



MTNL/SECTT/SE/2017
May 30, 2017

The Secretary,
Stock Exchanges,
BSE/NSE/OTCQX

SUB: Compliance of Regulation 29(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Submission of Audit Report for the F.Y. ended on 31st March, 2017

Dear Sir,

Further to our letter of even no. dtd 04.05.2017, we are forwarding herewith the Audited Financial Statements for the Financial Year ended on 31st March, 2017 and for the 4th Quarter ended on 31st March, 2017, duly approved by Board of Directors in its 324th Meeting held in New Delhi today i.e. 30th May, 2017.

Kindly acknowledge the receipt and take the same on record.

Thanking you,

Yours faithfully,

(S R SAYAL)
COMPANY SECRETARY

Encl: Annexure I, II, IV, IX & XI.

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*/AUDITED RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2017

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE					CONSOLIDATED	
		3 months ended 31/03/2017	3 months ended 31/12/2016	Corresponding 3 months ended 31/03/2016 in the previous year	Year to date figures for Current period ended 31/03/2017	Previous year ended 31/03/2016	Year to date figures for current period ended 31/03/2017	Year to date figures for previous period ended 31/03/2016
		UNAUDITED*	UNAUDITED	UNAUDITED*	AUDITED	AUDITED	AUDITED	AUDITED
1	2	3	4	5	6	7	8	9
I	Revenue from operations	705.17	690.59	813.45	2,869.68	3,123.96	2,969.37	3,223.16
II	Other Income	257.95	145.84	179.20	682.78	569.22	685.32	570.73
III	Total Income (I +II)	963.12	836.43	992.65	3,552.46	3,693.18	3,654.69	3,793.89
IV	Expenses							
	Licence Fees & Spectrum Charges	75.23	71.87	49.47	270.08	237.23	278.76	248.12
	Employees' Remuneration and benefits	587.56	679.34	650.24	2,647.81	2,639.32	2,651.02	2,642.58
	Finance cost	361.26	382.28	346.91	1,448.47	1,351.34	1,448.47	1,351.34
	Revenue Sharing	60.28	46.04	43.81	227.78	227.40	249.85	248.56
	Depreciation and amortization expense	271.56	272.84	311.29	1,087.63	1,151.59	1,113.30	1,178.20
	Administrative Expenses	246.39	204.01	210.50	816.13	842.05	853.54	875.63
	Total Expenses (IV)	1,602.29	1,656.39	1,612.22	6,497.91	6,448.93	6,594.94	6,544.42
V	Profits/(Loss) before exceptional items and tax(III-IV)	(639.17)	(819.96)	(619.58)	(2,945.45)	(2,755.76)	(2,940.25)	(2,750.54)
VI	Share of Profit/(loss) in investments accounted for using equity method	-	-	-	-	-	0.69	(2.42)
VII	Exceptional items	-	-	-	-	-	-	-
VIII	Profit/(Loss) before tax (V- VI-VII)	(639.17)	(819.96)	(619.58)	(2,945.45)	(2,755.76)	(2,939.56)	(2,752.96)
IX	Tax expense:							
	(1) Current tax	(4.38)	-	(492.26)	(4.38)	(492.26)	(4.31)	(492.11)
	(2) Deferred tax	-	-	-	-	-	0.80	0.96
X	Profit/ (Loss) for the period from continuing operations (VIII - IX)	(634.80)	(819.96)	(127.32)	(2,941.08)	(2,263.50)	(2,936.05)	(2,261.81)
XI	Profit/ (Loss) from discontinued operations	-	-	315.95	-	315.95	-	315.95
XII	Tax expense of discontinued operations	-	-	-	-	-	-	-
XIII	Profit/ (Loss) from Discontinued Operations (after tax) (XI-XII)	-	-	315.95	-	315.95	-	315.95
XIV	Profit/ (Loss) for the period (X + XIII)	(634.80)	(819.96)	188.64	(2,941.08)	(1,947.54)	(2,936.05)	(1,945.86)
XV	Other Comprehensive Income							
A	i) Items that will not be reclassified to profit and loss	(29.49)	-	(5.82)	(29.49)	(5.82)	(29.49)	(5.82)
	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	-	-	-	-	-	(3.34)	7.62
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-
	Other Comprehensive Income for the year	(29.49)	-	(5.82)	(29.49)	(5.82)	(32.83)	1.79
XVI	Total Comprehensive Income for the period (XIV+XV)	(664.29)	(819.96)	182.81	(2,970.57)	(1,953.37)	(2,968.88)	(1,944.07)
XVII	Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)							
	(1) Basic	(10.08)	(13.02)	(2.02)	(46.68)	(35.93)	(46.60)	(35.90)
	(2) Diluted	(10.08)	(13.02)	(2.02)	(46.68)	(35.93)	(46.60)	(35.90)
XVIII	Earnings per equity Share of Rs.10 each(for discontinued operations):(not annualised)							
	(1) Basic	-	-	5.02	-	5.02	-	5.02
	(2) Diluted	-	-	5.02	-	5.02	-	5.02
XIX	Earnings per equity Share of Rs.10 each (for discontinued & continuing operations): (not annualised)							
	(1) Basic	(10.08)	(13.02)	2.99	(46.68)	(30.91)	(46.60)	(30.89)
	(2) Diluted	(10.08)	(13.02)	2.99	(46.68)	(30.91)	(46.60)	(30.89)

See accompanying notes to the financial results:

Notes:

- 1 The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 30.05.2017 and approved by the Board of Directors of the Company at their meeting held on the same date.
- 2 * The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
- 3 Statement of Reconciliation for net profit under Ind AS and Indian GAAP for the Quarter ended March 31,2016 and the year ended on March 31,2016.

Particulars	STANDALONE		CONSOLIDATED
	Quarter ended on 31.03.2016	Year ended on 31.03.2016	Year ended on 31.03.2016
Profit/ (Loss) after tax as reported under previous GAAP	174.59	(2,005.74)	(2,012.24)
Impact of componentization of property, plant and equipment recognised in quarter and year ended 31st March 2016	22.29	-	-
	196.89	(2,005.74)	(2,012.24)
Adjustments under Ind AS on account of:			
(i) Measurement of financial assets and liabilities at amortised cost (including related impact on revenue/ employee cost/ other expenses)	62.30	238.36	238.36
(ii) Adjustment of loss allowance for expected credit losses on financial assets measured at amortised cost	4.90	(5.83)	(5.83)
(iii) Adjustments in revenue for fair valuation of consideration over expected credit period (net of adjustment in license fees) and deferral of activation/ installation charges identified as separately identified components	(22.21)	(85.27)	(85.27)
(iv) Adjustment of provision for decommissioning obligation at amortised cost (including impact on depreciation of adjustment in fixed assets)	(0.55)	(1.50)	(1.50)
(v) Adjustment for measurement of ascertained employee benefit liabilities at present value	(7.70)	(30.65)	(30.65)
(vi) Remeasurement of defined benefit obligations reclassified to Other comprehensive income (OCI)	5.82	5.82	5.82
(vii) For equity accounted Associate, restriction of loss to the extent of investment	-	-	8.31
(vii) Other adjustments	(50.82)	(62.76)	(62.88)
Profit/ (Loss) after tax as reported under Ind AS	188.63	(1,947.55)	(1,945.86)
Other comprehensive income (Net of tax)			
Remeasurement of defined benefit obligations	(5.82)	(5.82)	(5.82)
Foreign currency translation of foreign operations	-	-	7.62
Total comprehensive Income/ (Loss) as reported under Ind AS	182.81	(1,953.37)	(1,944.07)

