

महानगर टेलीफोन निगम लि०

(भारत सरकार का उद्यम)

Mahanagar Telephone Nigam Ltd.

(A Government of India Enterprise)

CIN: L32101DL1986GOI023501



MTNL/SECTT/SE/2016

December 14, 2016

The Secretary,
Bombay Stock Exchange,
National Stock Exchange,
OTCQX

Sub: Compliance of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Submission of Un-audited Reviewed Financial Results for the Quarter ended 30th September, 2016.

Dear Sir,

Further to our letter of even no.dtd. 22nd November, 2016, we are forwarding herewith the Unaudited Reviewed Financial Results prepared as per Ind AS along with the Limited Review Report submitted by the Statutory Auditors of the Company for the Quarter ended 30th September, 2016 duly approved by the Board of Directors in its Meeting held in New Delhi today i.e. 14th December, 2016.

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

The results are being published in newspapers as per the requirement of Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully,

(S.R. SAYAL)

COMPANY SECRETARY

Encl: As above

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पंजीकृत एवं निगम कार्यालय : महानगर दूरसंचार सदन, 5वां तल, 9 सी.जी.ओ. कॉम्प्लैक्स, लोधी रोड, नई दिल्ली-110003

फोन कार्यालय : 24319020, फैक्स: 24324243

Regd. & Corporate Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi-110 003 India

Phone Off.: 24319020, Fax : 24324243

आप हमारे साथ हिन्दी में भी पत्राचार कर सकते हैं।

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

Annexure I

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2016

CIN No: L32101DL1986GOI023501

(Rs. in Crore)

Sl. No.	Particulars	Three Month Ended			Six Month Ended	
		3 months ended 30/09/2016	Preceding 3 months ended 30/06/2016	Corresponding 3 months ended 30/09/2015 in the previous year	Year to date figures for Current period ended 30/09/2016	Year to date figures for previous period ended 30/09/2015
1	2	3	4	5	6	7
		UNAUDITED	UNAUDITED	UNAUDITED & NOT SUBJECTED TO REVIEW	UNAUDITED	UNAUDITED & NOT SUBJECTED TO REVIEW
1	Income from operations					
	(a) Net income from operations	726.56	741.20	770.64	1,467.76	1,547.34
	(b) Other operating income	2.64	3.51	3.53	6.16	6.96
	Total Income from operations (Net)	729.20	744.72	774.18	1,473.92	1,554.30
2	Expenses					
	(a) Employee benefits	699.00	681.91	679.21	1,380.91	1,341.15
	(b) Revenue Sharing	57.98	63.47	64.95	121.46	128.55
	(c) Licence Fees and Spectrum Charges	65.61	57.36	64.01	122.98	123.34
	(d) Depreciation and Amortisation expenses	272.30	270.93	274.76	543.23	567.14
	(e) Administrative, Operative & Other Expenses	185.35	180.39	200.98	365.74	425.05
	Total Expenses	1,280.25	1,254.06	1,283.90	2,534.31	2,585.23
3	Profits/(Loss) from Operations before other income, Finance cost and exceptional items (1-2)	(551.05)	(509.35)	(509.73)	(1,060.39)	(1,030.94)
4	Other Income	141.78	137.21	116.65	278.99	227.39
5	Profit / (Loss) from ordinary activities before Finance cost and exceptional items (3+4)	(409.27)	(372.14)	(393.08)	(781.41)	(803.55)
6	Finance costs	359.05	345.88	337.27	704.93	661.04
7	Profit / (Loss) from ordinary activities after Finance cost but before exceptional items (5-6)	(768.32)	(718.02)	(730.35)	(1,486.34)	(1,464.59)
8	Exceptional items	-	-	-	-	-
9	Profit/ (Loss) from ordinary activities before tax (7-8)	(768.32)	(718.02)	(730.35)	(1,486.34)	(1,464.59)
10	Tax expense					
	(a) Provision for Current Tax/ MAT	-	-	-	-	-
	(b) Taxes for earlier period written back/paid	-	-	-	-	-
	(c) Provision for Deferred Tax	-	-	-	-	-
	Less: MAT Credit Entitlement	-	-	-	-	-
11	Net Profit/ (Loss) from ordinary activities after tax (9-10)	(768.32)	(718.02)	(730.35)	(1,486.34)	(1,464.59)
12	Extraordinary items (net of tax)	-	-	-	-	-
13	Net Profit/ (Loss) for the period (11-12)	(768.32)	(718.02)	(730.35)	(1,486.34)	(1,464.59)
14	Other Comprehensive Income (net of tax)	-	-	-	-	-
15	Total Comprehensive Income(13+14)	(768.32)	(718.02)	(730.35)	(1,486.34)	(1,464.59)
16	Paid-up equity share capital (Face value of Rs.10/-each)	630.00	630.00	630.00	630.00	630.00
17 (i)	Earnings Per Share (before extraordinary items) (of Rs.10 each) (not annualised) in Rs.					
	(a) Basic	(12.20)	(11.40)	(11.59)	(23.59)	(23.25)
	(b) Diluted	(12.20)	(11.40)	(11.59)	(23.59)	(23.25)
18 (ii)	Earnings Per Share (after extraordinary items) (of Rs.10 each) (not annualised) in Rs.					
	(a) Basic	(12.20)	(11.40)	(11.59)	(23.59)	(23.25)
	(b) Diluted	(12.20)	(11.40)	(11.59)	(23.59)	(23.25)

