

MTNL / SECTT / SE / 2011
November 05, 2011

To,

The Secretary, Stock Exchanges
Delhi/Mumbai/Calcutta/Chennai
National Stock Exchange/NYSE

**Sub: Unaudited Reviewed Financial Results for the Quarter ended on
30th September, 2011**

Dear Sir,

As already informed you, the Meeting of the Board of Directors of the Company was held today i.e. 05.11.2011 at New Delhi to consider the Un-audited Reviewed Financial Results for the quarter ended on 30th September, 2011. A copy of the approved Un-audited Reviewed Financial Results along with the Segment Reporting and Limited Review Report is enclosed for your kind information and record. The same is also being published in the News Papers.

Thanking You,

Yours Faithfully


(S.R.SAYAL) 5/11/2011
COMPANY SECRETARY

Enc. As above.

UNAUDITED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE THREE MONTHS ENDED ON 30/09/2011						
S. No.	Particulars	3 Months ended	Corresponding	Year to date	Year to date	(Rs. in Million)
		30/09/2011	3 Months ended 30/09/2010 in the previous year	figures for Current period ended 30/09/2011	figures for previous year ended 30/09/2010	Previous accounting year ended 31/3/2011
1	2	3	4	5	6	7
1.	Segment Revenue					
	a. Basic Services	6,796.62	9,009.42	13,294.90	16,996.01	30,899.69
	b. Cellular	1,877.59	1,617.16	3,591.61	3,276.33	6,450.74
	c. Unallocated	-	-	-	-	(164.18)
	Total	8,674.20	10,626.58	16,886.50	20,272.34	37,186.25
	Less: Inter Segment Revenue	67.73	90.38	148.21	206.61	446.73
	Net Income from Operations	8,606.47	10,536.20	16,738.29	20,065.73	36,739.52
2.	Segment Results (Profit / (Loss) before tax and interest from each segment)					
	a. Basic Services	(4,884.12)	(4,842.96)	(10,289.22)	(8,234.93)	(17,894.14)
	b. Cellular	(746.81)	(1,412.95)	(1,441.35)	(1,342.98)	(3,858.31)
	c. Unallocated	(658.10)	1,647.11	(1,199.38)	739.46	(1,475.63)
	Total	(6,289.02)	(4,608.80)	(12,929.95)	(8,838.45)	(23,228.07)
	Less: (i) Interest	2,350.38	1,438.85	4,209.34	1,716.54	4,519.46
	Less: (ii) Prior Period Items	1.98	0.79	2.04	7.36	(15.67)
	Total Profit / (Loss) before tax	(8,641.37)	(6,048.45)	(17,141.32)	(10,562.36)	(27,731.86)
	Less: (i) Provision for Current Tax	0.47	0.45	0.95	0.91	1.91
	Less: (ii) Provision for Deferred Tax	-	-	-	-	-
	Less: (iii) Taxes for earlier period written back / paid	-	-	-	-	285.38
	Total Profit / (Loss) after tax	(8,641.85)	(6,048.90)	(17,142.28)	(10,563.27)	(28,019.15)
3.	Capital Employed (Segment Assets - Segment Liabilities)					
	a. Basic Services	(4,873.69)	42,777.00	(4,873.69)	42,777.00	31.26
	b. Cellular	67,488.35	69,539.90	67,488.35	69,539.90	68,652.67
	c. Unallocated	(13,719.62)	(29,991.01)	(13,719.62)	(29,991.01)	(2,219.11)
	Total	48,895.04	82,325.89	48,895.04	82,325.89	66,464.81
For and on behalf of the Board						
Kuldip Singh						
Chairman & Managing Director						

Place : New Delhi

Date : 05.11.2011

For and on behalf of the Board

[Signature]

Kuldip Singh

Chairman & Managing Director

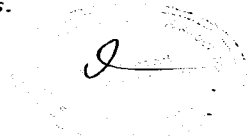
Place : New Delhi
Date : 05.11.2011

	6 months ended 30.09.2011	(Rs. in Million) Corresponding 6 months ended 30.09.2010 in the previous year
	Unaudited	Unaudited
SHAREHOLDER'S FUNDS:		
(a) Capital	6,300.00	6,300.00
(b) Reserves & Surplus	42,595.04	76,025.87
LOAN FUNDS	83,518.90	81,090.29
TOTAL	132,413.94	163,416.16
FIXED ASSETS (NET)	157,414.51	160,702.19
CAPITAL WORK IN PROGRESS	13,685.02	17,090.07
INVESTMENTS	4,946.58	4,750.08
Current Assets, Loans and Advances:		
(a) Inventories	1,272.12	1,350.69
(b) Sundry Debtors	6,903.89	7,637.93
(c) Cash and Bank balances	1,195.21	7,320.86
(d) Other current assets	1,081.78	1,905.44
(e) Loans and Advances	95,095.55	106,639.36
Less: Current Liabilities and Provisions:		
(a) Liabilities	58,253.63	57,713.64
(b) Provisions	90,927.08	86,266.80
TOTAL	132,413.94	163,416.16

