

**MAHANAGAR TELEPHONE NIGAM LIMITED**

(A Govt. of India Enterprise)

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003  
STATEMENT OF STANDALONE UNAUDITED REVIEWED RESULTS FOR THE THREE MONTHS ENDED ON 30/06/2013

Annexure A

S. No.	Particulars	(Rs. in Million)			
		3 months ended 30/06/2013	Preceding 3 months ended 31/03/2013	Corresponding 3 months ended 30/06/2012 in the previous year	Previous year ended 31/03/2013
	(Refer Notes Below)	UNAUDITED	UNAUDITED*	UNAUDITED	AUDITED
1	2	3	4	5	6
<b>1</b>	<b>Income from operations</b>				
	(a) Net income from operations	8,831.62	9,180.08	8,304.87	34,188.67
	(b) Other operating income	-	5.80	25.19	97.96
	<b>Total income from operations (Net)</b>	<b>8,831.62</b>	<b>9,185.88</b>	<b>8,330.05</b>	<b>34,286.63</b>
<b>2</b>	<b>Expenses</b>				
	(a1) Employee benefits other than retirement benefits	5,169.10	4,016.71	4,738.07	18,289.16
	(a2) Employee benefits for retirement benefits (Actual Payouts)	1,809.55	1,626.31	1,268.84	5,732.47
	(a3) Employee benefits for retirement benefits (Provisions)	4,585.03	13,630.34	3,787.23	24,992.02
	(b) Revenue Sharing	1,121.35	1,158.20	1,147.69	4,508.94
	(c) Licence Fees and Spectrum Charges	651.85	953.96	728.59	2,912.79
	(d) Depreciation and Amortisation expense	3,610.15	3,750.47	3,680.57	14,769.42
	(e) Administrative, Operative & Other Expenses	1,754.27	1,778.43	1,722.06	7,344.66
	<b>Total Expenses</b>	<b>18,701.30</b>	<b>26,914.42</b>	<b>17,073.04</b>	<b>78,549.46</b>
<b>3</b>	<b>Profits/ (Loss) from Operations before other income, Finance cost and exceptional items (1-2)</b>	<b>(9,869.69)</b>	<b>(17,728.54)</b>	<b>(8,742.99)</b>	<b>(44,262.83)</b>
<b>4</b>	Other Income	514.56	1,138.61	877.43	2,854.20
<b>5</b>	<b>Profit / (Loss) from ordinary activities before Finance cost and exceptional items (3+4)</b>	<b>(9,355.13)</b>	<b>(16,589.93)</b>	<b>(7,865.56)</b>	<b>(41,408.63)</b>
<b>6</b>	Finance cost	3,206.78	3,269.37	2,727.29	11,802.60
<b>7</b>	<b>Profit / (Loss) from ordinary activities after Finance cost but before exceptional items (5-6)</b>	<b>(12,561.92)</b>	<b>(19,859.30)</b>	<b>(10,592.85)</b>	<b>(53,211.23)</b>
<b>8</b>	Exceptional items	-	-	-	-
<b>9</b>	<b>Profit/ (Loss) from ordinary activities before tax (7-8)</b>	<b>(12,561.92)</b>	<b>(19,859.30)</b>	<b>(10,592.85)</b>	<b>(53,211.23)</b>
<b>10</b>	<b>Tax expense</b>				
	(a) Provision for Current Tax	-	-	-	-
	(b) Taxes for earlier period written back/paid	-	-	-	-
	(c) Provision for Deferred Tax	-	-	-	-
<b>11</b>	<b>Net Profit/ (Loss) from ordinary activities after tax (9-10)</b>	<b>(12,561.92)</b>	<b>(19,859.30)</b>	<b>(10,592.85)</b>	<b>(53,211.23)</b>
<b>12</b>	Extraordinary items	-	-	-	-
<b>13</b>	<b>Net Profit/ (Loss) for the period (11-12)</b>	<b>(12,561.92)</b>	<b>(19,859.30)</b>	<b>(10,592.85)</b>	<b>(53,211.23)</b>
<b>14</b>	<b>Paid-up equity share capital (Face value of Rs.10/-each)</b>	<b>6,300.00</b>	<b>6,300.00</b>	<b>6,300.00</b>	<b>6,300.00</b>
<b>15</b>	<b>Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year</b>				<b>(34,144.26)</b>
<b>16</b>	<b>Earning Per Share (EPS)</b>				
	(a) Basic and Diluted EPS (before extraordinary items)	(19.94)	(31.52)	(16.81)	(84.46)
	(b) Basic and Diluted EPS (after extraordinary items)	(19.94)	(31.52)	(16.81)	(84.46)
<b>17</b>	<b>Public shareholding</b>				
	(a) Number of shares	275,621,260	275,621,260	275,621,260	275,621,260
	(b) Percentage of shareholding	43.75%	43.75%	43.75%	43.75%
<b>18</b>	<b>Promoters and Promoter Group Shareholding</b>				
	<b>a) Pledged/ Encumbered</b>				
	- Number of shares	0	0	0	0
	- Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	0.00%	0.00%	0.00%	0.00%
	- Percentage of shares (as a % of the total share capital of the company)	0.00%	0.00%	0.00%	0.00%
	<b>b) Non - encumbered</b>				
	- Number of shares	354,378,740	354,378,740	354,378,740	354,378,740
	- Percentage of shares (as a % of the total shareholding of the Promoter and Promoter Group)	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the company)	56.25%	56.25%	56.25%	56.25%
<b>19</b>	The status of investor complaints received and disposed of during the 3 months ended on 30.06.2013 is as under:				
	Pending at the beginning of the quarter			0	
	Received during the quarter			1	
	Disposed of during the quarter			1	
	Remained unresolved at the end of the quarter			0	

