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MTNL

MAHANAGAR TELEPHONE NIGAM LIMITED
(A GOVERNMENT OF INDIA ENTERPRISE)
CIN L32101DL1986GOI023501

MTNL/SECTT/SE/2023
May 29, 2023

To,

The Listing Department,
Bombay Stock Exchange (BSE)
National Stock Exchange (NSE)

Ref: BSE Scrip Code: 500108/ NSE Symbol: MTNL

SUB: COMPLIANCE OF REGULATION 30, 33 & 52 OF THE SEBI (LODR) REGULATIONS, 2015: SUBMISSION OF AUDITED FINANCIAL STATEMENTS (STANDALONE AND CONSOLIDATED) FOR THE F.Y. ENDED ON 31ST MARCH, 2023.

Dear Sir,
Further to our letter of even no.dtd. **May 15, 2023**, we are forwarding herewith the Audited Financial Statements (Standalone and Consolidated) of MTNL along with annexures for the Financial Year ended on 31st March, 2023 duly approved by Board of Directors in its 354th Meeting held in New Delhi today i.e. 29th May, 2023.

Also pursuant Regulation 52(7) & (7A) of SEBI LODR, 2015, we are also forwarding Utilization Statement in respect of Bonds issued and statement disclosing Material Deviation(s) (if any) by MTNL during the Quarter ended 31.03.2023.

Further it is to inform that under Regulation 30 of SEBI LODR, 2015, the Board recommended seeking enabling resolution for the issuance of Guaranteed, Unsecured, Rated, Listed, Redeemable, Non- Convertible, Taxable Bonds in the Nature of Debenture (NCD) to the Extent of Rs 6,661 Crores in the FY 2023-24 with the tenure of 10 years or more, in face value denomination of Rs 1,00,000/- each by way of Private Placement basis in one or more tranches, subject to the approval of the Members in the ensuing Annual General Meeting (if required) of the Company.

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

Mahanagar Doorsanchar Sadan 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003. Tel: 011-24319020, Fax: 011-24324243, Website: www.mtnl.net.in /www.bol.net.in

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MTNL

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CIN L32101DL1986GOI023501

The results are also being published in newspapers as per the requirement of Regulation 47 of SEBI (LODR) Regulations, 2015.

The Board meeting started at 4:00 PM and concluded at 8:50 PM.

Thanking you,
Yours faithfully,

29/05/2023

RATAN MANI SUMIT

Digitally signed by RATAN MANI SUMIT
Date: 2023.05.29 21:13:09 +05'30'

(RATAN MANI SUMIT)
COMPANY SECRETARY

Encl: A/a

Mahanagar Doorsanchar Sadan 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003. Tel: 011-24319020, Fax: 011-24324243, Website: www.mtnl.net.in /www.bol.net.in

Annexure I

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)
Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243
CIN No: L32101DL1986GOI023501

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2023

(Rs. in Crore)

Sl. No.	Particulars	STANDALONE				
		Three Month Ended			Year Ended	
		3 months ended 31/03/2023	Preceeding 3 months ended 31/12/2022	Corresponding 3 months ended 31/03/2022 in the previous year	Current Year ended 31/03/2023	Previous year ended 31/03/2022
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
I	Revenue from operations	202.35	203.19	218.95	861.57	1,069.72
II	Other Income	199.34	126.41	279.66	612.45	627.18
III	**Total Income (I +II)**	**401.69**	**329.60**	**498.61**	**1,474.02**	**1,696.90**
IV	**Expenses**					
	Purchases of stock-in-trade	0.04	0.02	0.05	0.26	0.21
	License Fees & Spectrum Charges	17.82	18.74	15.42	77.65	102.05
	Employee benefits expense	145.92	128.54	147.20	545.23	555.02
	Finance cost	640.91	592.21	538.04	2,354.26	2,139.45
	Revenue Sharing	20.02	12.50	12.44	60.19	87.39
	Depreciation and amortization expense	178 .13	178.04	183.60	716.52	759.01
	Other Expenses	144.63	177.59	199.94	630.65	656.36
	Total Expenses (IV)	**1,147.47**	**1,107.64**	**1,096.69**	**4,384.76**	**4,299.49**
V	**Profits/(Loss) before exceptional items and tax(III-IV)**	**(745.78)**	**(778.04)**	**(598.08)**	**(2,910.74)**	**(2,602.59)**
VI	Exceptional items	-	-	-	-	-
VII	**Profit/ (Loss) befor e tax(V- VI)**	**(745.78)**	**(778.04)**	**(598.08)**	**(2,910.74)**	**(2,602.59)**
VIII	Tax expense:					
	(1) Current tax	-	-	-	-	-
	(2) Deferred tax	-	-	-	-	-
IX	**Profit/ (Loss) for the period from continuing operations (VII - VIII)**	**(745.78)**	**(778.04)**	**(598.08)**	**(2,910.74)**	**(2,602.59)**
X	Profit/ (Loss) from discon tinuedop erations	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-
XII	**Profit/ (Loss) from Discontinued Operations (after tax) (X-XI)**	-	-	-	-	-
XIII	**Profit/ (Loss) for the period (IX + XII)**	**(745.78)**	**(778.04)**	**(598.08)**	**(2,910.74)**	**(2,602.59)**
XIV	**Other Comprehensive Income**					
A	i) Items that will not be reclassified to profit and loss	(8.10)	1.21	(8.23)	(4.48)	(13.98)
	ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
B	i) Items that will be reclassified to profit or loss	-	-	-	-	-
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Other Comprehensive Income for the year	**(8.10)**	**1.21**	**(8.23)**	**(4.48)**	**(13.98)**
XV	**Total Comprehensive Income for the period (XIII +XIV)**	**(753.88)**	**(776.83)**	**(606.31)**	**(2,915.22)**	**(2,616.57)**
XVI	**Paid up Equity Share Capital**				630.00	630.00
XVII	**Other Equity excluding revaluation reserves**				(21,472.90)	(19,286.45)
XVIII	**Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised) (In Rs.)**					
	(1) Basic	(11.84)	(12.35)	(9.49)	(46.20)	(41.31)
	(2) Diluted	(11.84)	(12.35)	(9.49)	(46.20)	(41.31)
XIX	**Earnings per equity Share of Rs.10 each(for discontinued operations):(not annualised) (In Rs.)**					
	(1) Basic	-	-	-	-	-
	(2) Diluted	-	-	-	-	-
XX	**Earnings per equity Share of Rs.10 each (for discontinued & continuing operations): (not annualised) (In Rs.)**					
	(1) Basic	(11.84)	(12.35)	(9.49)	(46.20)	(41.31)
	(2) Diluted	(11.84)	(12.35)	(9.49)	(46.20)	(41.31)

See accompanying notes to the financial results.

May kindly sign, pl
29/05/23
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Mahanagar Telephone Nigam Ltd.
SPMG & CO. Chartered Accountants New Delhi
SCV & CO. LLP Chartered Accountants New Delhi NCR

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Annexure II

MAHANAGAR TELEPHONE NIGAM LIMITED

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986GOI023501

AUDITED STANDALONE SEGMENT WISE REVENUE, RESULTS AND ASSETS & LIABILITIES FOR THE QUARTER AND TWELVE MONTH ENDED ON 31/03/2023

(Rs. in Crore)

		STANDALONE				
		Three Month Ended			Year Ended	
Sl. No.	Particulars	3 months ended 31/03/2023	Preceeding 3 months ended 31/12/2022	Corresponding 3 months ended 31/03/2022 in the previous year	Current Year ended 31/03/2023	Previous year ended 31/03/2022
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
1.	**Revenue from Operations**					
	Basic & other Services	188.68	188.77	236.82	810.85	992.63
	Cellular	14.01	14.76	(17.51)	52.13	78.45
	Unallocable	-	-	-	-	-
	Total	**202.69**	**203.53**	**219.30**	**862.98**	**1,071.07**
	Less: Inter Segment Revenue	0.34	0.34	0.35	1.41	1.35
	Net Revenue from Operations	**202.35**	**203.19**	**218.95**	**861.57**	**1,069.72**
2.	**Segment Result before interest income, exceptional items, finance cost and tax**					
	Basic & other Services	(7.77)	(34.26)	(58.51)	(68.20)	(141.38)
	Cellular	(124.57)	(146.00)	(128.72)	(491.37)	(440.46)
	Unallocable	26.11	(10.92)	53.09	(6.90)	35.31
	Total	**(106.23)**	**(191.18)**	**(134.14)**	**(566.47)**	**(546.53)**
	Add: Exceptional items	-	-	-	-	-
	Add: Interest Income	1.36	5.35	74.10	9.98	83.39
	Less: Finance cost	640.91	592.21	538.04	2,354.26	2,139.45
	Profit/ (Loss) before tax	**(745.78)**	**(778.04)**	**(598.08)**	**(2910.74)**	**(2602.59)**
	Less: Provision for Current Tax & Deferred tax	-	-	-	-	-
	Profit/ (Loss) after tax	**(745.78)**	**(778.04)**	**(598.08)**	**(2,910.74)**	**(2,602.59)**
3.	**Capital Employed (Segment Assets - Segment Liabilities)**					
	Segment Asset					
	Basic & other Services	6,381.49	6,439.92	6,633.66	6,381.49	6,633.66
	Cellular	3,523.79	3,650.50	3,922.68	3,523.79	3,922.68
	Unallocable/Eliminations	1,729.36	1,485.89	1,747.30	1,729.36	1,747.30
	Total Segment Assets	**11,634.64**	**11,576.31**	**12,303.64**	**11,634.64**	**12,303.64**
	Segment Liabilities					
	Basic & other Services	2,500.74	2,514.34	2,688.53	2,500.74	2,688.53
	Cellular	28,068.78	27,555.19	26,070.37	28,068.78	26,070.37
	Unallocable/Eliminations	1,908.02	2,324.57	2,201.19	1,908.02	2,201.19
	Total Segment Liabilities	**32,477.54**	**32,394.09**	**30,960.09**	**32,477.54**	**30,960.09**
	Segment Capital Employed					
	Basic & other Services	3,880.75	3,925.58	3,945.13	3,880.75	3,945.13
	Cellular	(24,544.99)	(23,904.69)	(22,147.69)	(24,544.99)	(22,147.69)
	Unallocable/Eliminations	(178.65)	(838.68)	(453.89)	(178.65)	(453.89)
	Capital Employed	**(20,842.90)**	**(20,817.79)**	**(18,656.45)**	**(20,842.90)**	**(18,656.45)**

See accompanying notes to the financial results:

Mahanagar Telephone Nigam Ltd. ★

SPMG & CO. ★ New Delhi ★ Chartered Accountants

SCV & CO. LLP ★ New Delhi NCR ★ Chartered Accountants

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Annexure III

MAHANAGAR TELEPHONE NIGAM LIMITED

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243
CIN No: L32101DL1986GOI023501

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

	Particulars	STANDALONE	
		As at 31.03.2023	As at 31.03.2022
		AUDITED	AUDITED
	ASSETS		
(1)	**Non-current assets**		
	(a) Property, Plant and Equipment	2,697.87	2,982.74
	(b) Capital work-in-progress	59.49	73.98
	(c) Right-of-Use Asset	372.65	405.83
	(d) Investment Property	61.75	62.09
	(e) Intangible assets	1,764.31	2,097.96
	(f) Financial Assets		
	(i) Investments	106.13	106.13
	(ii) Loans	3.51	3.43
	(iii) Others	208.68	215.57
	(g) Non Current Tax Asset	574.45	563.17
	(h) Other Non-Current Assets	33.59	30.31
	Total non-current assets	**5,882.44**	**6,541.21**
(2)	**Current assets**		
	(a) Inventories	4.25	6.55
	(b) Financial Assets		
	(i) Trade Receivables	575.94	662.36
	(ii) Cash and cash equivalents	146.52	77.25
	(iii) Bank Balances other than (ii) above	154.48	12.04
	(iv) Loans	15.41	3.08
	(v) Other Financial Assets	4,563.30	4,599.32
	(c) Other current assets	256.27	365.93
	Total Current assets	**5,716.17**	**5,726.53**
(3)	**Asset held for sale**	**36.03**	**35.90**
	Total Assets(1+2+3)	**11,634.64**	**12,303.64**
	EQUITY AND LIABILITIES		
(1)	**Equity**		
	(a) Equity Share Capital	630.00	630.00
	(b) Other Equity	(21,472.90)	(19,286.45)
	Total Equity	**(20,842.90)**	**(18,656.45)**
	LIABILITIES		
(i)	**Non-Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	19,507.34	16,565.55
	(ii) Lease Liabilities	109.68	143.78
	(iii) Other Financial Liabilities	95.95	194.13
	(b) Long Tem Provisions	378.60	385.72
	(c) Other Non Current liabilities	62.45	73.88
	Total Non-Current Liabilities	**20,154.03**	**17,363.06**
(ii)	**Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	8,666.67	10,040.92
	(ii) Lease Liabilities	66.55	68.44
	(iii) Trade Payables		
	(A) total outstanding dues of micro enterprises and small enterprises	54.64	98.09
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises	968.87	941.97
	(iv) Other Financial Liabilities	1,954.46	1,822.72
	(b) Other current liabilities	535.11	600.22
	(c) Short Term Provisions	77.22	24.67
	Total Current Liabilities	**12,323.52**	**13,597.03**
(2)	**Total Liabilities (i) + (ii)**	**32,477.54**	**30,960.09**
	Total Equity and Liabilities (1 + 2)	**11,634.64**	**12,303.64**

Mahanagar Telephone Nigam Ltd.

SPMG & CO. New Delhi Chartered Accountants

SCV & CO. LLP New Delhi NCR Chartered Accountants

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Annexure IV

MAHANAGAR TELEPHONE NIGAM LIMITED

Audited Standalone Cash Flow Statement for the year ended 31st March, 2023

		(Rs. in crores)	
		Year ended	
		31st March 2023	31st March 2022
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before tax		
	Continuing operations	(2910.74)	(2602.59)
	Discontinued operations	-	-
		(2910.74)	**(2602.59)**
	Adjustments for:		
	Depreciation expense	382.64	425.11
	Amortisation expense	333.88	333.90
	Loss/ Gain on disposal of property, plant and equipment (Net)	(1.33)	(3.31)
	Dividend Income	(2.22)	(2.15)
	Interest income	(9.98)	(83.38)
	Excess provisions written back	(68.96)	(142.50)
	Provision for doubtful debts including discount	61.55	119.98
	Provision for obsolete inventory	1.24	16.43
	Provision for doubtful claims	0.38	5.43
	Loss of assets	2.36	6.58
	Remeasurement gains and loss on employee benefit obligations	(4.48)	(13.98)
	Finance costs	2354.26	2139.45
	Bad debts recovered	(0.00)	(0.00)
	Bad debts written off	53.87	8.16
	Operating profit before working capital changes	**192.46**	**207.13**
	Movement in working capital		
	(Increase)/ Decrease in loans	(12.20)	19.98
	(Increase)/ Decrease in inventories	1.07	(14.24)
	(Increase)/ Decrease in other financial assets	46.09	24.93
	(Increase)/ Decrease in other assets	106.38	52.79
	(Increase)/ Decrease in trade and other receivables	(29.00)	(25.92)
	Increase/ (Decrease) in other financial liabilities	(258.88)	60.20
	Increase/ (Decrease) in other liabilities	(76.53)	(63.28)
	Increase/ (Decrease) in provisions, trade and other payables	97.25	493.46
	Cash flow from operating activities post working capital changes	**66.63**	**755.05**
	Income tax (paid)/refunds (net)	(11.28)	(47.63)
	Net cash flow from operating activities (A)	**55.35**	**707.42**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant and Equipment, Investment property and Intangible assets (including capital work-in-progress) (net of sale proceeds)	(29.49)	(15.68)
	Movement in fixed deposits (net)	(142.44)	143.50
	Dividend received	2.22	2.15
	Interest received	6.21	71.76
	Net cash flows used in investing activities (B)	**(163.51)**	**201.73**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds and repayment from long-term borrowings (net)	4528.05	(18.56)
	Proceeds and repayment of short-term borrowings (net)	(2270.98)	1271.44
	Finance cost paid	(2002.25)	(2110.90)
	Payment towards Lease Liability	(77.39)	(77.64)
	Net cash used in financing activities (C)	**177.43**	**(935.66)**
	Increase in cash and cash equivalents (A+B+C)	69.27	(26.51)
	Cash and cash equivalents at the begining of the year	77.25	103.76
	Cash and cash equivalents at the end of the period	**146.52**	**77.25**

Mahanagar Telephone Nigam Ltd.

S.P. Chopra & Co. New Delhi Chartered Accountants

SCV & CO. LLP New Delhi NCR Chartered Accountants

Notes to Standalone Financial Results:

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1 The financial results have been prepared in accordance with the Indian Accounting Standards (Ind- AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

2 The above results have been reviewed by the Audit Committee in their meeting held on 29.05.2023 and approved by the Board of Directors of the Company at their meeting held on the same date.

3 Additional Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations 2015

S.No.	Particulars	Three Month Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
a	Debt Service Coverage Ratio (in times) [EBITDA / (Finance Cost + Lease Liabilities Payments+ Principal Repayment of Long Term Debt)]	0.04	(0.00)	0.11	0.02	0.08
b	Interest Service Coverage Ratio (in times) [EBITDA / Finance Cost]	0.11	(0.01)	0.23	0.07	0.14
c	Outstanding Redeemable Preference shares (quantity and value) (in Rs Crs)	-	-	-	-	-
d	Capital Redemption Reserve (in Rs Crs)	-	-	-	-	-
e	Debenture Redemption Reserve (in Rs Crs) #	-	-	-	-	-
f	Net Worth (in Rs Crs) (As per Section 2 (57) of Companies Act 2013)	(20,842.90)	(20,817.79)	(18,656.45)	(20,842.90)	(18,656.45)
g	Net Profit/ (Loss) After Tax (in Rs Crs)	(745.78)	(778.04)	(598.08)	(2,910.74)	(2,602.59)
h	Earnings Per Share (in Rs) [Not Annualised]	(11.84)	(12.35)	(9.49)	(46.20)	(41.31)
i	Current Ratio (in times) [Current Assets /Current Liabilties]	0.46	0.56	0.42	0.46	0.42
j	Debt-Equity Ratio (in times) [(Long Term Borrowings including Current Maturities + Short Term Borrowings) /Total Equity]	(1.35)	(1.37)	(1.43)	(1.35)	(1.43)
k	Long Term Debt to Working Capital (in times) Long Term Debt excluding lease liability + Current Maturities of Long Term Debt / Working Capital excluding current maturities of Long Term Borrowings	(8.99)	(7.61)	(4.12)	(8.99)	(4.12)
l	Bad Debts to Account Receivable Ratio (in times) [Bad Debts/Average Trade Receivables]	0.01	0.07	0.01	0.09	0.01
m	Current Liability Ratio (in times) [Current Liabilties/ Total Liabilties]	0.38	0.30	0.44	0.38	0.44
n	Total Debts to Total Assets (in times) [(Long Term Borrowings + Short Term Borrowings + Lease Liabilities) / Total Assets]	2.44	2.47	2.18	2.44	2.18
o	Debtors Turnover Ratio - Annualised (in times) [Revenue from Operations / Average Trade Receivables]	1.35	1.24	1.18	1.39	1.50
p	** Paid up Debt Capital (Outstanding Debt) (in Rs. Crs)	23,499.69	23,159.85	19,661.18	23,499.69	19,661.18
q	Operating Margin (%) [(EBIT - Other Income)/ Revenue from Operations]	(150.34)%	(153.67)%	(155.15)%	(135.67)%	(101.93)%
r	Net profit Margin (%) [Profit after Tax / Revenue from Operations]	(368.56)%	(382.91)%	(273.15)%	(337.84)%	(243.30)%

4 * 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.

5 # MTNL is a listed company and issued debentures on private placement basis, there is no adequacy to maintain Debenture Redemption Reserve (DRR) under Rule 18 (7) (b) (iii) (B) B of Companies (Share Capital and Debenture) Rules, 2014.

6 ** Paidup debt Capital/Outstanding Debt (excludes Short Term Borrowing & Non Convertable Debentures(NCDs) issued to the tune of Rs. 4,533.97 Cr for which the liability to pay interest and principal is on Government of India). Also, since the NCDs (backed by Sovereign Guarantee) are unsecured in nature, no Asset Cover is maintained.

7 As the principal activities of the company are in the nature of services, so Inventory Turnover ratio is not relevant.

8 During the Financial year 2022-23, MTNL has issued bonds amounting to Rs. 10,910 Crores on which there is waiver of Government Guarantee Fees of 0.9% per annum for the tenure of bonds issued. As per the provision of Ind AS 109, as the fees payable to the government are waived off, it would impact the initial fair value of the bond. The notional benefit of Guarantee Fees amounting to Rs. 981.90 Crores (Fair Value of Rs. 728.78 Crores) is accounted for as promoter's contribution received under other equity.

9 The Company had claimed benefit under section 80IA of the Income Tax Act, 1961 for the financial year from 1996-97 to 2005-06 for balance of 25 % of the amount claimed and unsettled. The provision of Rs. 375.96 crores for claim is retained while showing Rs. 243.23 crores as contingent reserve to meet any contingency.