- 4 Statement of Reconciliation of Total Equity under Ind AS and Indian GAAP is as under:

Particulars	STANDALONE AS AT	CONSOLIDATED AS AT
	31.03.2016	31.03.2016
Total equity (shareholder's funds) as per previous GAAP	12.60	19.15
Impact of componentization of property, plant and equipment recognised in retained earnings	-	-
	12.60	19.15
Adjustments:		
(i) Measurement of financial assets and liabilities at amortised cost (including related impact on revenue/ employee cost/ other expenses)	241.33	241.33
(ii) Adjustment of loss allowance for expected credit losses on financial assets measured at amortised cost	(68.47)	(68.47)
(iii) Adjustments in revenue for fair valuation of consideration over expected credit period (net of adjustment in license fees)	(720.48)	(720.48)
(iv) Adjustment of provision for decommissioning obligation at amortised cost (including impact on depreciation of adjustment in fixed assets)	(8.62)	(8.62)
(v) Prior period adjustment for ascertained employee benefit liabilities and their measurement at present value	477.63	477.63
(vi) Reversal of proportionate consolidation for a joint venture, now classified as an associate	-	(15.42)
(vii) Other adjustments	(330.12)	(330.09)
Total adjustments	(408.73)	(424.13)
Total equity as per Ind AS	(396.13)	(404.97)

For and on behalf of the Board


(P. K. Purwar)
Chairman & Managing Director
DIN No. 06619060Place : New Delhi
Date : 30.05.2017

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 STANDALONE UNAUDITED*/AUDITED FINANCIAL RESULTS FOR THE HALF YEAR AND TWELVE MONTHS ENDED ON 31/03/2017

(Rs. in Crore)

Sl. No.	Particulars	6 months ended 31/03/2017	Corresponding 6 months ended 31/03/2016	Year to date figures for Current period ended 31/03/2017	Previous accounting year ended 31/03/2016
		UNAUDITED*	UNAUDITED*	AUDITED	AUDITED
1	2	3	4	5	6
I	Revenue from operations	1,395.76	1,569.66	2,869.68	3,123.96
II	Other Income	403.79	341.83	682.78	569.22
III	Total Income (I + II)	1,799.55	1,911.49	3,552.46	3,693.18
IV	Expenses				
	Licence Fees & Spectrum Charges	147.10	113.89	270.08	237.23
	Employees' Remuneration and benefits	1,266.90	1,298.17	2,647.81	2,639.32
	Finance cost	743.54	690.30	1,448.47	1,351.34
	Revenue Sharing	106.32	98.85	227.78	227.40
	Depreciation and amortization expense	544.40	584.45	1,087.63	1,151.59
	Administrative Expenses	450.39	417.00	816.13	842.05
	Total Expenses (IV)	3,258.66	3,202.66	6,497.91	6,448.93
V	Profits/(Loss) before exceptional items and tax(III-IV)	(1,459.11)	(1,291.18)	(2,945.45)	(2,755.76)
VI	Exceptional items	-	-	-	-
VII	Profit/ (Loss) before tax (V- VI)	(1,459.11)	(1,291.18)	(2,945.45)	(2,755.76)
VIII	Tax expense:				
	(1) Current tax	(4.38)	(492.26)	(4.38)	(492.26)
	(2) Deferred tax	-	-	-	-
IX	Profit/ (Loss) for the period from continuing operations (VII - VIII)	(1,454.74)	(798.92)	(2,941.08)	(2,263.50)
X	Profit/ (Loss) from discontinued operations	-	315.95	-	315.95
XI	Tax expense of discontinued operations	-	-	-	-
XII	Profit/ (Loss) from Discontinued Operations (after tax) (X-XI)	-	315.95	-	315.95
XIII	Profit/ (Loss) for the period (IX + XII)	(1,454.74)	(482.96)	(2,941.08)	(1,947.54)
XIV	Other Comprehensive Income	(29.49)	(5.82)	(29.49)	(5.82)
XV	Total Comprehensive Income for the period (XIII + XIV)	(1,484.23)	(488.79)	(2,970.57)	(1,953.37)
XVI	Earnings per equity Share of Rs.10 each for continuing operations: (not annualised)				
	(1) Basic	(23.09)	(12.68)	(46.68)	(35.93)
	(2) Diluted	(23.09)	(12.68)	(46.68)	(35.93)
XVII	Earnings per equity Share of Rs.10 each for discontinued operations:(not annualised)				
	(1) Basic	-	5.02	-	5.02
	(2) Diluted	-	5.02	-	5.02
XVIII	Earnings per equity Share of Rs.10 each for discontinued & continuing operations: (not annualised)				
	(1) Basic	(23.09)	(7.67)	(46.68)	(30.91)
	(2) Diluted	(23.09)	(7.67)	(46.68)	(30.91)
XIX	Paid-up equity share capital (Face value of Rs.10/-each)	630.00	630.00	630.00	630.00
XX	Paid up Debt Capital	2,980.00	2,980.00	2,980.00	2,980.00
XXI	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	(396.13)
XXII	Debenture Redemption Reserve	45.27	45.27	45.27	45.27
XXIII	Debt Equity Ratio	(2.73)	(17.68)	(2.73)	(17.68)
XXIV	Debt Service Coverage Ratio (DSCR)	(0.51)	(0.41)	(0.62)	(0.81)
XXV	Interest Service Coverage Ratio (ISCR)	(0.96)	(0.41)	(1.03)	(0.81)

Notes:

- The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 30.05.2017 and approved by the Board of Directors of the Company at their meeting held on the same date.
- * The figures of current half year ended 31.03.2017 and corresponding half year ended 31.03.2016 are the balancing figures between audited figures in respect of the full financial year and the published half year figures upto the first half year of the respective financial year.
- 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.
- Debt Equity Ratio= (Long Term Borrowings + Short Term Loans + Current Maturity of Long Term Borrowings)/(Share Capital + Other Equity)
- Debt Service Coverage Ratio (DSCR)= Earnings before Finance Cost and Tax (after exceptional items)/ (Finance Expense + Schedule Principal Repayment during the period)
- Interest Service Coverage Ratio (ISCR)= Earnings before Finance Cost and Tax (after exceptional items)/ Finance Expense

For and on behalf of the Board


(P. K. Purwar)

Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 30.05.2017

Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations, 2015 for the year ended March 31, 2017

