

## 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 30/06/2014

(Rs. in Crore)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended	Previous year ended
		30/06/2014	31/03/2014	30/06/2013 in the previous year	31/03/2014
		UNAUDITED	UNAUDITED*	UNAUDITED	AUDITED
	(Refer Notes Below)	3	4	5	6
1	2				
1	<b>Income from operations</b>				
	(a) Net income from operations	854.33	840.35	883.16	3,379.16
	(b) Other operating income	1.69	1.38	-	12.58
	<b>Total income from operations (Net)</b>	<b>856.02</b>	<b>841.73</b>	<b>883.16</b>	<b>3,391.74</b>
2	<b>Expenses</b>				
	(a1) Employee benefits other than retirement benefits	595.12	844.59	516.91	2,427.17
	(a2) Employee benefits for retirement benefits	58.99	(1,254.18)	639.46	188.23
	(b) Revenue Sharing	97.18	86.61	112.14	414.68
	(c) Licence Fees and Spectrum Charges	65.80	71.19	65.19	253.90
	(d) Depreciation and Amortisation expenses	290.48	307.37	361.02	1,165.74
	(e) Administrative, Operative & Other Expenses	173.02	704.22	175.43	1,246.13
	<b>Total Expenses</b>	<b>1,280.59</b>	<b>759.81</b>	<b>1,870.13</b>	<b>5,695.85</b>
3	<b>Profits/ (Loss) from Operations before other income, Finance cost and exceptional items (1-2)</b>	<b>(424.57)</b>	<b>81.93</b>	<b>(986.98)</b>	<b>(2,304.12)</b>
4	Other Income	54.31	162.81	51.46	395.64
5	<b>Profit / (Loss) from ordinary activities before Finance cost and exceptional items (3+4)</b>	<b>(370.26)</b>	<b>244.73</b>	<b>(935.52)</b>	<b>(1,908.48)</b>
6	Finance costs	362.97	363.27	320.68	1,390.15
7	<b>Profit / (Loss) from ordinary activities after Finance cost but before exceptional items (5-6)</b>	<b>(733.23)</b>	<b>(118.54)</b>	<b>(1,256.21)</b>	<b>(3,298.63)</b>
8	Exceptional items	-	10,216.05	-	11,620.93
9	<b>Profit/ (Loss) from ordinary activities before tax (7+8)</b>	<b>(733.23)</b>	<b>10,097.51</b>	<b>(1,256.21)</b>	<b>8,322.30</b>
10	<b>Tax expense</b>				
	(a) Provision for Current Tax (MAT)	-	497.18	-	497.18
	(b) Taxes for earlier period written back/paid	-	-	-	-
	(c) Provision for Deferred Tax	-	-	-	-
	Less: MAT Credit Entitlement	-	-	-	-
11	<b>Net Profit/ (Loss) from ordinary activities after tax (9-10)</b>	<b>(733.23)</b>	<b>9,600.33</b>	<b>(1,256.21)</b>	<b>7,825.12</b>
12	Extraordinary items	-	-	-	-
13	<b>Net Profit/ (Loss) for the period (11-12)</b>	<b>(733.23)</b>	<b>9,600.33</b>	<b>(1,256.21)</b>	<b>7,825.12</b>
14	<b>Paid-up equity share capital (Face value of Rs.10/-each)</b>	<b>630.00</b>	<b>630.00</b>	<b>630.00</b>	<b>630.00</b>
15	<b>Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year</b>				<b>4,410.71</b>
16	<b>Earning Per Share (EPS)</b>				
	(a) Basic and Diluted EPS (before extraordinary items)	(11.64)	152.39	(19.94)	124.21
	(b) Basic and Diluted EPS (after extraordinary items)	(11.64)	152.39	(19.94)	124.21
17	<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%
18	<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%
19	The status of investor complaints received and disposed of during the 3 months period ended on 30.06.2014 is as under:				
	Pending at the beginning of the quarter	0			
	Received during the quarter	0			
	Disposed of during the quarter	0			
	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 14.08.2014 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 figures of preceding 3 months ending 31/03/2014 are the balancing figures between audited figures in respect of the full financial year ending 31/03/2014 and the published year to date figures of nine months ending 31/12/2013.
- Due to revision of lives of assets as per Schedule II of Companies Act 2013, the depreciation of the assets whose lives expired on or before 31/03/2014 or revised has impact to the tune of Rs 79.89 Crore on retained earnings and Rs 2.88 Crore on profit and loss account respectively in the above results.
- Administrative, Operative & Other Expenditure includes Prior Period Expenditure.

