	-
	95.72	**262.03**
Other income		
Sale of directories, pub. etc.	0.14	0.17
Income from liquidated damages	22.97	9.01
Exchange variation (net)	-	0.65
Bad debts recovered	0.33	0.06
Credit balances written back	107.12	182.77
Rental on quarters/ hostels etc.	16.21	21.53
Rental income from properties	371.02	225.92
Miscellaneous income	22.57	43.20
	540.37	**483.32**
	636.09	**745.34**

38. LICENSE FEES EXPENSE

(₹ in crores)

	31 March 2019	31 March 2018
License fees expenses	165.26	173.11
Spectrum charges	22.65	18.25
	187.91	**191.36**

39. EMPLOYEE BENEFIT EXPENSE

(₹ in crores)

	31 March 2019	31 March 2018
Salaries, wages allowances & other benefits	2,039.77	2,238.74
Medical expenses and allowances	86.10	96.11
Pension contribution		
(a) Group employees	95.51	106.98
(a) Others	1.77	2.01
Leave encashment		
(a) Group employees	143.88	111.04
(a) Others	1.31	1.29
Contribution to gratuity fund	11.19	21.90
Contribution to provident & other funds	60.66	64.63
Staff welfare expenses	0.57	0.40
	2,440.76	**2,643.08**
Less : Allocation to capital/CWIP	(165.43)	(194.29)
	2,275.34	**2,448.79**

For descriptive notes on disclosure of defined benefit obligation, refer note 50 - Employee benefit obligations.

40. FINANCE COSTS

(₹ in crores)

	31 March 2019	31 March 2018
Interest on		
- term loans	739.43	538.99
- cash credit facility	549.57	510.50
- short-term loan facility	76.39	112.52
- bonds	272.55	272.74
- customer deposits	0.02	0.17
- others	35.42	47.30
Other finance costs		
- commitment fees	29.80	29.80
	1,703.18	**1,512.02**
Less : Allocation to CWIP	-	(6.53)
	1,703.18	**1,505.49**

41. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crores)

	31 March 2019	31 March 2018
Depreciation on		
Property, plant and equipment	663.80	714.86
Investment properties	1.60	1.56
Amortisation on		
Intangible assets	337.02	337.07
	1,002.42	**1,053.50**

42. OTHER EXPENSES

(₹ in crores)

	31 March 2019	31 March 2018
Power, fuel and water	245.85	252.71
Rent	120.91	99.90
Repairs to buildings	24.75	33.45
Repairs to machinery	130.31	123.30
Repairs others	25.42	28.57
Insurance	3.45	5.34
Rates and taxes	53.44	56.22
Travelling and conveyance	0.94	0.92
Postage, telegram and telephones	7.43	8.70
Printing and stationery	5.34	5.69
Vehicle maintenance expenses	0.47	0.51
Vehicle running expenses	1.23	1.25
Vehicle hiring expenses	10.77	10.33
Advertisement and promotional expenses	5.92	4.68
Bad debts written off	18.32	22.73
Legal and professional expenses*	5.92	6.36
Seminar and training charges	0.61	0.40
Security service expenses	16.55	30.43

Loss on sale of property, plant and equipment (net)	15.96	1.44
Internet charges	6.18	13.07
Loss of assets	1.41	10.90
Provision for abandoned work- capital work-in-progress	-	13.05
Commission	7.34	9.68
Net loss on foreign currency transactions and translations	0.19	-
Provision for doubtful debts including discount	9.65	21.06
Provision for obsolete inventory	1.35	0.75
Provision for doubtful claims	2.29	6.66
Miscellaneous expenses	34.15	41.24
Less: Allocation to CWIP	(0.02)	(0.01)
	756.16	**809.33**

***Legal and professional expenses includes payments to Group auditor**

As Auditor:

Audit fee	0.45	0.45
Tax audit fee	0.09	0.08
Certification and other services	0.27	0.21
For reimbursement of expenses	0.04	0.12
	0.85	**0.85**

43. TAX EXPENSE

(₹ in crores)

	31 March 2019	31 March 2018
Current tax (including taxes earlier years)	0.24	0.18
Deferred tax	0.64	0.71
	0.88	**0.90**

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 34.944% and the reported tax expense in profit or loss are as follows:

(₹ in crores)

	31 March 2019	31 March 2018
Accounting profit/(loss) before income tax		
- From continuing operations	(3,387.20)	(2,970.46)
- From discontinued operations	-	0.42
Total accounting loss before tax	**(3,387.20)**	**(2,970.03)**
At country's statutory income tax rate of 34.944% (31 March 2018: 34.608%)	(1,183.62)	(1,027.87)
Adjustments in respect of taxes earlier years	-	-
Difference in property, plant and equipment as per books and Income Tax Act, 1961	153.90	133.15
Non-deductible expenses for tax purposes	(113.03)	31.57
Employee benefits allowed on payment basis	(10.83)	(37.41)
Others	1.48	(1.58)
Deferred tax not created on losses for current year	1,152.98	899.88
Tax rate differential	-	3.17
	0.88	**0.90**

(i) The Parent has unabsorbed depreciation and brought forward business losses amounting to ₹ 17,565.19 crores as on 31 March 2019 on which no deferred tax asset has been recognised. Deferred tax asset shall be created in the year in which the Parent will have reasonable certainty of future taxable income as required by Indian Accounting Standard 12 - "Income Taxes" as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

(ii) The Parent has not recognized tax expense/credit (current and deferred tax) in the statement of profit and loss (including other comprehensive income) as the Company is incurring losses and there is no reasonable certainty supported by convincing evidence that sufficient future taxable profits will be available against which unused tax losses can be utilized.

(iii) Details of year wise expiry are given below:

Particulars	Year of origination	Year of expiry	Amount
Brought forward losses	Assessment year 2013-14	Financial year 2021-22	1,057.11
Brought forward losses	Assessment year 2015-16	Financial year 2023-24	1,941.74
Brought forward losses	Assessment year 2016-17	Financial year 2024-25	1,042.33
Brought forward losses	Assessment year 2017-18	Financial year 2025-26	2,242.83
Brought forward losses	Assessment year 2018-19	Financial year 2026-27	2,457.36
Brought forward losses	Assessment year 2019-20	Financial year 2027-28	2,756.72
Unabsorbed depreciation	Multiple	Indefinite	6,067.10

44. OTHER COMPREHENSIVE INCOME

(₹ in crores)

	31 March 2019	31 March 2018
(A) Items that will not be reclassified to profit or loss		
Re-measurement gains (losses) on defined benefit plans	(7.39)	2.38
Income tax effect	-	-
	(7.39)	**2.38**
(B) Items that will be reclassified to profit or loss	-	-
Foreign currency translation of foreign operations	(0.36)	10.40
Income tax effect	-	-
	(0.36)	**10.40**
Other comprehensive loss for the year	**(7.75)**	**12.78**

45. EARNINGS PER EQUITY SHARE

The Parent's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Parent. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

(₹ in crores)

	31 March 2019	31 March 2018
Net loss attributable to equity shareholders		
Continuing operations	(3,388.08)	(2,971.35)
Discontinued operation	-	0.42
Net Loss attributable to equity holders of the Company	**(3,388.08)**	**(2,970.93)**
Loss per equity share for loss from continuing operations:		
Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	63,00,00,000	63,00,00,000
Basic and diluted loss per share (₹)	**(53.78)**	**(47.16)**

Earnings per equity share for profit from discontinued operations:		
Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	63,00,00,000	63,00,00,000
Basic and diluted earnings per share (₹)	**-**	**0.01**
Loss per equity share for loss from continuing and discontinued operations:		
Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	63,00,00,000	63,00,00,000
Basic and diluted loss per share (₹)	**(53.78)**	**(47.16)**

46. FAIR VALUE DISCLOSURES

I Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are divided into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

II Financial assets and liabilities measured at fair value - recurring fair value measurements

III. Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

(₹ in crores)

Particulars	**Level**	**31 March 2019**		**31 March 2018**	
		Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets					
Loans	Level 3	3,582.36	3,589.46	4,607.29	4,632.58
Other financial assets	Level 3	901.78	912.62	897.73	897.73
Total financial assets		**4,484.13**	**4,502.08**	**5,505.02**	**5,530.31**
Borrowings	Level 3	12,071.58	12,203.38	10,592.14	10,720.91
Finance lease obligations	Level 3	45.22	59.12	45.21	61.12
Other financial liabilities	Level 3	1,947.30	1,923.08	2,993.30	2,976.44
Total financial liabilities		**14,064.11**	**14,185.58**	**13,630.65**	**13,758.46**

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of the Group's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant.

47. FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

(₹ in crores)

Particulars	31 March 2019			31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	-	-	-	-	-
Loans	-	-	3,582.37	-	-	4,607.29
Other financial assets	-	-	901.78	-	-	897.73
Trade receivables	-	-	611.48	-	-	425.40
Cash and cash equivalents	-	-	119.58	-	-	105.33
Other bank balances	-	-	20.42	-	-	11.41
Total	**-**	**-**	**5,235.62**	**-**	**-**	**6,047.16**
Financial liabilities						
Borrowings	-	-	19,092.51	-	-	16,674.79
Trade payable	-	-	533.45	-	-	428.78
Other financial liabilities	-	-	2,591.95	-	-	3,337.95
Total	**-**	**-**	**22,217.91**	**-**	**-**	**20,441.52**

*Investment in equity instrument of joint ventures and associates have been accounted using equity method of accoutning and hence, not presented here.

(ii) Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Group presently does not make any investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Group's risk management is carried out by a central treasury department (of the Parent) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A. Credit risk

"Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions."

a. Credit risk management

The Group assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

Assets under credit risk – **(₹ in crores)**

Credit rating	Particulars	31 March 2019	31 March 2018
A: Low	Loans	3,582.37	4,607.29
	Other financial assets	900.04	886.92
	Bank deposits	22.15	22.22
	Cash and cash equivalents	119.58	105.33
B: Medium	Trade receivables	611.48	425.40
D: High	Trade receivables	874.11	877.79
	Investments	100.00	100.00
	Loans	12.91	12.56
	Other financial assets	109.13	107.69
	Cash and cash equivalents	0.56	0.56

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due in each business segment as follows:

(i) Cellular: Six months past due

(i) Basic & other services: Three years past due

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b. Expected credit losses

The Group provides for expected credit losses based on the following:

Trade receivables

(i) The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by analysing historical trend of default relevant to each business segment based on the criteria defined above. And such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

(₹ in crores)

Particulars	31 March 2019		31 March 2018	
	Basic & other services	Cellular	Basic & other services	Cellular
Gross amount of sales	5,969.51	11.70	6,801.84	27.82
Expected loss rate	1.46%	7.47%	0.75%	14.88%
Expected credit loss(loss allowance provision)	87.29	0.87	50.72	4.14
Receivables due from customers where specific default has occurred	566.15	219.79	607.48	215.45

During the periods presented, the Group made no write-offs of trade receivables.

(ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

(₹ in crores)

Reconciliation of loss allowance	Trade receivables
Loss allowance on 01 April 2017	(853.90)
Add (Less): Changes in loss allowances due to	
Assets originated or purchased	(23.89)
Loss allowance on 31 March 2018	**(877.79)**
Add (Less): Changes in loss allowances due to	
Assets originated or purchased	3.68
Loss allowance on 31 March 2019	**(874.11)**

Other financial assets measured at amortised cost

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population For such financial assets, the Group's policy is to provides *for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.*

B. Liquidity risk

"Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans."

a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in crores)

	31 March 2019			31 March 2018		
Paritculars	**Total facility**	**Drawn**	**Undrawn**	**Total facility**	**Drawn**	**Undrawn**
0-1 year	8,570.00	8,260.35	309.65	8,440.00	6,722.09	1,717.91
1-2 years	865.00	865.00	-	672.50	672.50	-
More than 2 years	7,595.00	7,595.00	-	6,607.50	6,607.50	-
Total	**17,030.00**	**16,720.35**	**309.65**	**15,720.00**	**14,002.09**	**1,717.91**

b) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in crores)

31 March 2019	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	1,745.14	4,261.82	9,101.73	990.25	**16,098.95**
Finance lease obligations	5.16	10.32	10.32	375.81	**401.61**
Short term borrowings	7,620.35	-	-	-	**7,620.35**
Trade payable	533.45	-	-	-	**533.45**
Other financial liabilities	1,562.09	13.12	5.90	482.14	**2,063.25**
Total	**11,466.19**	**4,285.26**	**9,117.95**	**1,848.20**	**26,717.60**

(₹ in crores)

31 March 2018	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	1,242.55	3,192.54	5,934.22	4,246.30	14,615.62
Finance lease obligations	5.16	10.32	10.32	380.78	406.58
Short term borrowings	6,382.09	-	-	-	6,382.09
Trade payable	428.78	-	-	-	428.78
Other financial liabilities	1,343.39	15.82	4.29	2,199.71	3,563.22
Total	**9,401.97**	**3,218.68**	**5,948.83**	**6,826.80**	**25,396.28**

C. Market Risk

a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Group entities. Considering the low volume of foreign currency transactions, the Group's exposure to foreign currency risk is limited and the Group hence does not use any derivative instruments to manage its exposure. Also, the Group does not use forward contracts and swaps for speculative purposes.

i) Foreign currency risk exposure in USD:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Financial assets	11.37	8.58
Financial liabilities	6.02	9.94
Net exposure to foreign currency risk assets/(liabilities)	**5.35**	**(1.36)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
USD sensitivity		
INR/USD- increase by 500 bps (31 March 2018 500 bps)*	0.27	(0.07)
INR/USD- decrease by 500 bps (31 March 2018 500 bps)*	(0.27)	0.07

** Holding all other variables constant*

(ii) Foreign currency risk exposure in EURO:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Financial assets	1.95	2.90
Financial liabilities	0.71	0.24
Net exposure to foreign currency risk assets/(liabilities)	**1.24**	**2.66**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
EURO sensitivity		
INR/EURO- increase by 500 bps (31 March 2018 500 bps)*	0.06	0.13
INR/EURO- decrease by 500s bps (31 March 2018 500 bps)*	(0.06)	(0.13)

** Holding all other variables constant*

b) Interest rate risk

(i) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2019 and 31 March 2018, the Group is exposed to changes in interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Variable rate borrowing	16,713.48	13,996.13
Fixed rate borrowing	2,978.45	2,978.11
Total borrowings	**19,691.93**	**16,974.24**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
'Interest sensitivity*		
Interest rates – increase by 50 bps basis points	83.57	69.98
Interest rates – decrease by 50 bps basis points	(83.57)	(69.98)

** Holding all other variables constant*

ii) Assets

The Groiup's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Group does not have any significant investments in equity instruments which create an exposure to price risk.

48. CAPITAL MANAGEMENT

The Group' s capital management objectives are

- to ensure the Group's ability to continue as a going concern

- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(₹ in crores)

Particulars	**31 March 2019**	**31 March 2018**
Net debt	12,112.16	10,632.71
Total equity	(9,727.83)	(6,332.01)
'Net debt to equity ratio*	**-**	**-**

The Group has not declared dividend in current year or previous year.

*Owing to equity being negartive as at 31 March 2019 and 31 March 2018, debt to equity ratio has been shown as nil.

49. GROUP INFORMATION

(a) Information about subsidiaries

The Parent's subsidiaries at 31 March 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Parent, and the proportion of ownership interests held equals the voting rights held by the Parent. The country of incorporation or registration is also their principal place of business.

Name of the entity	**Principal activities**	**County of incorporation**	**% equity Interest**	
			31 March 2019	**31 March 2018**
Millenium Telecom Limited	Information technology/data	India	100	100
Mahanagar Telephone (Mauritius) Limited	Telecommunication service	Mauritius	100	100
MTML Data Limited*	Telecommunication service	Mauritius	100	100
MTML International Limited*	Telecommunication service	Mauritius	100	100

*These companies are step down subsidiaries of the Mahanagar Telephone (Mauritius) Limited.

(b) Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Parent as at 31 March 2019 which, in the opinion of the directors, are material to the Parent. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Parent. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% equity Interest	Relationship	Accounting method
United Telecommunications Limited*	Nepal	26.68	Associate	Equity method
MTNL STPI IT Services Limited*	India	50.00	Joint Venture	Equity method

(1) UTL provides basic, mobile, NLD, ILD and data services in Nepal.

(2) MSITS aims to provide exclusive data center services, messaging services, business application services to the identified sectors of economic activity and thereby also popularizing the .in domain in the networked community across the world.

*Unlisted entity - no quoted price available

** In the current year, the Parent has made a proposal to UTL for sale of its stake and such investment has been classified as 'held for sale'. Refer note 23 for details.

(i) There are no commitments and contingent liabilities in respect of associates and joint ventures for which the Parent is liable.

(ii) Summarised financial information for associate and joint venture

The tables below provide summarised financial information for those joint ventures and associates that are material to the Parent. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not Mahanagar Telephone Nigam Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(₹ in crores)

Summarised balance sheet	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Current assets				
Cash and cash equivalents	0.15	1.31	4.91	7.28
Other assets	21.69	21.91	0.55	0.42
Total current assets	**21.84**	**23.22**	**5.46**	**7.70**
Total non-current assets	**27.67**	**27.67**	**1.40**	**1.40**
Current liabilities				
Trade payables	-	-	0.02	0.03
Financial liabilities(excluding trade payables)	-	-	0.41	0.23
Other liabilities	90.88	38.64	1.17	2.84
Total current liabilities	**90.88**	**38.64**	**1.60**	**3.10**
Non-current liabilities				
Financial liabilities(excluding trade payables)	152.72	-	-	-
Other liabilities	-	-	-	-
Total non-current liabilities	**152.72**	**-**	**-**	**-**
Net assets	**(194.09)**	**12.25**	**5.26**	**6.00**

Reconciliation to carrying amounts (₹ in crores)

	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Opening net assets	12.25	26.49	6.00	7.06
Profit/ (loss) for the year	(57.48)	(60.16)	1.46	1.69
Other comprehensive income	-	-	-	-
Dividends paid	-	-	-	-
Other equity - Convertible loan (not forming of equity method)	(150.74)	45.91	-	-
Closing net assets	**(195.97)**	**12.25**	**7.46**	**8.75**
Group's share in %	26.68%	26.68%	50.00%	50.00%
Group's share in Indian Rupees	(52.28)	3.27	3.73	4.37
Less: Contribution from other shareholders not adjusted in equity method	15.33	(40.22)	-	-
Add: Share of loss limited to carrying value of investment	36.95	36.95	-	-
Carrying amount	**-**	**-**	**3.73**	**4.37**

Summarised statement of profit and loss (₹ in crores)

	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Revenue	0.20	1.88	5.34	5.02
Interest income	-	-	0.38	0.77
Depreciationa and amortisation	6.14	17.56	(0.19)	(0.26)
Income tax expense	**-**	**-**	**(0.60)**	**(0.65)**
Profit from continuing operations	(57.48)	(60.16)	1.46	1.69
Profit from discontinued operations	-	-	-	-
Profit for the year	(57.48)	(60.16)	1.46	1.69
Other comprehensive income	-	-	-	-
Total comprehensive income	**(57.48)**	**(60.16)**	**1.46**	**1.69**
Dividends received	-	-	-	-

50. EMPLOYEE BENEFIT OBLIGATIONS

(₹ in crores)

Particulars	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Gratuity	81.71	318.53	62.68	325.47
Compensated absences (unfunded)	223.02	896.06	182.03	931.36
Total	**304.73**	**1,214.59**	**244.71**	**1,256.83**

Gratuity

“The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan, the Company makes contributions to recognised debt base funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected payments. The expected contribution to the plan for next annual reporting period amounts to ₹ 19.19 crores (previous year - ₹ 20.33 crores). The weighted average duration of the defined benefit obligation as at 31 March 2019 is 7 to 8 years years (31 March 2018: 7 to 8 years)."

A Disclosure of gratuity

(i) Amount recognised in the statement of profit and loss is as under:

(₹ in crores)

Description	31 March 2019	31 March 2018
Current service cost	20.54	24.86
Amount recognised in the statement of profit and loss	**20.54**	**24.86**

(ii) Movement in the liability recognised in the balance sheet is as under:

(₹ in crores)

Description	31 March 2019	31 March 2018
Present value of defined benefit obligation as at the start of the year	**388.16**	380.72
Current service cost	20.54	20.86
Past service cost including curtailment gains/losses		4.00
Interest cost	29.69	27.60
Actuarial loss recognised during the year	10.35	2.61
Benefits paid	(48.50)	(47.63)
Present value of defined benefit obligation as at the end of the year	**400.24**	388.16

(iii) Movement in the plan assets recognised in the balance sheet is as under:

(₹ in crores)

Description	31 March 2019	31 March 2018
Fair value of plan assets at beginning of year	**510.30**	**462.80**
Expected return on plan assets	39.04	30.85
Transfer to/from MTNL	-	(34.09)
Receivable from MTNL	12.08	41.53
Premium redemption reserve	(4.67)	0.55
Advance income	(0.08)	0.08
Actuarial gain on plan assets	2.97	4.99
Provision for interest	-	3.59
Fair value of plan assets at the end of the year	**559.64**	**510.30**
Actual return on plan assets	42.01	35.84

(iv) Breakup of actuarial (gain)/loss:

Description	31 March 2019	31 March 2018
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(2.79)	1.46
Actuarial (gain)/loss on arising from experience adjustment	10.18	(3.84)
Total actuarial (gain)/loss	**7.39**	**(2.38)**

(v) Actuarial assumptions

Description	31 March 2018	31 March 2018
Discount rate	7.64%	7.65%
Future basic salary increase	3.50%	3.50%
Future DA increase	4.00%	4.00%

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vi) Sensitivity analysis for gratuity liability

(₹ in crores)

Description	31 March 2019	31 March 2018
Impact of the change in discount rate		
Present value of obligation at the end of the year	400.24	388.15
- Impact due to increase of 0.50 %	(8.44)	(8.51)
- Impact due to decrease of 0.50 %	8.92	8.99
Impact of the change in salary increase		
Present value of obligation at the end of the year	400.24	388.15
- Impact due to increase of 0.50 %	9.19	9.19
- Impact due to decrease of 0.50 %	(8.82)	(8.82)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(vii) Maturity profile of defined benefit obligation

(₹ in crores)

Description	31 March 2019	31 March 2018
Within next 12 months	81.71	50.55
Between 1-5 years	221.15	203.63
Between 5-10 years	84.86	90.26
Beyond 10 years	12.52	42.71

(viii) Category of investment in gratuity trust:

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Government of India Securities	-	16.99
Corporate bonds	197.78	191.97
State government securities	213.58	192.39
Mutual funds	3.34	2.86
Others	137.26	99.58
LIC	7.68	6.51
Total	**559.64**	**510.30**

B. Compensated absences (unfunded)

The leave obligations cover the Group's liability for sick and earned leaves. The Group does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of ₹181.87 crores (previous year: ₹146.02 crores) has been recognised in the statement of profit and loss.

C. Defined contribution plans

Contributions are made to the Government Provident Fund and Family Pension Fund which cover all regular employees eligible under applicable Acts. Both the eligible employees and the Group make pre-determined contributions to the Provident Fund. The contributions are normally based upon a proportion of the employee's salary.