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;	(2.73)	
(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 March 2017 (Paid)
		Rs 1975 Cr	05th December 2016 (Paid)
		Rs 765 Cr	27th March 2017 (Paid) (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)
(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 September 2017
		Rs 1975 Cr	05th June 2017
		Rs 765 Cr	26th September 2017
		Rs 1500.07 Cr	19th May 2017 (Paid)
		Rs 2268.90 Cr	29th May 2017 (Paid) (Since Bank Holiday on 28th May 2017 on account of Sunday)
(f)	Debt service coverage ratio;	(0.62)	
(g)	Interest service coverage ratio;	(1.03)	
(h)	Outstanding redeemable preference shares (quantity and value);	Not Applicable	
(i)	Capital redemption reserve/debenture redemption reserve;	45.27	DRR
(j)	Net worth;	(3,366.70)	
(k)	Net profit after tax;	(2,941.08)	
(l)	Earnings per share:	(46.68)	(Basic & Diluted)



MAHANAGAR TELEPHONE NIGAM LIMITED

CIN No: L32101DL1986GOI023501

STANDALONE AUDITED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER AND TWELVE MONTHS ENDED 31/03/2017

(Rs. in Crore)

		STANDALONE					CONSOLIDATED	
		Three Month Ended			Twelve Month Ended		Twelve Month Ended	
Sl. No.	Particulars	3 months ended 31/03/2017	3 months ended 31/12/2016	Corresponding 3 months ended 31/03/2016 in the previous year	Year to date figures for Current period ended 31/03/2017	Year to date Previous year ended 31/03/2016	Year to date figures for Current period ended 31/03/2017	Year to date Previous year ended 31/03/2016
		UNAUDITED*	UNAUDITED	UNAUDITED*	AUDITED	AUDITED	AUDITED	AUDITED
1	2	3	4	5	6	7	8	9
1.	Revenue from Operations							
	Basic & other Services	589.85	568.88	656.67	2,345.17	2,526.64	2,345.17	2,526.64
	Cellular	116.79	123.45	152.80	531.06	604.34	625.94	702.17
	Unallocable	-	-	5.52	0.00	0.06	4.82	1.43
	Total	706.65	692.33	814.99	2,876.24	3,131.04	2,975.93	3,230.25
	Less: Inter Segment Revenue	1.48	1.74	1.55	6.56	7.08	6.56	7.08
	Net Revenue from Operations	705.17	690.59	813.44	2,869.68	3,123.96	2,969.37	3,223.16
2.	Segment Result before interest income, exceptional items, finance cost and tax							
	Basic & other Services	(296.31)	(382.30)	(225.65)	(1,370.81)	(1,116.82)	(1,370.81)	(1,116.82)
	Cellular	(140.19)	(142.78)	184.26	(547.60)	(211.74)	(543.37)	(207.32)
	Unallocable	15.75	1.41	15.09	19.53	(26.42)	19.70	(26.41)
	Total	(420.75)	(523.66)	(26.30)	(1,898.88)	(1,354.98)	(1,894.48)	(1,350.55)
	Add: Exceptional items	0.00	0.00	-	0.00	0.00	0.00	0.00
	Add: Interest Income	142.86	85.98	69.59	401.90	266.51	402.70	267.31
	Less: Finance cost	361.26	382.28	346.91	1,448.47	1,351.34	1,448.47	1,351.34
	Add: Share of profit or loss from Associates/ JV						0.69	(2.42)
	Profit/ (Loss) before tax	(639.15)	(819.96)	(303.62)	(2945.45)	(2439.81)	(2939.56)	(2437.00)
	Less: Provision for Current Tax & Deferred tax	(4.38)	0.00	(492.26)	(4.38)	(492.26)	(3.51)	(491.15)
	Profit/ (Loss) after tax	(634.78)	(819.96)	188.64	(2,941.08)	(1,947.55)	(2,936.05)	(1,945.85)
3.	Capital Employed (Segment Assets - Segment Liabilities)							
	Segment Asset							
	Basic & other Services	10,010.22	10,102.38	10,664.47	10,010.22	10,664.47	10,010.22	10,664.47
	Cellular	5,729.92	5,650.07	5,798.18	5,729.92	5,798.18	5,819.83	5,888.54
	Unallocable/Eliminations	1,922.82	2,063.29	2,181.41	1,922.82	2,181.41	1,863.21	2,119.28
	Total Segment Assets	17,662.97	17,815.74	18,644.07	17,662.97	18,644.07	17,693.26	18,672.30
	Segment Liabilities							
	Basic & other Services	6,073.61	6,078.73	6,042.74	6,073.61	6,042.74	6,073.61	6,042.74
	Cellular	13,613.73	13,281.18	12,408.70	13,613.73	12,408.70	13,633.73	12,431.30
	Unallocable/Eliminations	1,342.33	1,158.09	588.76	1,342.33	588.76	1,359.77	603.24
	Total Segment Liabilities	21,029.67	20,518.01	19,040.20	21,029.67	19,040.20	21,067.11	19,077.28
	Segment Capital Employed							
	Basic & other Services	3,936.61	4,023.65	4,621.74	3,936.61	4,621.74	3,936.61	4,621.74
	Cellular	(7,883.81)	(7,631.11)	(6,610.52)	(7,883.81)	(6,610.52)	(7,813.90)	(6,542.76)
	Unallocable/Eliminations	580.49	905.19	1,592.65	580.49	1,592.65	503.44	1,516.04
	Capital Employed	(3,366.70)	(2,702.27)	(396.13)	(3,366.70)	(396.13)	(3,373.85)	(404.98)

Notes:

* The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.

For and on behalf of the Board

(P. K. Purwar)