For and on behalf of the Board

Place : New Delhi

Date : 14.08.2014

Chairman &amp; Managing Director

May kindly see for approval before issue for publication and for submission to SEBI.

*[Signature]*

*[Signature]*

14/2/14

**MAHANAGAR TELEPHONE NIGAM LIMITED**

**STANDALONE UNAUDITED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE THREE MONTHS ENDED ON 30/06/2014**

Sl. No.	Particulars	(Rs. in Crore)			
		3 months ended 30/06/2014	Preceding 3 months ended 31/03/2014	Corresponding 3 months ended 30/06/2013 in the previous year	Previous year ended 31/03/2014
		UNAUDITED	UNAUDITED*	UNAUDITED	AUDITED
1	2	3	4	5	6
1.	<b>Revenue from Operations</b>				
	Basic & other Services	670.48	663.76	674.07	2,645.68
	Cellular	189.09	182.22	215.41	766.88
	Unallocable	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>859.57</b>	<b>845.98</b>	<b>889.48</b>	<b>3,412.56</b>
	Less: Inter unit Revenue- Basic	2.54	3.20	5.08	16.28
	Less: Inter unit Revenue- Cellular	1.01	1.06	1.24	4.55
	<b>Net Revenue from Operations</b>	<b>856.02</b>	<b>841.73</b>	<b>883.16</b>	<b>3,391.73</b>
2.	<b>Segment result before interest income, exceptional items, finance cost, prior period items and tax</b>				
	Basic & other Services	(318.32)	5,303.67	(752.18)	4,685.39
	Cellular	(111.34)	256.64	(123.04)	(105.05)
	Unallocable	8.66	(5,119.93)	(61.42)	(6,381.07)
	<b>Total</b>	<b>(421.00)</b>	<b>440.38</b>	<b>(936.64)</b>	<b>(1,800.73)</b>
	Add: Exceptional items	0.00	10,216.05	0.00	11,620.93
	Add: Interest Income	1.95	8.66	2.05	107.85
	Less: Finance cost	362.97	363.27	320.68	1,390.15
	Less: Prior period items	(48.79)	204.30	0.92	215.58
	<b>Profit/ (Loss) before tax</b>	<b>(733.23)</b>	<b>10,097.53</b>	<b>(1,256.19)</b>	<b>8,322.31</b>
	Less: Provision for Current Tax & Deferred tax	0.00	497.18	0.00	497.18
	Less: Taxes for earlier period(s) written back/paid	0.00	0.00	0.00	0.00
	<b>Profit/ (Loss) after tax</b>	<b>(733.23)</b>	<b>9,600.35</b>	<b>(1,256.19)</b>	<b>7,825.13</b>
3.	<b>Capital Employed (Segment Assets - Segment Liabilities)</b>				
	Basic & other Services	5,138.61	5,214.06	(5,013.80)	5,214.06
	Cellular	5,855.44	6,276.49	5,836.94	6,276.49
	Unallocable	(6,766.14)	(6,449.84)	(4,873.42)	(6,449.84)
	<b>Total</b>	<b>4,227.91</b>	<b>5,040.70</b>	<b>(4,050.28)</b>	<b>5,040.70</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 preceeding 3 months ending 31/03/2014 are the balancing figures between audited figures in respect of the full financial year ending 31/03/2014 and the published year to date figures of nine months ending 31/12/2013.