10 The arbitrator, Mr. A. P. Shah published the award on 03.03.2022 against MTNL for Rs. 160 crores with simple interest payable @6% P.A. from 21-10-1993 and Rs. 0.61 Crore was also awarded to Canara Bank and Rs.0. 32 Crore to CANFINA as costs. MTNL filed OMP (COMM) No.312 of 2022 before Hon'ble Delhi High Court to set aside the Award along with an IA No.14319 Of 2022 seeking unconditional stay on the operation of said award. Further Canara Bank and Canfina also filed applications for enforcement of said award dated 03.03.2022. Canara Bank's- OMP (ENF) (COMM) NO.147 of 2022 and CANFINA's OMP (ENF) (COMM) NO.155 of 2022. Hon'ble HC deferred the hearing of MTNL's OMP (COMM) No.312 of 2022 along with Canara Banks OMP and Canfina OMP to 18.07.2023. The amount of award along with interest to the tune of Rs.443.78 crores therefore has been disclosed as contingent liability.

Mahanagar Telephone Nigam Ltd.

SPMG & CO. New Delhi Chartered Accountants

SCV & CO. LLP New Delhi Chartered Accountants

Notes to Standalone Financial Results:

(8)

11 MTNL dispute with M/s. M & N Publications Limited in connection with telephone directories of years 1993-98 and the subsequent awards by arbitrator in respect of MTNL are challenged by M/s. M & N Publications Limited. The claim of Rs. 65.04 crores on this account has been shown as contingent liability in Delhi unit.

12 BSNL brought out a case of settlement of Rs 29.51 crores in respect of PCM links for the period from 2008-09 to 2018-19 during the year , which were cases of surrendered or non working PCM links . The same were under dispute and were got reviewed during the year through a joint committee of MTNL & BSNL and a provisional claim of Rs 34.67 crores is intimated by BSNL. The verification of BSNL claim by MTNL and the accepatance of the same is under process. Pending verification of claim, MTNL has made provision for disputed claim in the current financial year and the further impact, if any, will be accounted on final verification and settlement of dispute.

13 Amount receivable from BSNL & Other Operators have been reflected as loans and other financial assets.

14 The maintenance and running of MTNL wireless network has been handed over to BSNL as an outsource agency from 01.04.2021 (in case of Delhi) and from 01.09.2021 (in case of Mumbai) onwards to improve the quality of services. MTNL has initiated the process for raising the claims for gap funding. It is likely to be concretized in the next financial year and the financial impact of same, if any, will be accounted for on finalisation of operational modalties.

15 The Amounts recoverable from Department of Telecommunication (DOT) of Rs. 6.52 Crore in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees is under review with DOT and hence continued to be shown as recoverable from DOT and payable to GPF.

16 Amount recoverable from DoT is Rs.641.40 crores (previous year Rs.635.81 crores) and amount payable is Rs.517.36 crores (previous year Rs. 454.46 crores). The net recoverable of Rs.124.04 crores (previous year Rs.181.34 crores), (including Rs.0.15 crores against ex-gratia (Previous year Rs.0.15 crores)), Out of which Rs.124.04 Crores (Previous year Rs.181.19 crores) is subject to reconciliation and confirmation . There is no agreement between the MTNL and DoT for interest recoverable/payable on current account. Accordingly, no provision has been made for interest payable/receivable on balances during the year except charging of interest on GPF claims receivable from DoT.

17 The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Company and DOT

18 The License agreement between Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT

19 Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts.

20 Certain immovable properties (includes the leasehold lands and buildings) transferred from Department of Telecommunications ('DoT') to MTNL in earlier years through a sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties have been classified by the management under the heading 'Right of Use assets'.

21 In certain cases of freehold and leasehold land, the company is having title deeds which are in the name of the Company but the value of which are not lying in books of accounts.

22 The figures for the previous periods have been regrouped wherever necessary to conform to the current period presentation.

Mahanagar Telephone Nigam Ltd.

SPMG & CO. New Delhi Chartered Accountants

For and on behalf of the Board

(P.K.Purwar)
Chairman & Managing Director
DIN: 06619060

Place : New Delhi
Date : 29.05.2023

SCV & CO. LLP New Delhi

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Chartered Accountants
3322-A, 2nd Floor,
Bank Street, Karol Bagh,
New Delhi – 110005

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Chartered Accountants
B-41, Panchsheel Enclave
New Delhi-110017

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Independent Auditor's Report on Standalone Quarterly Financial Results and Year to date results of Mahanagar Telephone Nigam Limited pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

TO THE BOARD OF DIRECTORS OF MAHANAGAR TELEPHONE NIGAM LIMITED

1. **Qualified Opinion**

We have audited the accompanying Statement of Standalone Financial Results of **Mahanagar Telephone Nigam Limited** ("the Company") for the quarter and year ended March 31, 2023 (herein after referred to as "the Statement"), attached herewith being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us except for the effects/possible effects of the matter described in the Basis for Qualified opinion para below, these standalone financial results:

a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
b) Give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the net loss and other comprehensive loss and other financial information for the quarter and year then ended March 31, 2023.

2. **Basis for Qualified Opinion**

i. The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the quarter and Year ended March 31, 2023 as well as in the previous year and the current liabilities exceeded the current assets substantially.
Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II.
However, the standalone financial results of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India.
Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company had implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.

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Recently, as per F.NO.20-28/2022-PR dated 2nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores in two financial years i.e 2022 & 2023 with waiver of guarantee fee to repay its high cost debt and restructure it with new sustainable loan. During the year ended March 31, 2023, the company has raised Rs. 10,910/- Crores.

ii. **Bharat Sanchar Nigam Limited (BSNL):**

a) The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3535.34 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 financial results of the Company.

b) The Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 115.97 Crores has not been carried forward resulting in overstatement of Current Assets and understatement of loss to that extent.

iii. The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 124.04 Crores, out of which Rs. 123.89 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 financial results of the Company.

iv. 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 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.

v. Except for the impairment loss of assets of CDMA units provided in earlier years, 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 quarter and the year ended March 31, 2023, accumulated balance of other equity and also the carrying value of the cash generating units.

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vi. The Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and others parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, 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 financial results are not ascertainable and quantifiable.

vii. Unlinked credit of Rs. 88.69 Crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the standalone financial results are not ascertainable and quantifiable.

viii. Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.

ix. 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 license already elapsed and also for the remaining valid period of license including spectrum given on trial basis.

As explained the demand for spectrum usage for CDMA for Rs 107.44 Crores has been withdrawn by DOT on account of rectification of actual usage.

Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and Rs. 3,205. 71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum alloted beyond 6.2 Mhz, directed Govt. to review the demand for spectrum allotted after 1-7-2008 and that too w.e.f 1-1-2013 in case the spectrum beyond 6.2 Mhz was allotted before 1-1-2013. As explained, as per the TDSAT orders also no further demand is raised till now and as per management based on TDSAT direction the demand ,if any, cannot be more than Rs 455.15 crores the same is considered as contingent liability.

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In view of the above we are not in a position to comment on the correctness of the stand taken by the Company and the ultimate implications of the same on the standalone financial results of the Company.

x. The company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter. The actual impact of the same on the standalone financial results for the quarter and year ended March 31, 2023 has not been ascertained and quantified.

xi. The TDS on provision for Expenses (Accrued Liability) has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 have not been ascertained and quantified.

xii. The Company is making the provision for interest for late/non-payment to MSME vendors and the company has not complied with the provision of chapter XVII- B of Income Tax Act, 1961 on such provision for interest.. The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 is not ascertained and quantified.

xiii. The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 8.38 Crores and Rs. 33.52 Crores accrued during the quarter and year ended March 31, 2023 respectively has not been recognized in Delhi unit in the standalone financial results. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the standalone financial results of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.

xiv. Company's investment in its associates "United Telecom Limited (UTL)" aggregating Rs. 35.85 Crores has been classified as 'Assets-held-for-sale' however, we have not been made available with the 'fair value less costs to sell' to arrive at the lower of 'carrying amount' and 'fair value less costs to sell' as required pursuant to the measurement principles enumerated in IND AS 105. On our review of the latest available financial statements of the UTL, we have noticed that the net worth has been fully eroded and is negative.

Further, the said investment has been classified as Asset-held-for-sale since Year 2018, which is contrary to the recognition principles of IND AS 105 as the expected sale has not been completed within one year from classification.

The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified.

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xv. The company has not recognised for loss allowance for trade receivables as per the requirements of Ind AS109 "Financial Instruments" amounting to Rs.68.06 crores relating to companies which are under insolvency process and certain trade receivables amounting to Rs.11.55 crores pertaining to infrastructure business, wherein there is significant increase in credit risk.
The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified

The above basis for qualified opinion referred to in Para no. (i) to (xiii) were subject matter of qualification in the Auditor's Report for the year ended on March 31, 2022 and in the Limited review report for the quarter ended June 30, 2022, half year ended September 30, 2022 and nine months ended December 31, 2022.

In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii)(a), (iii), (v), (vi), (vii),(viii), (ix), (x), (xi) (xii), (xiii), (xiv) and (xv) on the standalone financial result of the Company for the quarter and year ended on March 31, 2023.

We conducted our audit of the standalone financial result in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Result section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial results under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial results.

3. Material uncertainty related to going concern

We draw attention on the standalone financial results, which indicates that the company has accumulated losses and its net worth has been fully/ substantially eroded, the company has incurred net loss/net cash loss during the current and previous year(s) and the company's current liabilities exceeded its current assets as at the balance sheet date. These events or conditions, along with other matter, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company has implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.

Recently, as per F.NO.20-28/2022-PR dated 2nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores in two financial years i.e 2022 & 2023 with waiver of guarantee fee to repay its high cost debt and restructure it with new

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sustainable loan. During the year ended March 31, 2023, the company has raised Rs 10,910/- Crores.

Our opinion is not modified in respect of this matter.

4. **Emphasis of Matters**

We draw your attention to following notes to audited standalone financial results:

(i) Notes No.9 With reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Company u/s 80 IA of the Income Tax Act, 1961 we are unable to comment on the adequacy or otherwise of the provision and / or contingency reserve held by the Company.

(ii) Notes No.11 Impact of accounting of claims and counter claims of MTNL with M/s M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, will be given in the year when the ultimate collection / payment of the same becomes reasonably certain.

(iii) Notes No.13 Amount receivable from BSNL & Other Operators have been reflected as loans and other financial assets instead of bifurcating the same into trade receivables and other financial assets.