**Notes:**

- The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 13.08.2013 and approved by the Board of Directors of the Company at their meeting held on the same date. The Statutory Auditors have carried out a Limited Review of the financial results as required under Clause-41 of the Equity Listing Agreement. Figures of previous year /period have been revised/ reclassified/ regrouped wherever necessary to conform to current year/ period presentations.
- The port charges are billed as per the extant position obtained in the ongoing litigation against TRA's regulations reducing the port charges issued wef 01.10.2012 which are subject to the outcome of the Court Case.
- DoT issued a demand for one time spectrum charges (2G Spectrum) amounting to Rs.33131.50 million. The policy regarding this has been challenged by other operators. This demand is subject to the decision of the Court on the policy itself and also based on amount of spectrum retained. As there is no finality on the liability and the quantum is not certain, no effect could be given in the financial results.
- \* The figures of preceding 3 months ending 31/03/2013 are the balancing figures between audited figures in respect of the full financial year ending 31/03/2013 and the published year to date figures of nine months ending 31/12/2012.
- Administrative, Operative & Other Expenses includes Prior Period Expenditure



For and on behalf of the Board

*P. K. Purwar*  
P. K. Purwar  
Director (Finance)

Place : New Delhi  
Date : 13.08.2013

**MAHANAGAR TELEPHONE NIGAM LIMITED**

**STANDALONE UNAUDITED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE THREE MONTHS ENDED ON 30/06/2013**

(Rs. in Million)

S. No.	Particulars	3 months ended 30/06/2013	Preceding 3 months ended 31/03/2013	Corresponding 3 months ended 30/06/2012 in the previous year	Previous year ended 31/03/2013
		UNAUDITED	UNAUDITED*	UNAUDITED	AUDITED
1	2	3	4	5	6
<b>1.</b>	<b>Segment Revenue</b>				
	Basic & other Services	6,740.71	7050.00	6532.86	26961.09
	Cellular	2,154.06	2185.72	1833.41	7593.17
	Unallocable	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>8894.78</b>	<b>9235.72</b>	<b>8366.27</b>	<b>34554.26</b>
	Less: Inter unit Revenue	63.16	49.84	36.22	267.63
	<b>Net Revenue from Operations</b>	<b>8831.62</b>	<b>9185.88</b>	<b>8330.05</b>	<b>34286.63</b>
<b>2.</b>	<b>Segment Results before Interest income, Finance cost, Prior Period items and Tax</b>				
	Basic & other Services	(7,521.84)	(13362.22)	(6016.39)	(31367.78)
	Cellular	(1,230.35)	323.28	(1642.78)	(4797.60)
	Unallocable	(614.18)	(3504.64)	(735.83)	(5655.20)
	<b>Total</b>	<b>(9366.38)</b>	<b>(16543.58)</b>	<b>(8395.00)</b>	<b>(41820.58)</b>
	Add: Interest Income	20.49	7.87	539.91	605.79
	Less: Finance cost	3,206.78	3269.37	2727.29	11802.60
	Less: Prior Period items	9.24	54.22	10.47	193.84
	<b>Profit / (Loss) before tax</b>	<b>(12561.92)</b>	<b>(19859.30)</b>	<b>(10592.85)</b>	<b>(53211.23)</b>
	Less: Provision for Current Tax & Deferred Tax	0.00	0.00	0.00	0.00
	Less: Taxes for earlier period(s) written back/paid	0.00	0.00	0.00	0.00
	<b>Profit / (Loss) after tax</b>	<b>(12561.92)</b>	<b>(19859.30)</b>	<b>(10592.85)</b>	<b>(53211.23)</b>
<b>3.</b>	<b>Capital Employed (Segment Assets - Segment Liabilities)</b>				
	Basic & other Services	(50,138.02)	(42574.37)	(22089.11)	(42574.37)
	Cellular	58,369.41	59658.89	61564.92	59658.89
	Unallocable	(48,734.15)	(44928.77)	(24647.17)	(44928.77)
	<b>Total</b>	<b>(40502.76)</b>	<b>(27844.25)</b>	<b>14828.64</b>	<b>(27844.25)</b>

**Notes:**

1. The figures of previous year/period have been revised/ regrouped/ reclassified wherever necessary to conform to current year/ period presentations.

