

# महानगर टेलीफोन निगम लिमिटेड

(भारत सरकार का उद्यम)

निगम कार्यालय

MAHANAGAR TELEPHONE NIGAM LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

CORPORATE OFFICE



MTNL/SECTT/SE/UNAA/2010

November 3, 2010

The Secretary, Stock Exchanges  
Delhi/ Bombay/ Calcutta/Madras  
National Stock Exchange/NYSE

**Sub: Unaudited Reviewed Financial Results for the Quarter ended  
30<sup>th</sup> September, 2010**

Dear Sir,

As already informed you, a meeting of the Board of Directors of the Company was held today at New Delhi to consider the Un-audited Reviewed Financial Results for the quarter ended on 30<sup>th</sup> September, 2010. A copy of the approved unaudited reviewed financial results along with segment-wise reporting is enclosed for your kind information and record. The same is also being published in the Newspapers

Thanking you,

Yours faithfully,

**(S. R. SAYAL)  
COMPANY SECRETARY**

# MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

Regd. Office : Jeevan Bharti Building, Tower-1, 12 th Floor, 124, Connaught Circus, New Delhi-110001

REVIEWED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 30/09/2010

(Rs. In Million)

| S.No | Particulars                                                                              | 3 Months ended 30/09/2010 | Corresponding 3 Months ended 30/09/2009 in the previous year | Year to date figures for Current period ended 30/09/2010 | Year to date figures for previous year ended 30/09/2009 | Year Ended 31/03/2010 |
|------|------------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------|-----------------------|
|      |                                                                                          | REVIEWED                  | REVIEWED                                                     | REVIEWED                                                 | REVIEWED                                                | AUDITED               |
| 1    | 2                                                                                        | 3                         | 4                                                            | 5                                                        | 6                                                       | 7                     |
| 1    | (a) Net Income from Operations                                                           | 10,536.20                 | 9,571.38                                                     | 20,065.73                                                | 18,912.68                                               | 36,561.00             |
|      | (b) Other Operating Income                                                               | 97.25                     | 252.89                                                       | 283.98                                                   | 437.46                                                  | 1,249.03              |
|      | Total Income                                                                             | 10,633.45                 | 9,824.27                                                     | 20,349.71                                                | 19,350.13                                               | 37,810.03             |
| 2    | Expenditure                                                                              |                           |                                                              |                                                          |                                                         |                       |
|      | a1. Staff Cost other than retirement benefits                                            | 4,290.11                  | 3,507.52                                                     | 8,008.64                                                 | 6,873.69                                                | 19,681.41             |
|      | a2. Staff Cost for retirement benefits (Actual payouts)                                  | 1,017.24                  | 421.35                                                       | 1,689.65                                                 | 1,113.02                                                | 2,610.53              |
|      | a3. Staff Cost for retirement benefits (Provisions)                                      | 2,525.66                  | 670.79                                                       | 5,311.33                                                 | 2,345.56                                                | 27,370.56             |
|      | b. Revenue Sharing                                                                       | 1,108.22                  | 1,414.04                                                     | 2,205.74                                                 | 2,901.15                                                | 5,258.78              |
|      | c. Licence Fees & Spectrum Charges                                                       | 866.33                    | 1,081.60                                                     | 1,740.40                                                 | 2,101.03                                                | 4,105.72              |
|      | d. Admin./Operative Expenditure                                                          | 2,295.08                  | 2,016.57                                                     | 4,300.43                                                 | 3,943.94                                                | 8,134.74              |
|      | e. Depreciation & Amortisation                                                           | 3,428.54                  | 1,774.26                                                     | 6,873.58                                                 | 3,526.44                                                | 17,594.94             |
|      | f. Other Expenditure                                                                     | -                         | -                                                            | -                                                        | -                                                       | -                     |
|      | Total Expenditure                                                                        | 15,581.16                 | 10,886.13                                                    | 30,128.77                                                | 22,904.83                                               | 84,754.69             |
| 3    | Profit / (Loss) from Operations before Other Income, Interest & Exceptional Items (1-2)  | (4,927.72)                | (1,081.86)                                                   | (8,780.07)                                               | (3,454.70)                                              | (48,944.66)           |
| 4    | Other Income                                                                             | 318.91                    | 1,383.73                                                     | 941.61                                                   | 3,142.51                                                | 12,768.20             |
| 5    | Profit / (Loss) before Interest & Exceptional Items (3+4)                                | (4,608.80)                | 321.87                                                       | (8,838.46)                                               | (312.19)                                                | (34,176.46)           |
| 6    | Interest                                                                                 | 1,438.85                  | 0.65                                                         | 1,716.54                                                 | 5.99                                                    | 12.61                 |
| 7    | Profit / (Loss) after Interest but before Exceptional Items (5-6)                        | (6,047.65)                | 321.23                                                       | (10,554.99)                                              | (318.18)                                                | (34,189.07)           |
| 8    | Exceptional Items                                                                        | -                         | -                                                            | -                                                        | -                                                       | -                     |
| 9    | Profit (+)/Loss(-) from ordinary activities before tax (7-8)                             | (6,047.65)                | 321.23                                                       | (10,554.99)                                              | (318.18)                                                | (34,189.07)           |
| 10   | Tax expense                                                                              |                           |                                                              |                                                          |                                                         |                       |