(iv) Notes No.14 The operations and maintenance of wireless network has been handed over to BSNL as an outsource agency from 1.4.2021 (in case of Delhi) and 1.9.2021 (in case of Mumbai) onwards. Pending finalization of standard operating procedures the financial impact of the same (if any) will be accounted for on finalization of operational modalities.

(v) Notes No.15 The Amounts recoverable from Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees in MTNL and the matter has been under review with DOT and the full amount of GPF including interest thereon, claimed of the Company in respect of which correspondence is going on between the Company and DOT are continued to be shown as recoverable from DOT and payable to GPF.

(vi) Notes No.16 In pursuance of DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29 October, 2019 and decision of Board of Directors of MTNL through circular regulation on 4th November, 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 4th November, 2019 under which 14,387 number of MTNL employees opted for VRS and the expenditure of ex-gratia on account of compensation to be borne by the DOT/Government of India through budgetary supports as per approval of cabinet. Balance amount payable to VRS opted employees as on 31 March 2023 is shown in the financial statements of the company as receivable from DOT and payable to VRS retirees, to reflect the actual position with reference to VRS scheme of 2019 of MTNL

(vii) Notes No.17 The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence is going on between the Company and DOT.

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(viii) Notes No.18 The License agreement between Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT.

(ix) Notes No.19 Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts.

(x) Notes No. 20 Certain immovable properties transferred from Department of Telecommunications ('DoT') to MTNL in earlier years, which were taken on lease by DoT prior to incorporation of MTNL. On 30 March 1987, both DoT and MTNL entered into a sale deed for transfer of the several movable and immovable assets from DoT to MTNL. The said transfer includes the leasehold lands and buildings which are now in possession of MTNL since the execution of the sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties have been classified by the management under the heading 'Right of Use assets'.

(xi) Notes No.21 In certain cases of freehold and leasehold land, the company is having title deeds which are in the name of the Company but the value of which are not lying in books of accounts of the Company.

Our opinion is not modified in respect of aforesaid matters.

Management's Responsibilities for the Standalone Financial Results

The standalone financial results, which is the responsibility of the Company's Management and approved by the Board of Directors, have been prepared on the basis of standalone financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net loss and other comprehensive loss and other financial information in accordance with the Indian Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial .controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement whether due to fraud or error.

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In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The standalone financial results include the results for the quarter ended March 31, 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

The audit of Standalone financial results for the period & quarter ended March 2022 were carried out by SPMG & Co. jointly with another firm of chartered accountants, and the Auditors had expressed a modified opinion in relation thereto vide audit report dated 30th May 2022.

Our opinion is not modified in this respect.

For SPMG & Co.
Chartered Accountants
FRN NO. 509249C

SPMG & CO. New Delhi Chartered Accountants

Mandeep Singh

(CA Mandeep Singh Arora)
Partner
M.No. 091243
UDIN: 23091243BGSKCI6586

For SCV & Co. LLP
Chartered Accountants
FRN NO. 000235N/N500089

Abhinav Khosla

SCV & CO. LLP New Delhi NCR Chartered Accountants

(CA ABHINAV KHOSLA)
Partner
M No. 087010
UDIN: 23087010BGZFEN9276

Place: Delhi

Date: 29th May 2023

Status of Audit Qualification (FY.2022-23) Standalone

(18)

Sr. No.	Qualification	Management Reply
	The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the quarter and Year ended March 31, 2023 as well as in the previous year and the current liabilities exceeded the current assets substantially. Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II. However, the standalone financial results of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India. Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company had implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.	The Company has incurred a loss of Rs. 2,910.74 crores during the period under report. The company has been incurring continuous losses since year 2009-10 (except in FY 2013-14) and the net worth has been fully eroded for the year under report. Considering the continuous losses and negative net worth, the management has made an assessment of its ability to continue as a going concern. In pursuance DoT letter No. F. No. 30-04/2019-PSU Affairs dated 29th October, 2019 and decision of Board of Directors of MTNL through circular regulation on 04th November 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 04th November 2019 under which 14,387 number of MTNL employees of all grades opted and granted VRS to reduce the legacy staff costs inherited on account of absorption of employees recruited under government w.e.f. 01.11.1998 and also on 01.10.2000 and the expenditure of ex-gratia on account of compensation was borne by the DOT/Government of India through budgetary supports as per approval of cabinet. The company therefore reduced the staff expenses by more than 75 % which will help the company to reduce its costs and also thereby losses. Besides, the Government/cabinet has further approved a committee of secretaries to look into the issues of MTNL including modalities of merger with BSNL. The note for committee of secretaries meeting is sent on 20.03.2023 to DOT. The monetization of land and buildings of the company is in process through NLMC. As such the accounts are prepared on going concern basis.
	<u>Bharat Sanchar Nigam Limited (BSNL):</u> a) **<u>Bharat Sanchar Nigam Limited (BSNL):</u>** The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3535.34 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 financial results 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 all such claims. In case of AFNET the dues upto 2022-23 of Rs. 21.92 crores were settled by intervention at the highest level of DoT earlier. As such, in the current year also BSNL settled the service connection issues and also certain other claims of telcom revenue as well as AFNET of 2022-23. Besides IUC and roaming charges payable between MTNL & BSNL were already settled after BSNL & MTNL agreeing to the applicable rates in the year under report. All such issues now are under settlement mode, since both being PSUs under DOT, and management of both being common and also operations of MTNL are taken over by

		BSNL and merger with BSNL is also under review of govt. In view of above, no impact is anticipated at this stage and, besides in view of ongoing synergy no such ascertainable impact is likely to crop up in future also.
	b) The Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 115.97 Crores has not been carried forward resulting in overstatement of Current Assets and understatement of loss to that extent.	**b)** The major portion of Rs 107 crs out of Rs. 115.97 crores pertains to BSNL . The amount of Rs. 51.65 crores pertains to CENVAT credit of pre POTR regime which allow payment by BSNL to service tax dept. only when it is paid for the invoices and remaining amount pertains post POTR regime when payment of service tax was to be made while raising invoice itself. As service tax credits including Pre & Post POTR credits were lapsed ,due to non settlement, on inception of GST regime. As such management has considered the issue in its entirety and the matter is under mutual deliberations between BSNL & MTNL for arriving at mutually acceptable and tenable resolution to the issue. On conclusions of the same, appropriate action will be taken in 2023-24 on this issue.
ii	The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 124.04 Crores, Out of which Rs. 123.89 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 financial results of the Company	Management has taken up the matter of reconciliation and settlement of amounts which ever are not confirmed with the Administrative ministry. However, there are recoverable amounts particularly claims on account of old bonds and other miscellaneous claims which are clearly identified and processed for settlement with DOT. The matter has been taken up with highest level of officers of DOT for reconciliation and confirmation. The issue of settlement of earlier period bonds related claims is also in progress in D.O.T through high level committee and Member (Fin.) had directed to send the claim papers duly certified by Director(Fin) of MTNL, which is also under review. DoT settled MTNL claims including service connections, CGESIS etc . in the year under report and it is also expected that similar action will be taken by DoT in respect of other claims also. In view of above the balances of DOT both receivables and payables are constantly under review and are being settled also. Besides DOT, as administrative ministry has been striving extraordinarily for revival of MTNL and settlement its issues. Therefore due to all these acts, the reconciliation being an ongoing process which is on and accordingly the management does not perceive any impact on this count..

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v 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 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 this is going on. 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 DOT has initiated process of reconciliation and assessment and also contemplating an early settlement to all license fee related issues in a phased manner and with the approval of govt. On review and obtaining the reconciled figures from DOT the issue will attain finality. As such there is no effective or ascertainable impact at this stage.

Except for the impairment loss of assets of CDMA units provided in earlier years, 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 quarter and the year ended March 31, 2023, accumulated balance of other equity 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 for the period ending 31.3.2023, 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.

In view of above according to management there may not be any impact on this count.

The Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and others parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, 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 financial results 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 needed from them. Since the payables and receivables are settled as stated above and the same is a continuous process and also as

		there are specific disputes brought to compass notice as to the quantum of payables or receivables from excess as provided in books or disclosed in contingent liability. There is no impact other than disclosed in financial statemetnts.
vii	Unlinked credit of Rs. 88.69 Crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the standalone financial results are not ascertainable and quantifiable.	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. Besides the reconciliation is constantly under process and same will be completed in due course of time and amount will be booked to correct head of account. Since this is purely accounting classification matter, no impact will be there.
viii	Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.	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 got reduced and capitalised pertaining to previous years. However further efforts will be mopped up in 2023-24 also. In view of above and also the ongoing process of capitalisation of old to oldest WIP, management does not expect that there could be any impact and thereby the same is also not ascertainable at this stage.
x	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 license already elapsed and also for the remaining valid period of license including spectrum given on trial basis. As explained the demand for spectrum usage for CDMA for Rs 107.44 Crores has been withdrawn by DOT on account of rectification of actual usage. Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and Rs.	Dept. of Telecom has levied onetime 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 the demand raised earlier on MTNL. As regards CDMA MTNL has surrendered spectrum allotted on trial basis in respect of GSM and does not require to pay for CDMA spectrum as the allotment was within allotted quantum and D.O.T. was apprised of the same and the demand of Rs.107.44 crores of CDMA was withdrawn on 28.10.2013. For GSM no notice or demand was raised for 2G(GSM) spectrum till date after initial demand dated 8/1/2013. Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators TDSAT directed vide judgment dated 4/7/2019 to review the OTSC, while setting aside the demands raised by DOT directed govt review the demand for spectrum allotted after 1/7/2008 and that too w.e.f 1/1/2013 in case the spectrum beyond 6.2 Mhz was allotted before 1/1/2013. Since MTNL spectrum was