Chairman & Managing Director

DIN No. 06619060

Place : New Delhi

Date : 30.05.2017

MAHANAGAR TELEPHONE NIGAM LIMITED

Annexure IX

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

CIN No: L32101DL1986GOI023501

STATEMENT OF ASSETS AND LIABILITIES

	Particulars	(Rs. in Crore)			
		STANDALONE		CONSOLIDATED	
		As at current year ended 31.03.2017	As at previous year ended 31.03.2016	As at current year ended 31.03.2017	As at previous year ended 31.03.2016
		Audited	Audited	Audited	Audited
	ASSETS				
(1)	Non-current assets				
	(a) Property, Plant and Equipment	4,808.32	5,321.00	4,928.12	5,456.90
	(b) Capital work-in-progress	291.34	136.87	291.34	136.87
	(c) Investment Property	46.52	39.59	53.68	39.59
	(d) Other Intangible assets	3,776.69	4,117.00	3,777.69	4,118.27
	(e) Investments accounted for using the equity method	-	-	3.81	3.12
	(f) Financial Assets				
	(i) Investments	141.98	141.98	-	-
	(ii) Loans and advances	2,683.72	3,858.80	2,683.98	3,859.07
	(iii) Others	10.55	0.36	20.39	0.36
	(g) Deferred tax assets (net)	-	-	0.00	0.01
	(h) Non Current Tax Asset	649.05	817.04	649.70	817.77
	(i) Other non-current assets	321.37	1,033.39	321.69	1,033.50
	Total non-current assets	12,729.54	15,466.02	12,730.40	15,465.43
(2)	Current assets				
	(a) Inventories	15.07	29.74	15.70	30.30
	(b) Financial Assets				
	(i) Trade Receivables	491.58	492.01	492.16	494.28
	(ii) Cash and cash equivalents	87.00	154.03	98.07	168.76
	(iii) Bank Balances other than (ii) above	0.60	8.63	16.70	22.27
	(iv) Loans and advances	2,811.87	957.78	2,811.40	954.43
	(v) Other Financial Assets	843.72	783.62	843.82	783.70
	(c) Current tax assets (Net)	-	0.00	0.13	-
	(d) Other current assets	683.52	751.59	684.81	752.48
	Total Current assets	4,933.36	3,177.40	4,962.80	3,206.22
(3)	Asset held for sale	0.06	0.65	0.06	0.65
	Total Assets(1+2+3)	17,662.97	18,644.07	17,693.26	18,672.30
	EQUITY AND LIABILITIES				
	Equity				
	(a) Equity Share Capital	630.00	630.00	630.00	630.00
	(b) Other Equity	(3,996.70)	(1,026.13)	(4,003.85)	(1,034.97)
	Total Equity	(3,366.70)	(396.13)	(3,373.85)	(404.97)
	LIABILITIES				
(1)	Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	7,011.31	4,562.97	7,011.31	4,562.97
	(ii) Other Financial Liabilities (other than b)	2,050.61	2,034.15	2,050.61	2,034.37
	(b) Provisions	1,159.18	1,196.28	1,159.18	1,196.28
	(c) Deferred tax liabilities (Net)	-	-	4.60	3.91
	(d) Other Non Current liabilities	227.83	257.86	228.04	257.86
	Total Non-Current Liabilities	10,448.92	8,051.26	10,453.73	8,055.39
(2)	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	7,910.24	7,923.81	7,910.24	7,923.81
	(ii) Trade Payables	429.76	388.53	437.98	398.89
	(iii) Other Financial Liabilities (other than c)	1,258.80	1,895.05	1,265.21	1,901.06
	(b) Other current liabilities	683.64	509.21	684.31	509.41
	(c) Provisions	298.30	272.34	315.63	288.72
	(d) Current Tax Liabilities (Net)	-	-	-	-
	Total Current Liabilities	10,580.75	10,988.94	10,613.38	11,021.89
	Total Equity and Liabilities	17,662.97	18,644.07	17,693.26	18,672.30

For and on behalf of the Board

(P. K. Purwar)

Chairman & Managing Director

DIN No. 06619060

Place : New Delhi

Date : 30.05.2017

MAHANAGAR TELEPHONE NIGAM LIMITED

(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 FROM THE STANDALONE & CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2017

(Rs. in Crore)

	Particulars	STANDALONE				CONSOLIDATED	
		Quarter ending 31/03/2017	Corresponding 3 months ended 31/03/2016 in the previous year	Year to date figures for period ended 31/03/2017	Year to date figures for period ended 31/03/2016	Year to date figures for current period ended 31.03.2017	Year to date figures for previous period ended 31.03.2016
		UNAUDITED	UNAUDITED	AUDITED	AUDITED	AUDITED	AUDITED
1	Total Income from Operations	705.17	813.45	2,869.68	3,123.96	2,969.37	3,223.16
2	Net Profit/ (Loss) for the period before exceptional items & tax	(639.17)	(303.62)	(2,945.45)	(2,439.80)	(2,939.56)	(2,437.01)
3	Net Profit/ (Loss) for the period before Tax(after Exceptional items)	(639.17)	(303.62)	(2,945.45)	(2,439.80)	(2,939.56)	(2,437.01)
4	Net Profit/ (Loss) for the period after Tax	(634.80)	188.64	(2,941.08)	(1,947.54)	(2,936.05)	(1,945.86)
5	Total Comprehensive Income for the period (Comprising net profit/(loss) after tax and other comprehensive income after tax)	(664.29)	182.81	(2,970.57)	(1,953.37)	(2,968.88)	(1,944.07)
6	Paid up Equity Share Capital	630.00	630.00	630.00	630.00	630.00	630.00
7	Net Worth	(3,366.70)	(396.13)	(3,366.70)	(396.13)	(3,373.85)	(404.97)
8	Paid up Debt Capital/ Outstanding Debt	2,980.00	2,980.00	2,980.00	2,980.00	2,980.00	2,980.00
9	Outstanding Redeemable Preference Shares	-	-	-	-	-	-
10	Debt Equity Ratio	(2.73)	(17.68)	(2.73)	(17.68)	(2.72)	(17.29)
11	Earnings Per Share (of Rs.10 each) for continuing and discontinued operations- (not annualised)						
	1. Basic :	(10.08)	2.99	(46.68)	(30.91)	(46.60)	(30.89)
	2. Diluted :	(10.08)	2.99	(46.68)	(30.91)	(46.60)	(30.89)
12	Capital Redemption Reserve	-	-	-	-	-	-
13	Debenture Redemption Reserve	45.27	45.27	45.27	45.27	45.27	45.27
14	Debt Service Coverage Ratio (DSCR)	-	-	(0.62)	(0.81)	(0.62)	(0.80)
15	Interest Service Coverage Ratio (ISCR)	-	-	(1.03)	(0.81)	(1.03)	(0.80)

Note:

- The above is an extract of the detailed format of Annual Audited 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 Audited 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 and www.nseindia.com.
- For the items referred in sub-clauses (a), (b), (d) and (e) of the Regulation 52(4) of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015, the pertinent disclosures have been made to the BSE & NSE and can be accessed on the Stock Exchange websites at www.bseindia.com and www.nseindia.com.
- The company has prepared these consolidated and standalone financial results in accordance with the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013. The Company has adopted the Indian Accounting Standards (Ind AS) from 01.04.2016 with a transition date of 01.04.2015. The comparative financial information of the Company for the year ended 31.03.2016, which have earlier been prepared as per IGAAP, have also been restated to comply with Ind AS.
- Figures for the previous periods have been regrouped, where necessary, to conform to the current period's classification.

Place: New Delhi
Date: 30.05.2017

For and on behalf of the Board

(P. K. Purwar)

Chairman & Managing Director
DIN No. 06619060

महानगर टेलीफोन निगम लि०

(भारत सरकार का उद्यम)

Mahanagar Telephone Nigam Ltd.

(A Government of India Enterprise)

CIN: L32101DL1986GOI023501



MTNL/SECTT/SE/2017

May 31, 2017

**The Secretary,
Stock Exchanges,
BSE/NSE**

SUB: Compliance of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Submission of Audit Report for the F.Y. ended on 31st March, 2017 and Statement on Impact of Audit Qualifications.

Dear Sir,

Further to our letter of even no. dtd 30.05.2017 regarding Audited Financial Statements of MTNL, kindly find following documents:

- i) MTNL Audit Qualifications on Standalone and Consolidated Financial Statements of 2016-17;
- ii) Statement on Impact of Audit Qualifications (for audit report with modified opinion) - Standalone and Consolidated for the F.Y. 2016-17.

Kindly acknowledge the receipt and take the same on record.