The group has recognized the following amounts in the statement of profit and loss :

Particulars	31 March 2019	31 March 2018
Employer contribution to provident fund*	60.66	64.63
Leave encashment contribution for DoT employees**	1.31	1.29
Pension contribution for DoT employees***	1.77	2.01
Pension contribution for company employees****	95.51	106.98

* Mentioned as contribution to CPF
** Mentioned as leave encashment - Others
*** Mentioned as pension contribution - Others
**** Mentioned as pension contribution - Company employees

D. Gratuity and compensated absences is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used LIC (1994-96) Ultimate table for mortality in service and LIC (1996-98) table for mortality in retirement.

E. Mortality in service is assumed on the basis of LIC (1994-96) Ultimate table for mortality in service and LIC (1996-98) table.

F. The Group has taken an Insurance Policy for medical benefits in respect of its retired and working employees. The Insurance Policy is fully funded by the Group.

51. RELATED PARTY DISCLOSURES

Related parties where control exists:

i Key Management Personnel

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

ii Joint ventures

MTNL STPI IT Services Limited ('MSISL')

iii Associates

United Telecommunications Limited ('UTL')

iv Other related parties

MTNL Leave encashment trust

MTNL Gratuity trust

v Other government entity

Bharat Sanchar Nigam Limited ('BSNL')

vi Summary of Significant transactions with related parties:

(₹ in crores)

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

vii Summary of significant outstanding balances with related parties:

(₹ in crores)

	Investment in shares	
Particulars	**31 March 2019**	**31 March 2018**
MSISL	3.73	4.37
UTL	35.85	35.85

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

"*As per article 12.19 (b) of Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as ‘Investors’ pursuant to their investment in United Telecom Limited (‘UTL’), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month’s notice. Pursuant to this exit clause, the Parent had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Parent. Accordingly, such investment has been classified as ‘held for sale’ in the financial statements for year ended 31 March 2019. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassdor of India in Nepal to get the process expedited so that faciliation of the remittance of amount invested in UTL back to MTNL is done. Refer note 23 for details.”

52. DETAILS OF CONTINGENT LIABILITIES, PENDING LITIGATIONS AND OTHER MATTERS:

Related parties where control exists:

(₹ in crores)

	Particulars	31 March 2019	31 March 2018
a	Income Tax Demands disputed and under appeal ^	400.57	399.79
b	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	837.34	816.95
c	(i) Interest to DDA on delayed payments/pending court cases/Tax cases (ii) Stamp duty payable on land and buildings acquired by the company	Amount Indeterminate Amount Presently Unascertainable	Amount Indeterminate Amount Presently Unascertainable
d	Claims against the Parent not acknowledged as debts	3,234.93	3,205.71
e	Pending arbitration/court cases	2,440.63	2,443.00
f	Bank guarantee & Letter of Credit	90.13	87.54
g	Directory dispute	53.49	51.54
h	Pending court cases against land acquisition	4.87	4.87
i	License fee related contingent liability w.r.t. BSNL charges paid on netting basis	140.36	140.36
j	License fee related contingent liability w.r.t. provisional assessment done by DOT	1197.07	811.16
k.	BTS related penalty imposed by DoT	84.25	84.25

^Contingent Liability on account of Income Tax as shown in (a) above excludes various notices received from TDS department creating demand due to non-matching of their records with the returns filed.

53. COMMITMENTS

A Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in crores)

	31 March 2019	31 March 2018
Property, plant and equipment	68.26	106.06

B In respect of incomplete contracts where the expenditure already incurred has exceeded the contract value, the additional expenditure required to complete the same cannot be quantified.

54. LEASES

A. Operating leases – Assets taken on lease

“The Group has leased certain towers, land and buildings under operating lease arrangements. The leases are renewable on periodical basis and cancellable at Group’s option. Total lease payments recognized in the consolidated statement of comprehensive income is ₹ 120.91 crores (31 March 2018: ₹ 93.75 crores).”

B. Finance leases – Assets given on lease

The Group has leased land under finance lease arrangements. As at 31 March 2019, the net carrying amount of the leasehold land was ₹ 289.52 crores (31 March 2018: ₹ 293.30 crores).

(₹ in crores)

	31 March 2019			
	Minimum lease payments due			
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	5.16	20.64	375.81	401.61
Finance charges	0.52	6.38	349.48	356.39
Net present values	**4.64**	**14.25**	**26.34**	**45.22**

	31 March 2018			
	Minimum lease payments due			
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	5.16	20.64	380.78	406.58
Finance charges	0.52	6.39	354.45	361.37
Net present values	**4.64**	**14.25**	**26.33**	**45.21**

55. SEGMENT INFORMATION

The Group's management examines the group's performance on services offered basis and has identified two reportable segments:

(i) Basic and other services

(ii) Cellular services

A. Segment revenue and results (₹ in crores)

	31 March 2019					31 March 2018				
Particulars	**Basic & other Services**	**Cellular**	**Unal-locable**	**Inter segment adjust-ment**	**Total**	**Basic & other Services**	**Cellular**	**Unal-locable**	**Inter segment adjust-ment**	**Total**
Revenue from operations	**1,714.97**	**367.27**	**7.34**	**(4.18)**	**2,085.41**	**2,066.75**	**403.51**	**6.76**	**(5.16)**	**2,471.86**
Segment result before interest income, exceptional items, finance cost and tax	(1,168.98)	(645.34)	35.21	-	(1,779.10)	(1,164.35)	(574.71)	11.94	-	(1,727.12)
Add: Interest income					95.72					262.03
Less: Finance cost					(1,703.18)					(1,505.49)
Add: Share of profit or loss from joint venture and associate					(0.64)					0.57
Loss before tax					**(3,387.21)**					**(2,970.02)**
Less: Tax expense					**0.88**					**0.90**
Loss after tax					(3,388.09)					**(2,970.91)**
Other comprehensive income/ (loss)					**(7.75)**					12.78
Total other comprehensive loss					**(3,395.84)**					**(2,958.14)**

B. Capital employed (₹ in crores)

Particulars	31 March 2019 Basic & other Services	Cellular	Unallocable/ eliminations	Total	31 March 2018 Basic & other Services	Cellular	Unallocable/ eliminations	Total
Segment assets (A)	7,675.46	5,107.65	1,921.38	14,704.49	9,015.14	5,398.21	1,877.84	16,291.19
Segment liabilities (B)	4,253.58	21,160.38	(981.64)	24,432.32	5,131.01	14,925.13	2,567.08	22,623.22
Capital employed (A-B)	**3,421.88**	**(16,052.73)**	**2,903.02**	**(9,727.83)**	**3,884.13**	**(9,526.92)**	**(689.23)**	**(6,332.02)**

Notes:

(i) Operating segments have been identified by the Group taking into account nature of services, associated risks and returns and internal reporting system that reflects the manner in which operating results are regularly reviewed by the Chief Operating Decision Maker for purpose of makign decisions on resources to be allocated to such segments and assess their performance.

(ii) The Group caters to the needs of mainly two metro cities viz. Delhi and Mumbai, wherein the risk and return are not different to each other. As such there are no reportable geographical segments.

(iii) Segment revenue, segment results, segment assets and segment liabilities include the respective amount identifiable for each operating segment. Items which are not directly elatable to the business segment are shown as unallocable.

56. DISCONTINUED OPERATIONS

(a) Description

CDMA Service, which is reported under Cellular Segment as per Ind AS 108, 'Operating Segment' (Segment Reporting), was discontinued from 01 March 2016 and spectrum used for CDMA services has been surrendered for ₹ 458.04 crores to DoT. During the current year, the Group has made recoveries pertaining to CDMA assets and paid license fee on such recoveries.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 31 March 2019 and 31 March 2018.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Revenue	-	0.58
Expenses	-	(0.16)
Profit before income tax	**-**	**0.42**
Income tax expense	-	-
Profit after income tax	-	0.42
Gain on sale of assets after income tax for segment discontinued	-	-
Profit from discontinued operation	-	0.42
Exchange differences on translation of discontinued operations	-	-
Other comprehensive income from discontinued operations	**-**	**0.42**
Net cash inflow from operating activities	-	0.42
Net cash inflow (outflow) from investing activities	-	-
Net cash (outflow) from financing activities	-	-
Net increase in cash generated from discontinued operation	**-**	**0.42**

57. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets*	Amount (₹)	As % of consolidated net assets*	Amount (₹)	As % of consolidated net assets*	Amount (₹)	As % of consolidated net assets*	Amount (₹)
Parent								
Mahanagar Telephone Nigam Limited	100.07%	(9,734.94)	100.08%	(3,390.86)	95.31%	(7.39)	100.07%	(3,398.24)
Indian subsidiaries								
Millenium Telecom Limited	-0.06%	5.74	-0.02%	0.64	0.00%	-	-0.02%	0.64
Foreign subsidiaries								
Mahangar Telephone (Mauritius) Limited	-1.41%	137.28	-0.10%	3.41	4.69%	(0.36)	-0.09%	3.04
MTML Data Limited	0.00%	0.38	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
MTML International Limited	-0.02%	1.94	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Associates (Investment as per the equity menthod)								
Foreign								
United Telecom Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Joint venture (Investment as per the equity menthod)								
Indian								
MTNL STPI IT Services Limited	-0.04%	3.73	-0.02%	0.73	0.00%	-	-0.02%	0.73
Less: Inter-company adjustments/eliminations	1.46%	(141.98)	0.06%	(2.00)	0.00%	-	0.06%	(2.00)
Total	**100.00%**	**(9,727.83)**	**100.00%**	**(3,388.08)**	**100.00%**	**(7.75)**	**100.00%**	**(3,395.83)**

*The above amounts / percentage of net assets and net profit or (loss) in respect of Mahanagar Telephone Nigam Limited and its subsidiaries are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

58. ASSETS PLEDGED AS SECURITY

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Current		
Pari-passu charge		
Inventories	24.17	24.61
Trade receivables	603.85	424.27
Cash and cash equivalents	74.85	54.37
Other bank balances	20.42	11.41
Loans	3,390.42	2,954.37
Other financial assets	899.90	886.66
Other currents assets	692.31	632.86
Total current assets pledged as security	**5,705.93**	**4,988.55**
Non-current		
Pari-passu charge		
Apparatus & plant	1,721.23	1,937.68
Vehicle	1.28	1.60
Furniture & fixtures	10.58	12.26
Office machinery & equipment	1.97	2.11
Electrical appliances	13.42	14.08
Computers	17.75	18.30
Total non-currents assets pledged as security	**1,766.24**	**1,986.03**
Total assets pledged as security	**7,472.17**	**6,974.58**

59. DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (“MSMED ACT, 2006”) IS AS UNDER:

(₹ in crores)

	Particulars	31 March 2019	31 March 2018
(i)	*the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;*	5.35	Nil
(ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	Nil	Nil

The Group is in the process of seeking confirmation from its vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

60A The Parent is covered under Section 135 of the Companies Act, 2013 and accordingly constituted a Corporate Social Responsibility Committee of the Board. However, as the Parent did not have average net profits based on the immediately preceding three financial years, the Parent is not required to spend amounts towards Corporate Social Responsibility in terms of the 2013 Act.

60B During the year the Group has made expenditure in foreign currency equivalent to ₹ 1.53 crores. Whereas earnings in foreign currency are ₹ 4.17 crores.

61. Revenue from Contracts with Customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach: (i) Identify the contract(s) with customer;

(ii) Identify separate performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when a performance obligation is satisfied.

The Group has adopted the standard on 1 April 2018 using modified retrospective approach with a cumulative catch-up adjustment made in retained earnings at the beginning of the current financial year, ie, 1 April 2018 as if the standard had always been in effect. The standard is applied only to contracts that are not completed as at 1 April 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any adjustments to the Group's revenue or net income.

(i) Revenue recognised in relation to contract assets and contract liabilities

Changes in contract assets:

(₹ in crores)

Description	**Year ended 31 March 2019**
Contract assets at the beginning of the year	144.29
Add: revenue recognised during the year	2,231.10
Less: invoices raised during the year	(2,174.24)
	201.16

Changes in contract liabilities:

(₹ in crores)

Description	**Year ended 31 March 2019**
Contract liabilities at the beginning of the year	525.06
Less: performance obligations satisfied in current year	(298.69)
Add: advance received during the year	405.01
	631.39

ii. Disaggregation of revenue:

Changes in contract liabilities:

(₹ in crores)

Description	Amount
Revenue from:	
- Fixed telephone income	1,281.85
- Enterprise business	301.07
- Mobile services	351.21
- Others	151.29
	2,085.41

iii. Assets and liabilities related to contracts with customers

(₹ in crores)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Contract assets				
Unbilled receivables	-	201.15	-	144.29
Contract liabilities				
Advance from customers	-	457.20	-	298.93
Deferred income	127.97	22.20	172.20	25.56
Deferred activation/ installation charges	18.35	5.67	21.72	6.65

62. Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the Parent and the landed properties acquired from DOT have not been transferred in the name of the Parent and in the case of leasehold lands, the documentation is still pending. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 01 April 1986, the documentation shall be contemplated at the time of sale or disposal as and when effected.

63 Department of Telecommunications (DOT) has levied one time spectrum charges for the GSM and CDMA spectrum on MTNL and it also included the spectrum given on trial basis to the extent of 4.4 MHz in 1800 MHz frequency while calculating the spectrum charges. The calculations are further subject to change in accordance with the changes in the quantum of spectrum holding and the remaining valid period of license as per DOT MTNL has surrendered some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 MHz spectrum in respect of CDMA. DOT has been apprised of the same and the matter is still under correspondence. Apart from this, the issue of charges for spectrum given on trial basis is also to be decided. Further MTNL has finally surrendered CDMA spectrum w.e.f. 28 February 2016.

"Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by DOT on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability. Pending final outcome of the issue which itself is sub judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts as the amount is totally indeterminable. However the contingent liability of ₹ 3,205.71 crores is shown on the basis of the demand raised by DOT in respect of GSM."

64. "The Parent had subscribed to 8.75% Cumulative Preference Shares of M/s. ITI Limited, amounting to ₹ 100 crores during the year 2001-02. As per the terms of allotment, the above Preference Shares were proposed to be redeemed in five equal instalments. Accordingly, five instalments amounting to ₹ 20 crores each, aggregating to ₹ 100 crores have become redeemable, which have not been redeemed by ITI Limited. As per letter No.U-59011-10/2002-FAC dated 31.07.2009 issued by DOT, the repayment schedule of the above cumulative Preference Shares was deferred to 2012-13 onwards in five equal instalments. The instalments which were due in 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 have not been paid, therefore necessary provision for the overdue instalments has been made. Though in letter of Dept. of Telecom No: 20-37/2012-FAC.II dated 25-4-2014, the Cabinet Committee on Economic Affairs has approved the financial assistance to M/S ITI which includes the grants -in -aid for payment of commitments made by M/S ITI and as funds will be made available after budget 2014-15 is passed and hence repayment issue may be held in abeyance till such time. Subsequently M/S ITI vide letter no: ITI/Corp/Fin/MTNL dated 7 May 2014 informed that upon receipt of the financial assistance from the Govt. the redemption process would be initiated. Further DOT has also been reminded to issue directions to M/S ITI to redeem Preference Share capital and make repayment vide letter no. MTNL/CO/GM (BB & IA)/ITI Inve / 2013-14 dated 06 May 2015, 21 July 2015, 27 August 2015 and 29 January 2016. Further a proposal for conversion of above cumulative Preference Shares to Equity Shares of ITI was given by ITI vide its letter no. K/B3/Pref-Shares/2016 dated 20 January 2016 but the same was rejected by MTNL and communicated to ITI vide letter no. MTNL/CO/GM(BB&IA)/ITI Investment/2013-14 dated 09 February 2016. Subsequently MTNL has initiated the required actions as per Section 55(3) of Companies Act 2013 effected from 1 June 2016 and the issue is taken up again vide letter no. MTNL/CO/BKG/ITI Investment/2013-14/127 dated 19 May 2017 for issuing of cumulative preference shares for the entire amount due inclusive of dividend."

65. Certain claims in respect of damaged/lost fixed assets and inventory has been lodged with Insurance Companies by MTNL but the settlement of the claims is pending. Final adjustment in respect of difference between amount claimed and assets withdrawn will be made in the year of settlement of claim.

66 The Parent had claimed benefit under section 80IA of the Income Tax Act, 1961 for the financial year from 1996-97 to 2005-06. The appellate authorities have allowed the claim to the extent of 75% of the amount claimed. The Parent has preferred appeals for the remaining claim before the Hon'ble Court of Delhi. The Parent has retained the provision of ₹ 375.96 crores (previous year ₹ 375.96 crores) for this claim for the assessment years 1998-99, 1999-00 and 2000-2001, however, the demands on this account amounting to ₹ 243.22 crores (previous year ₹ 243.22 crores) for the assessment years 2000-01 to 2005-06 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80IA of Income Tax Act, 1961.

67 Litigations

a) MTNL entered into contracts with M/s. M & N Publications Limited for printing, publishing and supply of telephone directories for Delhi and Mumbai unit for a period of 5 years starting from 1993. After printing and issue of 1993 (main & supplementary) and 1994 main directory, M/s. M & N Publications Ltd terminated the contract prematurely on 04 April 1996. MTNL, Mumbai & Delhi invoked Bank Guarantees on 09 April 1996, issued Legal Notice on 22 July 1996 and terminated the contract.

Sole Arbitrator has been appointed by CMD, MTNL. The Sole Arbitrator has since given his award on 09 April 2013 partly in favour of MTNL, Mumbai and on 31 July 2013 in favour of MTNL, Delhi. The claim and counter claim under arbitration will be accounted for in the year when the ultimate collection/ payment of the same becomes reasonably certain.

M/s. M & N Publications has approached the Bombay & Delhi High Courts against the arbitration awards and MTNL also approached the Bombay & Delhi High Courts for balance amount due.

The claim of ₹ 49.04 crores on this account has been shown as contingent liability in Delhi unit.

b) "As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai ₹ 124.93 crores and ₹ 33.99 crores in 2004-05 and 2005-06 respectively against the claim of ₹ 158.92 crores. The Parent has recognised the amount realized as revenue in the respective period. The Hon'ble TDSAT has ordered for refund of ₹ 96.71 crores. MTNL has filed a Civil Appeal and application for stay of operation of the order of TDSAT in the Hon'ble Supreme Court of India in which Supreme Court directed on 08 May 2014 that TDSAT will review the impugned order on seeking of it by appellant. MTNL filed review application which had been disposed off by Hon'ble TDSAT vide order dated 27 May 2014 on which MTNL filed CWP no.022764 dated 16 July 2014 in Hon'ble Supreme Court and the same is pending. Meanwhile UASL operator also filed appeal in Hon'ble Supreme Court. The claim of ₹ 96.71 crores on this account has been shown as contingent liability."

c) "MTNL Mumbai has received claims from M/s. BEST, Electricity supply provider categorizing MTNL at Commercial tariff instead of Industrial tariff. The claim has been made with retrospective effect for the period Feb-2007 to May-2009 in respect of HT connection and Jan-2002 to Apr-2011 in respect of LT connection. MTNL has represented to BEST for reconsideration which has not been accepted by BEST. Hence MTNL has approached Hon'ble Mumbai High Court and got a stay on the arrears claimed by BEST amounting to ₹ 20.82 crores. In the opinion of the management, there is remote possibility of the case being settled against MTNL."

d) In respect of Mobile Services Delhi, a sum of ₹ 25.89 crores claimed by TCL towards ILD charges for the period Oct-09 to March-10 has not been paid due to heavy spurt in ILD traffic towards M/S TCL. On technical analysis it was found that these calls were made to some dubious and tiny destination. These destinations do not confirm to international numbering plan of the respective countries and are not approved destinations as per approved interconnect agreement. Further these calls have not got physically terminated to the destinations. The observations were shared with M/S TCL. M/S TCL has also been advised that the balance, which relates to fraudulent calls, is not payable and accordingly no provision has been made in the books of accounts. The matter was handed over to the committee for investigation. Subsequently M/S TCL filed a case in Hon'ble TDSAT for recovery of the amount, decision for which is awaited.

In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management perceives that these legal actions, when ultimately concluded and determined, will not have any material impact on the Group's financial statements.

68 Settlements with BSNL:

a) The amount recoverable from BSNL is ₹ 5,455.62 crores (previous year ₹ 5,396.52 crores) and amount payable is ₹ 2,051.34 crores (previous year ₹ 2,009.37 crores). The net recoverable of ₹ 3,404.28 crores (previous year ₹ 3,387.15 crores) is subject to reconciliation and confirmation. The carrying value of the net recoverable from BSNL is ₹ 3,352.67 crores (previous year - ₹ 3,282.45 crores) measured at amortised cost.

b) Certain claims of BSNL on account of Signalling charges ₹ 21.93 crores (previous year ₹ 21.93 crores), Transit tariff ₹ 25.19 crores (previous year ₹ 25.19 crores), MP Billing ₹ 6.01 crores (₹ 6.01 crores), Service Connections ₹ 40.15 crores (previous year ₹ 40.15 crores), IUC ₹ 10.14 crores (previous year ₹ 10.14 crores) and IUC from Gujrat Circle ₹ 1.11 crore (previous year ₹ 1.11 crore) are being reviewed. Pending settlement of similar other claims from BSNL, no provision is considered necessary.

c) Delhi Unit has accounted for the expenditure on account of telephone bills of service connections raised by BSNL towards MTNL for the period from 01 October 2000 to 30 September 2006 to the tune of ₹ 9.80 crores (previous year ₹ 9.80 crores) on the basis of actual reimbursement made for subsequent periods against the disputed claim of ₹ 31.27 crores (previous year ₹ 31.27 crores), since no details / justifications are received till date from BSNL in spite of repeated persuasion. The balance amount of ₹ 21.47 crores (previous year ₹ 21.47 crores) is shown as contingent liability.

69 Subscribers' dues and deposits:

Other current liabilities include credits on account of receipts including service tax from subscribers amounting to ₹ 49.20 crores (previous year ₹ 36.07 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.

70. The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation.

71 "The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods.

In MTNL Delhi unit, the collections received from the operators are matched in totality against the bills. The allocation of collection to individual operator's account is pending in the absence of detailed information which is being sought. Therefore although the roaming income and expenditure are booked on actual basis, the roaming debtors are reconciled in totality in the absence of detailed information and such reconciliation is being done on regular basis."