Place : New Delhi  
Date : 14.08.2014

**ARUN K AGARWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
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389, Masjid Moth, South Ex Part – II,  
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**CHARTERED ACCOUNTANTS**  
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## **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, 2014 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 the applicable Accounting Standards, notified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rules 7 of the Companies (Accounts) Rules 2014) and other recognized accounting practices and policies generally accepted in India 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

**PLACE : NEW DELHI**  
**DATE : AUGUST 14, 2014**



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

  
**(VIPUL GIROTRA)**  
**PARTNER**  
M. No. 084312



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**ANNEXURE I TO THE LIMITED REVIEW REPORT ON STANDALONE  
UNAUDITED FINANCIAL RESULTS OF MAHANAGAR TELEPHONE NIGAM  
LIMITED FOR THE QUARTER ENDED JUNE 30, 2014**  
**(Referred to in Para 3 of our report dated August 14, 2014)**

- 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) *The Company has allocated the establishment overheads towards capital works on estimated 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.*
- 3)
  - a) *All the receivables and payables including amount receivable / payable from / to 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 DOT, Govt. agencies and other operators. Any consequential impact of the same on the financial results is not ascertainable.*
  - b) *All the receivables and payables from / to BSNL are subject to confirmation and/or reconciliation. The Company is not making any provision for old unreconciled outstanding balances from BSNL.*

*Any consequential impact of the above on the financial results is not ascertainable.*
- 4) *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.134.80 crore 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.*

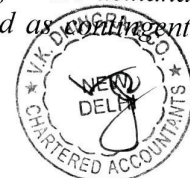
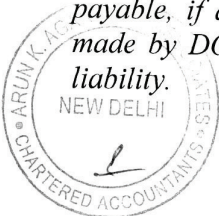
*On reconciliation of balance outstanding under refund due to subscribers account in Mumbai Unit with actual amount due for refund, Rs.37.13 crore was identified as excess*



*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.*

- 5) Based on the expert opinion, the Company has not been deducting tax at source on services received from BSNL.*
- 6) 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. 140.36 crore on this account for the period up to financial year 2011-12 shown as contingent liability in 2013-14 has not been provided for in the quarter ended on June 30, 2014 also resulting into understatement of losses to that extent.*
- 7) The Company had invested Rs. 100 crore 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 two installment of Rs. 20 crore each in 2012-13 and 2013-14 instead of provision for full investment. No provision has been made on this account for the balance amount of Rs. 60 crore in the quarter ended on June 30, 2014 also resulting into understatement of losses to that extent. However, as intimated by DOT, provision for this amount has been considered in the revival plan of ITI Ltd. approved by BIFR and BRPSE which is subject to finalisation by the appropriate authorities.*
- 8) No impairment tests have been carried out on value of the fixed assets as at June 30, 2014. 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, 2014.*
- 9) The dues from operators and on account of disputed cases for billing to customers which are outstanding for less than one year in Basic and less than 180 days in wireless services have not been considered for making provision for Bad and Doubtful debts. The impact thereof is unascertainable.*
- 10) During the financial year 2012-13 Department of Telecommunication ( DOT ) had raised a demand of Rs. 3313.15 crore 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. After correction in the demand for CDMA, the same was subsequently revised to Rs. 3205.71 crore.*

*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. 3205.71 crore had been disclosed as contingent*



*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, 2014 also.*

- 11) *Other current assets include claim of Income tax refund for F.Y. 1999-2000 of Rs. 101.54 crore arising from pending appeal effect / rectification under Section 154 of Income Tax Act, 1961 by income tax department . This includes tax amount of Rs. 60.30 crore and interest accrued thereon amounting to Rs. 41.24 crore. In the absence of complete records, we are not in a position to comment on the correctness and recoverability of the same and consequential impact on the financial results of the company for the quarter ended on June 30, 2014 .*
- 12) *The balances appearing in the advance tax/income tax receivable / tax deducted at source / interest on income tax and provisions for taxes are subject to reconciliation with the tax records. Pending reconciliations we are not in a position to comment on the correctness of the same and consequential impact of the same on the financial results of the company for the quarter ended on June 30, 2014 .*
- 13) *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**

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



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

  
**(VIPUL GROTRA)  
PARTNER  
M. No. 084312**



**PLACE : NEW DELHI  
DATE : AUGUST 14, 2014**