Thanking you,

Yours faithfully,

**(S R SAYAL)
COMPANY SECRETARY**

ANNEXURE I

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

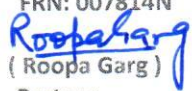
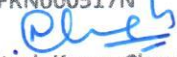
Corporate & Registered Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003

CIN No: L32101DL1986GOI023501

Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results - (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2017]

I.	SLNO	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In crs)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/Total Income	3,552.46	3,552.46
	2.	Total Expenditure	6,497.91	6,497.91
	3.	Net Profit/(Loss)	(2,941.08)	(3081.44)
	4.	Earnings Per Share	(46.68)	(48.91)
	5.	Total Assets	17,662.97	17,626.06
	6.	Total Liabilities	17,662.97	17,766.42
	7.	Net Worth	(3,366.70)	(3,507.06)
	8.	Any other financial item(s) (as felt appropriate by the management)	NIL	
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification: Attached			
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion			
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing: <i>The 12 items of qualification are repetitive.</i>			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Attached			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor			
	(i) Management's estimation on the impact of audit qualification:			
	(ii) If management is unable to estimate the impact, reasons for the same: Attached			
	(iii) Auditors' Comments on (i) or (ii) above:			
III.	Signatories:			
	 (P. K. Purwar) Director(Fin)/CMD		 (Rakesh Nangia) Audit Committee Chairman	
			For Kumar Vijay Gupta & Co. Chartered Accountants FRN: 007814N  (Roopa Garg) Partner M.No. 500677	
			For Mehra Goel & Co Chartered Accountants FRN000517N  (Nitish Kumar Chugh) Partner M.No. 512742	
	Place: New Delhi			
	Date: 30 th May, 2017			

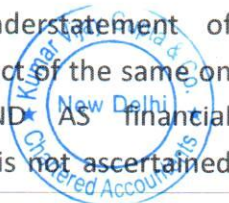


MTNL Audit Qualifications on Accounts of 2016-17 (Standalone)

Sr. No.	Qualification	Management Estimation /Views
1	The Company has certain balances receivables from and payables to BSNL. The net amount recoverable of Rs. 3729.78 Crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation and also in view of various pending disputes regarding claims and counter claims, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the Standalone IND AS financial statements of the Company.	Management has taken up the matter of reconciliation of receivables from and payables to BSNL through a standing committee constituted by D.O.T. and also with DOT. In addition to the request to DOT to intervene, the matter has been taken up directly with BSNL also for reconciliation and confirmation of claims shown by MTNL in the books upto the year 2016-17. The claims pertaining to 2013-14 & some of the claims of 2014-15 & 2015-16 have been settled by intervention at the highest level of DoT in the current year and approximately Rs. 400 crs of claims were settled by BSNL and Rs. 200 crs is paid by MTNL. As such the issue is under settlement and both being PSUs under DOT, there would be settlement at the earliest. Further process of settlement also continues in financial year 2017-18. In view of above the impact if it would be is not assessable at this stage.
2	The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 7263.61 Crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the Standalone IND AS financial statements of the Company.	Management has taken up the matter of reconciliation and settlement of amounts which ever not confirmed with the Administrative ministry. However the recoverable amount of Rs 7263.61 crores includes the GPF (RS 1775.54 Crs), Excess pension paid from 1-10 2000 (Rs.295.12 Crs) and Bonds issued in lieu of refund of OT entry fees of BWA Spectrum (Rs4533.97 Crs) totalling to Rs.6604.63 crores identified and acknowledged for settlement. In addition to the reply of management requests made to DOT, the matter has been taken up with higher level officers of DOT for reconciliation and confirmation of balance claims of Rs. 658.98 crs shown by MTNL in the books for the year 2016-17 on lines of GPF, Bonds etc which already stand confirmed to the extent of Rs. 6604.63 crs. The issue of confirmation and settlement of Earlier period bonds related claims of Rs.431 crores is already in progress in D.O.T. The resultant Rs.227.98 crs is also due to MTNL on account of various other cliams of period pertaining to years 1986- 2000. In view of above there will be almost no impact is not assessable.



3	Upto financial year 2011-12 License Fee payable to the DOT on IUC charges to BSNL was worked out on accrual basis as against the terms of License agreements requiring deduction for expenditure from the gross revenue to be allowed on actual payment basis. From financial year 2012-13, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. The Company continues to reflect the difference in license fee arising from working out the same on accrual basis as aforesaid for the period upto financial year 2011-12 by way of contingent liability of Rs. 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent.	The issue of license fee payable to DOT up to financial year 2011-12 on IUC charges to BSNL is already taken up with D.O.T. As per the accounts of MTNL the payment is settled by netting of receivable with payables as receivables are higher than payables and accordingly there is no liability to be accounted for as per MTNL. However pending reconciliation and resolution of the issue by D.O.T. and as a conservative accounting principle MTNL has recognized it as contingent liability. Necessary action can be taken only after reconciliation is completed by BSNL. As it is there is no short payment of licence fees to DOT as both BSNL and MTNL paid licence fee on the basis of income and revenue share against the other company booked in the accounts and if revenue share goes up after reconciliation refund of license fee from DOT becomes due and if revenue share goes down in reconciliation correspondingly. The revenue of other unit goes down resulting into reduction of license fee there in other. While increase of rupees in the companies with net result being no impact to govt. As such action will be taken accordingly on reconciliation by company under DOT guidelines. Till such reconciliation is completed there will be no ascertainable impact in both companies. As such there is no scope for quantification without actual known liability. In addition it is to apprise that DDG(LF)DOT has initiated process of reconciliation which is expected to be completed soon.
4	The Company continues to allocate the 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 Act, the same results into overstatement of capital work in progress/Property, Plant and Equipment and understatement of loss. The actual impact of the same on the Standalone IND AS financial statements for year is not ascertained	As regards the allocation of over heads in line with Indian Accounting Standard – 16 “Property, Plant and Equipment” prescribed under Section 133 of the Act, the allocation is made on the basis of approved policy formulated taking into account related factors of contribution to capital works by various units of MTNL. However MTNL has already appointed a consultant to get the old policy reviewed and on receipt of his final report necessary further action will be taken to bring it more aligned to the company act 2013 related rules and also Indian Accounting Standard – 16. As regards the allocation of overhead MTNL has already appointed an M/s Rawla & Co. Chartered Accountant as consultant for advising the more scientific policy on allocation of overheads. In view



