

महानगर टेलीफोन निगम लि०
(भारत सरकार का उद्यम)
Mahanagar Telephone Nigam Ltd.
(A Government of India Enterprise)
CIN: L32101DL1986GO1023501



MTNL/SECTT/SE/2017
August 14, 2017

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 June, 2017.

Dear Sir,

Further to our letter of even no.dtd. 18th July, 2017, 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 30st June, 2017 duly approved by the Board of Directors in its Meeting held in New Delhi today i.e. 14th August, 2017.

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 (LODR) Regulations, 2015.

Thanking you,

Yours faithfully,


(S.R. SAYAL)
COMPANY SECRETARY

Encl: As above

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

CIN No: L32101DL1986GOI023501

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

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED ON 30/06/2017

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE			
		3 months ended 30/06/2017	3 months ended 31/03/2017	Corresponding 3 months ended 30/06/2016 in the previous year	Previous year ended 31/03/2017
		UNAUDITED 3	UNAUDITED 4	UNAUDITED 5	AUDITED 6
1	2				
I	Revenue from operations	657.22	705.17	744.72	2,869.68
II	Other Income	155.44	257.95	137.21	682.78
III	Total Income (I+II)	812.66	963.12	881.93	3,552.46
IV	Expenses				
	Licence Fees & Spectrum Charges	39.60	75.23	57.36	270.08
	Employees' Remuneration and benefits	608.22	587.56	681.91	2,647.81
	Finance cost	358.36	361.26	345.88	1,448.47
	Revenue Sharing	48.33	60.28	63.47	227.78
	Depreciation and amortization expense	265.13	271.56	270.93	1,087.63
	Administrative Expenses	196.20	246.39	180.39	816.13
	Total Expenses (IV)	1,515.83	1,602.29	1,599.94	6,497.91
V	Profits/(Loss) before exceptional items and tax(III-IV)	(703.17)	(639.17)	(718.02)	(2,945.45)
VI	Exceptional items	-	-	-	-
VII	Profit/ (Loss) before tax (V- VI-VII)	(703.17)	(639.17)	(718.02)	(2,945.45)
VIII	Tax expense:				
	(1) Current tax	-	(4.38)	-	(4.38)
	(2) Deferred tax	-	-	-	-
IX	Profit/ (Loss) for the period from continuing operations (VIII - IX)	(703.17)	(634.80)	(718.02)	(2,941.08)
X	Profit/ (Loss) from discontinued operations	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-
XII	Profit/ (Loss) from Discontinued Operations (after tax) (XI-XII)	-	-	-	-
XIII	Profit/ (Loss) for the period (X + XIII)	(703.17)	(634.80)	(718.02)	(2,941.08)
XIV	Other Comprehensive Income				
A	i) Items that will not be reclassified to profit and loss	-	(29.49)	-	(29.49)
	ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B	i) Items that will be reclassified to profit or loss	-	-	-	-
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Other Comprehensive Income for the year	-	(29.49)	-	(29.49)
XV	Total Comprehensive Income for the period (XIV+XV)	(703.17)	(664.29)	(718.02)	(2,970.57)
XVI	Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)				
	(1) Basic	(11.16)	(10.08)	(11.40)	(46.68)
	(2) Diluted	(11.16)	(10.08)	(11.40)	(46.68)
XVII	Earnings per equity Share of Rs.10 each(for discontinued operations):(not annualised)				
	(1) Basic	-	-	-	-
	(2) Diluted	-	-	-	-
XVIII	Earnings per equity Share of Rs.10 each (for discontinued & continuing operations): (not annualised)				
	(1) Basic	(11.16)	(10.08)	(11.40)	(46.68)
	(2) Diluted	(11.16)	(10.08)	(11.40)	(46.68)

See accompanying notes to the financial results:

Notes:

- The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 14.08.2017 and approved by the Board of Directors of the Company at their meeting held on the same date.
- Income includes Rs.37.72 Crores on account of adjustment of security deposits on reconciliation.
- Figures for the previous period have been regrouped/reclassified wherever necessary, to conform to current period's classification.