2. \* The figures of preceding 3 months ending 31/03/2013 are the balancing figures between audited figures in respect of the full financial year ending 31/03/2013 and the published year to date figures of nine months ending 31/12/2012.

Place : New Delhi  
Date : 13.08.2013



ARUN K AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
105, South Ex Plaza – I,  
389, Masjid Moth, South Ex Part – II,  
New Delhi – 110049  
Phone : 011- 26251200, 26257400  
Fax : 011- 26251200


V. K. DHINGRA & CO.  
CHARTERED ACCOUNTANTS  
1-E/15, Jhandewalan Extension,  
New Delhi – 110055  
Phone : 011- 23528511, 23638325  
Fax : 011- 23549789

## LIMITED REVIEW REPORT

To  
The Board of Directors,  
Mahanagar Telephone Nigam Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of Mahanagar Telephone Nigam Limited for the quarter ended on June 30, 2013 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This statement is the responsibility of the Company's management and has been approved by the board of directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, *except for the observations / matters mentioned in Annexure – I to this report*, no other matter has come to our attention, that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed or that it contains any material misstatement.

For ARUN K AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN : 003917N

  
(SATISH GULATI)  
PARTNER  
M. No. 083897



For V. K. DHINGRA & CO.  
CHARTERED ACCOUNTANTS  
FRN : 000250N

  
(VIPUL GIROTRA)  
PARTNER  
M. No. 084312



PLACE : NEW DELHI  
DATE : AUGUST 13, 2013

ARUN K AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
105, South Ex Plaza – I,  
389, Masjid Moth, South Ex Part – II,  
New Delhi – 110049  
Phone : 011- 26251200, 26257400  
Fax : 011- 26251200

V. K. DHINGRA & CO.  
CHARTERED ACCOUNTANTS  
1-E/15, Jhandewalan Extension,  
New Delhi – 110055  
Phone : 011- 23528511, 23638325  
Fax : 011- 23549789

**ANNEXURE I TO THE LIMITED REVIEW REPORT ON STANDALONE  
UNAUDITED FINANCIAL RESULTS OF MAHANAGAR TELEPHONE NIGAM  
LIMITED FOR THE PERIOD ENDED JUNE 30, 2013**

**(Referred to in Para 3 of our report dated August 13, 2013)**

1. *In respect of the qualifications/ other observations of previous audit reports and/ or limited review reports, though the Company has considered some of the qualifications/ other reservations, it has neither indicated how those qualifications/ other reservations have been resolved nor assigned any reason/ steps which the Company intends to take in respect of the qualification / other reservations remaining unresolved in compliance to Clause 41(iv)(c) of the Equity Listing Agreement.*
2. *In spite of the negative net worth of the company, the Financial Results have been prepared on Going Concern basis.*
3. *The balances appearing in Advance Tax, Provisions for Income Tax and Interest on Income Tax Refund accounts are subject to reconciliation with the tax records maintained by the Company and resultant adjustments thereof.*
4. *The Company has allocated the establishment overheads towards capital works on estimation basis. In view of the basis being not in line with the accepted accounting practices and Accounting Standard -10 "Accounting for Fixed Assets" issued under the Companies (Accounting Standards) Rules, 2006, the same results into overstatement of capital work in progress/ fixed assets and understatement of losses. The actual impact of the same on the capitalization & losses for period has not been ascertained. Moreover, in the absence of confirmation of work completion & WIP (work in progress), authenticity and accuracy of amount outstanding and shown as WIP for extra ordinary time period cannot be examined. Accordingly consequential impact on the financial statement cannot be ascertained.*
5. *All the receivables and payables including amount receivable / payable from / to BSNL / DOT / ITI, Inter Unit Accounts, bank balances, subscribers deposits pertaining to Delhi Unit and ITC cards are subject to confirmation and/or reconciliation. The Company is not making any provision for old unreconciled outstanding balances from BSNL, DOT, Govt. agencies and other operators. Any consequential impact of the same on the financial results is not ascertainable.*
6. *The reconciliation of deposits pertaining to Mumbai unit is done and on reconciliation of Balances of customer's deposits in the CSMS billing system with financial books (WFMS), an amount of Rs.1348.04 million is found excess in financial books. Pending decision on final treatment of this excess amount, the same is retained as liability in the financial books.*