	and quantified.	of above the impact is not assessable.
5	Except for the impairment loss of assets of CDMA units, no adjustment has been considered on account of impairment loss, if any, during the year, with reference to Indian Accounting Standard – 36 “Impairment of Assets” prescribed under Section 133 of the Act. In view of uncertainty in achievement of future projections made by the Company, we are unable to ascertain and comment on the provision required in respect of impairment in carrying value of cash generating units and its consequent impact on the loss for the year, accumulated balance of reserve and surplus and also the carrying value of the cash generating units	The impairment testing is being done in respect of MTNL as a whole as CGU and the same is carried out at the end of every year and as per test carried out as at 31.3.2017 there is no impairment loss and there are also no specific indicators of such loss. Incurring of recurring losses is although an indicator for going for impairment testing in case of assets, it is not necessary that assets should also get impaired on account of losses and the losses are due to extraneous reasons viz. Abnormal legacy cost of staff etc. not attributable to the efficiency of assets earning capacity or impairment of the value in use of the related assets. As regards the gap between projections and achievements of same, the projections are made on certain basic assumptions, presumptions of parameters and the realization of the assumptions may not be always full and in any case the impairment is tested at the end of each year revising and reviewing the assumptions taken and projections taking into account the achievements made on actual basis. As such testing is being done at the end of each year and there is no impairment according to the company’s understanding and if profit and loss account is not to be linked up with impairment company’s stance is in order and as per latest services done by management also no impairment found. In view of above the impact is not assessable.
6	Amount receivables from and payables to the various parties are subject to confirmation and reconciliation. Pending such confirmation and reconciliations, the impact thereof on the Standalone IND AS financial statements are not ascertainable and quantifiable.	Because of the volume of the subscriber base, it is not practically possible to obtain confirmation of balances from debtors. However the previous month’s outstanding is shown in the current month’s bills sent for payment which itself is a process of confirmation. No confirmations are processed to creditors and their liabilities are accounted for as per the terms and conditions of the contracts and the same are paid as per the same which are final unless there is any dispute in which case the same is either referred for resolution through arbitration or courts and NLD and ILD operators dues are paid on regular basis on the basis of interconnect agreements and hence no specific confirmation is not needed for them. Since the payables and receivables are settled as stated



		above and the same is a continuous process, there is no impact otherwise and wherever necessary adjustments are also made. Although no specific confirmation is taken all the bills issued by corporate office shall shown outstanding including details of such outstanding old bills to subscriber as part of appraisal and confirmation or rebuttal. As such the view that no confirmation is there is not correct in respect to corporate debtors/receivables. As regards payables the liabilities are booked on the basis of contracts, work order and purchase orders and question of confirmations does not arises as it is as per contractual obligations. In view of above the impact is not assessable.
7	Dues from the operators are not taken into account for making provision for doubtful debts. In the absence of any working, the impact thereof on the Standalone IND AS financial statements cannot be ascertained and quantified.	The dues of other operators are not provided like other debts as they are based on the interconnectivity regime and are governed by mutual agreements with clauses of arbitration and the debtors are identifiable and are in constant business relationship with MTNL. As such the treatment given to normal debtors cannot be applied in this case. The provision for other debts relating to Basic & GSM has been done as per the policy. The provision in respect of dues of operators is on a different footing and is not to be equated with normal debts. They are also shown as claims recoverable and payable and not as debtors and are bound under agreement clauses including arbitrations under the control of CMD, MTNL therefore the view taken in this is not acceptable under law of the land. In view of above the impact is not assessable.
8	(a) In Delhi Unit, reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on Standalone IND AS financial statements cannot be ascertained and quantified at present.	(a) The reconciliation is almost completed and one area is in process. Necessary adjustments entries, if any, shall be passed only after reconciliation as done in the case of Mumbai unit. The recovery is under process and is spanning over past years, necessary action is under process. In view of above the impact is not assessable.
	(b) Unlinked credit of Rs. 36.91 Crores	



	on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables are appearing as liabilities in the balance sheet. To that extent, trade receivables and other current liabilities are overstated.	(b) The non matching is basically due to the non identification of the subscribers for want of their customer account numbers not available due to wrong or non provision of the same at the time of payment or due to wrong punching of it in the customer records. Besides it is a continuous process and necessary adjustments entries, if any, will be made on reconciliation, if necessary. In addition to the reply of management, the reconciliation is under process and the same will be reconciled in due course of time.
9	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 Standalone IND AS financial statements cannot be ascertained and quantified.	Amounts received with reference to the settlements made based on reports of M/S "MACH", nodal agency with wide experience and represented around 650 operators, are allocated on regular basis M/s MACH is a nodal agency for both the sides for national/international operators and is an internationally acclaimed agency. As the payments are received as per the settlements being done on the basis of MACH reports on an overall basis and the process of reconciliation and identification to invoices is going on a continuous and perennial basis and also no irregularity has been noticed on this account till date there is no impact as per the understanding of Management. However efforts are being made to get the reconciliation done to the micro level of invoice also at Delhi unit. In addition to the reply of management, the reconciliation is under process and the same will be reconciled in due course of time at Delhi unit. While Mumbai unit has already completed IT. As such there is no such possibility for quantification and on materiality aspect also there is no issue. In view of above the impact is not assessable.
10	Property, Plant and Equipment are generally capitalised 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 capitalisation of the Property, Plant and Equipment gets deferred to next year. The resultant impact of the same on the statement of profit and loss by	Noted and necessary instructions have been reiterated and WIP review is also continuously being done to ensure that the works are completed in time and there is no delay in the submission of completion certificates in case of works already completed but shown under WIP and as a result of such review the WIP has been reduced by Rs 225.27 crs as at 31-3-17 despite addition of Rs 362.33 crs in current year to opening CWIP of Rs 102.85 crs. In view of above and the ongoing process of capitalisation of old to oldest WIP management do not expect that there would be any impact which is also thereby not assessable



	way of depreciation and amount of Property, Plant and Equipment capitalised in the balance sheet cannot be ascertained and quantified.	at this stage.
11	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 amortisation of the same as leasehold and also the consequential impacts, if any, of such classification, capitalization and amortisation not backed by relevant records. In the absence of relevant records, impact of such classification on the Standalone IND AS financial statements cannot be ascertained and quantified	The perpetual lease is given to these properties and DOT transferred these on as is where is basis as per sale deed with liability to pay stamp duty at the time of registration in the name of MTNL as and when the same is needed. As such there is no impact expected due to the classification. In view of above the impact is not assessable.
12	Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of licence already elapsed and also for the remaining valid period of licence including spectrum given on trial basis	Dept. of Telecom has levied one time spectrum charges for the GSM and CDMA spectrum on MTNL and the spectrum given on trial basis to the extent of 4.4 Mhz in 1800 Mhz frequency is also included in calculations. The calculations are further subject to changes in the quantum of spectrum holding and the remaining valid period of license as per D.O.T. MTNL has surrender some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 Mhz spectrum in respect of CDMA.D.O.T. has been apprised of the same and the matter is still under correspondence Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by D.O.T. on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability. Pending final outcome of the issue which itself is subjudice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts. However the contingent liability of Rs.3205.71 crores is shown on the



basis of the demand raised by D.O.T.in respect of GSM.
The issue is under litigation in respect of other operations and DOT finalises the case on disposal of litigation and at that time action for MTNL will also be made clear by DOT. As such only contingent liability on the basis of old demands of DOT is made and neither DOT is demanding thereafter. Hence issue gets resolved on final decisions of govt.
In view of above the impact is not assessable.

Notes:

- 1) All above said qualifications are Qualified Opinion.
- 2) Qualifications No. 1 to 12 are of repetitive nature.