72 In case of Mumbai unit of the Parent, the balances with non-scheduled banks comprise of:

(₹ in crores)

Particulars	**31 March 2019**	**31 March 2018**
Indira Sahakari Bank Limited	0.56	0.56
(account closed, considered doubtful)	(0.56)	(0.56)

73 Settlements with DoT:

a) Amount recoverable on current account from DoT is ₹ 763.76 crores (previous year ₹ 6,807.97 crores) and amount payable is ₹ 94.42 crores (previous year ₹ 38.71 crores). The net recoverable of ₹ 669.34 crores (previous year ₹ 6,769.26 crores) is subject to reconciliation and confirmation. There is no agreement between the MTNL and DoT for interest recoverable/payable on current account. Accordingly, no provision has been made for interest payable/receivable on balances during the year except charging of interest on GPF claims receivable from DoT.

b) Deposits from applicants and subscribers as on 31 March 1986 were ₹ 81.32 crores (previous year ₹ 81.32 crores) in Mumbai unit as intimated provisionally by DoT. At the year end, these deposits amounted to ₹ 103.28 crores (previous year ₹ 103.28 crores), the difference being attributable to connections/refunds granted in respect of deposits received prior to 31 March 1986. Balance on this account still recoverable from DoT is ₹ 55.85 crores (previous year ₹ 55.85 crores).

c) The total provision for Leave encashment is ₹ 1,119.08 crores up to 31 March 2019 (previous year ₹ 1,113.39 crores). Out of this, an amount of ` 45.48 crores (previous year ₹ 65.37 crores) and ₹ 43.37 crores (previous year ₹ 43.37 crores) is recoverable from DOT in respect of Company C & D and Company B employees respectively for the period prior to their absorption in MTNL.

d). An amount of ₹ 23.15 crores (previous year ₹ 1,150.97 crores) towards GPF contribution is recoverable from DOT as on 31 March 2019. The amount pertains to Company C& D and Company B employees absorbed in MTNL w.e.f. 01 November 1998 and 01 October 2000 respectively.

74. As per gazette notification no.GSR 138(E) dated 3rd March 2014 pensionary benefits in respect of absorbed combined service pension optees are being paid by the Government of India on BSNL pay scales. Gratuity provision for other than combined service pension optee employees of MTNL, and Leave Encashment provision for all of the employees of MTNL has been made on the basis of actuarial valuation.

75. There is no indication of any impairment of assets of the Group, on the basis of the company as a whole as a CGU under Indian Accounting Standards - 36 “Impairment of assets” as specified under Section 133 of the Companies Act, 2013.

76. As per the accounting policy, Bonus/ Exgratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the Group. In view of losses, no provision for Bonus/ Exgratia has been made during the year.

77. **Debenture Redemption Reserve:** In view of losses, Debenture Redemption Reserve had not been created in respect of Redeemable Non-Convertible Debentures since 2014-15 (in the form of Bonds).

78. There is no amount which is required to be transferred to Investor Education and Protection Fund by the Paremt

79. The Group has no foreseeable losses, which requires provision under applicable laws or accounting standards on long-term contracts and not dealing into derivative contracts at all.

80. The Bank Reconciliation Statements as at 31 March 2018 include unmatched/unlinked credits/debits amounting to ₹ 1.84 crores (previous ₹ 1.61 crores) and ₹ 3.37 crores (₹ 3.11 crores) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.

81. The Group has incurred a loss of ₹ 3,388.07 crores during the year under report. The Group has been incurring continuous losses since year 2009-10 (except in FY 2013-14) and the net worth has been fully eroded for the year under report. Considering the continuous losses and negative net worth, the management has made an assessment of its ability to continue as a going concern. The Group has taken up VRS proposal with the Government.,for retiring 9137 no. of employees of all grades going to retire in next 10 years to reduce the legacy staff costs inherited on account of absorption of employees recruited under government w.e.f. 1-11-1998 and also on 1-10-2000, as per the directions of Govt. as a part of revival of MTNL, which is under very active consideration of Govt. of India. On approval and implementation of the scheme, the Group is likely to reduce the staff expenses around ₹700 crs which will help the Group to reduce its costs and thereby losses. Besides, as decided in the meeting held on 2-4-2019 in which all officers of P.M.O. and others were there , the issue for monetization of the lands and buildings of the Group was also deliberated and the proposal sent there after is also under active consideration of the Govt. and on approval of the same the outstanding debt of the Group will be wiped out with the proceeds of monetization of assets which will make it debt and finance cost free. In addition to this, proposal of Govt to provide 4G license to the Group and infusion of fresh capital by the Govt in lieu of granting 4G license is also under consideration. All these cases are under advanced stage of consideration of the Govt. All these aspects are considered by the management while preparing the financial statements, and an assessment of an entity's ability to continue as a going concern is made accordingly.

82. In Mumbai Unit, the Parent has been awarded a long duration contract from Larsen & Turbro (L&T) for design, development, implementation & Maintenance of CCTV based surveillance system for Mumbai City. The recognition of profit/loss on the basis of percentage of completion method of accounting as prescribed under Indian Accounting Standard (Ind-AS) - 115 on "Revenue from contracts with customers" is pending till the finalisation of fresh addendum.

83. During the year, the Parent has booked an income amounting to ₹ 12.00 crores (previous year ₹ 136.74 crores) as other income on account of difference between the estimated amounts of Pension Payout Orders (PPO), accounted for in the past years on completion of issuance of PPO's by the Department of Telecommunication (DOT), Government of India (GOI).

84. Certain items of property, plant and equipments such as batteries, Air conditioners, transformers, lifts and cables etc. are capitalized on account of replacement of old assets in existing property, plant and equipments. The removal of WDV of existing assets is pending till the relocation/ decommissioning of existing assets which is under scrutiny and the consequential impact of the residual value will be

considered at the time of scrap in the ensuing year.

85. “License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR, the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement. The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of ₹ 140.36 crores on this account upto the year 2011-12 has been shown as contingent liability. DOT has assessed the LF calculated on the basis of AGR of MTNL.

Further, DOT has disallowed certain deductions claimed in the AGR e.g. PSTN charges, IUC payment to other operators etc. The deductions claimed in AGR were disallowed for want of documents from MTNL. MTNL has submitted the documents and the revision of assessment of LF is pending at the end of DOT. The provision assessment order of LF from 2007-08 to 2016-17 issued by DOT shows demand of ₹ 1197.06 crores. The assessment is under revision in view of documents submitted by MTNL to CCA/ DOT. However an amount of ` 1197.06 crores is shown as contingent liability. The list of LF related liability is shown hereafter. Calculation of LF demand is not feasible to include in the notes. Detail of LF Contingent Liability of License Fee payable to DOT.”

MTNL Corporate Office
Detail of LF Contingent Liability of Licence Fee payable to DOT

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
1	17-14/2013/LF	12-May-14	2007-08	214.24
2	17-14/2013/LF	12-May-14	2008-09	146.71
3	17-18/2013/LF	16-Jun-14	2009-10	144.26
4	17-34/2013/LF	24-Jul-14	2010-11	40.94
5	17-19/2016/LFA	03-Oct-16	2011-12	76.12
6	17-34/2013/LF II	20-Dec-16	2010-11	124.34
7	17-34/2013/LF II	20-Dec-16	2010-11	0.86
8	17-20/2016/LFA	27-Dec-16	2012-13	26.60
9	17-19/2016/LFA	06-Jan-17	2011-12	12.93
10	17-19/2016/LFA	06-Mar-17	2011-12	33.50
11	17-20/2016/LFA	27-Apr-17	2012-13	5.70
12	17-20/2016/LFA	27-Apr-17	2012-13	0.34
13	17-20/2016/LFA	09-May-17	2012-13	0.42
14	17-20/2016/LFA	20-Jul-17	2012-13	1.90
15	17-20/2016/LFA	20-Jul-17	2012-13	0.34
16	1-9/CCA/Rev/Spectrum/Assmt/MTNL/221	20-Feb-18	2011-12	0.07

17	1-9/CCA/Rev/Spectrum/Assmt/MTNL/221	20-Feb-18	2011-12	47.53
18	1-9/CCA/Rev/Spectrum/Assmt/MTNL/221	20-Feb-18	2012-13	0.07
19	1-9/CCA/Rev/Spectrum/Assmt/MTNL/221	20-Feb-18	2012-13	19.21
20	1-9/CCA/Rev/Spectrum/Assmt/MTNL/592	01-May-18	2015-16	16.49
21	1-9/CCA/Rev/Spectrum/Assmt/MTNL/592	01-May-18	2015-16	49.40
22	1-9/CCA/Rev/Spectrum/Assmt/MTNL/592	01-May-18	2016-17	50.51
23	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	54.47
24	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	28.89
25	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.16
26	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.05
27	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	80.75
28	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	20.26
29	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.01
	Total			**1,197.07**

For and on behalf of Board of Directors

For Mehra Goel & Co.
Chartered Accountants
FRN: 000517N

For Kumar Vijay Gupta & Co.
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

Sd/-
(Sanjay Mehra)
Partner
Membership No. 085389

Sd/-
(Alok Jain)
Partner
Membership No. 095345

Sd/-
(P. K. Purwar)
Chairman & Managing Director
DIN 06619060

Place : New Delhi
Date : 30 May, 2019

Annexure to Director's Report (Standalone)

Auditor's Qualifications and reply:(FY.2018-19)

Sr. No.	Auditor's Report	Reply of Management
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, 2019 as well as in the previous year and the current liabilities exceeded the current assets substantially. Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II. However, the standalone Ind-AS financial statements 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. (Also refer note no. 76 to the standalone Ind-AS financial statements)	As per IND AS-I, paras 25 & 26, management has considered all relevant factors including uncertainties as well as debt repayment schedules, expected support from govt. as promoter and prepared the accounts on going concern basis since the revival process has been initiated by govt/DoT as per DPE guidelines.
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 ₹ 3,352.67 Crores out of which ₹ 2,505.46 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 63 to the standalone Ind-AS financial statements).	a) Management has taken up the matter of reconciliation of receivables from and payables to BSNL through a standing committee constituted by D.O.T. and also with DOT. In addition to the request to DOT to intervene, the matter has been taken up directly with BSNL also for reconciliation and confirmation of claims shown by MTNL in the books up to the year 2017-18. The claims pertaining to 2013-14 & some of the claims of 2014-15 & 2015-16 have been settled by intervention at the highest level of DoT in the year under report and till now approximately ₹ 1100 crs of claims were settled & paid by BSNL and ₹ 300 crs is paid by MTNL. As such the issue is under procedure of settlement since both being PSUs under DOT, there would be settlement at the earliest. In view of above, no impact is anticipated at this stage and, if at all, it would not be ascertainable at this stage.

Sr. No.	Auditor's Report	Reply of Management
	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 ₹ 144.66 Crores has not been carried forward or ineligible credits amounting to ₹ 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.	b) The pre POTR credits outstanding are having per contra debits also and in case of reversal both need to be reversed with no impact on profit& loss account. Besides the issues are under advise from GST consultants to proceed with a request to govt. to, not to disallow such credits due under erstwhile tax laws due to GST law. As regards post POTR credits, the tax payments are made to service tax department and in those cases where bills are to be paid by BSNL the issues are deliberated with BSNL since majority of cases related to BSNL. As GST regime issues are under evolving process, the impact, if any cannot be ascertained at this stage.
iii	The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of ₹ 669.34 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 68 to the standalone Ind-AS financial statements).	Management has taken up the matter of reconciliation and settlement of amounts which ever are not confirmed with the Administrative ministry. However the net recoverable amount of ₹ 669.34 crores includes the GPF (RS 23.15 Crs), claims on account of old raises bonds (₹ 431.56 Crs) and other miscellaneous claims to the tune of RS. 214 crs (pertaining to years 1986-2000), which are clearly identified and acknowledged for settlement. The matter has been taken up with higher level officers of DOT for reconciliation and confirmation of balance netted claims of ₹ 669.34 crs shown by MTNL in the books for the year 2018-19. The issue of confirmation and settlement of earlier period bonds related claims of ₹431 crores is also already in progress in D.O.T. In view of above there will be no impact and claims are being pursued at DoT level.
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	The issue of license fee payable to DOT up to financial year 2011-12 on IUC charges to BSNL is already taken up with D.O.T. As per the accounts of MTNL the payment is settled by netting of receivable with payables as receivables are higher than payables and accordingly there is no liability to be accounted for as per MTNL. However pending reconciliation and resolution of the issue by D.O.T. and as a conservative accounting principle MTNL has recognized it as contingent liability. Necessary action can be

Sr. No.	Auditor's Report	Reply of Management
	on accrual basis as aforesaid for the period up to financial year 2011-12 by way of contingent liability of ₹ 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (Also refer note no. 79 to the standalone Ind-AS financial statements).	taken only after reconciliation is completed which is going on. Till such reconciliation is completed there will be no ascertainable impact in both companies. As such there is no scope for quantification without actual known liability. In addition it is to apprise that DDG(LF)DOT has initiated process of reconciliation which is expected to be completed soon. As such there is no effective or ascertainable impact.
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 Ind-AS financial statements for year is not ascertained and quantified. (Also refer note no. 36 and 39 to the standalone Ind-AS financial statements).	As regards the allocation of over heads in line with Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under Section 133 of the Act, the allocation is made on the basis of approved policy formulated taking into account related factors of contribution to capital works by various units of MTNL. However all the units were instructed to allocate only directly allocable costs. As the issue is under deliberation, overheads are being allocated on the basis of earlier policy wherever the directly allocable costs could not be captured. In view of above the impact is not ascertainable.
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. (Also refer note no. 70 to the standalone Ind-AS financial statements).	The impairment testing is being done in respect of MTNL as a whole as CGU and the same is carried out at the end of every year and as per test carried out as at 31.3.2019 there is no impairment loss and there are also no specific indicators of such loss. Incurring of recurring losses is although an indicator for going for impairment testing in case of assets, it is not necessary that assets should also get impaired on account of losses and the losses are due to extraneous reasons viz. Abnormal legacy cost of staff etc. not attributable to the efficiency of assets earning capacity or impairment of the value in use of the related assets. In view of above according to management there may not be any impact on this count.

Sr. No.	Auditor's Report	Reply of Management
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 Ind-AS financial statements are not ascertainable and quantifiable. (Also refer note no. 65 to the standalone Ind-AS financial statements).	Because of the volume of the subscriber base, it is not practically possible to obtain confirmation of balances from debtors. However the previous month's outstanding is shown in the current month's bills sent for payment which itself is a process of confirmation. No confirmations are processed to creditors and their liabilities are accounted for as per the terms and conditions of the contracts and the same are paid as per the same which are final unless there is any dispute in which case the same is either referred for resolution through arbitration or courts and NLD and ILD operators dues are paid on regular basis on the basis of interconnect agreements and hence no specific confirmation is needed from them. Since the payables and receivables are settled as stated above and the same is a continuous process and also as there are no such disputes as to the quantum of payables or receivables from any quarter there is no impact otherwise and wherever required necessary adjustments are required the same are also being made.
viii	(a) In Delhi Wireless Unit, reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on standalone Ind-AS financial statements cannot be ascertained and quantified at present. (b) Unlinked credit of ₹ 51.04 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. (Also refer note no. 64 and 75 to the standalone Ind-AS financial statements).	(a)The reconciliation is almost completed. Necessary adjustments entries, if any, shall be passed after finalisation it. In view of above the impact is not ascertainable. (b)The non matching is basically due to the non identification of the subscribers for want of their customer account numbers not available due to wrong or non provision of the same at the time of payment or due to wrong punching of it in the customer records. Besides it is a continuous process and necessary adjustments entries, if any, will be made on reconciliation, if necessary. Besides the reconciliation is under process and same will be completed in due course of time.

Sr. No.	Auditor's Report	Reply of Management
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.	Noted and necessary instructions have been reiterated and WIP review is also continuously being done to ensure that the works are completed in time and there is no delay in the submission of completion certificates in case of works already completed but shown under WIP and as a result of such review the WIP has been got reduced and capitalised pertaining to previous years. In view of above and also the ongoing process of capitalisation of old to oldest WIP, management do not except that there could be any impact and thereby the same is also not ascertainable at this stage.
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 Ind-AS financial statements cannot be ascertained and quantified.	The perpetual lease is given to these properties and DOT transferred these on as is where is basis as per sale deed with liability to pay stamp duty at the time of registration in the name of MTNL as and when the same is needed. As such there is no impact expected due to the classification. In view of above the impact is not ascertainable.
xi	Department of Telecommunication (DOT) had raised a demand of ₹ 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 ₹ 107.44 Crores on account of rectification of actual usage.	Dept. of Telecom has levied one time spectrum charges for the GSM and CDMA spectrum on MTNL and the spectrum given on trial basis to the extent of 4.4 Mhz in 1800 Mhz frequency is also included in calculations. The calculations are further subject to changes in the quantum of spectrum holding and the remaining valid period of license as per D.O.T. MTNL has surrendered spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it is also surrendered. D.O.T. has been apprised of the same and the matter is still under correspondence Besides, ab-initio, the

Sr. No.	Auditor's Report	Reply of Management
	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 the Company 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 ₹ 3205.71 Crores has been disclosed 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 Ind-AS financial statements of the Company. (Also refer note no. 58 to the standalone Ind-AS financial statements).	very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by D.O.T. on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability. Pending final outcome of the issue which itself is subjudice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts. However the contingent liability of ₹3205.71 crores is shown on the basis of the demand raised by D.O.T.in respect of GSM. The issue is under litigation in respect of other operations and DOT finalises the case on disposal of litigation and at that time action for MTNL will also be made clear by DOT. As such only contingent liability on the basis of old demands of DOT is made and neither DOT is demanding thereafter. Hence issue gets resolved on final decisions of govt. In view of above there is no impact expected in this regard.
xii	In Mumbai Unit, the Company has been awarded a long duration contract from Larsen & Turbro (L&T) for design, development, implementation & Maintenance of CCTV based surveillance system for Mumbai City. The Company has not recognized profit/loss on the basis of percentage of completion method of accounting as prescribed under Indian Accounting Standard (Ind-AS) – 18 on "Revenue". In the absence of any working/ detail, we are not in a position to comment on the impact thereof on the standalone Ind-AS financial statements. (Also refer note no. 77 to the standalone Ind-AS financial statements).	The contractual terms & conditions are undergoing change and were under deliberations with Larsen & Turbro (L&T) and an addendum to the agreement is yet to be signed between MTNL & L&T which is in final deliberation stage and further action or any working of profit or loss can be ascertainable only after the addendum is got entered into. As such there is no scope to recognise profit& loss at this point of time.

Annexure to Director's Report (Consolidated)

Auditor's Qualifications and reply:(FY.2018-19)

Sr. No.	Auditor's Report	Reply of Management
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, 2019 as well as in the previous year and the current liabilities exceeded the current assets substantially. Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II. However, the standalone Ind-AS financial statements 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. (Also refer note no. 76 to the standalone Ind-AS financial statements)	As per IND AS-I, paras 25 & 26, management has considered all relevant factors including uncertainties as well as debt repayment schedules expected support from govt. as promoter and prepared the accounts on going concern basis since the revival process has been initiated by govt/DoT as per DPE guidelines.
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 ₹ 3,352.67 Crores out of which ₹ 2,505.46 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 63 to the standalone Ind-AS financial statements).	a) Management has taken up the matter of reconciliation of receivables from and payables to BSNL through a standing committee constituted by D.O.T. and also with DOT. In addition to the request to DOT to intervene, the matter has been taken up directly with BSNL also for reconciliation and confirmation of claims shown by MTNL in the books up to the year 2017-18. The claims pertaining to 2013-14 & some of the claims of 2014-15 & 2015-16 have been settled by intervention at the highest level of DoT in the year under report and till now approximately ₹ 1100 crs of claims were settled & paid by BSNL and ₹ 300 crs is paid by MTNL. As such the issue is under procedure of settlement since both being PSUs under DOT, there would be settlement at the earliest.

Sr. No.	Auditor's Report	Reply of Management
	(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 ₹ 144.66 Crores has not been carried forward or ineligible credits amounting to ₹ 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.	In view of above, no impact is anticipated at this stage and, if at all, it would not be ascertainable at this stage. b) The pre POTR credits outstanding are having per contra debits also and in case of reversal both need to be reversed with no impact on profit& loss account. Besides the issues are under advise from GST consultants to proceed with a request to govt. to, not to disallow such credits due under erstwhile tax laws due to GST law. As regards post POTR credits, the payments are made to deliberated with BSNL since majority of cases related to BSNL. As GST regime issues are under evolving process, the impact, if any cannot be ascertained at this stage.
iii	The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of ₹669.34 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 68 to the standalone Ind-AS financial statements).	Management has taken up the matter of reconciliation and settlement of amounts which ever are not confirmed with the Administrative ministry. However the net recoverable amount of ₹ 669.34 crores includes the GPF (RS 23.15 Crs), Excess pension paid from 1-10-2000 (₹143.12 Crs) and Bonds issued in lieu of refund of OT entry fees of BWA Spectrum (₹ 4533.97 Crs) totalling to ₹5827.94/- crores identified and acknowledged for settlement. The matter has been taken up with higher level officers of DOT for reconciliation and confirmation of balance claims of ₹ 636.21 crs shown by MTNL in the books for the year 2017-18 on the pattern of GPF, Bonds etc which already stand confirmed. The issue of confirmation and settlement of Earlier period bonds related claims of ₹431 crores is also already in progress in D.O.T. The resultant balance amount of ₹205.21 crs is also due to MTNL on account of various other petty claims of period pertaining to years 1986- 2000. In view of above there will be no impact and claims are being pursued at DoT level.

Sr. No.	Auditor's Report	Reply of Management
vi	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 ₹ 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (Also refer note no. 79 to the standalone Ind-AS financial statements).	The issue of license fee payable to DOT up to financial year 2011-12 on IUC charges to BSNL is already taken up with D.O.T. As per the accounts of MTNL the payment is settled by netting of receivable with payables as receivables are higher than payables and accordingly there is no liability to be accounted for as per MTNL. However pending reconciliation and resolution of the issue by D.O.T. and as a conservative accounting principle MTNL has recognized it as contingent liability. Necessary action can be taken only after reconciliation is completed which is going on. Till such reconciliation is completed there will be no ascertainable impact in both companies. As such there is no scope for quantification without actual known liability. In addition it is to apprise that DDG(LF)DOT has initiated process of reconciliation which is expected to be completed soon. As such there is no effective or ascertainable impact.
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 Ind-AS financial statements for year is not ascertained and quantified. (Also refer note no. 36 and 39 to the standalone Ind-AS financial statements).	As regards the allocation of over heads in line with Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under Section 133 of the Act, the allocation is made on the basis of approved policy formulated taking into account related factors of contribution to capital works by various units of MTNL. However all the units were instructed to allocate only directly allocable costs. As the issue is under deliberation, overhead are being allocated on the basis of earlier policy wherever the directly allocable costs could not be captured. In view of above the impact is not ascertainable.
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	The impairment testing is being done in respect of MTNL as a whole as CGU and the same is carried out at the end of every year and as per test carried out as at 31.3.2019 there is no impairment loss and there are also no specific indicators of such loss. Incurring of recurring losses is although an indicator for going for impairment testing in case of assets, it is not necessary that assets should also get impaired

Sr. No.	Auditor's Report	Reply of Management
	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. (Also refer note no. 70 to the standalone Ind-AS financial statements).	on account of losses and the losses are due to extraneous reasons viz. Abnormal legacy cost of staff etc. not attributable to the efficiency of assets earning capacity or impairment of the value in use of the related assets. In view of above the impact is not assessable.
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 Ind-AS financial statements are not ascertainable and quantifiable. (Also refer note no. 65 to the standalone Ind-AS financial statements).	Because of the volume of the subscriber base, it is not practically possible to obtain confirmation of balances from debtors. However the previous month's outstanding is shown in the current month's bills sent for payment which itself is a process of confirmation. No confirmations are processed to creditors and their liabilities are accounted for as per the terms and conditions of the contracts and the same are paid as per the same which are final unless there is any dispute in which case the same is either referred for resolution through arbitration or courts and NLD and ILD operators dues are paid on regular basis on the basis of interconnect agreements and hence no specific confirmation is needed for them. Since the payables and receivables are settled as stated above and the same is a continuous process and also as there are no such disputes as to the quantum of payables or receivables from any quarter there is no impact otherwise and wherever required necessary adjustments are required the same are also being made.
viii	(a) In Delhi Wireless Unit, reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on standalone Ind-AS financial statements cannot be ascertained and quantified at present.	(a)The reconciliation is almost completed. Necessary adjustments entries, if any, shall be passed after finalisation it. In view of above the impact is not ascertainable.