	3,205. 71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum alloted beyond 6.2 Mhz , directed Govt. to review the demand for spectrum alloted after 1-7-2008 and that too w.e.f 1-1-2013 in case the spectrum beyond 6.2 Mhz was allotted before 1-1-2013. As explained , as per the TDSAT orders also no further demand is raised till now and as per management based on TDSAT direction the demand ,if any, cannot be more than Rs 455.15 crores the same is considered as contingent liability. In view of the above we are not in a position to comment on the correctness of the stand taken by the Company and the ultimate implications of the same on the standalone financial results of the Company.	allotted much before 1/7/2018 as per TDSAT judgement dated 4/7/2019, the demand if any cannot be more than 415 crores. As no demand is raised by DOT after 4/7/2019 the contingent liability of Rs. 455 crores is disclosed although same is not expected to arise. However, the contingent liability of Rs.455.15 crores is estimated on the basis TDSAT judgement in this regard given in case filed by private operators.DOT will finalise the case on disposal of this litigation and action for MTNL will also be made clear by DOT on the same line. As such only contingent liability on the basis of the legal verdict available on estimation basis is made. Hence this issue gets resolved once final decision of govt. is taken. In view of above there is no impact expected in this regard.
x	The company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter. The actual impact of the same on the standalone financial results for the quarter and year ended March 31, 2023 has not been ascertained and quantified.	It is already instructed to charge GST vide IM36 in all cases where there is no sub-meter. However, in cases where GST is not charged also there will be not be any loss or gain to the govt, as the charges of GST by MTNL and claim of ITC by tenants firms/company will be having neutralising and nil effect. However IM 36 is reiterated and IM 36A is also issued to units to comply and further action will be taken on confirmation of not having meter in current year, if such instances are found out.
xi	The TDS on provision for Expenses (Accrued Liability) has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 have not been ascertained and quantified.	TDS is being deducted on vendors bills as and when credited when invoice are received. However if the liability provision is made on estimated basis at closing date of accounts, in the absence of any invoice or possibility of accurately assessing liability, provisional liability is being created in lump sum manner and the same is reviewed and reversed, if necessary, in the next year from accrued liability and credited to the vendor account as per actual transaction or invoice or confirmation. TDS will be deducted accordingly on receipt of invoice or credit to party account. This practice is being followed in MTNL consistently. The expert opinion from tax consultant also obtained in this regard and the consultant also opined that as no credit is given to vendor/ party in books and liability is being created on estimation basis no TDS is required to be deducted. Management does not perceive any impact on account of it and further review if necessary will be made in 2023-24 if necessary.

ii	The Company is making the provision for interest for late/non-payment to MSME vendors and the company has not complied with the provision of chapter XVII- B of Income Tax Act, 1961 on such provision for interest The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 is not ascertained and quantified.	As per section 2(28) of income tax act 1961 interest is defined as interest accrued on account of any debt deposit or any claim and the interest on delayed payments for purchases is not contemplated to be falling in the definition of interest on account of debt or deposit. Hence no such liability to deduct TDS in this regard arises. The expert opinion on this is received and is under review. In view of various judgements on this subject pronouncing that interest on delayed payments on purchases is not falling in the definition of section 2(28) of income tax act, 1961 and as opinion on consultant is under review, any further action if necessary will be considered by management in current financial year. However as per the settled law on the subject, TDS liability is not to arise as per the view of management and accordingly no impact is anticipated at this stage.
ii	The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 33.52 Crores accrued during the year ended March 31st, 2023 respectively has not been recognized in Delhi unit in the standalone financial results. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the standalone financial results of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.	Rented income against BSNL is booked only if acceptance of BSNL is available after first inspection. However, where any dispute about building and area regarding title etc. there is no income is booked due to uncertainty of realisation as per Ind AS between both companies. However, all such cases will be reviewed and the charging of rental will be done if no issues are there. Otherwise the issue will be referred to DOT for further guidance in view of going action plan for getting all issues of MTNL examined through committee of secretaries so that both company will review and settle the issue.
v	Company's investment in its associates "United Telecom Limited (UTL)" aggregating Rs. 35.85 Crores has been classified as 'Assets-held-for-sale' however, we have not been made available with the 'fair value less costs to sell' to arrive at the lower of 'carrying amount' and 'fair value less costs to sell' as required pursuant to the measurement principles enumerated in IND AS 105. On our review of the latest available financial statements of the UTL, we have noticed that the net worth has been fully eroded and is negative.Further, the said investment has been classified as Asset-held-for-sale since Year 2018, which is contrary to the recognition principles of IND AS 105 as the expected sale has not been completed within one year from classification. The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset &	As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft

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liability as at 31st March 2023 has not been ascertained and quantified.

SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and decided to take legal option from local counsel of Nepal for enforcing the exit option. Accordingly, the investment continued to be classified as 'held for sale'

The company has not recognised for loss allowance for trade receivables as per the requirements of Ind AS109 "Financial Instruments" amounting to Rs.68.06 crores relating to companies which are under insolvency process and certain trade receivables amounting to Rs.11.55 crores pertaining to infrastructure business, wherein there is significant increase in credit risk.

The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified

As per Accounting policy of MTNL, dues from operators are being considered for making provisions where recoverability is not possible. In all other cases where the proceedings are in vogue or absolutely going on , the review of recoverability is being done and provisions are not made unless there is absolute certainty about irrecoverability and this assessent of credit risk is an going process and as and when need arises provision shall be made accordingly.

महानगर टेलीफोन निगम लिमिटेड
म०टे०नि०लि०
निगम कार्यालय, नई दिल्ली-3

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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, 2023
[*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2019

	SLNO	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In crs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. In crs)
I.	1.	Turnover/Total Income	1,474.02	1,507.54
	2.	Total Expenditure	4,384.76	4,641.09
	3.	Net Profit/(Loss)	(2,910.74)	(3,133.55)
	4.	Earnings Per Share	(46.20)	(49.74)
	5.	Total Assets	11,634.64	11,469.53
	6.	Total Liabilities	32,477.54	32,535.24
	7.	Net Worth	(20842.90)	(21,065.71)
	8.	Any other financial item(s) (as felt appropriate by the management)	----NA-------	------NA-------

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: ***Item No 1 to 13 of qualification are repetitive and 14 & 15 are first time .***

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

e. **For Audit Qualification(s) where the impact is not quantified by the auditor**

(i)) **Management's estimation on the impact of audit qualification: The view of Auditors & Management are in the attached annexure.**

(ii) **If management is unable to estimate the impact, reasons for the same: Reply Attached**

(iii) **Auditors' Comments on (i) or (ii) above: : Reply Attached .**

III. **Signatories:**

Pravin
(P. K. Purwar)
CMD

(Vishwas Pathak)
Audit Committee Chairman

For SCV & Co. LLP
Chartered Accountants
FRN: 000235N/N500089
(CA Abhinav Khosla)
Partner
M.No. 087010

For SPMG & Co.
Chartered Accountants
FRN: 509249C
(CA. Mandeep Singh Arora)
Partner
M.No. 091243

Place: New Delhi

Date: 29th May, 2023

SCV & CO. LLP New Delhi Chartered Accountants

Mahanagar Telephone Nigam Ltd.

SPMG & CO. New Delhi Chartered Accountants

Annexure I

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986GOI023501

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2023

(Rs. in Crore)

		CONSOLIDATED				
		Three Month Ended			Year Ended	
Sl. No.	Particulars	3 months ended 31/03/2023	Preceeding 3 months ended 31/12/2022	Corresponding 3 months ended 31/03/2022 in the previous year	Current year ended 31/03/2023	Previous year ended 31/03/2022
		A UDITED *	UNA UDITED	A UDITED *	AUDITED	AUDITED
I	Revenue from operations	219.18	227.41	238.59	935.23	1,149.04
II	Other Income	198.97	126.87	281.29	613.09	628.88
III	**Total Income (I +II)**	**418.14**	**354.29**	**519.88**	**1,548.32**	**1,777.92**
IV	**Expenses**					
	Purchases of stock-in-trade	1.51	2.75	2.49	6.47	6.26
	License Fees & Spectrum Charges	19.83	21.77	18.86	88.54	114.24
	Employee benefits expense	146.84	129.82	148.16	549.39	558.64
	Finance cost	640.94	592.24	538.11	2,354.38	2,139.62
	Revenue Sharing	23.19	16.17	15.80	73.88	101.30
	Depreciation and amortization expense	181.46	181.34	186.84	729.74	772.02
	Other Expenses	153.45	186.10	207.31	662.78	687.19
	Total Expenses (IV)	**1,167.22**	**1,130.19**	**1,117.57**	**4,465.18**	**4,379.28**
V	**Profits/(Loss) before exceptional items and tax(III-IV)**	**(749.07)**	**(775.90)**	**(597.69)**	**(2,916.85)**	**(2,601.36)**
VI	Share of Profit/(loss) in investments accounted for using equity method	0.03	0.40	0.01	1.24	1.15
VII	Exceptional items	-	-	-	-	-
VIII	**Profit/ (Loss) before tax (V+ VI-VII)**	**(749.05)**	**(775.50)**	**(597.68)**	**(2,915.61)**	**(2,600.21)**
IX	Tax expense:					
	(1) Current tax	0.12	-	2.44	0.12	2.44
	(2) Deferred tax	(0.61)	-	0.48	(0.61)	0.48
X	**Profit/ (Loss) for the period from continuing operations (VIII - IX)**	**(748.55)**	**(775.50)**	**(600.59)**	**(2,915.11)**	**(2,603.12)**
XI	Profit/ (Loss) from discontinued operations	-	-	-	-	-
XII	Tax expense of discontinued operations	-	-	-	-	-
XIII	**Profit/ (Loss) from Discontinued Operations (after tax) (XI-XII)**	-	-	-	-	-
XIV	**Profit/ (Loss) for the period (X + XIII)**	**(748.55)**	**(775.50)**	**(600.59)**	**(2,915.11)**	**(2,603.12)**
XV	**Other Comprehensive Income**					
A	i) Items that will not be reclassified to profit and loss	(8.10)	1.21	(8.23)	(4.48)	(13.98)
	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	(0.12)	2.23	0.04	4.12	(6.65)
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Other Comprehensive Income for the year	**(8.22)**	**3.44**	**(8.19)**	**(0.35)**	**(20.63)**
XVI	**Total Comprehensive Income for the period (XIV+XV)**	**(756.77)**	**(772.06)**	**(608.78)**	**(2,915.46)**	**(2,623.76)**
XVII	**Paid upEquity Share Capital**				630.00	630.00
XVIII	**Other Equity excluding revaluation reserves**				(21,484.94)	(19,298.26)
XIX	**Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised) (In Rs.)**					
	(1) Basic	(11.88)	(12.31)	(9.53)	(46.27)	(41.32)
	(2) Diluted	(11.88)	(12.31)	(9.53)	(46.27)	(41.32)
XX	**Earnings per equity Share of Rs.10 each(for discontinued operations):(not annualised) (In Rs.)**					
	(1) Basic	-	-	-	-	-
	(2) Diluted	-	-	-	-	-
XXI	**Earnings per equity Share of Rs.10 each (for discontinued & continuing operations): (not annualised) (In Rs.)**					
	(1) Basic	(11.88)	(12.31)	(9.53)	(46.27)	(41.32)
	(2) Diluted	(11.88)	(12.31)	(9.53)	(46.27)	(41.32)

See accompanying notes to the financial results:

Mahanagar Telephone Nigam Ltd.