*On reconciliation of balance outstanding under refund due to subscribers account in Mumbai Unit with actual amount due for refund, Rs.371.28 million was identified as*

*excess liability appearing in the financial books. Pending decision on final treatment of this excess amount, the same is retained as liability in the financial books.*

- 7. Based on the expert opinion, the Company has not been deducting tax at source on services received from BSNL. Also, no service tax is being charged on the revenue sharing with BSNL for inward circuits for which no bills are being raised.*
- 8. The liability on account of medical facilities to the retired/ existing employees has not been accounted for on actuarial basis. Rather the annual insurance premium paid for the policy for the purpose has been accounted for on year to year basis. The same is not in line with Accounting Standard - 15 "Employee Benefits" issued under the Companies (Accounting Standards) Rules, 2006.*
- 9. From financial year 2012-13, the licence fee payable to DOT on IUC charges to BSNL has been worked out strictly as per the terms of Licence Agreement. However shortfall of Rs. 1403.63 million on this account for the period up to financial year 2011-12 shown as contingent liability in 2012-13 has not been provided for in the quarter ended on June 30, 2013 also resulting into understatement of losses to that extent.*
- 10. Out of Rs. 2850 million on account of wet lease of infrastructure and other services provided in respect of Commonwealth Games and accounted for in 2010-11, a sum of Rs. 430 million remains unrecovered and unconfirmed. Also the said amount of Rs. 430 million is yet to be approved by the concerned authorities. Pending confirmation or approval or any other document from the concerned authorities to substantiate the claim of the Company, the recoverability of the amount outstanding is not certain. The Company continues to treat the said amount as good for recovery and no provision for doubtful debts has been made for the same resulting into understatement of losses to that extent.*
- 11. The Company had invested Rs. 1000 million in 8.75 % Cumulative Preference Shares M/s ITI Ltd in 2001-02. As per the revised repayment schedule, the said investment was to be redeemed in five equal installments starting from 2012-13. On default by M/s ITI Ltd. to meet its rescheduled obligations also, a provision was made by MTNL for first installment of Rs. 200 million only in 2012-13 instead of provision for full investment. No provision has been made on this account for the balance amount of Rs. 800 million in the quarter ended on June 30, 2013 also resulting into understatement of losses to that extent.*
- 12. No impairment tests have been carried out on value of the fixed assets as at June 30, 2013. Due to recurring losses incurred by the Company and uncertainty in the achievement of projections made by the Company, we are unable to comment on the provisions, if any, required in respect of impairment of carrying value of the fixed assets and its consequential impact on the loss for the quarter ended on June 30, 2013.*
- 13. The dues from operators and on account of disputed cases for billing to customers which are outstanding for less than three years in Basic and less than six months in wireless services have not been considered for making provision for Bad and Doubtful debts. The impact thereof is unascertainable.*

14. Pending completion of process of billing of roaming charges to/from BSNL in Wireless Segment in respect of Mobile Services Delhi unit, we are not in a position to comment on the adequacy of the amount booked under this head and consequential impact thereof on the financial statements of the Company.

15. During the financial year 2012-13 Department of Telecommunication (DOT) had raised a demand of Rs. 33131.50 million on account of one time charges for 2G spectrum held by the company for GSM and CDMA for the period of licence already elapsed and also for the remaining valid period of licence including spectrum given on trial basis.

As explained the demand for spectrum usage for CDMA will need revision by Rs. 1074.40 million on account of rectification of actual usage.

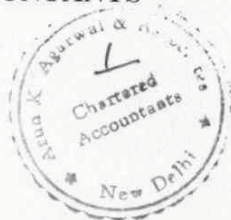
As explained, pending finality of the issue by the company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by the Company and because of the matter being sub judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability was created for the demand made by DOT on this account and Rs. 32057.10 million had 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 financial results of the company for the quarter ended on June 30, 2013 also.

16. The overall impact of matters referred to in above paras on the financial results of the company is not determinable.

**For ARUN K AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN : 003917N**

*S. Gulati*  
**(SATISH GULATI)  
PARTNER  
M. No. 083897**



**For V. K. DHINGRA & CO.  
CHARTERED ACCOUNTANTS  
FRN : 000250N**

*V. K. Dhingra*  
**(VIPUL GIROTRA)  
PARTNER  
M. No. 084312**



**PLACE : NEW DELHI  
DATE : AUGUST 13, 2013**