Sr. No.	Auditor's Report	Reply of Management
	(b) Unlinked credit of ₹ 51.04 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. (Also refer note no. 64 and 75 to the standalone Ind-AS financial statements).	(b)The non matching is basically due to the non identification of the subscribers for want of their customer account numbers not available due to wrong or non provision of the same at the time of payment or due to wrong punching of it in the customer records. Besides it is a continuous process and necessary adjustments entries, if any, will be made on reconciliation, if necessary. Besides the reconciliation is under process and same will be completed in due course of time.
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.	Noted and necessary instructions have been reiterated and WIP review is also continuously being done to ensure that the works are completed in time and there is no delay in the submission of completion certificates in case of works already completed but shown under WIP and as a result of such review the WIP has been got reduced and capitalised pertaining to previous years. In view of above and also the ongoing process of capitalisation of old to oldest WIP, management do not except that there could be any impact and thereby the same is not ascertainable impact at this stage.
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 Ind-AS financial statements cannot be ascertained and quantified.	The perpetual lease is given to these properties and DOT transferred these on as is where is basis as per sale deed with liability to pay stamp duty at the time of registration in the name of MTNL as and when the same is needed. As such there is no impact expected due to the classification. In view of above the impact is not ascertainable.

Sr. No.	Auditor's Report	Reply of Management
xi	Department of Telecommunication (DOT) had raised a demand of ₹ 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 ₹ 107.44 Crores 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 the Company 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 ₹ 3205.71 Crores has been disclosed 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 Ind-AS financial statements of the Company. (Also refer note no. 58 to the standalone Ind-AS financial statements).	Dept. of Telecom has levied one time spectrum charges for the GSM and CDMA spectrum on MTNL and the spectrum given on trial basis to the extent of 4.4 Mhz in 1800 Mhz frequency is also included in calculations. The calculations are further subject to changes in the quantum of spectrum holding and the remaining valid period of license as per D.O.T. MTNL has surrendered spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it is also surrendered. D.O.T. has been apprised of the same and the matter is still under correspondence Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by D.O.T. on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability. Pending final outcome of the issue which itself is subjudice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts. However the contingent liability of ₹3205.71 crores is shown on the basis of the demand raised by D.O.T.in respect of GSM. The issue is under litigation in respect of other operations and DOT finalises the case on disposal of litigation and at that time action for MTNL will also be made clear by DOT. As such only contingent liability on the basis of old demands of DOT is made and neither DOT is demanding thereafter. Hence issue gets resolved on final decisions of govt. In view of above the impact is not assessable.

Sr. No.	Auditor's Report	Reply of Management
xii	In Mumbai Unit, the Company has been awarded a long duration contract from Larsen & Turbro (L&T) for design, development, implementation & Maintenance of CCTV based surveillance system for Mumbai City. The Company has not recognized profit/loss on the basis of percentage of completion method of accounting as prescribed under Indian Accounting Standard (Ind-AS) – 18 on "Revenue". In the absence of any working/ detail, we are not in a position to comment on the impact thereof on the standalone Ind-AS financial statements. (Also refer note no. 77 to the standalone Ind-AS financial statements).	The contractual terms & conditions are undergoing change and were under deliberations with Larsen & Turbro (L&T) and an addendum to the agreement is to be signed shortly between MTNL & L&T which is in the final stage further action or any working of profit or loss can be ascertainable only after the addendum is got entered into. As such there is no scope to recognise profit& loss at this point of time.

MTNL

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कार्यालय

महानिदेशक लेखापरीक्षा, डाक व दूरसंचार

शाम नाथ मार्ग, (समीप पुराना सचिवालय), दिल्ली–110054

OFFICE OF THE

Director General of Audit (Post & Telecommunications)

Sham Nath Marg, (New Old Secretariat), Delhi-110054

क्रमांक
No. **Report-PSU A/cs./F-227/MTNL (CFS)/2018-19/344**

Dated : 03/09/2019

To

The Chairman and Managing Director,
Mahanagar Telephone Nigam Limited,
Delhi.

Subject: Comments of The Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Mahanagar Telephone Nigam Limited (Consolidated) for the year ended 31st March, 2019.

Sir,

I am to forward herewith the comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the annual accounts of MTNL (Consolidated) for the year ended 31st March, 2019 for information and further necessary action.

Kindly acknowledge receipt.

Yours faithfully,

Sd/-
(Saurabh Narain)
Principal Director of Audit (P&T)

Encl: As above.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of consolidated financial statements of Mahanagar Telephone Nigam Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial Statements under section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated May 30, 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of consolidated financial statements of Mahanagar Telephone Nigam Limited for the year ended 31 March 2019 under Section 143(6)(a) read with Section 129(4) of the Act of the consolidated financial statements. We conducted a supplementary audit of financial statements of Mahanagar Telephone Nigam Limited and Millennium Telecom Limited but we did not conduct a supplementary audit of the financial statements of Mahanagar Telephone Mauritius Limited (wholly owned subsidiary of the company) and MTML Data Ltd. & MTML International Ltd. (Step down subsidiaries), United Telecom Limited & MTNL SPTI IT Services Ltd. (jointly controlled entities) for the year ended on that date. Further Section 139(5) and 143(6)(a) of the Act are not applicable to Mahanagar Telephone Mauritius Limited and MTML Data Ltd. MTML International Ltd., United Telecom Limtied & MTNL STPI IT Services Ltd. incorporated in Foreign Countries under the respective Laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) read with Section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

Comments on Financial Position

Balance Sheet

1. Equity and Liabilities

Equity Share Capital (Note 24)

Authorised Capital: ₹10,000 crore (Previous year ₹800 crore) equity shares of ₹10 each.

In the 32nd Annual General Meeting (AGM) of Mahanagar Telephone Nigam Ltd. held on 28.09.2018, it was resolved to increase the Authorised Share Capital from ₹800 Crore to 10,000 Crore with the approval of the Central Government for infusion of equity as an upfront support for allocation of 4G spectrum subject to the approval of the Government.

However, MTNL increased its Authorised Share Capital from ₹800 Crore to ₹10,000 Crore without any sanction/order showing either approval of the Central Government to the proposal or its intention to approve the proposal for infusion of equity. This increase also ultra vires the decision taken in 32nd AGM of the company that the Authorised Capital will be increased only after the receipt of the approval from Government regarding infusion of capital.

2. Comment on Disclosures

Note No. 3 Significant Accounting Policy

(i). Para e) Property, Plant & Equipment

Subsequent measurement

MTNL has modified the Accounting Policy to include "Major Structural repairs of the Building" to be capitalised during the year. The disclosure required as per Para 39 of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) about the nature and estimated amount, due to change in accounting policies during the current period or that expected to have an effect during future periods, has not been made. Further, as per Para 40, if the amount of the effect of change in the Accounting Policy in the future periods is not disclosed because estimation of same is impracticable, an entity shall disclose that fact also. This has also not been complied with.

(ii). Para (q (a)) Adjustments pertaining to Earlier Years

During 2018-19, MTNL made certain adjustments in its accounting policies on materiality threshold basis for compliance with Ind AS requirements. Under the revised Accounting Policy, the incomes and expenses received in respect of past services (up to a threshold limit not exceeding ₹1 .00 Lakh in case of individual transaction), shall be treated as income of the current year and not as prior period item in case the net effect of such accountal of the retained earnings does not exceed 1% of the Turnover.

During the previous F.Y, each individual case of other income/expenditure not exceeding ₹1.00 lakh was being compared with the turnover ("and those whose effect did not exceed 0.5% of Turnover were being treated as items pertaining to the current year"). The same has now been amended and substituted with "the net effect of which on retained earnings does not exceed 1% of Turnover". This is a material change that should have been disclosed as per Para 29 (C) of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) in the case of voluntary change in Accounting Policy.

3. Other comment

Capital Work in Progress: ₹320.04 crore (Note 5)

The above includes Salary and other Employee costs (₹165.43 crore) and Administrative costs (₹ 0.02 crore) which have been charged as overhead. Units have charged overhead for capitalisation at percentage basis in deviation from the Accounting Policy (e) of MTNL which states that overhead on Capital Work shall be charged on actual basis and not on percentage basis. Thus, there is a gap between the accounting policy and the observed actual practice of capitalisation of overheads on fixed percentages. This issue was raised last year also. However, no corrective action has been taken by the Company.

4. Comment on Statutory Auditor's Report.

As per the sub directions issued by the CAG under section 143(5), the Statutory Auditors were asked to examine whether the amount of revenue of share (License fees and Spectrum usage Charges) was recognised in the financial statements in accordance with the instructions of the DoT. The detailed statement & the Calculation sheet were to be attached as a proof of compliance with the same. However, the AGR Audit report, the detailed statement and the calculation sheet in this regard have not been found attached to Annexure B (Annexure to Independent Auditors' Report).

For and on behalf of the
Comptroller and Auditor General of India

Place: New Delhi
Date: 03.09.2019

(Saurabh Narain)
Principal Director of Audit (P&T)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2019

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Comments on Financial Position

Balance Sheet

1. Equity and Liabilities

Equity Share Capital (Note 24)

Authorised Capital: ₹10,000 crore (Previous year ₹800 crore) equity shares of ₹10 each.

In the 32nd Annual General Meeting (AGM) of Mahanagar Telephone Nigam Ltd. held on 28.09.2018, it was resolved to increase the Authorised Share Capital from ₹800 Crore to 10,000 Crore with the approval of the Central Government for infusion of equity as an upfront support for allocation of 4G spectrum subject to the approval of the Government.

However, MTNL increased its Authorised Share Capital from ₹800 Crore to ₹10,000 Crore without any sanction/order showing either approval of the Central Government to the proposal or its intention to approve the proposal for infusion of equity. This increase also ultra vires the decision taken in 32nd AGM of the company that the Authorised Capital will be increased only after the receipt of the approval from Government regarding infusion of capital.
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As per the regulations of Companies act vide section 61(1) of 2013 act, the alteration of authorized share capital of a company limited by its share holding, can be got done by

(i) getting an ordinary resolution passed at a general meeting and

(ii) before embarking upon passing of such resolution to alter the authorized capital it should be ensured that there is express provision in the articles of association of the Company.

Therefore, the alteration of authorized capital has been done as per regulations of the companies act. As regards the issue of approval of President of India referred to in article 6 of A.O.A of MTNL, it may be seen that the minutes of 32nd AGM clearly show that the approval had been accorded by President's nominee i.e. Director (PSU-I) DoT to all the 3 resolutions in item No 7 and apart from President's nominee, 43.6921% of other share holders also approved it. Therefore the compliance of provisions of Companies act 2013 had been made fully and without any demur or reservation. As regards reference to explanatory memo under section 102 provided in AGM notice the same clearly mentioned that the increase in authorized share capital is subject to approval for infusion in the equity by the Govt. Therefore in case it is not accorded by govt.,the authorized capital increased could be revised and brought back to original level and therefore the procedure followed is absolutely in tune with company laws. The endorsement of President nominee of the resolution in 32nd AGM itself is a clear signal that the revival process initiated by Govt. was considered while voting in favour of resolution by President's nominee. As such the increase in authorized capital is as per the consent of shareholders which include President of India's nominee. After voting for it by him, it cannot be presumed that approval would not be accorded. Hence the increase is done accordingly.
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2. Comment on Disclosures **Note No. 3 Significant Accounting Policy** **(i). Para e) Property, Plant & Equipment** **Subsequent measurement** MTNL has modified the Accounting Policy to include "Major Structural repairs of the Building" to be capitalised during the year. The disclosure required as per Para 39 of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) about the nature and estimated amount, due to change in accounting policies during the current period or that expected to have an effect during future periods, has not been made. Further, as per Para 40, if the amount of the effect of change in the Accounting Policy in the future periods is not disclosed because estimation of same is impracticable, an entity shall disclose that fact also. This has also not been complied with. **(ii). Para (q(a)) Adjustments pertaining to Earlier Years** During 2018-19, MTNL made certain adjustments in its accounting policies on materiality threshold basis for compliance with Ind AS requirements. Under the revised Accounting Policy, the incomes and expenses received in respect of past services (up to a threshold limit not exceeding ₹1 .00 Lakh in case of individual transaction), shall be treated as income of the current year and not as prior period item in case the net effect of such accountal of the retained earnings does not exceed 1% of the Turnover. During the previous F.Y, each individual case of other income/expenditure not exceeding 1.00 lakh was being compared with the turnover ("and those whose effect did not exceed 0.5% of Turnover were being treated as items pertaining to the current year"). The same has now been amended and substituted with "the net effect of which on retained earnings does not exceed 1% of Turnover". This is a material change that should have been disclosed as per Para 29 (C) of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) in the case of voluntary change in Accounting Policy.	i) In the year under report the committee for review of lives of assets recommended for capitalization of structural repairs to buildings with a separate life of 7 years. Except this, there is neither change in the accounting or policy or in the accounting estimation requiring any disclosures. The capitalization and accounting has been done as per the existing procedures and therefore there is no need to furnish any disclosures w.r.t. "Structural Repairs" and hence there is no non compliance of Ind AS. ii) There is no change in the accounting policy in respect of treatment of items of income/expenditure pertaining to earlier years. The materiality threshold limit only has been revised for the current year @ 1% of the turnover. Besides this is not an accounting estimate and is only revision of materiality threshold for considering items of expenditure or income of prior periods as not prior period items based on the review. The statement for company as a whole is reviewed and approved by management showing impact less than 1% turnover. As such the disclosures mentioned in para 29 & 39 of Ind AS 8 are not attracted in this case and hence no such disclosure is also needed. Accordingly, there is no non-compliance of Ind AS-8.
3. Other comment **Capital Work in Progress: ₹320.04 crore (Note 5)** The above includes Salary and other Employee costs (₹165.43 crore) and Administrative costs (₹0.02 crore) which have been charged as overhead. Units have charged overhead for capitalisation at percentage basis in deviation from the Accounting Policy (e) of MTNL which states that overhead on Capital Work shall be charged on actual basis and not on percentage basis. Thus, there is a gap between the accounting policy and the observed actual practice of capitalisation of overheads on fixed percentages. This issue was raised last year also. However, no corrective action has been taken by the Company.	There is no change in the accounting policy adopted based on which units apply the overheads as per the policy, in all cases where directly allocable costs cannot be captured. All units have been instructed to allocate/charge overheads on directly allocable costing basis to the extent possible and only in cases where it is not possible, the overhead allocation policy has to be adopted. As such there is no such departure from the policy in actual practice.

4. Comment on Statutory Auditor's Report. As per the sub directions issued by the CAG under section 143(5), the Statutory Auditors were asked to examine whether the amount of revenue of share (License fees and Spectrum usage Charges) was recognised in the financial statements in accordance with the instructions of the DoT. The detailed statement & the Calculation sheet were to be attached as a proof of compliance with the same. However, the AGR Audit report, the detailed statement and the calculation sheet in this regard have not been found attached to Annexure B (Annexure to Independent Auditors' Report).	The license fee and spectrum charges are finalized based on the calculations as per the DoT format for arriving at AGR by the management and calculation sheets are being prepared during the closing of accounts. However the same are also separately audited as per DoT directions during every year and duly audited & certified AGR statements signed by statutory auditors are sent to DoT in the month of July i.e. on or before 15th July while settling the O/S payment due if any based on such audited AGR and that paid on provisional basis in the last week of March This procedure is being followed every year. As such the remarks given as per this procedure by the auditors in their report are followed in all these years. As such the compliance of directions is being done in tandem with DoT procedures.

Sd/-
(Saurabh Narain)
Principal Director of Audit (P&T)

Sd/-
(M.V. Joshi)
Director (Finance)

MTNL

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कार्यालय
महानिदेशक लेखापरीक्षा, डाक व दूरसंचार
शाम नाथ मार्ग, (समीप पुराना सचिवालय), दिल्ली–110054

OFFICE OF THE
Director General of Audit (Post & Telecommunications)
Sham Nath Marg, (New Old Secretariat), Delhi-110054

क्रमांक / No. Rep-PSU A/cs./F-214/MTNL/2018-19/342
Dated : 29/08/2019

To

The Chairman and Managing Director,
Mahanagar Telephone Nigam Limited,
Delhi.

Subject: Comments of The Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Mahanagar Telephone Nigam Limited (MTNL) for the year 31st March, 2019.

Sir,

I am to forward herewith the comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the annual accounts of MTNL for the year ended 31st March, 2019 for information and further necessary action.

Kindly acknowledge receipt.

Yours faithfully,

Sd/-
(Saurabh Narain)
Principal Director of Audit (P&T)

Encl: As above.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Mahanagar Telephone Nigam Limited, New Delhi for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is/ are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30th May 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Mahanagar Telephone Nigam Limited, New Delhi for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

Comments on Financial Position

Balance Sheet

1. Equity and Liabilities

Equity Share Capital (Note 22)

Authorised Capital: ₹10,000 crore (Previous year ₹800 crore) equity shares of ₹10 each.

In the 32nd Annual General Meeting (AGM) of Mahanagar Telephone Nigam Ltd. held on 28.09.2018, it was resolved to increase the Authorised Share Capital from ₹800 Crore to 10,000 Crore with the approval of the Central Government for infusion of equity as an upfront support for allocation of 4G spectrum subject to the approval of the Government.

However, MTNL increased its Authorised Share Capital from ₹800 Crore to ₹10,000 Crore without any sanction/order showing either approval of the Central Government to the proposal or its intention to approve the proposal for infusion of equity. This increase also ultra vires the decision taken in 32nd AGM of the company that the Authorised Capital will be increased only after the receipt of the approval from Government regarding infusion of capital.

2. Comment on Disclosures

Note No. 3 Significant Accounting Policy

(i). Para e) Property, Plant & Equipment

Subsequent measurement

MTNL has modified the Accounting Policy to include “Major Structural repairs of the Building” to be capitalised during the year. The disclosure required as per Para 39 of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) about the nature and estimated amount, due to change in accounting policies during the current period or that expected to have an effect during future periods, has not been made. Further, as per Para 40, if the amount of the effect of change in the Accounting Policy in the future periods is not disclosed because estimation of same is impracticable, an entity shall disclose that fact also. This has also not been complied with.

(ii). Para (r) Adjustments pertaining to Earlier Years

During 2018-19, MTNL made certain adjustments in its accounting policies on materiality threshold basis for compliance with Ind AS requirements. Under the revised Accounting Policy, the incomes and expenses received in respect of past services (up to a threshold limit not exceeding ₹1 .00 Lakh in case of individual transaction), shall be treated as income of the current year and not as prior period item in case the net effect of such accountal of the retained earnings does not exceed 1% of the Turnover.

During the previous F.Y, each individual case of other income/expenditure not exceeding 1.00 lakh was being compared with the turnover ("and those whose effect did not exceed 0.5% of Turnover were being treated as items pertaining to the current year"). The same has now been amended and substituted with "the net effect of which on retained earnings does not exceed 1% of Turnover". This is a material change that should have been disclosed as per Para 29 (C) of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) in the case of voluntary change in Accounting Policy.

3. Other comment

Capital Work in Progress: ₹320.04 crore (Note 5)

The above includes Salary and other Employee costs (₹165.43 crore) and Administrative costs (₹ 0.02 crore) which have been charged as overhead. Units have charged overhead for capitalisation at percentage basis in deviation from the Accounting Policy (e) of MTNL which states that overhead on Capital Work shall be charged on actual basis and not on percentage basis. Thus, there is a gap between the accounting policy and the observed actual practice of capitalisation of overheads on fixed percentages. This issue was raised last year also. However, no corrective action has been taken by the Company.

4. Comment on Statutory Auditor's Report.

As per the sub directions issued by the CAG under section 143(5), the Statutory Auditors were asked to examine whether the amount of revenue of share (License fees and Spectrum usage Charges) was recognised in the financial statements in accordance with the instructions of the DoT. The detailed statement & the Calculation sheet were to be attached as a proof of compliance with the same. However, the AGR Audit report, the detailed statement and the calculation sheet in this regard have not been found attached to Annexure B (Annexure to Independent Auditors' Report).

For and on behalf of the

Comptroller and Auditor General of India

Place: New Delhi

Date: 29.08.2019

(Saurabh Narain)

Principal Director of Audit (P&T)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2019

Comments on Financial Position **Balance Sheet** **1. Equity and Liabilities** **Equity Share Capital (Note 22)** **Authorised Capital: ₹10,000 crore (Previous year ₹800 crore) equity shares of ₹10 each.** In the 32nd Annual General Meeting (AGM) of Mahanagar Telephone Nigam Ltd. held on 28.09.2018, it was resolved to increase the Authorised Share Capital from ₹800 Crore to 10,000 Crore with the approval of the Central Government for infusion of equity as an upfront support for allocation of 4G spectrum subject to the approval of the Government. However, MTNL increased its Authorised Share Capital from ₹800 Crore to ₹10,000 Crore without any sanction/order showing either approval of the Central Government to the proposal or its intention to approve the proposal for infusion of equity. This increase also ultra vires the decision taken in 32nd AGM of the company that the Authorised Capital will be increased only after the receipt of the approval from Government regarding infusion of capital.	As per the regulations of Companies act vide section 61(1) of 2013 act, the alteration of authorized share capital of a company limited by its share holding, can be got done by (i) getting an ordinary resolution passed at a general meeting and (ii) before embarking upon passing of such resolution to alter the authorized capital it should be ensured that there is express provision in the articles of association of the Company. Therefore, the alteration of authorized capital has been done as per regulations of the companies act. As regards the issue of approval of President of India referred to in article 6 of A.O.A of MTNL, it may be seen that the minutes of 32nd AGM clearly show that the approval had been accorded by President's nominee i.e. Director (PSU-I) DoT to all the 3 resolutions in item No 7 and apart from President's nominee, 43.6921% of other share holders also approved it. Therefore the compliance of provisions of Companies act 2013 had been made fully and without any demur or reservation. As regards reference to explanatory memo under section 102 provided in AGM notice the same clearly mentioned that the increase in authorized share capital is subject to approval for infusion in the equity by the Govt. Therefore in case it is not accorded by govt.,the authorized capital increased could be revised and brought back to original level and therefore the procedure followed is absolutely in tune with company laws. The endorsement of President nominee of the resolution in 32nd AGM itself is a clear signal that the revival process initiated by Govt. was considered while voting in favour of resolution by President's nominee. As such the increase in authorized capital is as per the consent of shareholders which include President of India's nominee. After voting for it by him, it cannot be presumed that approval would not be accorded. Hence the increase is done accordingly.