ANNEXURE I

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

CIN No: L32101DL1986GOI023501

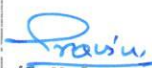
**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results - (Consolidated)**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2017]

i.	SLNO	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In crs)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/Total Income	3,654.69	3,654.69
	2.	Total Expenditure	6,594.94	6,735.30
	3.	Net Profit/(Loss)	(2,936.05)	(3,076.41)
	4.	Earnings Per Share	(46.60)	(48.83)
	5.	Total Assets	17,693.26	17,656.35
	6.	Total Liabilities	17,693.26	17,796.71
	7.	Net Worth	(3,373.85)	(3514.21)
	8.	Any other financial item(s) (as felt appropriate by the management)	NIL	

II.	Audit Qualification (each audit qualification separately):	
	a. Details of Audit Qualification:	
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing : : The 12 items of qualification are repetitive.	
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Attached	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor	
	(i) Management's estimation on the impact of audit qualification:	
(ii) If management is unable to estimate the impact, reasons for the same: Attached		
(iii) Auditors' Comments on (i) or (ii) above:		

III.	Signatories:			
	 (P. K. Purwar) Director(Fin)/CMD	 (Rakesh Nangia) Audit Committee Chairman	For Kumar Vijay Gupta & Co. Chartered Accountants FRN: 007814N  (Roopa Garg) Partner M.No. 500677	For Mehra Goel & Co Chartered Accountants FRN000517N  (Nitish Kumar Chugh) Partner M.No. 512742
	Place: New Delhi Date: 30 th May, 2017			
	 			

MTNL Audit Qualifications on Accounts of 2016-17 (Consolidated)

Sr. No.	Qualification	Management Estimation /Views
1	The Holding Company has certain balances receivables from and payables to BSNL. The net amount recoverable of Rs. 3729.78 Crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation and also in view of various pending disputes regarding claims and counter claims, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the Consolidated IND AS financial statements.	Management has taken up the matter of reconciliation of receivables from and payables to BSNL through a standing committee constituted by D.O.T. and also with DOT. In addition to the request to DOT to intervene, the matter has been taken up directly with BSNL also for reconciliation and confirmation of claims shown by MTNL in the books upto the year 2016-17. The claims pertaining to 2013-14 & some of the claims of 2014-15 & 2015-16 have been settled by intervention at the highest level of DoT in the current year and approximately Rs. 400 crs of claims were settled by BSNL and Rs. 200 crs is paid by MTNL. As such the issue is under settlement and both being PSUs under DOT, there would be settlement at the earliest. Further process of settlement also continues in financial year 2017-18 In view of above the impact if it would be is not assessable at this stage.
2	The Holding Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 7263.61 Crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the Consolidated IND AS financial statements.	Management has taken up the matter of reconciliation and settlement of amounts which ever not confirmed with the Administrative ministry. However the recoverable amount of Rs 7263.61 crores includes the GPF (RS 1775.54 Crs), Excess pension paid from 1-10 2000 (Rs.295.12 Crs) and Bonds issued in lieu of refund of OT entry fees of BWA Spectrum (Rs4533.97 Crs) totalling to Rs.6604.63 crores identified and acknowledged for settlement. In addition to the reply of management requests made to DOT, the matter has been taken up with higher level officers of DOT for reconciliation and confirmation of balance claims of Rs. 658.98 crs shown by MTNL in the books for the year 2016-17 on lines of GPF, Bonds etc which already stand confirmed to the extent of Rs. 6604.63 crs. The issue of confirmation and settlement of Earlier period bonds related claims of Rs.431 crores is already in progress in D.O.T. The resultant Rs.227.98 crs is also due to MTNL on account of various other cliams of period pertaining to years 1986- 2000. In view of above there will be almost no impact is not assessable.



3	In respect of Holding Company, up to financial year 2011-12 License Fee payable to the DOT on IUC charges to BSNL was worked out on accrual basis as against the terms of License agreements requiring deduction for expenditure from the gross revenue to be allowed on actual payment basis. From financial year 2012-13, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. The Holding Company continues to reflect the difference in license fee arising from working out the same on accrual basis as aforesaid for the period up to financial year 2011-12 by way of contingent liability of Rs. 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent.	The issue of license fee payable to DOT up to financial year 2011-12 on IUC charges to BSNL is already taken up with D.O.T. As per the accounts of MTNL the payment is settled by netting of receivable with payables as receivables are higher than payables and accordingly there is no liability to be accounted for as per MTNL. However pending reconciliation and resolution of the issue by D.O.T. and as a conservative accounting principle MTNL has recognized it as contingent liability. Necessary action can be taken only after reconciliation is completed by BSNL. As it is there is no short payment of licence fees to DOT as both BSNL and MTNL paid licence fee on the basis of income and revenue share against the other company booked in the accounts and if revenue share goes up after reconciliation refund of license fee from DOT becomes due and if revenue share goes down in reconciliation correspondingly. The revenue of other unit goes down resulting into reduction of license fee there in other. While increase of rupees in the companies with net result being no impact to govt. As such action will be taken accordingly on reconciliation by company under DOT guidelines. Till such reconciliation is completed there will be no ascertainable impact in both companies. As such there is no scope for quantification without actual known liability. In addition it is to apprise that DDG(LF)DOT has initiated process of reconciliation which is expected to be completed soon.
4	The Holding Company continues to allocate the 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 Act, the same results into overstatement of Capital Work-in-Progress/Property, Plant and Equipment and understatement of loss. The actual impact of the same on the Consolidated IND AS financial statements for Year is not	As regards the allocation of over heads in line with Indian Accounting Standard – 16 “Property, Plant and Equipment” prescribed under Section 133 of the Act, the allocation is made on the basis of approved policy formulated taking into account related factors of contribution to capital works by various units of MTNL. However MTNL has already appointed a consultant to get the old policy reviewed and on receipt of his final report necessary further action will be taken to bring it more aligned to the company act 2013 related rules and also Indian Accounting Standard – 16. As regards the allocation of overhead MTNL has already appointed an M/s Rawla & Co. Chartered Accountant as consultant for advising the more scientific policy on allocation of overheads. In view of above the impact is not assessable.