See accompanying notes to the financial results

Notes:

- 1 The above results have been reviewed and recommended by the Audit Committee in their meeting held on 14.12.2016 and approved by the Board of Directors of the Company at their meeting held on the same date.
- 2 The above results have been reviewed by the Statutory Auditors as required under Regulation 33 Of the SEBI's(Listing Obligations and Disclosures Requirements), Regulation 2015.
- 3 In terms of the requirements of the Companies Act, 2013, the Company has adopted Indian Accounting Standards (Ind AS) from 01.04.2016 and accordingly the above results have been prepared in compliance with Ind AS. Further, the financial results for the quarter ended 30.09.2015 have been restated to comply with Ind AS and have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide true and fair view of the results in accordance with Ind AS.
- 4 The financial results do not include figures for the previous year ended 31st March,2016 as per SEBI's Circular No. CIR/CFD/FAC/2016 dated 5th July 2016.
- 5 Statement of Reconciliation for net profit under Ind AS and Indian GAAP for the Quarter ended Sept 30,2015 and Six Month ended on Sept 30,2015.

Particulars	Quarter ended on 30.09.2015	Six Months ended on 30.09.2015
Profit/ (Loss) after tax as reported under previous GAAP		
Impact of componentization of property, plant and equipment recognised in quarter ended 31 March 2016	(730.44)	(1475.41)
	(4.86)	(18.99)
	(735.29)	(1494.40)
Adjustments under Ind AS on account of:		
(i) Measurement of financial assets and liabilities at amortised cost	54.28	113.43
(ii) Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost	(11.18)	(11.69)
(iii) Adjustments in revenue for fair valuation of consideration over expected credit period	(16.40)	(48.67)
(iv) Recognition of provision for decommissioning obligation at amortised cost	(0.32)	(0.64)
(v) Adjustment for measurement of ascertained employee benefit liabilities at present value	(7.73)	(15.24)
(vi) Others	(13.70)	(7.39)
Profit/ (Loss) after tax as reported under Ind AS	(730.35)	(1464.59)
Other comprehensive income (net of tax)	-	-
Total comprehensive Income/ (Loss) as reported under Ind AS	(730.35)	(1464.59)

- 6 Figures for the previous period have been regrouped/reclassified wherever necessary, to confirm to current period's classification.

For and on behalf of the Board



(P. K. Purwar)

Chairman & Managing Director

Place : New Delhi
Date : 14.12.2016

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 FINANCIAL RESULTS FOR THE HALF YEAR ENDED ON 30/09/2016
(Pursuant to Regulation 52 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015)