2. Comment on Disclosures **Note No. 3 Significant Accounting Policy** **(i). Para e) Property, Plant & Equipment** **Subsequent measurement** MTNL has modified the Accounting Policy to include "Major Structural repairs of the Building" to be capitalised during the year. The disclosure required as per Para 39 of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) about the nature and estimated amount, due to change in accounting policies during the current period or that expected to have an effect during future periods, has not been made. Further, as per Para 40, if the amount of the effect of change in the Accounting Policy in the future periods is not disclosed because estimation of same is impracticable, an entity shall disclose that fact also. This has also not been complied with. **(ii). Para (r) Adjustments pertaining to Earlier Years** During 2018-19, MTNL made certain adjustments in its accounting policies on materiality threshold basis for compliance with Ind AS requirements. Under the revised Accounting Policy, the incomes and expenses received in respect of past services (up to a threshold limit not exceeding ₹1 .00 Lakh in case of individual transaction), shall be treated as income of the current year and not as prior period item in case the net effect of such accountal of the retained earnings does not exceed 1% of the Turnover. During the previous F.Y, each individual case of other income/ expenditure not exceeding 1.00 lakh was being compared with the turnover ("and those whose effect did not exceed 0.5% of Turnover were being treated as items pertaining to the current year"). The same has now been amended and substituted with "the net effect of which on retained earnings does not exceed 1% of Turnover". This is a material change that should have been disclosed as per Para 29 (C) of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) in the case of voluntary change in Accounting Policy.	i) In the year under report the committee for review of lives of assets recommended for capitalization of structural repairs to buildings with a separate life of 7 years. Except this, there is neither change in the accounting or policy or in the accounting estimation requiring any disclosures. The capitalization and accounting has been done as per the existing procedures and therefore there is no need to furnish any disclosures w.r.t. "Structural Repairs" and hence there is no non compliance of Ind AS. ii) There is no change in the accounting policy in respect of treatment of items of income/ expenditure pertaining to earlier years. The materiality threshold limit only has been revised for the current year @ 1% of the turnover. Besides this is not an accounting estimate and is only revision of materiality threshold for considering items of expenditure or income of prior periods as not prior period items based on the review. The statement for company as a whole is reviewed and approved by management showing impact less than 1% turnover. As such the disclosures mentioned in para 29 & 39 of Ind AS 8 are not attracted in this case and hence no such disclosure is also needed. Accordingly, there is no non-compliance of Ind AS-8.
3. Other comment **Capital Work in Progress: ₹320.04 crore (Note 5)** The above includes Salary and other Employee costs (₹165.43 crore) and Administrative costs (₹0.02 crore) which have been charged as overhead. Units have charged overhead for capitalisation at percentage basis in deviation from the Accounting Policy (e) of MTNL which states that overhead on Capital Work shall be charged on actual basis and not on percentage basis. Thus, there is a gap between the accounting policy and the observed actual practice of capitalisation of overheads on fixed percentages. This issue was raised last year also. However, no corrective action has been taken by the Company.	There is no change in the accounting policy adopted based on which units apply the overheads as per the policy, in all cases where directly allocable costs cannot be captured. All units have been instructed to allocate/charge overheads on directly allocable costing basis to the extent possible and only in cases where it is not possible, the overhead allocation policy has to be adopted. As such there is no such departure from the policy in actual practice.

4. Comment on Statutory Auditor's Report.	The license fee and spectrum charges are finalized based on the calculations as per the DoT format for arriving at AGR by the management and calculation sheets are being prepared during the closing of accounts. However the same are also separately audited as per DoT directions during every year and duly audited & certified AGR statements signed by statutory auditors are sent to DoT in the month of July i.e. on or before 15th July while settling the O/S payment due if any based on such audited AGR and that paid on provisional basis in the last week of March This procedure is being followed every year. As such the remarks given as per this procedure by the auditors in their report are followed in all these years. As such the compliance of directions is being done in tandem with DoT procedures.
As per the sub directions issued by the CAG under section 143(5), the Statutory Auditors were asked to examine whether the amount of revenue of share (License fees and Spectrum usage Charges) was recognised in the financial statements in accordance with the instructions of the DoT. The detailed statement & the Calculation sheet were to be attached as a proof of compliance with the same. However, the AGR Audit report, the detailed statement and the calculation sheet in this regard have not been found attached to Annexure B (Annexure to Independent Auditors' Report).	

Sd/- **Sd/-**

(Saurabh Narain) **(M.V. Joshi)**

Principal Director of Audit (P&T) **Dir.(Finance)**

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part " A" : Subsidiaries

1.	Sl. No.:	02
2.	Name of the Subsidiary:	**Millennium Telecom Limited**
3.	The date since when subsidiary acquired:	17.02.2000
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	Same as Holding Company
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.:	Not Applicable
6.	Share capital:	₹ 2.88 Crores
7.	Reserves & surplus:	₹ 2.86 crore
8.	Total assets:	₹ 12.15 crore
9.	Total Liabilities:	₹ 12.15 crore
10.	Investments:	Nil
11.	Turnover:	₹ 7.69 crore
12.	Profit before taxation:	₹ 0.87 crore
13.	Provision for taxation:	₹ 0.23 crore
14.	Profit after taxation:	₹ 0.64 crore
15.	Proposed Dividend:	₹ 0.20 crore
16.	% of shareholding:	100%

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

1.	Sl. No.:	02
2.	Name of the Subsidiary:	**Mahanagar Telephone (Mauritius) Limited**
3.	The date since when subsidiary was acquired:	14.11.2003
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	Same as Holding Company
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries:	Reporting currency-Mauritian Rupees(MUR), Exchange rate:1 INR. is 0.5135 MUR
6.	Share capital:	₹ 117.19 Crores
7.	Reserves & surplus:	₹ 22.42 Crore
8.	Total assets:	₹ 154.75 Crore
9.	Total Liabilities:	₹ 154.75 Crore
10.	*Investments:	NIL
11.	Turnover:	₹ 108.43 Crore
12.	Profit before taxation:	₹ 4.05 Crore
13.	Provision for taxation:	₹ 0.64 Crore
14.	Profit after taxation:	₹ 3.41 Crore
15.	Proposed Dividend:	₹ 1.02 crore
16.	% of Shareholding:	100%

* Investments exclude investment in subsidiaries.

1. Names of subsidiaries which are yet to commence operations: Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

Part "B" : Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate/ Joint Ventures	United Telecommunication Limited	MTNLSTPI IT Services Limited
1. Latest audited Balance Sheet Date	31.03.2019	31.03.2019
2. Date on which the Associate or Joint Venture associated or acquired	21.07.2001	31.03.2006
3. Shares of Associate/ Joint Ventures held by the company on the year end		
No.	5736200	2282000
Amount of investment in Associates/ Joint Venture	Rs. 35.85 crore	Rs. 2.28 Crore
Extend of Holding %	26.68%	50%
4. Description of how there is significant influence	Holding more than 20% shares	Holding more than 20% shares
5. Reason why the associate/ joint venture is not consolidated	Not Applicable	Not Applicable
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	Nil	Rs. 5.15 Crore
7. **Profit/ Loss for the year**	Loss	Profit
i. Considered in Consolidation	-	Rs. 0.73 Crore
ii. Not Considered in Consolidation	Rs.(57.48) Crore	Rs. 0.73 Crore

1. Names of associates or joint ventures which are yet to commence operations: Not Applicable
2. Names of associates or joint ventures which have been liquidated or sold during the year: Not Applicable

For and on behalf of
Mahanagar Telephone Nigam Limited

(S. R. Sayal)
Company Secretary

(Milind Vijay Joshi)
Director (Finance)

(P. K. Purwar)
Chairman & Managing Director

Place: New Delhi
Date: 12-07-2019

MILLENNIUM TELECOM LIMITED

(A wholly owned subsidiary of MTNL)

DIRECTOR'S REPORT

Dear Shareholders,

The Board of Directors of your company have pleasure in presenting the 18th Annual Report of your Company together with the Statement of Accounts and Auditors Report for the year ended on 31st March, 2019 and report as under:

FINANCIAL PERFORMANCE

During the financial year under report, your Company has registered a net profit of ₹ 64,07,478/- as against a Net profit of ₹ 52,58,282/- last year and has a reserve and surplus of ₹ 2,86,56,865/- as against ₹ 2,22,39,105/- last year.

PERFORMANCE OF MTL FOR F.Y. 2018-19

Millennium Telecom Ltd (MTL) is a wholly owned subsidiary of MTNL. Services being offered by MTL include Telecom consultancy & engineering, Project Management, Wi-Fi solution, project on e-governance, Managed services, Turnkey ICT solution, GIS based services, capacity building and skill development etc.

Millennium Telecom Ltd (MTL) is also moving ahead with a very high growth rate. During the year under report i.e. 2018-19 the company has earned revenue of ₹ 73,439,502/- as against ₹ 67,577.399/- last year. MTL earned a net profit of ₹ 64.07 Lakhs during the year under report. MTL is in the process of winning over more orders in the coming years.

A large number of Govt. Institutions have awarded works on nomination basis, which have been successfully executed by MTL. Customer list include Air India, J & K Government, Central University-(Mahendragarh) Haryana, UP Building and Other Constructions Workers Welfare Board (BOCWWB), Lucknow, Thane Municipal Corporation, CIDCO, Film Division of India, Insurance Institute of India etc. MTL is also expanding its portfolio of service for providing generalized as well customized solutions to suit government and semi government institutions. MTL has reopened the window for Empanelment of Business Development Associates in MTL through open ended EOI. MTL has around 24 empanelled BDAs. In 2018-19, MTL has worked on various projects including P2PRF connectivity (50 mbps) for Air India, FMS for campus wide wireless and wired LAN for Central University Haryana, GIS based Survey of District Meerut and Ghaziabad of UP for generating social welfare fund for labor's CESS , LAN-WAN Project along with email hosting solution of Thane Municipal Corporation(TMC), Communication server project (state of art voice solution) of CIDCO, LAN networking of Films Division of India, enhancing EPABX Solution for Insurance Institute of India. Further, many new projects are in the pipeline including :-To provide bandwidth connectivity on MPLS-VPN Network (more than 36 locations including DC and DR) and Internet Leased Line for UJVN Limited, Dehradun, Establishment of Video Conferencing system between head office and there field offices of UJVNL Ltd, Dehradun Uttarakhand and GIS survey of various districts in Chhattisgarh with the help of modern GIS technologies.

PERSONNEL

Your Company has not appointed any regular employee on its rolls. Some officers of MTNL have been nominated to take care of the work of MTL in addition to their existing duties & responsibilities. This is done for gearing up the company since lot of businesses is available in the market.

SHARE CAPITAL

There has been no change in the Share Capital and Shareholding of the Company. The paid up Share

Capital of the Company is ₹2,87,58,800/-(28,75,880 equity shares of ₹10/- each). All the shares are held by MTNL and its nominees.

DIVIDEND

The Board of Directors of your Company has recommended the payment of final dividend @ 7% on the paid up share capital of ₹ 2,87,58,800/- of the Company i.e the 0.70 per share on 28,75,880 no. of shares for the FY 2018-19 which work out to be ₹ 20,13,116.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and belief confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The directors had prepared the annual accounts on a going concern basis and

(e) The directors, in the case of a listed Company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating efficiently.

(f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT.

No Material changes and commitment affecting the financial position of the company occurred between the end of the financial year to which these financial statements relate and the date of the report. There has been no Change in the nature of Business of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO.

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to the Company as your Company is a service provider.

During the year, there was no foreign exchange earnings and expenditure in foreign exchange.

PARTICULARS OF EMPLOYEES & RELATED DISCLOSURES

As per the provisions of Section 197(12) of Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the ratio of the remuneration of each director to the median employee's remuneration and details of employees receiving remuneration exceeding limits as prescribed from time to time in the Director's Report. However, as per Notification dtd. 5th June, 2015 issued by Ministry of Corporate Affairs, Government companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Director's Report.

IMPLEMENTATION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITITION & REDRESSAL) ACT, 2013.

During the Financial Year 2018-19, no case has been referred/ reported to the Committee on Sexual Harassment in the company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS IN THE FINANCIAL YEAR 2018-19

During the Financial Year 2018-19 five meetings of Board of directors of your company were held. Details of Board meetings are given below:-

Sl. No.	Meeting No.	Date	Place
1	85	24.05.2018	New Delhi
2	86	10.07.2018	New Delhi
3	87	20.09.2018	Mumbai
4	88	26.12.2018	New Delhi
5	89	29.03.2019	New Delhi

DIRECTORS

Shri R. M. Agrawal Govt. (DOT) Nominee Director ceased to a director on 20.09.2018. Shri Sunil Kumar continues to be Chairman and Nominee Directors of MTNL (the holding Company). Shri Pravin Punj & Shri Sultan Ahmed continues to be the Nominee Director of MTNL during the Financial Year 2018-19. Shri S.P Rai has been appointed as Nominee Director of MTNL on 31.01.2019.

CHIEF OPERATING OFFICER

Shri Sanjay Khare GM (EB), MTNL Mumbai and Shri Sharat Chand, DGM (EB) MTNL Company continues to be Chief Operating Officer of your Company.

EXTRACT OF ANNUAL RETURN UNDER SECTION 92(3) OF COMPANIES ACT, 2013 [(MGT-9) PURSUANT TO SECTION 134(3)(a) OF THE COMPANIES ACT,2013]

Pursuant to Section 134(3)(a) of Companies Act, 2013 Extract of Annual Return under section 92(3) (in Form-MGT-9) of the Companies Act 2013 is annexed to this Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The provisions of Section 135 relating to constitution of Corporate Social Responsibility Committee and undertaking Corporate Social responsibility activities are not applicable to the Company.

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013.

During the year under report, there were no loans given, guarantees provided or investments made by the Company under Section 186 of Companies Act, 2013.

FIXED DEPOSITS

During the year under report, the Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date on this account.

PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH REALTED PARTIES

During the period under review, the Company has not entered with any Material Transaction with any of its related parties. The Company's major Related Party Transactions are generally with its holding company i.e. MTNL. All Related Party Transactions were in ordinary course of Business and were negotiated on an Arm's Length basis and they were intended to further the company's interest. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of Companies Act, 2013 in form AOC-2 is not applicable. Details of related party transactions during the year ended 31st March 2019 is given in the notes to the financial statement.

STATUTORY AUDITORS

M/s Bramhecha Modi & Co. Charted Accountants were appointed by the Comptroller and Auditor General of India u/s 139 (5) of the Companies Act, 2013 as the Statutory Auditors of the company for the FY 2018-19. The said Statutory Auditors have conducted the audits of the books of accounts of the company and submitted their report, which forms part of the Annual Report. No appointment of Statutory Auditors has been made by the Comptroller and Auditor General of India for the FY 2019-20 so far.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013.

The Comptroller and Auditor General of India vide letter dtd 29.07.2019 has conveyed his NIL comments on the Annual Accounts of the Millennium Telecom Limited (MTL) for the year ended on 31.03.2019.

ACKNOWLEDGEMENT

The Board of Directors expresses its gratitude to the holding company i.e. MTNL, Department of Telecom (DOT) and other Govt. Ministries/Departments for their help, guidance and support extended to the company from time to time.

The Board feels pleasure in placing on record its sincere appreciation for the valuable services rendered by the management and officials of MTNL at all levels, in running the Company.

For and on behalf of Board of Directors.

Sd/-
(SUNIL KUMAR)
CHAIRMAN
DIN: 06628803

Place: New Delhi
Date: 26/08/2019

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. **REGISTRATION AND OTHER DETAILS :**

i) **CIN:-** U64200DL2000GOI333459

ii) **Registration Date:-** 17th February, 2000

iii) **Name of the Company:** - Millennium Telecom Limited

iv) **Category/ Sub-Category of the Company:-** Wholly Owned Subsidiary of MTNL.

v) **Address of the Registered Office and contacts details:-** Room No. 4208, 4th Floor Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi- 110003.

vi) **Whether listed company Yes / No:**- No

vii) **Name, Address and Contact details of Registrar and Transfer Agent, If any:**- NIL

2. **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of the main products/ services	NIC Code of the Product/ services	% to total turnover of the company
1	**Information Technology/Data**	**892**	**92%**

3. **PARTICULARS OF HOLDING , SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Mahanagar Telephone Nigam Limited (MTNL) Mahanagar Doorsanchar Sadan,5th Floor, 9 CGO Complex, Lodhi Road,New Delhi-110003.	L32101DL1986GOI023501	Holding Company	100%	2 (87)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total-Equity)

(I) Category – wise Share Holding \

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A)Promoters									
(1) Indian									
a) Individual/ HUF		0	0	0.00	0	0	0	0	0
b) Central Govt/ State Govt(s)	0		0	0.00	0	0	0	0	0
c) Bodies Corp. (MTNL)	0		2875880	100.0	0	2875880	2875880	100	0
d) Banks/FI	0		0	0.00	0	0	0	0	0
e) Any Other	0		0	0.00	0	0	0	0	0
Sub- total (A) (1):-	**0**		**2875880**	**100**	**0**	**0**	**2875880**	**2875880**	**0**
(2)Foreign	**0**								
a) NRIs- Individuals	0	0	0	0.00	0	0	0	0	0
b) Bodies Corp.	0	0	0	0.00	0	0	0	0	0
c)Bank/FI	0	0	0	0.00	0	0	0	0	0
d) Any other….	0	0	0	0.00	0	0	0	0	0
Sub- total(A) (2):-	0	0	0	0.00	0	0	0	0	0
Total share-holding of Promoter (A)=(A)(1)+(A)(2)	**0**	**2875880**	**2875880**	**100**	**0**	**2875880**	**2875880**	**100**	**0**
B. Public shareholding	0	0	0	0.00	0	0	0	0.00	0
1.Institutions	0	0	0	0.00	0	0	0	0.00	0
Sub-total (B)(1):-	0	0	0	0.00	0	0	0	0.00	0
2. Non Institutions	0	0	0	0.00	0	0	0	0.00	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDR&ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**2875880**	**2875880**	**100**	**0**	**2875880**	**2875880**	**100**	**0**

(II) Shareholding of Promoters

Sr. NO.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			
		No. of shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of Pledged/ encumbered to total shares	% change in share holding during the year
1.	Mahanagar Telephone Nigam Limited	2875880	100.00	Nil	2875880	100.0	Nil	NIL
	Total	**2875880**	**100.00**	**Nil**	**2875880**	**100.0**	**Nil**	**NIL**

(III) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. NO.		Shareholding at the Beginning of the year 01.04.2018		Cumulative Shareholding during the year (F.Y. 2018-19)	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2875880	100.00	2875880	100.00
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	2875880	100.00	2875880	100.00

(IV) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :** NOT APPLICABLE

(V) **Shareholding of Directors and Key Managerial Personnel:** NIL

(VI) **INDEBTNESS**

Indebtness of the Company including interest outstanding/accrues but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtness at the beginning of the financial (01.04.2018) i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	60,60,175.00 -- --	NIL -- --	60,60,175.00 -- --
Total (i+ii+iii)	**NIL**	**60,60,175.00**	**NIL**	**60,60,175.00**
Change in Indebtness during the financial year • **Addition** • **Reduction**	-- --	-- --	-- --	-- --
Net Change	**NIL**	**NIL**	--	**NIL**
Indebtness at the end of the financial year (31.03.2019) i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	--	-- **60,60,175.00** -- --	--	-- **60,60,175.00** -- --
Total (i+ii+iii)	**NIL**	**60,60,175.00**	**NIL**	**60,60,175.00**

(VII) **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: At Present there exist no employees on the roll of MTNL.**

A. **Remuneration to other directors :** Not Applicable

B. **REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD :** NA

(VIII) **PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : NIL**

MTNL

Confidential

कार्यालय

महानिदेशक लेखापरीक्षा, डाक व दूरसंचार

शाम नाथ मार्ग, (समीप पुराना सचिवालय), दिल्ली–110054

OFFICE OF THE

Director General of Audit (Post & Telecommunications)

Sham Nath Marg, (New Old Secretariat), Delhi-110054

क्रमांक **No.** **Rep-PSU A/cs./F-222/MTL 2018-19/214**

Dated : 29/07/2019

To

The Chairman & Director,
Millennium Telecom Limited
Delhi.

Subject: Comments of The Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Millennium Telecom Limited (MTL) for the year 31st March, 2019.

Sir,

I am to forward herewith 'Nil Comments' certificate under Section 143(6)(b) of the Companies Act, 2013 on the annual accounts of MTL for the year ended 31st March, 2019 for information and further necessary action.

Kindly acknowledge receipt.

Yours faithfully,

Sd/-
(Saurabh Narain)
Principal Director of Audit (P&T)

Encl: As above.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINNACIAL STATEMENTS OF MILLENNIUM TELECOM LIMITED FOR THE YEAR ENDED 31ST MARCH 2019.

The preparation of financial statements of Millennium Telecom Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor/ Auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Millennium Telecom Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and it's limited primarily in enquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

For and on the behalf of the
Comptroller & Auditor General of India

Place: New Delhi

Date: 29-07-2019

Sd/-
(Saurabh Narain)
Director General of Audit (P&T)

BRAMHECHA MODI & CO.
CHARTERED ACCOUNTANTS

603/604, Kushal Point, Road No. 4,
New Meghdoot Hotel, Ghatkopar(W),
Mumbai-400 086
Tel: 022-25166805/25146806
Telefax: 022-25146806
Email: ca_bmco@ymail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Millennium Telecom Limited

Opinion

We have audited the accompanying Standalone Financial Statements of **MILLENIUM TELECOM LIMITED,** which comprise the Balance Sheet as on 31st March 2019, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2019;
- In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements 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 Statements 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 statements under the provisions of the Act and the Rules made thereunder, 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 audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, Changes in Equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements 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 statements.

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 statements, 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 financial controls 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 system 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 management.
- Conclude on the appropriateness of management's 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 standalone financial statements 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 statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure

A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(5) of the Act, we give in "Annexure B" a statement on the matters specified by the Comptroller and Auditor General of India for the Company.

3. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of written representations received from the directors as on 31 March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act as amended, there is nothing to be reported.

   h) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For **BRAMHECHA MODI & CO.**

Chartered Accountants
Firm Reg. No. 101591W

(V.R. BRAMHECHA)
Partner
Mem No. 039904

Place: MUMBAI

Date: 27/05/2019

"ANNEXURE A" TO THE AUDITORS' REPORT

[Referred to in Our Report of even date]

On the basis of the information and explanation given to us during the course of our audit, we report that:

1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

   (b) The management has not physically verified the fixed assets during the year under audit.

   (c) The Company is not holding any immovable property hence comment on the title deeds of immovable properties held in the name of the company is not applicable in this case.

2) The Company was not having any inventory during the year and at the end of the year and hence comment on physical verification of inventory by the management is not applicable for the year under audit.

3) The company has granted loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

   (a) We have been informed that there were no terms & conditions for loan granted to holding company and such transactions were not entered in register maintained u/s 189 of the Companies Act 2013.

   (b) We have been informed that no schedule of repayment of principal and interest has been stipulated.

   (c) As no repayment schedule is stipulated for loan to holding company, comment on overdue amounts is not applicable in this case.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

   According to the information and explanations given to us, no undisputed amounts payable in respect of material statutory dues were in arrears as on 31st March 2019 for a period of more than six months from the date on when they become payable.

   (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute other than the following.