For and on behalf of the Board



(P. K. Purwar)

Chairman & Managing Director
DIN No. 06619060Place : New Delhi
Date : 14.08.2017

MAHANAGAR TELEPHONE NIGAM LIMITED

Annexure IV

STANDALONE UNAUDITED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER ENDED 30/06/2017

CIN No: L32101DL1986GOI023501

		STANDALONE			
Sl. No.	Particulars	3 months ended 30/06/2017	3 months ended 31/03/2017	Corresponding 3 months ended 30/06/2016 in the previous year	Year to date Previous year ended 31/03/2017
		UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1	2	3	4	5	6
1.	Revenue from Operations				
	Basic & other Services	556.67	589.85	612.74	2,345.17
	Cellular	101.87	116.79	163.01	531.06
	Unallocable	-	-	(29.16)	0.00
	Total	658.53	706.65	746.60	2,876.24
	Less: Inter Segment Revenue	1.32	1.48	1.88	6.56
	Net Revenue from Operations	657.22	705.17	744.72	2,869.68
2.	Segment Result before interest income, exceptional items, finance cost and tax				
	Basic & other Services	(296.57)	(296.31)	(312.05)	(1,370.81)
	Cellular	(127.01)	(140.19)	(116.90)	(547.60)
	Unallocable	(4.07)	15.75	(26.74)	19.53
	Total	(427.65)	(420.76)	(455.69)	(1,898.88)
	Add: Exceptional items	0.00	0.00	-	0.00
	Add: Interest Income	82.84	142.86	83.55	401.90
	Less: Finance cost	358.36	361.26	345.88	1,448.47
	Profit/ (Loss) before tax	(703.17)	(639.17)	(718.02)	(2945.45)
	Less: Provision for Current Tax & Deferred tax	0.00	(4.38)	-	(4.38)
	Profit/ (Loss) after tax	(703.17)	(634.80)	(718.02)	(2,941.08)
3.	Capital Employed (Segment Assets - Segment Liabilities)				
	Segment Asset				
	Basic & other Services	9,896.12	10,010.22	10,911.16	10,010.22
	Cellular	5,326.65	5,729.92	5,904.48	5,729.92
	Unallocable/Eliminations	1,909.90	1,922.82	1,750.49	1,922.82
	Total Segment Assets	17,132.66	17,662.97	18,566.14	17,662.97
	Segment Liabilities				
	Basic & other Services	5,931.06	6,073.61	6,072.18	6,073.61
	Cellular	13,925.84	13,613.73	850.40	13,613.73
	Unallocable/Eliminations	1,346.16	1,342.33	12,667.06	1,342.33
	Total Segment Liabilities	21,203.07	21,029.67	19,589.64	21,029.67
	Segment Capital Employed				
	Basic & other Services	3,965.05	3,936.61	4,838.98	3,936.61
	Cellular	(8,599.20)	(7,883.81)	5,054.08	(7,883.81)
	Unallocable/Eliminations	563.74	580.49	(10,916.56)	580.49
	Capital Employed	(4,070.41)	(3,366.70)	(1,023.50)	(3,366.70)

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

For and on behalf of the Board


(P. K. Purwar)

Chairman & Managing Director

DIN No. 06619060

Place : New Delhi

Date : 14.08.2017

MAHANAGAR TELEPHONE NIGAM LIMITED

Annexure XI

(A Govt. of India Enterprise)

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

CIN No: L32101DL1986GOI023501

EXTRACT OF THE STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30/06/2017

(Rs. in Crore)

Particulars	STANDALONE			
	Quarter ending 30/06/2017	Quarter ending 31/03/2017	Corresponding 3 months ended 30/06/2016 in the previous year	Year ended 31/03/2017
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1 Total Income from Operations	657.22	705.17	744.72	2,869.68
2 Net Profit/ (Loss) for the period before exceptional items & tax	(703.17)	(639.17)	(718.02)	(2,945.45)
3 Net Profit/ (Loss) for the period before Tax(after Exceptional items)	(703.17)	(639.17)	(718.02)	(2,945.45)
4 Net Profit/ (Loss) for the period after Tax	(703.17)	(634.80)	(718.02)	(2,941.08)
5 Total Comprehensive Income for the period (Comprising net profit/(loss) after tax and other comprehensive income after tax)	(703.17)	(664.29)	(718.02)	(2,970.57)
6 Equity Share Capital	630.00	630.00	630.00	630.00
7 Other Equity excluding Revaluation Reserves (as per balance sheet of previous accounting year)				(3,996.70)
8 Earnings Per Share (of Rs.10 each) for continuing and discontinued operations- (not annualised)				
1. Basic :	(11.16)	(10.08)	(11.40)	(46.68)
2. Diluted :	(11.16)	(10.08)	(11.40)	(46.68)

Note:

1. The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the website of the company at www.mtnl.net.in and on the Stock Exchange websites at www.bseindia.com & www.nseindia.com.