S. No.	Particulars	(Rs. in Crore)		
		6 months ended 30/09/2016	Corresponding 6 months ended 30/09/2015 in the previous year	Year to date figures for Current period ended 30/09/2016
1	2	3	4	5
		UNAUDITED	UNAUDITED & NOT SUBJECTED TO REVIEW	UNAUDITED
1	Income from Operations			
	(a) Net Income from Operations			
	(b) Other Operating Income	1,467.76	1,547.34	1,467.76
	Total income from operations (Net)	6.16	6.96	6.16
2	Expenses	1,473.92	1,554.30	1,473.92
	(a) Employee benefits			
	(b) Revenue Sharing	1,380.91	1,341.15	1,380.91
	(c) Licence Fees and Spectrum Charges	121.46	128.55	121.46
	(d) Depreciation and Amortisation expense	122.98	123.34	122.98
	(e) Administrative, Operative & Other Expenses	543.23	567.14	543.23
	Total Expenses	365.74	425.05	365.74
3	Profit/ (Loss) from Operations before other income, Finance cost and exceptional items (1-2)	(1,060.39)	(1,030.94)	(1,060.39)
4	Other Income			
		278.99	227.39	278.99
5	Profit/ (Loss) from ordinary activities before Finance cost & exceptional items (3+4)	(781.41)	(803.55)	(781.41)
6	Finance Cost	704.93	661.04	704.93
7	Exceptional items	-	-	-
8	Profit/ (Loss) from ordinary activities before tax (5-6-7)	(1,486.34)	(1,464.59)	(1,486.34)
9	Tax expense			
	(a) Provision for Current Tax	-	-	-
	(b) Taxes for earlier period paid/ (written back)	-	-	-
	(c) Provision for Deferred Tax	-	-	-
	Less: MAT Credit Entitlement	-	-	-
10	Net Profit/ (Loss) from ordinary activities after tax (8-9)	(1,486.34)	(1,464.59)	(1,486.34)
11	Extraordinary items (net of tax)	-	-	-
12	Net Profit/ (Loss) for the period (10-11)	(1,486.34)	(1,464.59)	(1,486.34)
13	Other Comprehensive Income	-	-	-
14	Total Comprehensive Income(13+14)	(1,486.34)	(1,464.59)	(1,486.34)
15	Paid-up equity share capital (Face value of Rs.10/-each)	630.00	630.00	630.00
16	Paid up Debt Capital	2,980.00	2,980.00	2,980.00
17	Debt Redemption Reserve	45.27	45.27	45.27
18	Earning Per Share (EPS)			
	(a) Basic and Diluted EPS (before extraordinary items)	(23.59)	(23.25)	(23.59)
	(b) Basic and Diluted EPS (after extraordinary items)	(23.59)	(23.25)	(23.59)
19	Debt Equity Ratio	(3.79)	30.76	(3.79)
20	Debt Service Coverage Ratio (DSCR)	(0.86)	(1.37)	(0.86)
21	Interest Service Coverage Ratio (ISCR)	(1.24)	(1.37)	(1.24)

Notes:

- The above results have been reviewed and recommended by the Audit Committee in their meeting held on 14.12.2016 and approved by the Board of Directors of the Company at their meeting held on the same date.
- The above results have been reviewed by the Statutory Auditors as required under Regulation 33 Of the SEBI's(Listing Obligations and Disclosures Requirements), Regulation 2015.
- Debt Service Coverage Ratio (DSCR)= Earnings before Interest and Tax (after exceptional items)/ (Interest + Principal Repayment during the period)
- Interest Service Coverage Ratio (ISCR)= Earnings before Interest and Tax (after exceptional items)/ Interest Expense
- Debt Equity Ratio= (Long Term Borrowings + Short Term Loans + Current Maturity of Long Term Borrowings)/(Share Capital + Other Equity)
- Paidup Debt Capital excludes NCDs issued to the tune of Rs.4533.97 Crores for which the liability to pay Interest & Principal is on Government.
- In terms of the requirements of the Companies Act, 2013, the Company has adopted Indian Accounting Standards (Ind AS) from 01.04.2016 and accordingly the above results have been prepared in compliance with Ind AS. Further, the financial results for the quarter ended 30.09.2015 have been restated to comply with Ind AS and have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide true and fair view of the results in accordance with Ind AS.