Assessment Year	Demand	Paid under Protest
2003-2004	63,75,775/-	63,75,775/-
(The above case is pending with ITAT for relief of Deduction u/s 80IA)		
2004-2005	39,51,1744/-	40,82,377/-
(The above case is pending with ITAT for relief of Deduction u/s 80IA)		
2005-2006	29,82,670/-	29,82,670/-
(The above case is pending with ITAT for relief of Deduction u/s 80IA)		
2007-2008	6,34,050/-	Nil
(Commissioner of Income Tax Appeal has allowed only part appeal and appeal effect is still pending)		

8) The company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the order is not applicable.

9) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **BRAMHECHA MODI & CO.**
Chartered Accountants
Firm Reg. No. 101591W

(V.R. BRAMHECHA)
Partner
Mem No. 039904

Place: MUMBAI
Date: 27/05/2019

"ANNEXURE B" TO THE AUDITORS' REPORT

[Referred to in Our Report of even date]

Report on C&AG Directions under Section 143(5) of Companies Act, 2013 for the Financial Year 2018-19 in respect of statutory audit of Millennium Telecom Limited

Point-wise audit observations for each CAG direction under Section 143(5) of the Companies Act 2013 are given below

1. **Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

   Audit Observation:

   On the basis of explanation given to us and based on our verification, we hereby report that there is a system in place to process all the accounting transactions through IT system and no accounting transactions have been processed outside the IT system during the year under audit.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

   Audit Observation:

   On the basis of explanation given to us and based on our verification, we hereby report that the company has not written off any amount during the period covered under audit.

3. **Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.**

   Audit Observation:

   On the basis of explanation given to us and based on our verification, we hereby report that no funds were received from Central / State agencies during the year under audit.

For **BRAMHECHA MODI & CO.**
Chartered Accountants
Firm Reg. No. 101591W

(V.R. BRAMHECHA)
Partner
Mem No. 039904

Place: MUMBAI
Date: 27/05/2019

ANNEXURE - C TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MILLENIUM TELECOM LIMITED** ("The Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

i. The company does not have appropriate internal control system for ensuring Sales Invoice are prepared after Receipt of Purchase Invoice. The company is regularly issuing Sales Invoice before receipt of Purchase Invoice, resulting in Blocking of excess Working Capital due to payment of GST through Cash ledger and Subsequent Purchase Invoice leading to unutilized balance in Credit Ledger.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

For **BRAMHECHA MODI & CO.**

Chartered Accountants
Firm Reg. No. 101591W

(V.R. BRAMHECHA)
Partner
Mem No. 039904

Place: MUMBAI
Date: 27/05/2019

MILLENNIUM TELECOM LIMITED

Balance Sheet as at 31 March, 2019

Amount in Rupees

	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
	1	2	3	4
	ASSETS			
1	**Non-current assets**			
	Property, Plant and Equipments	2	43,855	45,617
	Deffered Tax (Assets)	3	28,355	33,570
	Other non current Assets	4	69,16,340	69,16,340
			69,88,550	69,95,527
2	**Current assets**			
	Inventories		-	-
	Financial Assets			
	Trade Receivable	5	2,26,57,252	2,20,45,618
	Cash & Bank Balance	6	7,14,01,702	8,63,38,490
	Other current financial asset	7	10,14,436	11,74,213
	Current Tax Assets	8	32,85,200	31,19,075
	Other current assets	9	1,61,38,342	57,82,669
			11,44,96,932	11,84,60,065
	TOTAL ASSETS		**12,14,85,482**	**12,54,55,592**
	EQUITY AND LIABILITIES			
	Equity			
	Equity Share capital	10	2,87,58,800	2,87,58,800
	Other Equity	11	2,86,56,865	2,22,39,105
			5,74,15,665	5,09,97,905
	LIABILITIES			
1	**Non current liabilities**			
	Other non-current liabilities	12	21,77,000	21,77,000
			21,77,000	21,77,000
2	**Current liabilities**			
	Financial Liabilities			-
	Trade Payable	13	3,40,87,561	66,96,355
	Other Financial Liabilities	14	2,07,91,241	1,37,10,331
	Current Provision	15	39,75,303	35,98,592
	Other Current Liabilities	16	30,38,712	4,82,75,409
			6,18,92,817	7,22,80,687
	TOTAL EQUITY AND LIABILITIES		**12,14,85,482**	**12,54,55,592**

For M/s Bramhecha & Modi & Co
Chartered Accountants
Firm's Registration No.:101591W

For and on behalf of the Board of Directors

CA VARDHAMAN R. BRAMHECHA
Partner
Membership No. 039904

Sunil Kumar
Chairman & Director

Sultan Ahmed
Director

SURESH SUBRAMANIAM
IFA-MTL

Place: Mumbai
Date : 27.05.2019

Place: Delhi
Date : 27.05.2019

MILLENNIUM TELECOM LIMITED
PART II – Profit and Loss Statement for the year ended 31 March, 2019

Amount in Rupees

	Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
	1	2	3	4
I	Revenue from operations	17	7,34,39,502	6,75,77,399
II	Other income	18	34,69,725	23,21,614
III	Total Income (I+II)		7,69,09,227	6,98,99,013
IV	**Expenses**			
	Cost of material consumed		-	-
	Purchase of Stock in Trade		-	-
	"Changes in inventories of finished goods work-in-progress and Stock-in-Trade"		-	-
	Employee benefits expense		-	-
	Finance costs	19	943	847
	Depreciation and amortisation expense		1,762	3,159
	Other expenses	20	6,82,47,727	6,28,01,350
	Total expenses		6,82,50,432	6,28,05,356
V	**Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)**		86,58,795	70,93,657
VI	Exceptional items		-	-
VII	**Profit / (Loss) before tax (V-VI)**		86,58,795	70,93,657
VIII	**Tax expense:**			
	(a) Current tax		22,46,102	18,25,977
	(b) Tax of earlier years		-	(4,216)
	(b) Deferred Tax		5,215	13,614
			22,51,317	18,35,375
IX	**Profit / (Loss) for the period from continuing operation (VII-VIII)**		**64,07,478**	**52,58,282**
X	**Profit / (Loss) from discontinuing operations**			
XI	**Tax expenses for discontinuing operations**			
XII	**Profit / (Loss) from discontinuing operations after tax(IX+XII)**		-	-
XIII	**Profit / (Loss) for the period (XI-XIII)**		**64,07,478**	**52,58,282**
XIV	**Other Comprehensive Income**		**-**	**-**
XV	**Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income 'for the period)**		**64,07,478**	**52,58,282**
XVI	**Earnings per share (For continuing operation)**			
	(a) Basic		2.23	1.83
	(b) Diluted		2.23	1.83
XVII	**Earnings per share (For discontinued operation)**			
	(a) Basic			
	(b) Diluted			
XVIII	**Earnings per share (For continuing & discontinued operation)**			
	(a) Basic		2.23	1.83
	(b) Diluted		2.23	1.83
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	**1 & 23 to 36**		

As per our report attached.
For M/s Bramhecha & Modi & Co
Chartered Accountants
Firm's Registration No.:101591W

For and on behalf of the Board of Directors

CA VARDHAMAN R. BRAMHECHA
Partner
Membership No. 039904

Sunil Kumar
Chairman & Director

Sultan Ahmed
Director

SURESH SUBRAMANIAM
IFA-MTL

Place: Mumbai
Date : 27.05.2019

Place: Delhi
Date : 27.05.2019

MILLENNIUM TELECOM LIMITED

Cash Flow Statement for the year ended 31 March, 2019

PARTICULARS	As at March 31, 2019		As at March 31, 2018	
	(RUPEES)	(RUPEES)	(RUPEES)	(RUPEES)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		86,58,795		70,93,657
Adjustments for:				
Depreciation and amortisation	1,762		3,159	
Finance costs	943		847	
Interest income	(33,64,725)		(22,81,614)	
Dividend Declared	0		(14,37,941)	
Dividend Distribution Tax Excess provision written back	10,282		(3,00,887)	
Dividend Declared	0		-5,75,176	
Dividend Distribution Tax	0		-1,20,355	
Income Tax earlier year	0	(33,51,738)	4,216	(47,07,751)
Operating profit / (loss) before working capital changes		53,07,058		23,85,906
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories				
Trade receivables	(6,11,634)		(28,39,002)	
Other current financial assets	1,59,777		0	
Other current tax asset	(1,66,125)		(18,40,067)	
Other current assets	(1,03,55,673)		21,26,461	
Other non-current assets	0		(5,91,026)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	2,73,91,206		1,59,128	
Other current financial liabilities	70,80,910		57,07,868	
Other current liabilities	3,76,711		(88,20,969)	
Other Long-term liabilities	-		-	
Short-term provisions	(4,52,36,697)	(2,13,61,525)	4,43,39,172	3,82,41,565
		(1,60,54,468)		4,06,27,471
Cash flow from extraordinary items		-		-
Cash generated from operations		(1,60,54,468)		4,06,27,471
Net income tax (paid) / refunds		(22,46,102)		(18,25,977)
Net cash flow from / (used in) operating activities (A)		**(1,83,00,570)**		**3,88,01,494**
B. Cash flow from investing activities				
Interest received				
- Others Bank FD	33,44,715		22,32,981	
- Others	20,010	33,64,725	48,633	22,81,614
Purchase of Fixed Asset		-		-

Net cash flow from / (used in) investing activities (B)		**33,64,725**		**22,81,614**
C. Cash flow from financing activities				
Proceeds from other long-term advances	-		-	
Repayment of other short-term borrowings	-		-	
Finance cost	(943)	(943)	(847)	(847)
Net cash flow from / (used in) financing activities (C)		**(943)**		**(847)**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(1,49,36,788)**		**4,10,82,261**
Cash and cash equivalents at the beginning of the year		8,63,38,490		4,52,56,228
Cash and cash equivalents at the end of the year		**7,14,01,702**		**8,63,38,490**
Reconciliation of Cash and cash equivalents with the Balance Sheet				
Cash and cash equivalents as per Balance Sheet (Refer Note 5)		7,14,01,702		8,63,38,490
Less: Bank balances not considered as Cash and cash equivalents as defined in Ind-AS 7 Cash Flow Statements		-		-
Net Cash and cash equivalents (as defined in IND-AS 7 Cash Flow Statements) included in Note 5		7,14,01,702		8,63,38,490
Add: Current investments considered as part of Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year*		**7,14,01,702**		**8,63,38,490**
* Comprises:				
(a) Cash on hand		-		-
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		25,27,972		5,44,85,800
(ii) In deposit accounts with original maturity of less than 3 months		6,88,73,730		3,18,52,690
		7,14,01,702		**8,63,38,490**

As per our report attached.
For M/s Bramhecha & Modi & Co
Chartered Accountants
Firm's Registration No.:101591W

For and on behalf of the Board of Directors

CA VARDHAMAN R. BRAMHECHA
Partner
Membership No. 039904

Sunil Kumar
Chairman & Director

Sultan Ahmed
Director

SURESH SUBRAMANIAM
IFA-MTL

Place: Mumbai
Date : 27.05.2019

Place: Delhi
Date : 27.05.2019

MILLENNIUM TELECOM LIMITED

Significant accounting policies and other explanatory information for the year ended March 31, 2019

Note	Particulars

1 Corporate information

"MILLENNIUM TELECOM LIMITED (MTL), a wholly owned subsidiary of MAHANAGAR TELEPHONE NIGAM LIMITED (MTNL), is set up to set up submarine cable project & to provide IT solutions. After cancellation of the Sub-marine Cable Project Tender, the Board of MTL decided to enter into new line of business and started exploring the new different business prospects. The following are the services which are intened to be provided by MTL. The various services being offered are Remote monitoring of customer network, Capacity building and skill development programme, End-to-end ICT Solution provider along with operation & maintenance. Launch, operate, provide and maintained Cloud and managed services. Surveillance and perimeter security including emergency communication. Campus wide Wi-Fi , Surveillance projects, Infrastructure Sharing, Data Centre Outsourcing Application including Web Hosting, Cloud computing etc"

1.1 Significant accounting policies

Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) specified under section 133 of Companies Act, 2013 read with Rule-7 of Companies (Accounts) Rules, 2014 & as amended time to time and the relevant provisions of the Companies Act 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Property Plant and Equipment

All items of property, plant and equipment are stated at cost of acquisition historical cost less accumulated depreciation and impairment loss, if any. Cost includes of cost of acquisition, construction and installation, taxes, duties, freight and other incidental expenses that are directly attributable to bringing the asset to its working conditions for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives of the assets as specified under Schedule II of the Companies Act, 2013 and in manner as specified in that Schedule II.

1.3 Impairment of non financial assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount to the carrying amount of the asset that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior accounting periods.

1.4 Investments and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVPL), and

- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of profit and loss are expensed in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

De-recognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

1.5 Inventories

Inventories are valued lower of cost or net realisable value.

1.6 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities.

1.7 Employee benefits

No provision for retirement benefits has been made since there are no employees.

1.8 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The company does not recognize a contingent liability but discloses its existence in the financial statements.

1.9 Income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognized in equity are recognized in equity and not in the Statement of Profit and Loss.

1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.11 Use of estimates

‘The preparation of the financial statements in conformity with Indian Accounting Standard requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

MILLENNIUM TELECOM LIMITED

Balance Sheet as at 31st March 2019

Property Plant and Equipment	Furniture and fixtures	Office equipment	Electrical fittings	Computers	Vehicles	Total
Carrying amount as on 01-Apr-2018	23,713	17,029	3,111	1,763	1	45,617
Addition						
Accumulated depreciation						
Opening accumulated depreciation	-	-	-	-		-
Depreciation charge during the year				1,762		1,762
Assets included in a disposal group classified as held for sale						
Disposals						
Exchange differences						
Closing accumulated depreciation	**-**	**-**	**-**	**1,762**	**-**	**1,762**
Net carrying amount	**23,713**	**17,029**	**3,111**	**1**	**1**	**43,855**

MILLENNIUM TELECOM LIMITED

Significant accounting policies and other explanatory information for the year ended March 31, 2019

Note No	Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
3	**Deferred tax assets**		
	Timing difference between book depreciation and depreciation as per Income Tax Act, 1961	28,355	33,570
		28,355	**33,570**
4	**Non current tax assets**		
	Advance tax (net of provisions)	69,16,340	69,16,340
		69,16,340	**69,16,340**
5	**Trade receivables (Unsecured)**		
	Considered good	2,26,57,252	2,20,45,618
	Considered doubtful	2,73,971	2,73,971
		2,29,31,223	2,23,19,589
	Less: Provision for doubtful debts	(2,73,971)	(2,73,971)
		2,26,57,252	**2,20,45,618**
6	**Cash and cash equivalents**		
	Cash in hand	-	-
	Balance with banks		
	- current accounts	25,27,972	5,44,85,800
	- in deposit account with original maturity upto 3 months	6,88,73,730	3,18,52,690
		7,14,01,702	**8,63,38,490**
7	**Other current financial asset**		
	Receivable from related parties	1,74,213	1,74,213
	Deposit with Thane Municipal Corporation	8,40,223	-
	Bank Guarantee	-	10,00,000
		10,14,436	**11,74,213**
8	**Other current tax assets**		
	Income tax refund receivable	32,85,200	31,19,075
		32,85,200	**31,19,075**
9	**Other current assets**		
	Service not billed (Accrued Income)	2,59,167	-
	Tax credit not utilized	81,51,690	-
	Balance with statutory authorities	77,27,485	57,82,669
		1,61,38,342	**57,82,669**

Equity shares capital	As at March 31, 2019 RUPEES	As at March 31, 2018 RUPEES
Authorised		
10,00,00,000 (Previous Year:10,00,00,000) Equity Shares of Rs. 10 each	100,000,0000	100,000,0000
Issued		
28,75,880 (Previous Year:28,75,880) Equity Shares of Rs. 10 each	2,87,58,800	2,87,58,800
Subscribed and paid-up		
28,75,880 (Previous Year: 28,75,880) Equity Shares of Rs. 10 each	2,87,58,800	2,87,58,800
	2,87,58,800	**2,87,58,800**

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue / Bonus / ESOP	Conversion / Buy Back	Closing Balance
Equity shares with voting rights Issued, Subscribed and fully paid up				
Year ended 31 March, 2018				
- Number of shares	28,75,880	-	-	28,75,880
- Amount (Rs.)	2,87,58,800	-	-	2,87,58,800
Year ended 31 March, 2017				
- Number of shares	28,75,880	-	-	28,75,880
- Amount (Rs.)	2,87,58,800	-	-	2,87,58,800

Notes:

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting Rights
	Number of Shares
As at 31 March, 2019	
Mahanagar Telephone Nigam Limited, the holding company	28,75,880
As at 31 March, 2018	
Mahanagar Telephone Nigam Limited, the holding company	28,75,880

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	Figures as at the end of current reporting period		Figures as at the end of previous reporting period	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahanagar Telephone Nigam Limited	28,75,880	100	28,75,880	100

Statement of Changes in Equity for the year ended March 31, 2019

Equity share capital

	Number of shares	Amount
As at April 01, 2018	2,87,58,800	2,87,58,800
Changes during the year	-	-
As at March 31, 2019	**2,87,58,800**	**2,87,58,800**

Other equity

	Revenue Reserve	Retained earnings
Opening balance as at April 01, 2018	7,24,119	2,15,14,986
Profit / (loss) for the year		64,07,478
Dividend and Proposed Dividend		-
Dividend Tax and Provision for tax		-
Closing balance as at March 31, 2019	**7,24,119**	**2,79,22,464**

11. Other Equity

	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Reserves and surplus		
Revenue reserve		
Opening balance	7,24,119	7,24,119
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	-	-
Amortization of fixed assets as per new	-	-
Companies Act 2013	-	-
Closing balance	**7,24,119**	**7,24,119**
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	2,15,14,986	1,86,91,062
Add: Profit / (Loss) for the current year	64,07,478	52,58,282
Add: Excess Provision on Dividend Tax	10,282	
Less: Dividend	-	(14,37,941)
Less: Dividend Distribution Tax	-	(3,00,887)
Less: Proposed Dividend	-	(5,75,176)
Less: Provision for Dividend Distribution Tax on Proposed Dividend	-	(1,20,355)
Closing balance	**2,79,32,746**	**2,15,14,986**
Total	**2,86,56,865**	**2,22,39,105**

Significant accounting policies and other explanatory information for the year ended March 31, 2019

Note No	Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
12	**Other non current liabilities**		
	Mobilization Advance Received from Jammu & Kashmir E-Gov	21,77,000	21,77,000
		21,77,000	**21,77,000**
13	**Trade Payables**		
	Due to MSME	-	-
	Due to Others	3,40,87,561	66,96,355
		3,40,87,561	**66,96,355**

Note No	Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
14	**Other current financial liabilities**		
	Advances from related parties	60,60,175	60,60,175
	Interim Dividend Payable	-	14,37,941
	Proposed Dividend	-	5,75,176
	Earnest money deposit and security deposit	1,47,31,066	56,37,039
		2,07,91,241	**1,37,10,331**
15	**Current Provisions**		
	Provision for expenses	39,75,303	35,98,592
		39,75,303	**35,98,592**
16	**Other current liabilities**		
	Income Received in Advance	-	4,71,60,750
	Statutory remittances (Professional Tax, Service Tax, TDs payable)	30,38,712	11,14,659
		30,38,712	**4,82,75,409**
17	**Revenue from operations**		
	Sales of Products		
	Sales of Services	7,25,41,533	6,61,40,583
	Other Operating Revenues	8,97,969	14,36,816
	Service Tax / GST	**46,83,525**	**1,96,53,869**
	Gross Revenue	**7,81,23,027**	**8,72,31,268**
	Less: Service Tax / GST	(46,83,525)	(1,96,53,869)
	Net Revenue from operations	**7,34,39,502**	**6,75,77,399**
18	**Other Income**		
	Interest Income	33,64,725	22,81,614
	Reversal of Provision	3,000	
	Tender & EMD forfeiture	1,02,000	40,000
		34,69,725	**23,21,614**
20	**Finance costs**		
	Bank Charges	943	847
		943	**847**
21	**Other expenses**		
	Direct Expenses	6,78,30,680	6,23,21,547
	Meeting Expenses	4,625	8,792
	Books & Periodicals	2,650	-
	Rates and taxes	-	2,500
	Travelling and conveyance	1,07,784	1,79,601
	Printing and stationery	3,414	27,742
	Postage	339	1,597
	Tender Expenses	-	-
	Late Fees for filing GST return	310	19,840
	Legal and TDS filing fees	150	492
	CS Fees	1,28,017	11,270
	Incidental Charges for Registered Office Transfer	-	84,000
	Fees to CA other than Audit	20,000	35,000

Electricity of Office	66,012	-
RoC Filing Fees	6,715	21,800
Payments to auditors	75,000	84,750
Digital Signature	2,031	-
Repair & Maintenance	-	1,475
Miscellaneous expenses	-	944
	6,82,47,727	**6,28,01,350**

21 **Fair value measurements**

Financial instruments by category:

All financial assets and financial liabilities of the company are under the amortised cost measurement category at each of the reporting dates.

Fair value hierarchy

"The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table."

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments in the level 2 category for the company include forward exchange contract derivatives.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

The carrying amounts of trade receivables, other financial assets, fixed deposits with banks, trade payables and other current financial liabilities are considered to be approximately equal to the fair value.

22 **Financial risk management**

The company is exposed to credit risk and liquidity risk.

Credit risk

Credit risk arises from cash and bank balances, trade receivables and other financial assets carried at amortised cost.

Credit risk management

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. There is no significant concentration of credit risk.

Bank balances are held with only high rated banks. The major portion of trade receivables are due from parent company. Accordingly, the provision for impairment is considered immaterial.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and other financial liabilities.

The Company's finance department is responsible for liquidity and settlement management. Also the liquidity position is assessed at reasonable intervals through budgeted cashflow.

Maturities of non – derivative financial liabilities
As at March 31, 2019

Particulars	Within 6 months	6 months to 1 year	Total
Trade Payables	2,78,12,391	62,75,170	3,40,87,561
Other current financial liability		2,07,91,241	2,07,91,241

As at March 31, 2018

Trade Payables	3,22,540	62,38,235	65,60,775
Other current financial liability		1,37,10,331	1,37,10,331

23 **Related party transactions Details of related parties:**

Description of relationship	Names of related parties
Ultimate Holding Company	None
Holding Company	Mahanagar Telephone Nigam Ltd.
Ultimate Holding Company	None
Subsidiaries	None
Fellow Subsidiaries	Mahanagar Telephone (Mauritius) Ltd
Associates	1. Bharat Sanchar Nigam Ltd. 2. United Telecom Ltd is a joint venture of MTNL.TCIL,TCL and NVPL.MTNL hold 26.68% of shares in UTL. 3. MTNL STPI IT SERVICES LTD (MSITS)
Key Management Personnel (KMP)	Shri Sunil Kumar, Chairman & Director Shri. Pravin Punj, Director Shri R M Agarwal, Director Shri Sultan Ahmed, Director Shri S P Rai, Director from 30-01-2019 Shri S S Jain COO-Delhi up to 10-09-2018 Shri Sharat Chand COO-Delhi from 10-09-2018 Shri Sanjay Khare COO -Mumbai No transaction with any of them.
Relatives of KMP	No transactions
Company in which KMP / Relatives of KMP can exercise significant influence	No Transactions

Note: Related parties have been identified by the Management.