For and on behalf of the Board


 (P. K. Purwar)

Chairman & Managing Director
DIN No. 06619060

Place: New Delhi
Date: 14.08.2017

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, Connaught Place
New Delhi – 110001
Phone : 011- 23314525, 41571108

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE BOARD OF DIRECTORS OF MAHANAGAR TELEPHONE NIGAM LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MAHANAGAR TELEPHONE NIGAM LIMITED** ("the Company") for the quarter ended June 30, 2017 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016. 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.
4. **Qualified Conclusion**
Based on our review conducted as stated above, except for the observations / matters mentioned in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Standalone Financial Results, prepared in accordance with the applicable Indian Accounting Standards (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 generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5.

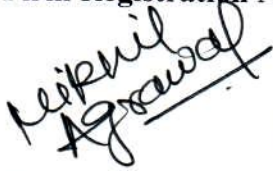


5. Emphasis of Matter

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 on “Presentation of Financial Statements” prescribed under section 133 of the Companies Act, 2013.

Our conclusion is not modified in respect of these matters.

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



(Nikhil Agrawal)
Partner
M. No. 419806



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



(Roopa Garg)
Partner
M. No. 500677

Place: New Delhi
Date : 14th August, 2017

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, Connaught Place
New Delhi – 110001
Phone : 011- 23314525, 41571108

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” prescribed under section 133 of the Companies Act, 2013, the same results into overstatement of Capital Work in Progress / Property, Plant and Equipment 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 ended on June 30, 2017 cannot be ascertained.
- 2) a) All the receivables and payables including amount receivable / payable from / to DOT, ITI Limited, Inter Unit Balances, bank balances including unlinked credits, and subscriber’s deposits pertaining to Delhi unit are subject to confirmation and/or reconciliation. Further, 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 ended on June 30, 2017 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 ended on June 30, 2017 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 June 30, 2017 resulting into understatement of losses 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” prescribed under section 133 of the Act as at June 30, 2017. In view of recurring losses incurred by the Company and uncertainty in the achievement of projections made by the Company, we are unable to



7.



comment on the provisions, if any, required in respect of impairment of carrying value of the cash generating units and its consequential impact on the losses of the company for the quarter ended on June, 30 2017.

- 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 ended on June, 30, 2017.

- 6) In the absence of detailed information i.e. break up of amount received with relation to the individual invoices raised through MACH; invoice wise reconciliation of the roaming debtors is pending in Delhi Unit. Pending such reconciliation, the impact of the same on the attached unaudited financial results of the company for the quarter ended on June 30, 2017 can't be ascertained and quantified.
- 7) 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. Due to delays in issuance of the completion certificates or receipt of the bills, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year/quarter. The resultant impact of the same on the attached unaudited financial results of the company for the quarter ended on June 30, 2017 can't be ascertained and quantified.
- 8) 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 attached unaudited financial results of the Company for the quarter ended on June 30, 2017 can't be ascertained and quantified.



8.



- 9) In Mumbai Unit, the Company has capitalized an amount of Rs. 10.39 Cr. on account of replacement of old batteries in existing Apparatus and Plant (A&P). The said replacement does not meet the recognition criteria as laid down under Indian Accounting Standard – 16 on “Property, Plant and Equipment”. Therefore, the same should have been charged to revenue for the quarter ended June 30, 2017, resulting understatement of losses by Rs. 10.19 Cr. (Net of Depreciation) and overstatement of Property, Plant and Equipment.
- 10) In Mumbai Unit, the Company has been awarded a contract from Larsen & Turbo (L&T) for design, development, implementation & Maintenance of CCTV based surveillance system for Mumbai City in 4 phases. Work of Phase – I and II are completed and Phase – III is partial completed but the Company (Mumbai Unit) has not calculated profit/loss on completed/partial completed work as per requirement of percentage of completion method of accounting as prescribed under Indian Accounting Standard (IND AS) – 18 on “Revenue”. In the absence of any such working/detail, we are not in a position to comment on the impact thereof on the attached unaudited financial results of the Company for the quarter ended on June 30, 2017.
- 11) The above observations/conclusions referred to in Para no. 1 to 8 were subject matter of qualification in the Auditor’s Report for the year ended on 31st March 2017.
- 12) The overall impact of matters referred to in above paras (except for Para 3 and 9 above) on the attached unaudited financial results of the company is not determinable.

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

Nikhil Agrawal

(Nikhil Agrawal)
Partner
M. No. 419806



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

Roopa Garg

(Roopa Garg)
Partner
M. No. 500677

Place: New Delhi
Date : 14th August, 2017