For and on behalf of the Board


(P. K. Purwar)
Chairman & Managing Director

Place : New Delhi
Date : 14.12.2016

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MAHANAGAR TELEPHONE NIGAM LIMITED

Annexure IV

STANDALONE UNAUDITED SEGMENT WISE REVENUE, RESULTS AND SEGMENT ASSETS AND LIABILITIES FOR THE QUARTER AND SIX MONTH ENDED 30/09/2016

CIN No: L32101DL1986GOI023501

(Rs. in Crore)

Sl. No.	Particulars	Three Month Ended			Six Month Ended	
		3 months ended 30/09/2016	Preceding 3 months ended 30/06/2016	Corresponding 3 months ended 30/09/2015 in the previous year	Year to date figures for Current period ended 30/09/2016	Year to date figures for previous period ended 30/09/2015
1	2	3	4	5	6	7
		UNAUDITED	UNAUDITED	UNAUDITED & NOT SUBJECTED TO REVIEW	UNAUDITED	UNAUDITED & NOT SUBJECTED TO REVIEW
1.	Revenue from Operations					
	Basic & other Services	573.69	612.74	609.99	1,186.43	1,258.67
	Cellular	127.81	163.01	132.60	290.83	298.93
	Unallocable	29.16	(26.16)	33.11	0.00	0.00
	Total	730.66	746.60	775.70	1,477.26	1,557.60
	Less: Inter unit Revenue- Basic	1.46	1.88	1.48	3.34	3.26
	Less: Inter unit Revenue- Cellular	0.00	0.00	0.04	0.00	0.05
	Net Revenue from Operations	729.20	744.72	774.18	1,473.92	1,554.30
2.	Segment result before interest income, exceptional items, finance cost and tax					
	Basic & other Services	(380.15)	(312.05)	(332.25)	(692.20)	(646.23)
	Cellular	(147.73)	(116.90)	(142.74)	(264.63)	(271.19)
	Unallocable	29.10	(26.74)	13.33	2.36	(13.99)
	Total	(498.78)	(455.69)	(461.66)	(954.47)	(931.41)
	Add: Exceptional items					
	Add: Interest Income	89.51	83.55	68.58	173.06	127.86
	Less: Finance cost	359.05	345.88	337.27	704.93	661.04
	Profit/ (Loss) before tax	(768.32)	(718.02)	(730.35)	(1,486.34)	(1,464.59)
	Less: Provision for Current Tax & Deferred tax	-	-	-	-	-
	Less: Taxes for earlier period(s) written back/paid	-	-	-	-	-
	Profit/ (Loss) after tax	(768.32)	(718.02)	(730.35)	(1,486.34)	(1,464.59)
3.	Segment Assets					
	Basic & other Services	10,431.56	10,911.16	10,660.82	10,431.56	10,660.82
	Cellular	5,706.57	5,904.48	6,131.88	5,706.57	6,131.88
	Unallocable	2,063.98	1,750.49	2,140.27	2,063.98	2,140.27
	Total Segment Assets	18,202.11	18,566.14	18,932.98	18,202.11	18,932.98
4.	Segment Liabilities					
	Basic & other Services	6,122.90	6,072.18	5,981.83	6,122.90	5,981.83
	Cellular	12,998.65	850.40	11,576.85	12,998.65	11,576.85
	Unallocable	878.00	12,667.06	1,106.97	878.00	1,106.97
	Total Segment Liabilities	19,999.55	19,589.64	18,665.66	19,999.55	18,665.66

Note: Figures for the previous period have been regrouped/reclassified wherever necessary, to confirm to current period's classification.

For and on behalf of the Board


(P. K. Purwar)

Chairman & Managing Director

Place : New Delhi

Date : 14.12.2016

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MAHANAGAR TELEPHONE NIGAM LIMITED

STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT 30/09/2016

Sr. No.	Particulars	As at 30/09/2016 (Un-audited) Rs. In Crore
A.	ASSETS	
(1)	Non-current assets	
	(a) Property, Plant and Equipment	5,014.99
	(b) Capital work-in-progress	142.65
	(c) Investment Property	40.40
	(d) Other Intangible assets	3,945.76
	(e) Financial Assets	
	(i) Investments	141.98
	(ii) Loans and advances	4,187.37
	(iii) Others	0.68
	(f) Deferred tax assets (net)	-
	(g) Other non-current assets	845.01
	(h) Non Current Tax Asset	842.01
(2)	Current assets	25.67
	(a) Inventories	
	(b) Financial Assets	(0.00)
	(i) Investments	418.98
	(ii) Trade Receivables	60.41
	(iii) Cash and cash equivalents	21.35
	(iv) Bank Balances other than (iii) above	1,823.91
	(v) Loans and advances	-
	(iv) Others	-
	(c) Current tax assets (Net)	690.40
	(d) Other current assets	0.52
	(e) Asset held for sale	
	Total Assets	18,202.11
B.	EQUITY AND LIABILITIES	
(1)	Equity	
	(a) Equity Share Capital	630.00
	(b) Other Equity	(2,427.44)
(2)	LIABILITIES	
(i)	Non-Current Liabilities	
	(a) Financial Liabilities	3,742.57
	(i) Borrowings	-
	(ii) Trade Payables	2,105.06
	(iii) Other Financial Liabilities (other than b)	1,261.20
	(b) Provisions	-
	(c) Deferred tax liabilities (Net)	254.57
	(d) Other Non Current liabilities	
(ii)	Current Liabilities	
	(a) Financial Liabilities	9,046.74
	(i) Borrowings	312.63
	(ii) Trade Payables	2,300.01
	(iii) Other Financial Liabilities (other than c)	720.04
	(b) Other current liabilities	256.73
	(c) Provisions	
	Total - Equity and Liabilities	18,202.11