SCV & CO. LLP New Delhi NCR Chartered Accountants

SPMG & CO. New Delhi Chartered Accountants

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Annexure II

MAHANAGAR TELEPHONE NIGAM LIMITED

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986GOI023501

AUDITED CONSOLIDATED SEGMENT WISE REVENUE, RESULTS AND ASSETS & LIABILITIES FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2023

(Rs. in Crore)

		CONSOLIDATED				
		Three Month Ended			Year Ended	
Sl. No.	Particulars	3 months ended 31/03/2023	Preceeding 3 months ended 31/12/2022	Corresponding 3 months ended 31/03/2022 in the previous year	Current year ended 31/03/2023	Previous year ended 31/03/2022
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
	Basic & other Services	188.68	188.77	236.82	810.86	992.63
	Cellular	30.84	38.98	2.10	125.78	157.75
	Unallocable	-	-	0.02	-	0.02
	Total	**219.52**	**227.75**	**238.93**	**936.64**	**1,150.39**
	Less: Inter Segment Revenue	0.34	0.34	0.35	1.41	1.35
	Net Revenue from Operations	**219.18**	**227.41**	**238.59**	**935.23**	**1,149.04**
2.	**Segment Result before interest income, exceptional items, finance cost and tax**					
	Basic & other Services	(7.78)	(34.26)	(58.50)	(68.20)	(141.38)
	Cellular	(126.40)	(143.89)	(127.31)	(496.02)	(437.29)
	Unallocable	24.31	(10.95)	51.96	(9.00)	33.14
	Total	**(109.87)**	**(189.09)**	**(133.85)**	**(573.22)**	**(545.53)**
	Add: Exceptional items	-	-	-	-	-
	Add: Interest Income	1.73	5.44	74.26	10.75	83.80
	Less: Finance cost	640.94	592.24	538.11	2,354.38	2,139.62
	Add:Share of profit or loss from Associates/ JV	0.03	0.40	0.01	1.24	1.15
	Profit/ (Loss) before tax	**(749.05)**	**(775.50)**	**(597.68)**	**(2915.61)**	**(2600.21)**
	Less: Provision for Current Tax & Deferred tax	(0.50)	-	2.91	(0.50)	2.91
	Profit/ (Loss) after tax	**(748.55)**	**(775.50)**	**(600.59)**	**(2915.11)**	**(2603.12)**
3.	**Capital Employed**					
	(Segment Assets - Segment Liabilities)					
	Segment Asset					
	Basic & other Services	6,381.49	6,439.92	6,633.66	6,381.49	6,633.66
	Cellular	3,663.96	3,790.48	4,066.71	3,663.96	4,066.71
	Unallocable/Eliminations	1,598.53	1,355.89	1,616.38	1,598.53	1,616.38
	Total Segment Assets	**11,643.99**	**11,586.29**	**12,316.74**	**11,643.99**	**12,316.74**
	Segment Liabilities					
	Basic & other Services	2,500.74	2,514.34	2,688.53	2,500.74	2,688.53
	Cellular	28,088.03	27,572.22	26,092.99	28,088.03	26,092.99
	Unallocable/Eliminations	1,910.16	2,326.67	2,203.48	1,910.16	2,203.48
	Total Segment Liabilities	**32,498.93**	**32,413.23**	**30,985.00**	**32,498.93**	**30,985.00**
	Segment Capital Employed					
	Basic & other Services	3,880.75	3,925.58	3,945.13	3,880.75	3,945.13
	Cellular	(24,424.06)	(23,781.74)	(22,026.28)	(24,424.06)	(22,026.28)
	Unallocable/Eliminations	(311.63)	(970.79)	(587.11)	(311.63)	(587.11)
	Capital Employed	**(20854.94)**	**(20826.94)**	**(18668.26)**	**(20854.94)**	**(18668.26)**

Mahanagar Telephone Nigam Ltd.

SCV & CO. LLP New Delhi NCR Chartered Accountants

SPMG & CO. New Delhi Chartered Accountants

Annexure III

MAHANAGAR TELEPHONE NIGAM LIMITED

Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243
CIN No: L32101DL1986GOI023501

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

	Particulars	CONSOLIDATED	
		As at 31.03.2023	As at 31.03.2022
		Audited	Audited
	ASSETS		
	(a) Property, Plant and Equipment	2,761.67	3,045.19
	(b) Capital work-in-progress	59.49	73.98
	(c) Right-of-Use Asset	373.16	406.44
	(d) Investment Property	68.03	68.62
	(e) Intangible assets	1,764.31	2,097.96
	(f) Investments accounted for using the equity method	3.06	3.07
	(g) Financial Assets		
	(i) Loans	3.51	3.43
	(ii) Others	208.68	215.57
	(h) Deferred tax assets (net)	0.00	0.00
	(i) Non Current Tax Asset	574.76	563.56
	(j) Other Non-Current Assets	33.59	30.31
	Total non-current assets	**5,850.26**	**6,508.13**
(2)	**Current assets**		
	(a) Inventories	5.05	7.49
	(b) Financial Assets		
	(i) Trade Receivables	587.14	670.97
	(ii) Cash and cash equivalents	166.39	99.27
	(iii) Bank Balances other than (ii) above	187.60	49.25
	(iv) Loans	15.41	3.08
	(v) Other Financial Assets	4,563.85	4,599.81
	(c) Current Tax Asset	0.07	-
	(d) Other current assets	268.04	378.69
	Total Current assets	**5,793.55**	**5,808.56**
(3)	**Asset held for sale**	**0.18**	**0.05**
	Total Assets(1+2+3)	**11,643.99**	**12,316.74**
	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share Capital	630.00	630.00
	(b) Other Equity	(21,484.94)	(19,298.26)
(1)	Total Equity	**(20,854.94)**	**(18,668.26)**
	LIABILITIES		
(i)	**Non-Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	19,507.34	16,565.55
	(ii) Lease Liabilities	110.16	144.48
	(iii) Other Financial Liabilities	95.95	194.13
	(b) Long Tem Provisions	378.60	385.72
	(c) Deferred tax liabilities (Net)	6.60	6.99
	(d) Other Non Current liabilities	62.67	74.10
	Total Non-Current Liabilities	**20,161.33**	**17,370.97**
(ii)	**Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	8,666.67	10,040.92
	(ii) Lease Liabilities	66.78	68.67
	(iii) Trade Payables		
	(A) total outstanding dues of micro enterprises and small enterprises	54.64	98.09
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises	977.03	949.68
	(iv) Other Financial Liabilities	1,959.76	1,828.26
	(b) Other current liabilities	535.17	600.89
	(c) Short Term Provisions	77.56	25.18
	(d) Current Tax Liabilities	-	2.32
	Total Current Liabilities	**12,337.60**	**13,614.03**
(2)	Total Liabilities (i)+(ii)	**32,498.93**	**30,985.00**
	Total Equity and Liabilities (1+2)	**11,643.99**	**12,316.74**

Annexure IV

MAHANAGAR TELEPHONE NIGAM LIMITED

Audited Consolidated Cash Flow Statement for the Year ended 31st March, 2023

		(Rs. in crores)	
		Year ended	
		31st March 2023	31st March 2022
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before tax		
	Continuing operations	(2,915.61)	(2,600.21)
	Discontinued operations	-	-
		(2,915.61)	**(2,600.21)**
	Adjustments for:		
	Depreciation expense	395.86	438.12
	Amortisation expense	333.88	333.90
	Loss on disposal of property, plant and equipment (net)	(1.33)	(3.31)
	Share of (profit)/loss from associates and joint ventures	(1.24)	(1.15)
	Interest income	(10.75)	(83.79)
	Excess provisions written back	(69.62)	(145.24)
	Provision for doubtful debts including discount	61.55	119.98
	Provision for obsolete inventory	1.24	16.43
	Provision for doubtful claims	0.41	5.45
	Loss of assets	2.36	6.58
	Provision For Abandoned Work- CWIP	-	-
	Remeasurement gains and loss on employee benefit obligations	(4.48)	(13.98)
	Finance costs	2,354.38	2,139.62
	Bad debts recovered	(0.00)	(0.00)
	Bad debts written off	53.87	8.16
	Operating profit before working capital changes	**200.51**	**220.59**
	Movement in working capital		
	(Increase)/Decrease in loans	(12.15)	19.78
	(Increase)/Decrease in inventories	1.21	(15.00)
	(Increase)/Decrease in other financial assets	46.54	24.67
	(Increase)/Decrease in other assets	108.06	48.23
	(Increase)/Decrease in trade and other receivables	(31.39)	(27.66)
	Increase/(Decrease) in other financial liabilities	(257.46)	59.59
	Increase/(Decrease) in other liabilities	(76.65)	(64.03)
	Increase/(Decrease) in provisions, trade and other payables	98.65	486.98
	Cash flow from operating activities post working capital changes	**77.32**	**753.14**
	Income tax (paid)/refunds (net)	(13.48)	(49.40)
	Net cash flow from operating activities (A)	**63.85**	**703.74**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment, investment property and intangible assets	(43.68)	(12.85)
	Movement in fixed deposits (net)	(138.35)	143.91
	Dividend received	1.26	1.26
	Interest received	6.97	72.16
	Net cash flows used in investing activities (B)	**(173.80)**	**204.48**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds and repayment of long-term borrowings (net)	4,528.05	(18.56)
	Proceeds and repayment of short-term borrowings (net)	(2,270.98)	1,271.43
	Finance cost paid	(2,002.25)	(2,110.90)
	Payment towards Lease Liability	(77.75)	(78.01)
	Net cash used in financing activities (C)	**177.07**	**(936.04)**
	Increase in cash and cash equivalents (A+B+C)	67.12	(27.82)
	Cash and cash equivalents at the begining of the year	99.27	127.09
	Cash and cash equivalents at the end of the period	**166.39**	**99.27**

Mahanagar Telephone Nigam Ltd.

SCV & CO. LLP New Delhi NCR Chartered Accountants

SPMG & CO. New Delhi Chartered Accountants

Notes to Consolidated Financial Results:

1 The financial results have been prepared in accordance with the Indian Accounting Standards (Ind- AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

2 The above results have been reviewed by the Audit Committee in their meeting held on 29.05.2023 and approved by the Board of Directors of the Company at their meeting held on the same date.