24	Details of related party transactions during the year ended 31 March, 2019 and balances outstanding as at 31 March, 2018:				
		Associates : Bharat Sanchar Nigam Ltd. / United Tele-com Ltd	**Ultimate Holding Company : Mahanagar Telephone Nigam Ltd.**	**Fellow Subsidiaries : Mahanagar Telephone Nigam (Mauritius) Ltd**	**Total**
	Balances outstanding at the end of the year				
	Trade receivables	-	1,08,09,112	-	1,08,09,112
		-	(1,01,97,478)	-	(1,01,97,478)
	Advances to parent company	-	1,74,213	-	1,74,213
		-	(1,74,213)	-	(1,74,213)
	Advances from parent company	-	60,60,175	-	60,60,175
		-	(60,60,175)	-	(60,60,175)
	Provision for doubtful receivables, loans and advances	-	-	-	-
		-	-	-	-
	Note: Figures in bracket relates to the previous year				

		As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
25	**Contingent liabilities and commitments (to the extent not provided for)**		
(i)	**Contingent liabilities**		
	(a) Claims against the Company not acknowledged as debt (give details)		
	(a) (i) AY 2004-05 case pending with ITAT (Appeal) for disallowance deduction u/s 80IA of Income Tax	34,96,764	34,96,764
	(a) (ii) AY 2005-06 case pending with ITAT (Appeal) for disallowance deduction u/s 80IA of Income Tax	43,49,058	43,49,058
26	The company operates in one segment i.e. providing of services in India.		
27	**Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006: The company has no dues to micro and small enterprises during the year ended March 31, 2019 and March 31, 2018.** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

28	The information relating to Value of imports calculated on CIF basis: Expenditure in foreign currency, Earnings in foreign exchange & Amounts remitted in foreign currency during the year on account of dividend; is Nil.
29	Details of consumption of imported and indigenous items are Nil for the company.
30	In the opinion of Board of Directors, current assets, loans & advances, have value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities has been made in the accounts.
31	Account balance confirmation and reconciliation not available for transactions and balances with Holding Company MTNL. Hence balance appearing in the books in respect of MTNL are subject to confirmation and reconciliation as on 31.3.2019
32	No bill wise details available regarding status of Statutory remittances pending as per Note No.8 towards service tax liability of Rs.5,40,054/-.
33	The Company's Board of Directors is responsible with respect to the preparation of financial statements in accordance with the requirements of Indian Accounting Standard (Ind AS) 34, "Interim Financial Reporting" as specified under Section 133 of the Companies Act, 2013 ('Act') read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The Board of Directors are responsible for 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; the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements are free from material misstatement, whether due to fraud or error.
34	Bank statement not provided by ICICI Bank having balance of Rs 100825 as account is marked under lien by the bank due to order by income tax authorities.

As per our report attached
For M/s Bramhecha & Modi & Co
Chartered Accountants
Firm's Registration No.:101591W

For and on behalf of the Board of Directors

CA VARDHAMAN R. BRAMHECHA
Partner
Membership No. 039904

Sunil Kumar
Chairman & Director

Sultan Ahmed
Director

SURESH SUBRAMANIAM
IFA-MTL

Place: Mumbai
Date : 27.05.2019

Place: Delhi
Date : 27.05.2019

MILLENNIUM TELECOM LIMITED
Annexures to the Notes forming part of the financial statements

Annexures to note no 4

Non Current Tax Assets	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Income Tax Paid (A.Y. 2003-04)	63,75,775	63,75,775
Income Tax Paid (A.Y. 2004-05)	40,82,337	40,82,337
Income Tax Paid (A.Y. 2005-06)	38,19,306	38,19,306
	1,42,77,418	**1,42,77,418**
Less: Provision for taxation		
AY 2003-04	(59,83,525)	(59,83,525)
AY 2004-05	(4,54,410)	(4,54,410)
AY 2005-06	(9,41,800)	(9,41,800)
Total	**68,97,683**	**68,97,683**
TDS Assets:-		
TDS Assests F.Y 2015-16	14,986	14,986
TDS Assests F.Y 2016-17	3,671	3,671
TOTAL	**69,16,340**	**69,16,340**

Annexures to note no 5

Trade Receivable	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Considered Good		
CE (BW), MTNL, Delhi	17,24,630	17,24,630
CE (BW), MTNL, Mumbai	12,60,870	12,60,870
GM (Mktg & PR), MTNL, Mumbai	2,67,400	2,67,400
GM (Mktg), MTNL, Delhi	60,10,020	60,10,020
GM (Mktg-GSM), MTNL Delhi	1,20,410	1,20,410
GM (Mktg-GSM), MTNL, Mumbai	32,400	32,400
SVP (Mktg), MTNL, CO	3,75,255	3,75,255
GM (Mktg), MTNL, Delhi (CUH project)	10,18,127	4,06,493
JAMMU & KASHMIR E GOV	90,09,138	90,09,138
UP Building and Other Construction Worker Welfare Board	28,39,002	28,39,002
	2,26,57,252	**2,20,45,618**
Considered doubtful		
Cement Corporation of India	2,15,771	2,15,771
HPSEDC	58,200	58,200
	2,73,971	**2,73,971**
Provision for bad-debt	2,73,971	2,73,971

Annexures to note no 6

Cash and Bank Balance	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Balances with banks		
(i) In current accounts		
IOB A/C - Mumbai- Collection	3,067	8,61,292
IOB A/C - Mumbai-Operation	17,416	-
IOB A/C - Delhi	24,06,665	5,35,23,683
ICICI A/C	1,00,825	1,00,825
	25,27,972	5,44,85,800
(ii) In deposit fixed deposit accounts		
IOB A/C - Mumbai	2,65,21,674	3,18,52,690
IOB A/C - Delhi	4,23,52,056	
	6,88,73,730	**3,18,52,690**

Annexures to note no 8

Other current asset	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Income Tax refund receiveble AY 2007-08	6,36,478	6,36,478
Income Tax refund receiveble AY 2015-16	87,849	87,849
Income Tax refund receiveble AY 2017-18	-	-
Income Tax refund receiveble AY 2018-19	23,94,748	23,94,748
Income Tax refund receiveble AY 2019-20	1,66,125	
TOTAL	**32,85,200**	**31,19,075**

Annexures to note no 9

Tax credit not utilized	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
CGST Credit-Delhi	34,987	-
SGST Credit-Delhi	34,987	-
CGST Credit-UP	40,40,858	-
SGST Credit-UP	40,40,858	-
TOTAL	**81,51,690**	**-**

Annexures to note no 9

Balance with statutory authorities	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
CGST Credit-Mah	55,23,554	55,29,607
SGST Credit-Mah	19,79,534	3,960
IGST Credit-Mah	-	3,111
CGST Credit Delhi	-	8,997
SGST Credit Delhi	-	12,597
Cess credit receivable	20,761	20,761
Krishi Kalyan Cess credit	2,03,636	2,03,636
	77,27,485	**57,82,669**

Annexures to note no 13

Trade payable	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Sundry creditors		
Telexcell Information System Ltd - CuH	5,18,487	98,645
Telexcell Information System Ltd - Air India	-	1,72,767
ITI Limited	36,935	36,935
GAAP Education Pvt ltd	62,38,235	62,38,235
Vikash Buildtech Pvt Ltd	2,72,26,404	
Creditor for expenses		
BRAMHECHA MODI & CO	67,500	67,500
D LINE INFOSYS		1,350
S S Jain		15,472
India News Communications Ltd		65,451
TOTAL	**3,40,87,561**	**66,96,355**

Annexures to note no 14

Other current financial liabilities	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Advances from related parties		
Holding Company Mahanagar Telephone Nigam Ltd		
Delhi Unit	48,11,756	48,11,756
Mumbai Unit	12,48,419	12,48,419
	60,60,175	**60,60,175**
Trade / security deposits received		
EMD FROM TELEXCELL	10,000	10,000
Deposit from Vikas Buildtech Pvt. Ltd.	96,37,487	52,27,039
Advance from NSRC Data center	18,45,662	
Deposit from Pentagon Network Sol Pvt Ltd	21,37,917	
DEPOSIT OF BDA	11,00,000	4,00,000
	1,47,31,066	**56,37,039**

Annexures to note no 15

Current Provision	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Provision for Air India		-
Provision for CUH-WiFi	6,47,878	2,59,167
Provision for MPLS toll plaza	1,12,000	1,12,000
Provision for UP GIS project	32,15,425	32,15,425
Provision for other exp		9,000
Insurance Charges Payable		3,000
	39,75,303	**35,98,592**

Annexures to note no 16

Other current liabilities	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Income Received in Advance		
UP-GIS Survey		4,71,60,750
RF Connectivity		
MPLS toll Plaza	-	
	-	4,71,60,750
Statutory remittances (Professional Tax, Service Tax, TDs payable)		
Service Tax Not due for Payable - 10.2%	3,10,945	3,10,945
Service Tax Not due for Payable - 5%	2,29,109	2,29,109
TDS Payable-Delhi	51,633	24,054
TDS Payable- UP	22,44,921	-
Dividend Distribution Tax payable	-	3,00,887
Dividend Distribution Tax Not due for payable	-	1,20,355
GST Payable		
CGST liability-Delhi	16,409	-
SGST liability-Delhi	24,061	-
CGST liability-UP	80,817	64,655
SGST liability-UP	80,817	64,655
TOTAL	**30,38,712**	**11,14,659**

Annexures to note no 17

Revenue from operations	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Sales of Service		
Delhi Branch		
RF connectivity to AIR India	1,93,969	1,15,533
Enterprise business (WiFi Project)	7,77,501	-
Mumbai Branch		
Enterprise business (WiFi Project)	2,37,35,113	-
Enterprise business (Others)	6,74,200	-
Up Branch		
UP GIS SURVEY	4,71,60,750	6,60,25,050
	7,25,41,533	**6,61,40,583**
Other Operational Income		
Up Branch		
PMC Charges	8,97,969	14,36,816
	8,97,969	**14,36,816**
Service Tax		42,44,467
GST		
Delhi	1,28,215	-
Mumbai	43,93,676	1,29,319
UP	1,61,634	1,52,80,083
	46,83,525	**1,96,53,869**
Gross Revenue	**7,81,23,027**	**8,72,31,268**

Annexures to note no 18

Other Income	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Interest Income		
FD Interest		
-Delhi	15,14,178	-
-Mumbai	18,30,537	22,32,981
Interest on Income Tax Refund	20,010	48,633
	33,64,725	**22,81,614**
Tender & EoI processing	1,02,000	40,000
GST	18,360	7,200
Gross Other Income	1,20,360	47,200
Net Income (Excluding GST)	**1,02,000**	**40,000**

Annexures to note no 20

DIRECT EXPENSES	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Delhi Branch		
RF connectivity to AIR India	1,59,970	93,283
CuH Project	7,77,463	
Mumbai Branch		
Enterprise business (WiFi Project)	2,14,21,752	
Enterprise business (Others)	5,73,070	
UP Branch		
UP GIS PROJECT	4,48,98,425	6,22,28,264
	6,78,30,680	**6,23,21,547**

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHANAGAR TELEPHONE (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahanagar Telephone (Mauritius) Ltd** (''the Company'')and its subsidiaries(''the Group")set out on pages 15 to 45, which comprise the statement of financial position as at 31 March 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements give a true and fair view of the financial position of the Group and Company as at 31 March 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the commentary of the directors and certificate from the company secretary, or any other information. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and 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 directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 Group and 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 auditors' report to the related disclosures in the financial statements 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Other matter

This report is made solely to the Company's members, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

- We have no relationship with or interests in the Group and Company other than in our capacity as auditors.
- We have obtained all the information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Group and Company as far as it appears from our examination of those records.

The financial reporting Act 2004

- The Directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.
- In our opinion, the disclosures in the Corporate Governance Report are not consistent with the requirements of the Code.

MOORE STEPHENS
Chartered Accountants

SHWETA MOHEEPUT,
BSc, ACA

Port Louis
REPUBLIC OF MAURITIUS

Date : 20 May, 2019

MTNL

MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	The Group 2019 Rs.	The Group 2018 Rs.	The Company 2019 Rs.	The Company 2018 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	5 (a)	**491,801,655**	575,340,660	**491,801,655**	575,340,660
Investment property	5 (b)	**47,389,324**	50,137,156	**47,389,324**	50,137,156
Investment in subsidiaries	6	-	-	**12,000,000**	12,000,000
		539,190,979	625,477,816	**551,190,979**	637,477,816
Current assets					
Inventories	7	**4,130,166**	4,084,847	**4,130,166**	4,084,847
Trade and other receivables	8	**86,643,038**	104,180,828	**86,692,438**	104,229,228
Cash and cash equivalents	9	**192,297,445**	215,558,863	**192,297,445**	215,558,863
		283,070,649	323,824,538	**283,120,049**	323,872,938
TOTAL ASSETS		**822,261,628**	949,302,354	**834,311,028**	961,350,754
EQUITY AND LIABILITIES					
Equity					
Stated capital	10	**673,717,949**	673,717,949	**673,717,949**	673,717,949
Revenue reserves	11	**37,939,048**	25,719,008	**37,988,148**	25,767,258
Total equity		**711,656,997**	**699,436,957**	**711,706,097**	**699,485,207**
Non-current liabilities					
Payable to related companies		-	-	**12,000,000**	12,000,000
Deferred taxation	15	**32,548,272**	29,254,384	**32,548,572**	29,254,534
		32,548,272	29,254,384	**44,548,572**	41,254,534
Current liabilities					
Trade and other payables	12	**72,806,359**	214,611,013	**72,806,359**	214,611,013
Dividend Payable		**5,250,000**	6,000,000	**5,250,000**	6,000,000
		78,056,359	220,611,013	**78,056,359**	220,611,013
TOTAL EQUITY AND LIABILITIES		822,261,628	**949,302,354**	834,311,028	**961,350,754**

Approved by the Board of Directors on 20/05/2019

DIRECTOR **DIRECTOR**

MTNL

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

		The Group		The Company	
	Notes	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Turnover	3(d)	**468,127,262**	495,951,228	**468,127,262**	495,951,228
Cost of sales	24	**(128,407,247)**	(140,974,172)	**(128,407,247)**	(140,974,172)
Gross profit		**339,720,015**	354,977,056	**339,720,015**	354,977,056
Personnel expenses	25	**(16,955,325)**	(15,936,673)	**(16,955,325)**	(15,936,673)
Licence fees	26	**(41,703,033)**	(27,824,653)	**(41,703,033)**	(27,824,653)
Administrative expenses	27	**(155,313,670)**	(151,608,131)	**(155,312,670)**	(151,607,131)
Marketing expenses	28	**(25,524,536)**	(21,495,161)	**(25,524,536)**	(21,495,161)
Depreciation		**(95,970,848)**	(132,075,566)	**(95,970,848)**	(132,075,566)
Profit from operations	17	**4,252,603**	6,036,872	**4,253,603**	6,037,872
Other income	13	**13,165,938**	4,205,044	**13,165,938**	4,205,044
Net finance income	14	3,345,387	13,411,917	3,345,387	13,411,917
Profit before tax		**20,763,928**	23,653,833	**20,764,928**	23,654,833
Taxation	15	**(3,293,888)**	(3,794,121)	**(3,294,038)**	(3,794,271)
PROFIT FOR THE YEAR		**17,470,040**	19,859,712	**17,470,890**	19,860,562
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss		**-**	-	**-**	-
Items that may be reclassified subsequently to profit or loss		**-**	-	**-**	-
Other comprehensive income for the year, net of income tax		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,470,040**	**19,859,712**	**17,470,890**	**19,860,562**
Earnings per share	16	**0.03**	0.03	**0.03**	0.03

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

THE GROUP	Stated capital Rs.	Revenue Reserves Rs.	Total Rs.
Balance at 01 April 2017	673,717,949	11,859,296	685,577,245
Profit for the year	-	19,859,712	19,859,712
Dividend	-	(6,000,000)	(6,000,000)
Balance at 31 March 2018	673,717,949	**25,719,008**	**699,436,957**
Balance at 01 April 2018	673,717,949	25,719,008	699,436,957
Profit for the year	-	17,470,040	17,470,040
Dividend		(5,250,000)	(5,250,000)
Other comprehensive income for the year, net of income tax	-	-	-
Balance at 31 March 2019	**673,717,949**	**37,939,048**	**711,656,997**

THE COMPANY	Stated capital Rs.	Revenue Reserves Rs.	Total Rs.
Balance at 01 April 2017	673,717,949	11,906,696	685,624,645
Profit for the year	-	19,860,562	19,860,562
Dividend	-	(6,000,000)	(6,000,000)
Balance at 31 March 2018	673,717,949	25,767,258	699,485,207
Balance at 01 April 2018	**673,717,949**	**25,767,258**	**699,485,207**
Profit for the year	-	17,470,890	17,470,890
Dividend		(5,250,000)	(5,250,000)
Other comprehensive income for the year, net of income tax	-	-	-
Balance at 31 March 2019	**673,717,949**	**37,988,148**	**711,706,097**

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	The Group 2019 Rs.	The Group 2018 Rs.	The Company 2019 Rs.	The Company 2018 Rs.
Cash flow from operating activities					
Profit before tax		**20,763,928**	23,653,833	**20,764,928**	23,654,833
Adjustments for:-					
Depreciation		**95,970,848**	132,075,566	**95,970,848**	132,075,566
Interest received		**(3,016,179)**	(3,038,101)	**(3,016,179)**	(3,038,101)
Operating profit before working capital changes		**113,718,597**	**152,691,298**	**113,719,597**	**152,692,298**
Increase in inventories		**(45,319)**	(595,658)	**(45,319)**	(595,658)
Decrease/(increase) in trade and other receivables		**17,537,790**	(52,003,195)	**17,536,790**	(52,004,195)
(Decrease)/increase in trade and other payables		**(141,804,654)**	**1,501,740**	**(141,804,654)**	**1,501,740**
Cash (used in)/generated from operations		**(10,593,586)**	101,594,185	**(10,593,586)**	101,594,185
Interest received		**3,016,179**	3,038,101	**3,016,179**	3,038,101
Net cash (used in)/generated from operating activities		**(7,577,407)**	**104,632,286**	**(7,577,407)**	**104,632,286**
Cash flows from investing activities					
Loss on Scrapped Assets		**76,618,950**		**76,618,950**	
Purchase of property, plant and equipment		**(86,302,961)**	**(54,225,736)**	**(86,302,961)**	**(54,225,736)**
Net cash used in investing activities		**(9,684,011)**	**(54,225,736)**	**(9,684,011)**	**(54,225,736)**
Cash flows from Financing activities					
Dividend Paid		**(6,000,000)**	(13,500,000)	**(6,000,000)**	(13,500,000)
Net cash used in Financing activities		**(6,000,000)**	**(13,500,000)**	**(6,000,000)**	**(13,500,000)**
Net movement in cash and cash equivalents		**(23,261,418)**	**36,906,550**	**(23,261,418)**	**36,906,550**
Movements in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		**215,558,863**	**178,652,313**	**215,558,863**	**178,652,313**
Cash and cash equivalents at the end of the year	**9**	**192,297,445**	**215,558,863**	**192,297,445**	**215,558,863**
Net movement in cash and cash equivalents		**(23,261,418)**	**36,906,550**	**(23,261,418)**	**36,906,550**

MAHANAGAR TELEPHONE (MAURITIUS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. CORPORATE INFORMATION

Mahanagar Telephone (Mauritius) Ltd is a private limited Company incorporated in Mauritius on 14 November 2003. The address of the registered office is MTML Square, 63 Cyber City, Ebene, Mauritius. The principal activity of the Company and its subsidiaries is to provide telecommunication services.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year

2.1.1 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 April 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has accordingly elected not to restate comparatives in respect of the classification and measurement of financial instruments.

The Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,

2) Impairment of financial assets, and

3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (b) below.

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit.

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;

(2) Lease receivables;

(3) Trade receivables and contract assets; and

(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The directors of the Company have assessed that there has been no significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 January 2018).

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company’s financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company’s risk management activities have also been introduced.

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorised as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

The application of the IFRS 9 hedge accounting requirements has had no significant impact on the results and financial position of the Company for the current and/or prior years.

(e) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

(f) Impact of initial application of IFRS 9 on financial performance and cash flows

The application of IFRS 9 has had no impact on the financial performance of the Company.

The application of IFRS 9 has had no impact on the cash flows of the Company.

2.1.2 Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in IFRS 15 to describe such balances.

The Company's accounting policies for its revenue streams are disclosed in detail in note 3 below. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

2.2 Amendments to IFRS Standards and Interpretations that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

“(i) IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions”

(ii) IAS 40 (amendments) Transfers of Investment Property

(iii) Annual Improvements to IFRS Standards 2014 – 2016 Cycle

(iv) Amendments to IAS 28 Investments in Associates and Joint Ventures

(v) IFRIC 22 Foreign Currency Transactions and Advance Consideration

2.3 New and revised IFRS Standards in issue but not yet effective

As at the date of these financial statements,the Company has not adopted the following standards that have been issued but are not yet effective:

Description	***Effective for annual periods beginning on or after***
IFRS 16 - Leases	*1 January 2019*
IFRS 17 - Insurance Contracts	*1 January 2021*
Amendments to IFRS 9 - Prepayment Features with Negative Compensation	*1 January 2019*
Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures	*1 January 2019*
Annual Improvements to IFRS Standards 2015–2017 Cycle - Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	*1 January 2019*
Amendments to IAS 19 Employee Benefits - Plan Amendment, Curtailment or Settlement	*1 January 2019*
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*The effective date of the amendments has yet to be set by the IASB*
IFRIC 23 - Uncertainty over Income Tax Treatments	*1 January 2019*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. **SIGNIFICANT ACCOUNTING POLICIES**

(a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) *Basis of preparation*

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) *Basis of consolidation*

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss and other comprehensive income. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss and other comprehensive income. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not premeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss and other comprehensive Income. If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards) and relate to past services, then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree’s awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss and other comprehensive income.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of profit or loss and other comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Revenue recognition

Revenue from sale of goods and rendering of services

Revenue relates to the provision of telephone services, data communication services, phone cards and other corollary services.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances and is shown net of Value Added Tax.

International revenue is derived from outgoing calls from Mauritius and from payments by foreign network operators for calls and other traffic that originate outside Mauritius but which use the Company's network.

The Company pays a proportion of the international traffic revenue it collects from its customers to transit and destination network operators. These revenues and costs are stated gross in the financial statements. Amount payable and receivable from the same foreign network operators are shown net in the statement of financial position where a right of set off exists.

The two subsidiaries of the Company had not yet started operations during the year under review and, as such, did not derive any income.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The company and the Group recognised rental income on an accural basis.

(e) <u>Functional and presentation currency</u>

(i) Reporting currency

The financial statements are presented in Mauritian Rupees (Rs), which is the Group's and the Company's functional and presentation currency. This represents the currency of the primary economic environment in which the Group and the Company operate.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies at year end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

(f) <u>Operating lease</u>

The Company as lessee

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(g) <u>Investment in Subsidiaries</u>

Subsidiaries are entities over which the Company has control. The Company controls an entity if and only if it has power over the entity and when it is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect those returns. The Company will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

(h) ***<u>Taxation</u>***

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred tax</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

<u>Current and deferred tax for the year</u>

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(i) ***Stated capital***

Ordinary shares are classified as equity.