|      | a. Provision for Tax                                                                     | 0.45                      | 249.80                                                       | 0.91                                                     | 298.15                                                  | 1.82                  |
|      | b. Taxes for earlier period written back/paid                                            | -                         | -                                                            | -                                                        | -                                                       | (4,879.71)            |
|      | c. Provision for Deferred Tax                                                            | -                         | (141.59)                                                     | -                                                        | (406.82)                                                | (3,552.96)            |
| 11   | Net Profit (+)/Loss(-) from ordinary activities after tax (9-10)                         | (6,044.11)                | 213.02                                                       | (10,555.91)                                              | (209.51)                                                | (28,758.22)           |
| 12   | Extraordinary Items / Period period Adj. (net of tax)                                    | 0.79                      | -                                                            | 7.36                                                     | -                                                       | 351.50                |
| 13   | Net Profit (+)/Loss(-) for the period                                                    | (6,048.90)                | 213.02                                                       | (10,563.27)                                              | (209.51)                                                | (28,108.72)           |
| 14   | Paid up equity share capital (Face value of Rs.10/-each.)                                | 8,300.00                  | 8,300.00                                                     | 8,300.00                                                 | 8,300.00                                                | 8,300.00              |
| 15   | Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year | -                         | -                                                            | -                                                        | -                                                       | 111,714.10            |
| 16   | Earning Per Share (EPS)                                                                  |                           |                                                              |                                                          |                                                         |                       |
|      | (a) Basic and Diluted EPS before Extraordinary Items for the period                      | (9.60)                    | 0.34                                                         | (16.78)                                                  | (0.33)                                                  | (40.89)               |
|      | (b) Basic and Diluted EPS after Extraordinary Items for the period                       | (9.60)                    | 0.34                                                         | (16.77)                                                  | (0.33)                                                  | (41.44)               |
| 17   | Public Shareholding                                                                      |                           |                                                              |                                                          |                                                         |                       |
|      | a) Number of shares                                                                      | 275,627,260               | 275,627,260                                                  | 275,627,260                                              | 275,627,260                                             | 275,627,260           |
|      | b) Percentage of shareholding                                                            | 43.75%                    | 43.75%                                                       | 43.75%                                                   | 43.75%                                                  | 43.75%                |
| 18   | Promoter and promoter group Shareholding                                                 |                           |                                                              |                                                          |                                                         |                       |
|      | a) Pledged/Encumbered                                                                    |                           |                                                              |                                                          |                                                         |                       |
|      | - Number of shares                                                                       | 0                         | 0                                                            | 0                                                        | 0                                                       | 0                     |
|      | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 0.00%                     | 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%                                                   | 0.00%                 |
|      | b) Non encumbered                                                                        |                           |                                                              |                                                          |                                                         |                       |
|      | - Number of shares                                                                       | 354,372,740               | 354,372,740                                                  | 354,372,740                                              | 354,372,740                                             | 354,372,740           |
|      | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 100.00%                   | 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%                                                  | 56.25%                |

## Notes:

- The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 02.11.2010 and approved by the Board of Directors of the Company at their meeting held on 03.11.2010. The Statutory Auditors have carried out a Limited Review of the financial results.
- Staff cost is increased on comparison with the corresponding quarter of previous year on account of wage revision implemented and accounted for in Q4 of FY 2009-10 and thereafter. Further with reference to Q1 of 2010-11, the difference in arrears of wage revision of Rs.440 million for 2008-09 & 2009-10 is also accounted for in Q1. The above results have been finalised considering for retirement benefits, discounting factor @ 8.50% in accordance with the yield of Central Government Securities, 4% increase in Dearness Relief of Pension, 3.50% on salary escalation and 0.50% on attrition rates which was already used for the year 2009-10 and also for the first quarter of year 2010-11 as confirmed by the Actuary, based on revised wages and salaries and retirement benefits i.e. 20 years instead of 33 years for the
- One time charges on account of 3G spectrum and BWA liability of Rs.110979.70 million has been accounted for as Intangible assets as per AS-26 & amortized over 20/15 years respectively on straight line basis. Accordingly, amount of Rs.1576.15 million is amortized for the quarter ending 30.09.2010.
- An amount of Rs.3020.00 million is accounted for by MTNL towards wet lease for infrastructure and other services provided by MTNL in respect of Commonwealth Games and out of this, Rs.2420.00 million is accounted for as income proportionately in the first half year (including Rs.606.70 million booked in the first quarter) of FY 2010-11. Balance of Rs.600.00 million will be accounted for in the third quarter. Subject to ultimate installation of the project, the capital expenditure is accounted under WIP and final accounting will be done on completion of the project.
- Previous period/year figures have been regrouped/ rearranged wherever necessary.
- The status of investor complaints received and disposed off during this quarter ended on 30/09/2010 is as under:  
Complaints pending at the beginning of the quarter  
Complaints received during this quarter  
Complaints disposed off during this quarter  
Complaints lying unresolved at the end of the quarter