	ascertained and quantified	
5	In respect of Holding Company, except for the impairment loss of assets of CDMA units, no adjustment has been considered on account of impairment loss, if any, during the year, with reference to Indian Accounting Standard – 36 “Impairment of Assets” specified under Section 133 of the Act. In view of uncertainty in achievement of future projections made by the Holding Company, we are unable to ascertain and comment on the provision required in respect of impairment in carrying value of cash generating units and its consequent impact on the loss for the year, accumulated balance of reserve and surplus and also the carrying value of the cash generating units.	The impairment testing is being done in respect of MTNL as a whole as CGU and the same is carried out at the end of every year and as per test carried out as at 31.3.2017 there is no impairment loss and there are also no specific indicators of such loss. Incurring of recurring losses is although an indicator for going for impairment testing in case of assets, it is not necessary that assets should also get impaired on account of losses and the losses are due to extraneous reasons viz. Abnormal legacy cost of staff etc. not attributable to the efficiency of assets earning capacity or impairment of the value in use of the related assets. As regards the gap between projections and achievements of same, the projections are made on certain basic assumptions, presumptions of parameters and the realization of the assumptions may not be always full and in any case the impairment is tested at the end of each year revising and reviewing the assumptions taken and projections taking into account the achievements made on actual basis. As such testing is being done at the end of each year and there is no impairment according to the company’s understanding and if profit and loss account is not to be linked up with impairment company’s stance is in order and as per latest services done by management also no impairment found. In view of above the impact is not assessable.
6	In respect of Holding Company, amount receivables from and payables to the various parties are subject to confirmation and reconciliation. Pending such confirmation and reconciliations, the impact thereof on the Consolidated IND AS financial statements is not ascertainable and quantifiable.	Because of the volume of the subscriber base, it is not practically possible to obtain confirmation of balances from debtors. However the previous month’s outstanding is shown in the current month’s bills sent for payment which itself is a process of confirmation. No confirmations are processed to creditors and their liabilities are accounted for as per the terms and conditions of the contracts and the same are paid as per the same which are final unless there is any dispute in which case the same is either referred for resolution through arbitration or courts and NLD and ILD operators dues are paid on regular basis on the basis of interconnect agreements and hence no specific confirmation is not needed for them. Since the payables and receivables are settled as stated above and the same is a



		continuous process, there is no impact otherwise and wherever necessary adjustments are also made. Although no specific confirmation is taken all the bills issued by corporate office shall shown outstanding including details of such outstanding old bills to subscriber as part of appraisal and confirmation or rebuttal. As such the view that no confirmation is there is not correct in respect to corporate debtors/receivables. As regards payables the liabilities are booked on the basis of contracts, work order and purchase orders and question of confirmations does not arises as it is as per contractual obligations. In view of above the impact is not assessable.
7	In respect of Holding Company, Dues from the operators are not taken into account for making provision for doubtful debts. In the absence of any working, the impact thereof on the consolidated IND AS financial statements cannot be ascertained and quantified.	The dues of other operators are not provided like other debts as they are based on the interconnectivity regime and are governed by mutual agreements with clauses of arbitration and the debtors are identifiable and are in constant business relationship with MTNL. As such the treatment given to normal debtors cannot be applied in this case. The provision for other debts relating to Basic & GSM has been done as per the policy. The provision in respect of dues of operators is on a different footing and is not to be equated with normal debts. They are also shown as claims recoverable and payable and not as debtors and are bound under agreement clauses including arbitrations under the control of CMD, MTNL therefore the view taken in this is not acceptable under law of the land. In view of above the impact is not assessable.
8	(a) In respect of Holding Company (Delhi Unit), reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on the Consolidated IND AS financial statements cannot be ascertained and quantified at present. (b) In respect of Holding Company,	(a) The reconciliation is almost completed and one area is in process. Necessary adjustments entries, if any, shall be passed only after reconciliation as done in the case of Mumbai unit. The recovery is under process and is spanning over past years, necessary action is under process. In view of above the impact is not assessable. (b) The non matching is basically due to the non identification of the subscribers for want of their customer account numbers not available due to wrong or non



	Unlinked Credit of Rs. 36.91 Crores on account of receipts from subscribers against billing by the Holding Company which could not be matched with corresponding receivables are appearing as liabilities in the balance sheet. To that extent, trade receivables and other current liabilities are overstated	provision of the same at the time of payment or due to wrong punching of it in the customer records. Besides it is a continuous process and necessary adjustments entries, if any, will be made on reconciliation, if necessary. In addition to the reply of management, the reconciliation is under process and the same will be reconciled in due course of time.
9	In respect of Holding Company, 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 Holding Company (Delhi Unit). Pending such reconciliation, the impact of the same on the Consolidated IND AS financial statements cannot be ascertained and quantified.	Amounts received with reference to the settlements made based on reports of M/S "MACH", nodal agency with wide experience and represented around 650 operators, are allocated on regular basis M/s MACH is a nodal agency for both the sides for national/international operators and is an internationally acclaimed agency. As the payments are received as per the settlements being done on the basis of MACH reports on an overall basis and the process of reconciliation and identification to invoices is going on a continuous and perennial basis and also no irregularity has been noticed on this account till date there is no impact as per the understanding of Management. However efforts are being made to get the reconciliation done to the micro level of invoice also at Delhi unit. In addition to the reply of management, the reconciliation is under process and the same will be reconciled in due course of time at Delhi unit. While Mumbai unit has already completed IT. As such there is no such possibility for quantification and on materiality aspect also there is no issue. In view of above the impact is not assessable.
10	In respect of Holding Company, Property, Plant and Equipment are generally capitalised 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 capitalisation of the Property, Plant	Noted and necessary instructions have been reiterated and WIP review is also continuously being done to ensure that the works are completed in time and there is no delay in the submission of completion certificates in case of works already completed but shown under WIP and as a result of such review the WIP has been reduced by Rs 225.27 crs as at 31-3-17 despite addition of Rs 362.33 crs in current year to opening CWIP of Rs 102.85 crs. In view of above and the ongoing process of capitalisation



	and Equipment gets deferred to next year. The resultant impact of the same on the consolidated statement of profit and loss by way of depreciation and amount of Property, Plant and Equipment capitalised in the Consolidated IND AS financial statements cannot be ascertained.	of old to oldest WIP management do not expect that there would be any impact which is also thereby not assessable at this stage.
11	In respect of Holding Company, 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 amortisation of the same as leasehold and also the consequential impacts, if any, of such classification, capitalization and amortisation not backed by relevant records. In the absence of relevant records, impact of such classification on the Consolidated IND AS financial statements cannot be ascertained and quantified.	The perpetual lease is given to these properties and DOT transferred these on as is where is basis as per sale deed with liability to pay stamp duty at the time of registration in the name of MTNL as and when the same is needed. As such there is no impact expected due to the classification. In view of above the impact is not assessable.
12	In respect of Holding Company, Department of Telecommunication (DOT) had raised a demand of Rs. 3,313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of licence already elapsed and also for the remaining valid period of licence including spectrum given on trial basis.	Dept. of Telecom has levied one time spectrum charges for the GSM and CDMA spectrum on MTNL and the spectrum given on trial basis to the extent of 4.4 Mhz in 1800 Mhz frequency is also included in calculations. The calculations are further subject to changes in the quantum of spectrum holding and the remaining valid period of license as per D.O.T. MTNL has surrender some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 Mhz spectrum in respect of CDMA.D.O.T. has been apprised of the same and the matter is still under correspondence Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by D.O.T. on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be



crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability. Pending final outcome of the issue which itself is subjudice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts. However the contingent liability of Rs.3205.71 crores is shown on the basis of the demand raised by D.O.T.in respect of GSM.

The issue is under litigation in respect of other operations and DOT finalises the case on disposal of litigation and at that time action for MTNL will also be made clear by DOT. As such only contingent liability on the basis of old demands of DOT is made and neither DOT is demanding thereafter. Hence issue gets resolved on final decisions of govt.

In view of above the impact is not assessable.

Notes:

- 1) All above said qualifications are Qualified Opinion.
- 2) Qualifications No. 1 to 12 are of repetitive nature.