3 **Additional Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations 2015**

S.No.	Particulars	Three Month Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
a	Debt Service Coverage Ratio (in times) [EBITDA / (Finance Cost + Lease Liabilities Payments+ Principal Repayment of Long Term Debt)]	0.04	(0.00)	0.11	0.02	0.08
b	Interest Service Coverage Ratio (in times) [EBITDA/Finance Cost]	0.12	(0.00)	0.23	0.07	0.14
c	Outstanding Redeemable Preference shares (quantity and value) (in Rs Crs)	-	-	-	-	-
d	Capital Redemption Reserve (in Rs Crs)	-	-	-	-	-
e	Debenture Redemption Reserve (in Rs Crs) #	-	-	-	-	-
f	Net Worth (in Rs Crs) (As per Section 2(57) of Companies Act 2013)	(20,854.94)	(20,826.94)	(18,668.26)	(20,854.94)	(18,668.26)
g	Net Profit/ (Loss) After Tax (in Rs Crs)	(748.55)	(775.50)	(600.59)	(2,915.11)	(2,603.12)
h	Earnings Per Share (in Rs) [Not Annualised]	(11.88)	(12.31)	(9.53)	(46.27)	(41.32)
i	Current Ratio (in times) [Current Assets /Current Liabilties]	0.47	0.57	0.43	0.47	0.43
j	Debt-Equity Ratio (in times) [(Long Term Borrowings including Current Maturities + Short Term Borrowings) /Total Equity]	(1.35)	(1.36)	(1.43)	(1.35)	(1.43)
k	Long Term Debt to Working Capital (in times) Long Term Debt excluding lease liability + Current Maturities of Long Term Debt Working Capital excluding current maturities of Long Term Borrowings	(9.21)	(7.77)	(4.17)	(9.21)	(4.17)
l	Bad Debts to Account Receivable Ratio (in times) [Bad Debts/Average Trade Receivables]	0.01	0.07	0.01	0.09	0.01
m	Current Liability Ratio (in times) [Current Liabilties/ Total Liabilties]	0.38	0.30	0.44	0.38	0.44
n	Total Debts to Total Assets (in times) [(Long Term Borrowings + Short Term Borrowings + Lease Liabilities) / Total Assets]	2.43	2.47	2.18	2.43	2.18
o	Debtors Turnover Ratio - Annualised (in times) [Revenue from Operations / Average Trade Receivables]	1.44	1.37	1.27	1.49	1.59
p	** Paid up Debt Capital (Outstanding Debt) (in Rs. Crs)	23,499.69	23,159.85	19,661.18	23,499.69	19,661.18
q	Operating Margin (%) [(EBIT - Other Income)/ Revenue from Operations]	(139.88)%	(136.37)%	(144.09)%	(125.51)%	(95.07)%
r	Net profit Margin (%) [Profit after Tax / Revenue from Operations]	(341.52)%	(341.01)%	(251.73)%	(311.70)%	(226.55)%

4 * 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.

5 # MTNL is a listed company and issued debentures on private placement basis, there is no adequacy to maintain Debenture Redemption Reserve (DRR) under Rule 18 (7) (b) (iii) (B) B of Companies (Share Capital and Debenture) Rules, 2014.

6 ** Paidup debt Capital/Outstanding Debt (excludes Short Term Borrowing & Non Convertable Debentures(NCDs) issued to the tune of Rs. 4,533.97 Cr for which the liability to pay interest and principal is on Government of India). Also, since the NCDs (backed by Sovereign Guarantee) are unsecured in nature, no Asset Cover is maintained.

7 As the principal activities of group company are in the nature of services, so Inventory Turnover ratio is not relevant.

8 During the Financial year 2022-23, MTNL has issued bonds amounting to Rs. 10,910 Crores on which there is waiver of Government Guarantee Fees of 0.9% per annum for the tenure of bonds issued. As per the provision of Ind AS 109, as the fees payable to the government are waived off, it would impact the initial fair value of the bond. The notional benefit of Guarantee Fees amounting to Rs. 981.90 Crores (Fair Value of Rs. 728.78 Crores) is accounted for as promoter's contribution received under other equity.

9 The Company had claimed benefit under section 80IA of the Income Tax Act, 1961 for the financial year from 1996-97 to 2005-06 for balance of 25 % of the amount claimed and unsettled. The provision of Rs. 375.96 crores for claim is retained while showing Rs. 243.23 crores as contingent reserve to meet any contingency.

10 The arbitrator, Mr. A. P. Shah published the award on 03.03.2022 against MTNL for Rs. 160 crores with simple interest payable @6% P.A. from 21-10-1993 and Rs. 0.61 Crore was also awarded to Canara Bank and Rs.0. 32 Crore to CANFINA as costs. MTNL filed OMP (COMM) No.312 of 2022 before Hon'ble Delhi High Court to set aside the Award along with an IA No.14319 Of 2022 seeking unconditional stay on the operation of said award. Further Canara Bank and Canfina also filed applications for enforcement of said award dated 03.03.2022. Canara Bank's- OMP (ENF) (COMM) NO.147 of 2022 and CANFINA's OMP (ENF) (COMM) NO.155 of 2022. Hon'ble HC deferred the hearing of MTNL's OMP (COMM) No.312 of 2022 along with Canara Banks OMP and Canfina OMP to 18.07.2023. The amount of award along with interest to the tune of Rs.443.78 crores therefore has been disclosed as contingent liability.

Mahanagar Telephone Nigam Ltd.

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Notes to Consolidated Financial Results:

11 MTNL dispute with M/s. M & N Publications Limited in connection with telephone directories of years 1993-98 and the subsequent awards by arbitrator in respect of MTNL are challenged by M/s. M & N Publications Limited. The claim of Rs. 65.04 crores on this account has been shown as contingent liability in Delhi unit.

12 BSNL brought out a case of settlement of Rs 29.51 crores in respect of PCM links for the period from 2008-09 to 2018-19 during the year , which were cases of surrendered or non working PCM links . The same were under dispute and were got reviewed during the year through a joint committee of MTNL & BSNL and a provisional claim of Rs 34.67 crores is intimated by BSNL. The verification of BSNL claim by MTNL and the accepatance of the same is under process. Pending verification of claim, MTNL has made provision for disputed claim in the current financial year and the further impact, if any, will be accounted on final verification and settlement of dispute.

13 Amount receivable from BSNL & Other Operators have been reflected as loans and other financial assets.

14 The maintenance and running of MTNL wireless network has been handed over to BSNL as an outsource agency from 01.04.2021 (in case of Delhi) and from 01.09.2021 (in case of Mumbai) onwards to improve the quality of services. MTNL has initiated the process for raising the claims for gap funding. It is likely to be concretized in the next financial year and the financial impact of same, if any, will be accounted for on finalisation of operational modalties.

15 The Amounts recoverable from Department of Telecommunication (DOT) of Rs. 6.52 Crore in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees is under review with DOT and hence continued to be shown as recoverable from DOT and payable to GPF.

16 Amount recoverable from DoT is Rs.641.40 crores (previous year Rs.635.81 crores) and amount payable is Rs.517.36 crores (previous year Rs. 454.46 crores). The net recoverable of Rs.124.04 crores (previous year Rs.181.34 crores), (including Rs.0.15 crores against ex-gratia (Previous year Rs.0.15 crores)), Out of which Rs.124.04 Crores (Previous year Rs.181.19 crores) is subject to reconciliation and confirmation . There is no agreement between the MTNL and DoT for interest recoverable/payable on current account. Accordingly, no provision has been made for interest payable/receivable on balances during the year except charging of interest on GPF claims receivable from DoT.

17 The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Company and DOT.

18 The License agreement between Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT.

19 Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts.

20 Certain immovable properties (includes the leasehold lands and buildings) transferred from Department of Telecommunications ('DoT') to MTNL in earlier years through a sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties have been classified by the management under the heading 'Right of Use assets'.

21 In certain cases of freehold and leasehold land, the company is having title deeds which are in the name of the Company but the value of which are not lying in books of accounts.

22 The figures for the previous periods have been regrouped wherever necessary to conform to the current period presentation.

For and on behalf of the Board

Pravin

(P.K.Purwar)
Chairman & Managing Director
DIN: 06619060

Place : New Delhi
Date : **29.05.2023**

Mahanagar Telephone Nigam Ltd. ★

SPMG & CO. ★ New Delhi ★ Chartered Accountants

SCV & CO. LLP ★ New Delhi NCR ★ Chartered Accountants

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Chartered Accountants
B-41, Panchsheel Enclave
New Delhi-110017

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Independent Auditor's Report on Consolidated Quarterly Financial Results and Year to date results of Mahanagar Telephone Nigam Limited pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

TO THE BOARD OF DIRECTORS OF MAHANAGAR TELEPHONE NIGAM LIMITED

1. **Qualified Opinion**

We have audited the accompanying Statement of Consolidated Financial Results of **Mahanagar Telephone Nigam Limited** ("The Holding") and its subsidiaries (The Holding and its Subsidiaries together referred as to as "the Group") and its joint venture and associate for the quarter and year ended March 31, 2023 (herein after referred to as "the Statement"), attached herewith being submitted by the Holding Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us except for the effects/possible effects of the matter described in the Basis for Qualified opinion and based on the consideration of the reports of other auditors on the separate audited financial results/financial information of the subsidiaries, joint venture and associate, the statement:

i. Includes the results of following entities:

a) List of subsidiaries:
-Mahanagar Telephone (Mauritius) Limited ('MTML') * - Audited
-Millenium Telecom Limited – Unaudited
* As per consolidated financial statements.

b) List of Joint Ventures:
-MTML STPI IT Services Limited ('MSISL') – Audited

c) List of Associates:
-United Telecommunications Limited ('UTL') - Unaudited

ii. a) Are presented in accordance with the requirements of Regulation 33 and 52 of the Listing Regulations in this regard; and

b) Give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the net loss and other comprehensive loss and other financial information for the quarter and year then ended March 31, 2023.

SCV & CO. LLP * New Delhi / NCR * Chartered Accountants

SPMG & CO. * New Delhi * Chartered Accountants

2. **Basis for Qualified Opinion**

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i. The Net Worth of the Holding Company has been fully eroded; The Holding Company has incurred net cash loss during the quarter and Year ended March 31, 2023 as well as in the previous year and the current liabilities exceeded the current assets substantially.

Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Holding Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II.

However, the consolidated financial results of the Holding Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India.

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Holding Company has implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.

Recently, as per F.NO.20-28/2022-PR dated 2nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores in two financial years i.e 2022 & 2023 with waiver of guarantee fee to repay its high cost debt and restructure it with new sustainable loan. During the year ended March 31, 2023, the company has raised Rs10,910/- Crores.

ii. **<u>Bharat Sanchar Nigam Limited (BSNL):</u>**

a) The Holding Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3535.34 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 financial results of the Holding Company.

b) The Holding Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 115.97 Crores has not been carried forward resulting in overstatement of Current Assets and understatement of loss to that extent.

iii. The Holding Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 124.04 Crores, out of which Rs. 123.89 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

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the correctness of the outstanding balances and resultant impact of the same on the Consolidated financial results of the Holding Company.

iv. 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.

v. Except for the impairment loss of assets of CDMA units provided in earlier years, 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 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 quarter and year ended March 31, 2023, accumulated balance of other equity and also the carrying value of the cash generating units.

vi. The Holding Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and others parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, 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 financial results are not ascertainable and quantifiable.

vii. Unlinked credit of Rs. 88.69 Crores on account of receipts from subscribers against billing by the Holding Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the consolidated financial results are not ascertainable and quantifiable.

viii. Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the consolidated financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.