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Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations, 2015 for the half year ended September 30, 2016

Particulars		Disclosures	
(a)	Credit rating and change in credit rating (if any);	Crisil Rating - CRISIL AAA(SO)/Stable Care Rating - CARE AAA (SO)	
(b)	Asset cover available, in case of non convertible debt securities;	Not Applicable as all the debentures are Unsecured	
(c)	Debt-equity ratio;	(3.79)	
(d)	Previous due date for the payment of interest/ dividend for non-convertible redeemable preference shares/ repayment of principal of non-convertible preference shares /non convertible debt securities and whether the same has been paid or not; and,	Series	Dates
		Rs 1005 Cr	28th September 2016 (Paid)
		Rs 1975 Cr	06th June 2016 (Paid) (Since Bank Holiday on 05th June 2016 on account of Sunday)
		Rs 765 Cr	26th September 2016 (Paid)
		Rs 1500.07 Cr	19th May 2016 (Paid)
		Rs 2268.90 Cr	30th May 2016 (Paid) (Since Bank Holiday on 28th May 2016 & 29th May 2016 on account of fourth Saturday and Sunday respectively)
(e)	Next due date for the payment of interest/ dividend of non-convertible preference shares /principal along with the amount of interest/ dividend of non-convertible preference shares payable and the redemption amount;	Series	Dates
		Rs 1005 Cr	28th March 2017
		Rs 1975 Cr	05th December 2016 (Paid)
		Rs 765 Cr	27th March 2017 (Since Bank Holiday on 26th March 2017 on account of Sunday)
		Rs 1500.07 Cr	19th November 2016 (Paid)
		Rs 2268.90 Cr	28th November 2016 (Paid)
(f)	Debt service coverage ratio;	(0.86)	
(g)	Interest service coverage ratio;	(1.24)	
(h)	Outstanding redeemable preference shares (quantity and value);	Not Applicable	
(i)	Capital redemption reserve/debenture redemption reserve;	45.27	DRR
(j)	Net worth;	(1,797.44)	
(k)	Net profit after tax;	(1,486.34)	
(l)	Earnings per share:	(23.59)	(Basic & Diluted)

For and on behalf of the Board


 (P. K. Purwar)

Chairman & Managing Director

Place : New Delhi
Date : 14.12.2016

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MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
505, Chiranjiv Tower,
43 Nehru Place,
New Delhi – 110019
Phone : 011- 26419527, 26430349
Fax : 011- 26217981

KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
408, New Delhi House,
Barakhamba Road, Cannaught Place
New Delhi – 110001
Phone : 011- 23314525, 41571108

INDEPENDENT AUDITORS' REVIEW REPORT

To,
The Board of Directors,
Mahanagar Telephone Nigam Limited,
New Delhi.

1. We have reviewed the accompanying statement of unaudited standalone Financial Results of **Mahanagar Telephone Nigam Limited** for the quarter and half year ended September 30, 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the corresponding quarter and half year ended 30th September 2015, including the reconciliation of loss under Ind AS of the corresponding period with loss reported under previous GAAP, as reported in these financial results have been approved by Company's board of Directors but have not been subjected to review.
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. **Basis for Qualified Conclusion**
Based on the information provided to us by the Management of Mahanagar Telephone Nigam Limited, we have given in the **Annexure – I** to this report the basis for qualified conclusions.