(j) ***Related parties***

For the purpose of these financial statements, parties are considered to be related to the company if they have the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the company is subject to common control or common significant influence. Related parties may be individuals or other entities.

(k) ***Financial Instruments***

The Group and the Company classifies non-derivative financial assets into the following category: loans and receivables.

The Group and the Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group and the Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group and the Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group and the Company is recognised as a separate asset or liability.

The Group and the Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

• default or delinquency by a debtor;

• restructuring of an amount due to the Group and the Company on terms that the Group and the Company would not consider otherwise;

• indications that a debtor or issuer will enter bankruptcy.

(v) Financial assets measured at amortised cost

The Group and the Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group and the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account. When the Group and the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of profit or loss and other comprehensive income.

(l) <u>Provisions</u>

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) <u>Property, plant and equipment</u>

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the branch and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is recognised in the profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Additions during the year bear a due proportion of the annual depreciation charge. As per the company policy,only 95% of total cost is depreciated over the useful life of the assets and 5% is treated as residual value.

The annual effective depreciation rates used are as follows:

Building	- 4.75 %
Computer equipment	- 31.67 %
Furniture, fixtures and fittings	- 11.87 %
Office equipment	- 19.00 %
Motor vehicles	- 11.88 %
Plant and equipment (Outdoor)	- 10.00 %
Plant and equipment (Indoor)	- 13.57 %

Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit.

(n) <u>Investment property</u>

Property held to earn rental and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are measured initially at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

The annual depreciation rates used are as follows:

Building - 4.75 %

(o) <u>Inventories</u>

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the First in First out basis (FIFO).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the period of the revision and future periods if the revision affects both current and future periods.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 *Key sources of estimation uncertainty*

With regards to the nature of the Group's and the Company's business there were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2 *Going concern*

The Group's and the Company's management has made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5(a). Property, Plant and Equipment

The group and the company

	Building Rs	Computer equipment Rs	Furniture, fixtures and fittings Rs	Office equipment Rs	Motor vehicles Rs	Plant and equipment Rs.	Total Rs
COST/VALUATION							
At 01 April 2018	76,117,144	1,340,415	11,458,040	1,366,653	5,678,611	1,437,765,017	1,533,725,880
Additions	-	307,398	953,092	90,012	675,800	84,276,659	86,302,961
Transfer to investment property	-	-	-	-	-	(331,171,354)	(331,171,354)
At 31 March 2019	**76,117,144**	**1,647,813**	**12,411,132**	**1,456,665**	**6,354,411**	**1,190,870,322**	**1,288,857,487**
DEPRECIATION							
At 01 April 2018	13,445,698	982,623	7,437,983	1,128,960	2,755,997	932,633,958	958,385,220
Charge for the year	3,434,790	201,311	1,281,535	87,270	697,628	87,520,482	93,223,016
Transfer to investment property	-	-	-	-	-	(254,552,404)	(254,552,404)
At 31 March 2019	**16,880,488**	**1,183,934**	**8,719,518**	**1,216,230**	**3,453,625**	**765,602,036**	**797,055,832**
NET BOOK VALUE							
At 31 March 2019	**59,236,656**	**463,879**	**3,691,614**	**240,435**	**2,900,786**	**425,268,286**	**491,801,655**
At 31 March 2018	**62,671,446**	**357,792**	**4,020,057**	**237,693**	**2,922,614**	**505,131,059**	**575,340,660**

Note: The amount transferred to investment property represents the portion of the building that is being rented out to third parties

5(b). Investment Property

The group and the company

	Building Rs	Total Rs
COST/VALUATION		
At 01 April 2018	60,893,715	60,893,715
At 31 March 2019	**60,893,715**	**60,893,715**
DEPRECIATION		
At 01 April 2018	10,756,559	10,756,559
Charge for the year	2,747,832	2,747,832
At 31 March 2019	**13,504,391**	**13,504,391**
NET BOOK VALUE		
At 31 March 2019	**47,389,324**	**47,389,324**
At 31 March 2018	50,137,156	50,137,156

Note: The Directors of the company established that the cost model in accordance with IAS 16 to be used for the fair value of the investment property. The amount transferred from property, plant and equipment represents the portion of the building that is being rented out to third parties. There were no direct operating expenses related to Investment property during the year under review. The rental revenue from the Investment property amounting to Rs.4,688,527 (2018- 4,205,044).

6. Investment in subsidiaries

	THE COMPANY 2019 Rs.	2018 Rs.
Unquoted investment at cost		
At 01 April 2018	**12,000,000**	12,000,000
Additions	**-**	-
As 31 March 2019	**12,000,000**	**12,000,000**

Details of Company's investment in subsidiaries:-

2019 and 2018

Name of Company	Country of Incorporation	Class of Shares	Principal Activity	Nominal Value of Investment Rs.	Holding %
MTML Data Ltd	Mauritius	Ordinary	Telecommunications	2,000,000	100
MTML International Ltd	Mauritius	Ordinary	Telecommunications	10,000,000	100

7. Inventories

	The Group and the Company 2019 Rs.	2018 Rs.
Stock of Subscribers Equipment	**4,130,166**	4,084,847

Note: - All stocks were at costs

- All costs of inventories have been expensed during the year.

- The above inventories are held free of any charge.

8. Trade and other receivables

	The Group 2019 Rs.	2018 Rs.	The Company 2019 Rs.	2018 Rs.
Trade receivables	**44,073,391**	41,187,860	**44,073,391**	41,187,860
Other receivables and prepayments	**42,569,647**	62,992,968	**42,619,047**	63,041,368
	86,643,038	**104,180,828**	**86,692,438**	**104,229,228**

Note: - The directors of the company and group includes that Trade and other receivables have not suffered any impairment.

9. Cash and cash equivalents

	The Group 2019 Rs.	2018 Rs.	The Company 2019 Rs.	2018 Rs.
Interest bearing deposits	**115,532,000**	136,735,000	**115,532,000**	136,735,000
Cash at bank	**66,666,400**	70,314,912	**66,666,400**	70,314,912
Cash in hand	**10,099,045**	8,508,951	**10,099,045**	8,508,951
	192,297,445	**215,558,863**	**192,297,445**	**215,558,863**

10. Stated Capital

	The Group		The Company	
	2019 Rs.	**2018 Rs.**	**2019 Rs.**	**2018 Rs.**
Ordinary shares of no par value	**673,717,949**	**673,717,949**	**673,717,949**	**673,717,949**

11. Revenue reserves

	The Group		The Company	
	2019 Rs.	**2018 Rs.**	**2019 Rs.**	**2018 Rs.**
At 01 April 2018	**25,719,008**	11,859,296	**25,767,258**	11,906,696
Total comprehensive income for the year	**17,470,040**	19,859,712	**17,470,890**	19,860,562
Dividend proposed	**(5,250,000)**	(6,000,000)	**(5,250,000)**	(6,000,000)
At 31 March 2019	**37,939,048**	**25,719,008**	**37,988,148**	**25,767,258**

Note: Dividend proposed of 6,000,000 MUR Was paid in year 2018-19.

12. Trade and other payables

	The Group		The Company	
	2019 Rs.	**2018 Rs.**	**2019 Rs.**	**2018 Rs.**
Trade payables	**36,494,757**	145,267,117	**36,494,757**	145,267,117
Other payables	**36,311,602**	69,343,896	**36,311,602**	69,343,896
	72,806,359	**214,611,013**	**72,806,359**	**214,611,013**

13. Other Income

	The Group		The Company	
	2019 Rs.	**2018 Rs.**	**2019 Rs.**	**2018 Rs.**
Rental income	4,781,575	4,205,044	4,781,575	4,205,044
Provision Write Back	85,003,313	-	85,003,313	-
Loss on Scrapped Assets	(76,618,950)	-	(76,618,950)	-
	13,165,938	**4,205,044**	**13,165,938**	**4,205,044**

14. Net Finance Income

	The Group		The Company	
	2019 Rs.	**2018 Rs.**	**2019 Rs.**	**2018 Rs.**
Interest income	3,016,179	3,038,101	3,016,179	3,038,101
Foreign exchange gain	329,208	10,373,816	329,208	10,373,816
	3,345,387	**13,411,917**	**3,345,387**	**13,411,917**

15. Taxation

The Company is liable to income tax at the rate of 15% (2018: 15%) on its profit as adjusted for tax purposes. No provision for corporate tax was made in the accounts as the company has accumulated tax losses brought forward.

	The Group		The Company	
	2019 Rs.	**2018 Rs.**	**2019 Rs.**	**2018 Rs.**
Deferred tax charge	**3,293,888**	3,794,121	**3,294,038**	3,794,271
Total tax expense for the year	**3,293,888**	**3,794,121**	**3,294,038**	**3,794,271**
Reconciliation of effective taxation				
Profit before taxation	**20,763,928**	**23,653,833**	**20,764,928**	**23,654,833**
Income tax at 15%	**3,114,589**	3,548,075	**3,114,739**	3,548,225
Non-allowable expenses	**44,299**	33,046	**44,299**	33,046
Tax rate differential	**135,000**	213,000	**135,000**	213,000
	3,293,888	**3,794,121**	**3,294,038**	**3,794,271**
Deferred tax Liabilities				
At 01 April 2018	**(29,254,384)**	(25,460,263)	**(29,254,534)**	(25,460,263)
Charge for the year	**(3,293,888)**	(3,794,121)	**(3,294,038)**	(3,794,271)
At 31 March 2019	**(32,548,272)**	**(29,254,384)**	**(32,548,572)**	**(29,254,534)**
Deferred tax liabilities are analysed as follows:				
Accelerated capital allowances	**(37,227,068)**	(47,540,804)	**(37,227,218)**	(47,540,804)
Tax losses	**4,543,796**	18,073,420	**45,43,648**	18,073,270
Provision for bad debts	**135,000**	213,000	**135,000**	213,000
	(32,548,272)	**(29,254,384)**	**(32,548,572)**	**(29,254,534)**

16. Earnings per share

The calculation of earnings per share is based on total comprehensive income for the year after taxation attributable to ordinary shareholders and on the number of shares in issue throughout the two years ended 31 March 2019.

17. Profit from operations

	The Group	The Company
	2019 Rs.	**2018 Rs.**
Profit from operations is arrived at after charging the following items:-		
Staff costs	**16,955,325**	15,936,673
Director's fees	**15,000**	15,000
Depreciation on property, plant and equipment	**95,970,848**	132,075,566
Auditors' remuneration	120,000	120,000
Number of employees at end of the year	**17**	17

18. Related party transactions

The Company had the following transactions and balances with related parties.

	The Group	The Company
Remuneration and other short term benefits to key management personnel	**4,690,934**	**5,014,149**
Amount due to holding company	-	-
Amount due to related companies	**12,000,000**	**12,000,000**

All related party transactions are priced on commercial terms and conditions.

The amount due to related companies represents the unpaid share capital of the two subsidiaries. This was included under other payables during the year ended 31 March 2019.

19. Holding company

The Holding Company is Mahanagar Telephone Nigam Ltd, a Government of India Enterprise.

20. Commitments

(a) Operating leases

Leases as lessee

The future aggregate minimum lease payments for operating leases cancellable with six months amount to Rs. 16,229,949.

(b) Bank guarantee

There is a contingent liability not provided for in the accounts in respect of guarantees given to third parties amounting to Rs 15,367,262.The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

(c) Capital commitments

Capital expenditure contracted and not provided for in the financial statements amount to NIL.

21. Financial instruments

Capital management

The Group's and the Company's primary objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern. As the Group and the Company is part of a larger group, the Group's and the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Group and the Company defines "capital" as including all components of equity.

The Group's and the Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Group and the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company and additional needs for capital.

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Fair value

The Group's and the Company's financial assets and liabilities include trade and other receivables, cash and cash equivalents and trade and other payables.

Fair values of financial assets and liabilities

As at 31 March 2019, the carrying amounts of the following financial assets and financial liabilities shown on the statement of financial position represent or approximate their fair value.

The GROUP	**2019**		**2018**	
	Carrying amount Rs.	**Fair value Rs.**	**Carrying amount Rs.**	**Fair value Rs.**
Financial assets				
Trade and other receivables	**86,643,038**	**86,643,038**	104,180,828	104,180,828
Cash and cash equivalents	**192,297,445**	**192,297,445**	215,558,863	215,558,863
	278,940,483	**278,940,483**	319,739,691	319,739,691
Financial liabilities				
Trade and other payables	**72,806,359**	**72,806,359**	214,611,013	**214,611,013**

The COMPANY	**2019**		**2018**	
	Carrying amount Rs.	**Fair value Rs.**	**Carrying amount Rs.**	**Fair value Rs.**
Financial assets				
Trade and other receivables	**86,692,438**	**86,692,438**	104,229,228	104,229,228
Cash and cash equivalents	**192,297,445**	**192,297,445**	215,558,863	215,558,863
	278,989,883	**278,989,883**	319,788,091	319,788,091
Financial liabilities				
Trade and other payables	**72,806,359**	**72,806,359**	214,611,013	214,611,013

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's and the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group and the Company has assets and liabilities denominated in foreign currencies. Consequently, the Group and the Company is exposed to the risk that the exchange rate of the MUR relative to the foreign currencies may change in a manner which has a material effect on the reported values of the Group's and the Company's assets and liabilities which are denominated in foreign currencies. The figures in the table below are all presented in MUR.

The Group	2019		2018	
	Financial assets Rs	Financial liabilities Rs	Financial assets Rs	Financial liabilities Rs
Mauritian Rupee (MUR)	**223,334,508**	**50,694,213**	275,915,308	169,953,044
United States Dollar (USD)	**45,660,313**	**19,407,727**	29,305,175	44,657,969
Euro (EUR)	**9,945,662**	**2,704,419**	14,519,208	-
	278,940,483	**72,806,359**	319,739,691	214,611,013

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

The Group	Rate – MUR/USD		2019	2018
	2019	2018	Rs	Rs
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**35.32**	34.15	**26,252,586**	(15,352,794)
Increase of 1%	**35.67**	34.49	**(26,515,112)**	15,506,322
Difference			**(262,526)**	153,528

A 1 percent weakening of MUR against USD at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

The Group	Rate – MUR/USD		2019	2018
	2019	2018	Rs	Rs
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**35.32**	34.15	**26,252,586**	(15,352,794)
Decrease of 1%	**34.97**	33.81	**(25,990,060)**	15,199,266
Difference			**262,526**	(153,528)

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

The Group	Rate – MUR/EUR		2019	2018
	2019	2018	Rs	Rs
Assume increase of 1% in exchange rate				

Before sensitivity analysis	**39.66**	**42.06**	**9,945,662**	14,519,208
Increase of 1%	**40.06**	**42.48**	**10,045,119**	14,664,400
Difference			**(99,457)**	(145,192)

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

The Group	**Rate – MUR/EUR**		**2019**	**2018**
	2019	**2018**	**Rs**	**Rs**
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**39.66**	**42.06**	**9,945,662**	14,519,208
Decrease of 1%	**39.26**	**41.64**	**9,846,205**	14,374,016
Difference			**99,457**	145,192

The Company	**2019**		**2018**	
	Financial assets Rs	**Financial liabilities Rs**	**Financial assets Rs**	**Financial liabilities Rs**
Mauritian Rupee (MUR)	**223,383,908**	**50,694,213**	275,963,708	169,953,044
United States Dollar (USD)	**45,660,313**	**19,407,727**	29,305,175	44,657,969
Euro (EUR)	**9,945,662**	**2,704,419**	14,519,208	-
	278,989,883	**72,806,359**	319,788,091	214,611,013

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

The Company	**Rate – MUR/USD**		**2019**	**2018**
	2019	**2018**	**Rs**	**Rs**
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**35.32**	34.15	**26,252,586**	(15,352,794)
Increase of 1%	**35.67**	34.49	**26,515,112**	(15,506,322)
Difference			**(262,526)**	153,528

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The Company	Rate – MUR/USD		2019	2018
	2019	**2018**	**Rs**	**Rs**
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**35.32**	34.15	**26,252,586**	(15,352,794)
Decrease of 1%	**34.97**	33.81	**25,990,060**	(15,199,266)
Difference			**262,526**	**(153,528)**

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

The Company	Rate – MUR/EUR		2019	2018
	2019	**2018**	**Rs**	**Rs**
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**39.66**	**42.06**	**9,945,662**	14,519,208
Increase of 1%	**40.06**	**42.48**	**(10,045,119)**	(14,664,400)
Difference			**(99,457)**	**(145,192)**

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

The Company	Rate – MUR/EUR		2019	2018
	2019	**2018**	**Rs**	**Rs**
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**39.66**	**42.06**	**9,945,662**	14,519,208
Decrease of 1%	**39.26**	**41.64**	**(9,846,205)**	(14,374,016)
Difference			**99,457**	**145,192**

(ii) Interest rate risk

Financial instruments subject to interest rate risk consist of bank balances. Interest rates applicable to bank balances fluctuate with movements in the prime lending rate and are comparable with rates currently available on the market. The Group's and the Company's variable interest rate instruments are analysed as follows:

	The Group	The Company
	2019	**2018**
	Rs.	**Rs.**
Bank balances	**182,198,400**	207,049,912

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the Group's and the Company's exposure to interest rates for interest bearing assets and liabilities at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the Group's and the Company's net profit for the year ended 31 March 2019 would have increased by Rs. 910,992 (2018: Rs.1,035,250).

If interest rates had been 50 basis points lower it would have had the equal but opposite effect, on the basis that all other variables remain the same.

(a) Market risk (Continued)

(iii) Price risk

The Company is not faced with any price risk.

(b) Credit risk

The Company has no significant concentration of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations, associated with its financial liabilities, when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash. In addition, the Company has access to its holding company for its financing needs.

(d) Fair value estimation

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

22. Financial Summary

	2019 Rs.	2018 Rs.	2017 Rs.	2016 Rs.	2015 Rs.
Issued and fully paid up share capital	**673,717,949**	**673,717,949**	**673,717,949**	**673,717,949**	**673,717,949**
Revenue reserves / (accumulated losses)	**37,988,148**	25,767,258	11,906,696	3,871,689	(17,406,555)
Profit before taxation	**20,764,928**	23,654,833	25,884,489	26,642,541	24,097,661
Profit after taxation	**17,470,890**	19,860,562	21,535,007	21,278,244	17,754,523

23. Events after the reporting period

There are no events after the reporting period which may have a material effect on the financial statements at 31 March 2019.

24. Cost of sales

	The Group		The Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Roaming Charges	**6,434,434**	8,059,086	**6,434,434**	8,059,086
ICTA Special account fee/USF Charges	**16,522,616**	19,098,034	**16,522,616**	19,098,034
Carrier charges	**25,960,833**	49,341,563	**25,960,833**	49,341,563
IPLC charges	**25,702,485**	15,853,356	**25,702,485**	15,853,356
Cost of GSM Mobile	**10,041,516**	4,356,401	**10,041,516**	4,356,401
IUC charges	**43,745,363**	44,265,732	**43,745,363**	44,265,732
	128,407,247	**140,974,172**	**128,407,247**	**140,974,172**

25. Personnel expenses

Salaries and allowances	**16,324,312**	15,502,268	**16,324,312**	15,502,268
Other benefits	**631,013**	434,405	**631,013**	434,405
	16,955,325	**15,936,673**	**16,955,325**	**15,936,673**

26. Licence fees

PLMN	**8,668,671**	8,000,004	**8,668,671**	8,000,004
ILD	**2,168,659**	1,999,992	**2,168,659**	1,999,992
Microware	**9,825,258**	7,337,758	**9,825,258**	7,337,758
Spectrum	**4,359,953**	4,383,239	**4,359,953**	4,383,239
ISP	**50,000**	50,000	**50,000**	50,000
Dealership	**5,500**	7,000	**5,500**	7,000
GSM Spectrum	**1,999,992**	1,666,660	**1,999,992**	1,666,660
GSM 3G	**3,840,000**	3,840,000	**3,840,000**	3,840,000
GSM 4 G	**10,785,000**	540,000	**10,785,000**	540,000
	41,703,033	**27,824,653**	**41,703,033**	**27,824,653**

27. Administrative expenses

	The Group		The Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Meeting expenses	**295,325**	220,305	**295,325**	220,305
Rental for ebene	**375,141**	356,430	**375,141**	356,430
Rental accomodation	**654,601**	824,152	**654,601**	824,152

Rental BTS sites	**30,164,883**	28,704,781	**30,164,883**	28,704,781
Electricity	**44,614,315**	45,164,438	**44,614,315**	45,164,438
Water charges	**263,683**	265,911	**263,683**	265,911
Motor vehicle running expenses	**802,403**	523,294	**802,403**	523,294
Repairs and maintenance - office	**1,685,174**	1,655,443	**1,685,174**	1,655,443
Repairs and maintenance - shop	**484,296**	518,600	**484,296**	518,600
Repairs and maintenance - Equipment	**24,734,528**	27,713,121	**24,734,528**	27,713,121
Repairs and maintenance	**669,981**	579,294	**669,981**	579,294
Maintenance sites	**1,875,211**	1,986,062	**1,875,211**	1,986,062
Printing	**371,876**	591,260	**371,876**	591,260
Stationery	**339,612**	305,367	**339,612**	305,367
Communication expenses	**1,562,696**	1,352,123	**1,562,696**	1,352,123
Bank charges	**964,884**	1,095,262	**964,884**	1,095,262
Library books	**19,215**	20,860	**19,215**	20,860
Horticulture expenses	**117,600**	137,200	**117,600**	137,200
Professional charges	**547,044**	318,868	**547,044**	318,868
General expenses	**668,795**	253,602	**668,795**	253,602
Value Added Service- Revenue share	**5,291,735**	2,782,387	**5,291,735**	2,782,387
Commission and brokerage fees	**30,984,985**	28,364,761	**30,984,985**	28,364,761
Office insurance	**778,485**	749,261	**778,485**	749,261
Security charges	**582,575**	631,707	**582,575**	631,707
Licences, rates and taxes	**3,509,202**	2,629,401	**3,508,202**	2,628,401
Provision for bad debts	**900,000**	1,420,000	**900,000**	1,420,000
Lease rental	**168,000**	168,000	**168,000**	168,000
Freight charges	**62,990**	181,234	**62,990**	181,234
Directors fee	**15,000**	15,000	**15,000**	15,000
Travelling Expenses	**1,609,564**	1,750,304	**1,609,564**	1,750,304
Custom duty and clearance	**199,871**	329,703	**199,871**	329,703
	155,313,670	**151,608,131**	**155,312,670**	**151,607,131**

28. Marketing expenses

Electricity for shops	**545,825**	609,886	**545,825**	609,886
Club membership	**20,000**	20,000	**20,000**	20,000
Rent of shops	**2,663,224**	2,650,423	**2,663,224**	2,650,423
Call centre charges	**4,081,950**	5,145,345	**4,081,950**	5,145,345
Publicity and advertisement	**18,139,707**	13,057,874	**18,139,707**	13,057,874
Website development and maintenance	**73,830**	11,633	**73,830**	11,633
	25,524,536	**21,495,161**	**25,524,536**	**21,495,161**