As per report of even date

For and on behalf of the Board

For Bansal Sinha & Co.  
Chartered Accountants  
FRN 06184N

For Goel Garg & Co.  
Chartered Accountants  
FRN 00397N

Kuldip Singh  
Chairman & Managing Director

(Ravinder Khullar)  
M. No. 082928  
(Partner)

(Ajay Rastogi)  
M. No. 094897  
(Partner)

Place : New Delhi  
Date : 03.11.2010

May kindly see for approval  
for Publication and forwarding to the St. Exch.

Dir (Fin)

3/11/10

CMD

3/11/10

**REVIEWED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE THREE MONTHS ENDED ON 30/09/2010**

| S.No. | Particulars                                                                      | (Rs. in Million)             |                                                                       |                                                                   |                                                                  |                                                |
|-------|----------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------|
|       |                                                                                  | 3 Months ended<br>30/09/2010 | Corresponding 3<br>Months ended<br>30/09/2009 in the<br>previous year | Year to date<br>figures for Current<br>period ended<br>30/09/2010 | Year to date<br>figures for<br>previous year<br>ended 30/09/2009 | Previous<br>accounting year<br>ended 31/3/2010 |
|       |                                                                                  | REVIEWED                     | REVIEWED                                                              | REVIEWED                                                          | REVIEWED                                                         | AUDITED                                        |
| 1     | 2                                                                                | 3                            | 4                                                                     | 5                                                                 | 6                                                                | 7                                              |
| 1.    | Segment Revenue                                                                  |                              |                                                                       |                                                                   |                                                                  |                                                |
|       | a. Basic Services                                                                | 9,009.42                     | 7,894.12                                                              | 16,996.01                                                         | 15,592.66                                                        | 30,035.98                                      |
|       | b. Cellular                                                                      | 1,617.16                     | 1,790.37                                                              | 3,276.33                                                          | 3,545.01                                                         | 7,057.57                                       |
|       | c. Unallocated                                                                   | -                            | -                                                                     | -                                                                 | -                                                                | -                                              |
|       | Total                                                                            | 10,626.58                    | 9,684.49                                                              | 20,272.34                                                         | 19,137.67                                                        | 37,093.55                                      |
|       | Less: Inter Segment Revenue                                                      | 90.38                        | 113.11                                                                | 206.61                                                            | 224.99                                                           | 532.55                                         |
|       | Net Income from Operations                                                       | 10,536.20                    | 9,571.38                                                              | 20,065.73                                                         | 18,912.68                                                        | 36,561.00                                      |
| 2.    | Segment Results (Profit (+)/ Loss (-) before tax and interest from each segment) |                              |                                                                       |                                                                   |                                                                  |                                                |
|       | a. Basic Services                                                                | (4,842.96)                   | 837.76                                                                | (8,234.93)                                                        | (444.41)                                                         | (33,399.54)                                    |
|       | b. Cellular                                                                      | (1,412.95)                   | 380.76                                                                | (1,342.98)                                                        | 560.20                                                           | 347.38                                         |
|       | c. Unallocated                                                                   | 1,647.11                     | (896.65)                                                              | 739.46                                                            | (427.98)                                                         | (1,124.30)                                     |
|       | Total                                                                            | (4,608.80)                   | 321.87                                                                | (8,838.45)                                                        | (312.19)                                                         | (34,176.46)                                    |
|       | Less: (i) Interest                                                               | 1,438.85                     | 0.65                                                                  | 1,716.54                                                          | 5.99                                                             | 12.61                                          |
|       | Less : (ii) Prior Period Items                                                   | 0.79                         | -                                                                     | 7.36                                                              | -                                                                | 351.50                                         |
|       | Total Profit / (Loss) before tax                                                 | (6,048.45)                   | 321.22                                                                | (10,562.36)                                                       | (318.18)                                                         | (34,540.57)                                    |
|       | Less: (i) Provision for Tax                                                      | 0.45                         | 249.80                                                                | 0.91                                                              | 298.15                                                           | 1.82                                           |
|       | Less: (ii) Provision for Deferred Tax                                            | -                            | (141.59)                                                              | -                                                                 | (406.82)                                                         | (3,552.96)                                     |
|       | Less : (iii) Taxes for earlier period written back/paid                          | -                            | -                                                                     | -                                                                 | -                                                                | (4,879.71)                                     |
|       | Total Profit / (Loss) after tax                                                  | (6,048.90)                   | 213.01                                                                | (10,563.27)                                                       | (209.51)                                                         | (26,109.72)                                    |
| 3.    | Capital Employed<br>(Segment Assets - Segment Liabilities)                       |                              |                                                                       |                                                                   |                                                                  |                                                |
|       | a. Basic Services                                                                | 42,777.00                    | 33,361.43                                                             | 42,777.00                                                         | 33,361.43                                                        | 42.87                                          |
|       | b. Cellular                                                                      | 69,539.90                    | 8,644.46                                                              | 69,539.90                                                         | 8,644.46                                                         | 10,425.13                                      |
|       | c. Unallocated                                                                   | (29,991.01)                  | 80,795.50                                                             | (29,991.01)                                                       | 80,795.50                                                        | 84,015.97                                      |
|       | Total                                                                            | 82,325.89                    | 122,801.40                                                            | 82,325.89                                                         | 122,801.40                                                       | 94,483.97                                      |