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4. Qualified Conclusion

Based on our review conducted as above, except for the observations / matters mentioned in the preceding paragraph, no other matter has come to our attention, that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Emphasis of Matter

- i. In spite of the negative net worth of the company, the financial results have been prepared on Going Concern basis with reference to Indian Accounting Standard (Ind-AS) – 1 “Presentation of Financial Statements” specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.
- ii. During the F.Y. 2013-14, Government of India decided to take over the liability of payment of pensions and Gratuity w.e.f. 01-10-2000 pertaining to MTNL absorbed employees who have opted Combined Service Pension on retirement or any other contingency with effect from 01-04-2014 based on BSNL pay scale. The difference of pension / gratuity payable as per MTNL pay scale and BSNL pay scale is to be borne by MTNL.

On 31-03-2014 liability to be borne by MTNL was estimated at 10% of the accumulated provision of pension / gratuity pertaining to such employees and balance 90% was reversed.

As informed by the management, due to difference in actual payment to employees from the liability carried in books, a fresh computation of the amount expected to be paid based on the information available as at 31st March, 2015 has been made and excess provision amounting to Rs. 400.30 Crores has been adjusted in Ind-AS opening balance sheet of 01st April, 2015.

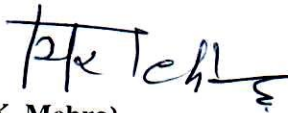
- iii. Company based on the advice / opinion received from the consultant, appointed for the conversion of account as per the Ind-AS, classified deposits received from the customer as long term liability and discounted the same at present value.



The treatment given by the company is at variation from the bulletin 5 issued by the 'Ind - AS Transition Facilitation Group' constituted by the Accounting Standards Board (ASB) of the ICAI.

Our conclusion is not modified in respect of these matters.

For Mehra Goel & Co.
Chartered Accountants
Firm Registration No.: 000517N



(R. K. Mehra)
Partner
M. No. 006102

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



(Roopa Garg)
Partner
M. No. 500677

Place: New Delhi
Date : 14th December, 2016



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MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
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Annexure – I to the Independent Auditors' Review Report
(Referred to in Para 3 of our report of even date)

- 1) The Company continues to allocate the establishment 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” specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014, 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 attached unaudited financial results of the company for the quarter and half year ended on September 30, 2016 cannot be ascertained.
- 2) a) The Company is not making any provision for old un-reconciled outstanding balances from DOT, Govt. agencies and other operators. Any consequential impact of the same on the attached unaudited financial results of the company for the quarter and half year ended on September 30, 2016 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 attached unaudited financial results of the company for the quarter and half year ended on September 30, 2016 is not ascertainable.
- 3) 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 Crores on this account for the period up to financial year 2011-12 shown as contingent liability in 2014-15 has not been provided for till September 30, 2016 resulting into overstatement of reserves and understatement of current liabilities to that extent.
- 4) No adjustment has been considered on account of impairment loss, if any, with reference to Indian Accounting Standard- 36 “Impairment of Assets” of the fixed assets as at September 30, 2016. 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 of the company for the quarter and half year ended on September 30, 2016.



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- 5) Department of Telecommunication (DOT) had raised a demand of Rs. 3,205.71 Crores 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 license including spectrum given on trial basis.

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. 3,205.71 Crores 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 attached unaudited financial results of the company for the quarter and half year ended on September 30, 2016.

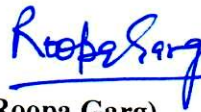
- 6) Pending identification and details of the assets lost / destroyed by fire / theft in earlier years against which insurance claims amounting to Rs. 24.52 crores have been lodged in Mumbai Unit, the same continue to appear in the schedule of Fixed Assets under the head Gross Block, Accumulated Depreciation and Net Block. In the absence of details of such assets, we are not in a position to comment on the impact there of on the attached unaudited financial results of the Company for the quarter and half year ended on September 30, 2016.
- 7) The above observations/conclusions were subject matter of qualification in the Auditor's Report for the year ended on 31st March 2016.
- 8) The overall impact of matters referred to in above paras (except for para 3 above) on the attached unaudited financial results of the company is not determinable.

For Mehra Goel & Co.
Chartered Accountants
Firm Registration No.: 000517N



(R. K. Mehra)
Partner
M. No. 006102

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



(Roopa Garg)
Partner
M. No. 500677

Place: New Delhi
Date : 14th December, 2016



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