ANNEXURE I TO LIMITED REVIEW REPORT

ANNEXED TO AND FORMING PART OF THE LIMITED REVIEW REPORT (Referred to in Para 4 of our report dated

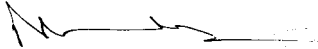
- 1. The company in its unaudited results for the quarter/half year under review, has neither disclosed how the qualification made by the auditors in respect of previous accounting years/periods have been addressed and if the qualifications have not been resolved, the reasons therefore and the steps the company intends to take in such matters, nor it has given the impact of these qualifications on the unaudited quarterly/half yearly results for the quarter/half year under review, as required under the provisions of clause 41(iv)(c) of the Listing Agreement.*
- 2. The License Fee to the DOT is being worked out on accrual basis as against the terms of License Agreements according to which the expenditures /deductions from the Gross Revenue are allowed on actual payment basis in respect of the Public Switching Telecom Network (PSTN) related call charges and roaming charges payable to BSNL and other service providers.*
- 3. The balances appearing in Advance Tax, Provisions for Income Tax and Interest on income Tax Refund are subject to reconciliation with the figures of the Income Tax Department.*
- 4. The company has not made payments of service tax on billings to BSNL for infrastructure and roaming after the Point of Taxation Rules 2011, which requires the payment of service tax on accrual basis with effect from July 1, 2011.*
- 5. The company has allocated the establishment overheads towards capital works on estimation basis. In view of the large amount getting allocated on capital projects vis a vis actual amount spent on these projects, the basis needs to be made more realistic and scientific and the same should avoid capitalizing the loss due to idle time of labour and machines.*
- 6. All the receivables and payables including amount receivable/payable to BSNL/DOT/ITI, Inter Unit Accounts and bank balances are subject to confirmation, reconciliation and consequent adjustments. In the case of BSNL, the bills raised for the use of infrastructure services are not accepted them, hence we cannot comment on the recoverability of the said amount.*
- 7. The company is not making any provision for old outstanding balances from BSNL, DOT, Govt. agencies and other operators. The policy is against the generally accepted accounting principle of conservatism and accounting standard 9 regarding Revenue Recognition.*
- 8. The break up of staff cost as made in reviewed financial results has been made by the management and relied upon by us.*



9. The accounting policy for making provisions for bad and doubtful debts pertaining to CDMA unit has not been revised from three years outstanding to six months' outstanding despite of the same being transferred from Basic to Cellular services.
10. The loss on account of subscriber's instruments for WLL closed connections within last three years has not been ascertained and provided for.
11. The company has sent material worth Rs.95.35 millions to BSNL on barter basis for which corresponding material is yet to be received from BSNL. As the transfer is in the nature of sales yet the same has not been shown as such and no sales tax has been charged by the company on such transfers.
12. The life of subscriber's instruments needs to be reviewed considering the technical specifications and industry practice.
13. Based on the expert opinions, the company has not been deducting Tax at source on services received from BSNL. Also, the expenditure on account of Pension liability on the basis of actuarial valuation is considered as an allowable expense for the purpose of tax calculation.
14. The provision for employee's benefits as per Accounting Standard 15 (Revised), Tax expense and depreciation has been made on estimated basis. Pending actual determination of the liability/asset in this regard. The impact of the same on the results of the quarter is not ascertainable. Further, the liability on account of medical facilities to the retired employees has not been accounted for on actuarial basis rather the annual insurance premium paid for the policy for the purpose has been accounted for on year to year basis.
15. The issue of pension liability on account of DOT employees absorbed in MTNL is still pending with the DOT. The resultant impact of the decision is unascertainable.
16. The reconciliation of Subscribers' deposits, Sundry Debtors, Income from Recharge Coupons, ITC Cards, prepaid calling cards and stock of recharge coupons and leased circuits is under progress.
17. The Impact of AS 28 regarding impairment of assets, if any, has not been worked out by the company in the unaudited financial results under review.
18. The Company had accounted for Rs. 3014.80 millions during the previous year 2010-11, towards wet lease for infrastructure and other services provided in respect of Commonwealth Games of which Rs. 430 millions is subject to acceptance and final settlement. Besides, a claim of Rs. 410 million has not been booked subject to final acceptance and settlement.
19. The relevant records pertaining to contracts with M/s. HCL Infosys Ltd on account of Commonwealth Games Project are not available with the company as the same are reported to have been taken by the Investigating agencies, hence we are unable to comment on the compliance of the contract terms and conditions.

20. *The Fixed Assets redeployed out of the Commonwealth Games Project to Delhi and Mumbai units are yet to be made fully operational in both the units, therefore, we are unable to comment on the impairment or further liability that would accrue for making the same fully operational.*
21. *The overall impact of matters referred to in above paras on the results of the company is not ascertainable.*

*For Bansal Sinha & Co.
Chartered Accountants
FRN- 06184N*


*(Ravinder Khullar)
(Partner)
(Mem No. 82928)*

*Place: New Delhi
Date: November 5, 2011*

*For Arun K Agarwal & Associates
Chartered Accountants
FRN-003917N*


*(Arun Kumar Agarwal)
(Partner)
(Mem No.82899)*