For and on behalf of the Board

Place: New Delhi  
Date : 03.11.2010

Kuldip Singh  
Chairman & Managing Director

May kindly see for approval for publication and forwarding to the Stock Exchanges.

*Singh*  
3/11/10

Dir (Fin.) *dhw*  
3/11/10

*CMJ* *185h*

| MAHANAGAR TELEPHONE NIGAM LIMITED                                  |                                       |                                       |
|--------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| STATEMENT OF ASSETS & LIABILITIES                                  |                                       |                                       |
|                                                                    | (Rs. in Million)                      |                                       |
|                                                                    | For the Half year<br>ended 30.09.2010 | For the Half year<br>ended 30.09.2009 |
|                                                                    | REVIEWED                              | REVIEWED                              |
| <b>SHAREHOLDER'S FUNDS:</b>                                        |                                       |                                       |
| (a) Capital                                                        | 6,300.00                              | 6,300.00                              |
| (b) Reserves & Surplus                                             | 99,556.01                             | 113,949.75                            |
| <b>LOAN FUNDS</b>                                                  | 81,090.29                             | 0.00                                  |
| <b>DEFERRED TAX LIABILITY (NET)</b>                                | 0.00                                  | 3,146.14                              |
| <b>TOTAL</b>                                                       | <b>186,946.30</b>                     | <b>123,395.89</b>                     |
| <b>FIXED ASSETS (NET)</b>                                          | 160,702.19                            | 61,666.39                             |
| <b>CAPITAL WORK IN PROGRESS</b>                                    | 17,090.07                             | 11,681.71                             |
| <b>INVESTMENTS</b>                                                 | 4,750.08                              | 6,582.25                              |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                          |                                       |                                       |
| (a) Inventories                                                    | 1,350.69                              | 1,794.60                              |
| (b) Sundry Debtors                                                 | 7,637.93                              | 8,711.78                              |
| (c) Cash and Bank balances                                         | 7,320.86                              | 50,811.73                             |
| (d) Other current assets                                           | 1,905.44                              | 2,575.59                              |
| (e) Loans and Advances                                             | 106,639.36                            | 93,261.45                             |
| <b>Less : Current Liabilities and Provisions</b>                   |                                       |                                       |
| (a) Liabilities                                                    | 57,713.64                             | 50,554.51                             |
| (b) Provisions                                                     | 86,266.80                             | 63,729.61                             |
| <b>MISCELLANEOUS EXPENDITURE (NOT<br/>WRITTEN OFF OR ADJUSTED)</b> | 0.00                                  | 594.50                                |
| <b>PROFIT AND LOSS ACCOUNT (Debit Balance)</b>                     | 23,530.14                             | 0.00                                  |
| <b>TOTAL</b>                                                       | <b>186,946.30</b>                     | <b>123,395.89</b>                     |

May kindly see for approval for publication and forwarding to the Stock Exchanges.

Dir (fin.)

Abw  
3/11/10

Engel  
3/11/2010.

CMJ

1/8/11