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ix. 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 license already elapsed and also for the remaining valid period of license including spectrum given on trial basis.

As explained the demand for spectrum usage for CDMA for Rs 107.44 Crores has been withdrawn by DOT on account of rectification of actual usage.

Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and Rs. 3,205.71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum allotted beyond 6.2 Mhz, directed Govt. to review the demand for spectrum allotted after 1-7-2008 and that too w.e.f 1-1-2013 in case the spectrum beyond 6.2 Mhz was allotted before 1-1-2013. As explained, as per the TDSAT orders also no further demand is raised till now and as per management based on TDSAT direction the demand, if any, cannot be more than Rs 455.15 crores the same is considered as contingent liability.

In view of the above we are not in a position to comment on the correctness of the stand taken by the Holding Company and the ultimate implications of the same on the consolidated financial results of the Holding Company.

x. The Holding Company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter. The actual impact of the same on the consolidated financial result for the quarter and year ended March 31, 2023 is not ascertained and quantified.

xi. The TDS on provision for Expenses (Accrued Liability) has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the consolidated financial result for the quarter and the year ended March 31, 2023 is not ascertained and quantified.

xii. The Holding Company is making the provision for interest for late/non-payment to MSME vendors which is subject to deduction of tax under section 194A of Income Tax Act, 1961.The actual impact of the same on the consolidated financial results for the quarter and the year ended March 31, 2023 is not ascertained and quantified.

xiii. The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 8.38 Crores and Rs. 33.52 Crores accrued during the quarter and year ended March 31, 2023 respectively has not been recognized in Delhi unit in the Consolidated financial results. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the Consolidated financial results of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.

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xiv. The Holding Company's investment in its associates "United Telecom Limited (UTL)", has been classified as Asset-held-for-sale since Year 2018, which is contrary to the recognition principles of IND AS 105 as the expected sale has not been completed within one year from classification.

The impact of the aforesaid on the consolidated financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified.

xv. The Holding company has not recognised for loss allowance for trade receivables as per the requirements of Ind AS109 "Financial Instruments" amounting to Rs.68.06 crores relating to companies which are under insolvency process and certain trade receivables amounting to Rs.11.55 crores pertaining to infrastructure business, wherein there is significant increase in credit risk.

The impact of the aforesaid on the consolidated financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified

The above basis for qualified opinion referred to in Para no. (i) to (xiii) were subject matter of qualification in the Auditor's Report for the year ended on March 31, 2022 and in the limited review report for the quarter ended June 30, 2022; half year ended September 30, 2022 and nine months ended December 31, 2022.

In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i) , (ii)(a) , (iii) , (v) , (vi) , (vii) ,(viii) , (ix) , (x) , (xi) , (xii) , (xiii), (xiv) and (xv) on the consolidated financial result of the Holding Company for the quarter and year ended on March 31, 2023.

We conducted our audit of the Consolidated Financial Result in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Result section of our report. We are independent of the Group, its associate and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Financial Results under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial results.

3. **Material uncertainty related to going concern**

We draw attention on the consolidated financial results, which indicates that the Holding Company has accumulated losses and its net worth has been fully/ substantially eroded, the Holding Company has incurred net loss/net cash loss during the current and previous year(s) and the Holding Company's current liabilities exceeded its current assets as at the balance sheet date.

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These events or conditions, along with other matter, indicate that a material uncertainty exists that may cast significant doubt on the Holding Company's ability to continue as a going concern.

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company has implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.

Recently, as per F.NO.20-28/2022-PR dated 2nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores in two financial years i.e 2022 & 2023 with waiver of guarantee fee to repay its high cost debt and restructure it with new sustainable loan. During the year ended March 31, 2023, the company has raised Rs 10,910/- Crores.

Our opinion is not modified in respect of this matter.

4. **Emphasis of Matters**

We draw your attention to following notes to audited consol financial results:

(i) Notes No. 9 With reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Holding Company u/s 80 IA of the Income Tax Act, 1961 we are unable to comment on the adequacy or otherwise of the provision and / or contingency reserve held by the Holding Company.

(ii) Notes No.10 Impact of accounting of claims and counter claims of MTNL with M/S M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, will be given in the year when the ultimate collection / payment of the same becomes reasonably certain.

(iii) Notes No.13 Amount receivable from BSNL & Other Operators have been reflected as loans and other financial assets instead of bifurcating the same into trade receivables and other financial assets.

(iv) Notes No.14 The operations and maintenance of wireless network has been handed over to BSNL as an outsource agency from 1.4.2021 (in case of Delhi) and 1.9.2021 (in case of Mumbai) onwards. Pending finalization of standard operating procedures the financial impact of the same (if any) will be accounted for on finalization of operational modalities.

(v) Notes No.15 The Amounts recoverable from Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees in MTNL and the matter has been under review with DOT and the full amount of GPF including interest thereon, claimed of the Holding Company in respect of which correspondence is going on between the Holding Company and DOT are continued to be shown as recoverable from DOT and payable to GPF.

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(vi) Notes No.16 In pursuance of DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29 October, 2019 and decision of Board of Directors of MTNL through circular regulation on 4th November, 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 4th November, 2019 under which 14,387 number of MTNL employees opted for VRS and the expenditure of ex-gratia on account of compensation to be borne by the DOT/Government of India through budgetary supports as per approval of cabinet. Balance amount payable to VRS opted employees as on 31 March 2023 is shown in the financial statements of the company as receivable from DOT and payable to VRS retirees, to reflect the actual position with reference to VRS scheme of 2019 of MTNL

(vii) Notes No.17 The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence is going on between the Company and DOT.

(viii) Notes No.18 The License agreement between Holding Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT.

(ix) Notes No.19 Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts.

(x) Notes No. 20 Certain immovable properties transferred from Department of Telecommunications ('DoT') to MTNL in earlier years, which were taken on lease by DoT prior to incorporation of MTNL. On 30th March 1987, both DoT and MTNL entered into a sale deed for transfer of the several movable and immovable assets from DoT to MTNL. The said transfer includes the leasehold lands and buildings which are now in possession of MTNL since the execution of the sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties have been classified by the management under the heading 'Right of Use assets'

(xi) Notes No.21 In certain cases of freehold and leasehold land, the Holding Company is having title deeds which are in the name of the Holding Company but the value of which are not lying in books of accounts of the Holding Company.

Our opinion is not modified in respect of aforesaid matters.

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5. Management Responsibilities for the Consolidated Financial Results

The consolidated financial results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the consolidated financial results that give a true and fair view of the net loss and other comprehensive loss and other financial information of the Group including its associate and joint venture in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated financial results, The respective Board of Directors of the companies included in the group, its joint venture and associate are responsible for assessing the Company's ability of the group and of its associate and joint venture to continue as a going concern basis of accounting, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the group, its joint ventures and associates are also responsible for overseeing the financial reporting process of the group and of its associate and joint venture.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

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as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of consolidated financial statements on whether the entity has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and associate and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding financial results/financial information of the entities within the group, its joint venture and associates to express an opinion on the consolidated financial results. We are responsible for direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are independent auditors. For other entities included in consolidated financial results, which have been audited by other auditors, such other auditors remains responsible for direction, supervision and performance of the audit carried out by them. We remains solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding company and such other entities included in the consolidated financial results of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

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7. **Other Matters**

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a. The Consolidated financial results includes audited financial results and other financial information of one subsidiaries whose audited financial results and other financial information reflect total assets of Rs. 140.17 Crores as at March 31, 2023, total revenue of Rs. 76.06 Crores and net cash flow amounting to Rs. (2.32) Crores for the year ended on that date, as considered in consolidated financial results. The consolidated financial results also includes the Group's share of net profit of Rs. 1.24 Crores for the year ended March 31, 2023 as considered in consolidated financial results, in respect of one jointly controlled entities , whose financial results/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by management and our opinion on consolidated financial results, in so far as relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of other auditor.

Certain of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted financial results/financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles accepted in India. We have audited these conversion adjustments made by company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the company and audited by us.

Our opinion above on the consolidated financial results, and our report on the other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial results/financial information certified by the Management.

b. The accompanying consolidated financial results also includes unaudited financial results /statements and other unaudited financial information in respect of one subsidiary whose unaudited financial results and other financial information reflect total assets of Rs. 9.58 Crores as at March 31, 2023, total revenue of Rs. 0.45 Crores and net cash flow amounting to Rs. 0.17 Crores for the year ended on that date, as considered in consolidated financial results.

c. The accompanying consolidated financial results also includes unaudited financial results /statements and other unaudited financial information in respect of one associate, whose financial results/statements reflect the Group's share of net loss of Rs. NIL and the Group's share of total comprehensive loss of Rs. NIL for the year ended March 31, 2023 , as considered in the Consolidated financial results whose financial results /statements and other financial information have not been audited by their auditors.

These unaudited financial statements/financial information/financial results have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of associate, is based solely on such unaudited financial statements/financial information/financial results. In our opinion and

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according to the information and explanations given to us by the Management, these financial statements/financial information/financial results are not material to the Group.

d. The Consolidated financial results include the results for the quarter ended March 31, 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

The audit of Consolidated financial results for the period & quarter ended March 2022 were carried out by SPMG & Co. jointly with another firm of chartered accountants, and the Auditors had expressed a modified opinion in relation thereto vide audit report dated 30th May 2022.

Our opinion is not modified in this respect.

For SPMG & Co.
Chartered Accountants
FRN NO. 509249C

SPMG & Co. New Delhi Chartered Accountants

(CA Mandeep Singh Arora)
Partner
M.No. 091243
UDIN: 23091243BGSKCJ9207

For SCV & Co. LLP
Chartered Accountants
FRN NO. 000235N/N500089

SCV & Co. LLP New Delhi NCR Chartered Accountants

(CA ABHINAV KHOSLA)
Partner
M No. 087010
UDIN: 23087010BGZFEO8749

Place: Delhi

Date: 29th May, 2023

Status of Audit Qualification (FY.2022-23) Consolidated

r. lo.	**Qualification**	**Management Reply**
i	The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the quarter and Year ended March 31, 2023 as well as in the previous year and the current liabilities exceeded the current assets substantially. Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II. However, the standalone financial results of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India. Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company had implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.	The Company has incurred a loss of Rs. 2,910.74 crores during the period under report. The company has been incurring continuous losses since year 2009-10 (except in FY 2013-14) and the net worth has been fully eroded for the year under report. Considering the continuous losses and negative net worth, the management has made an assessment of its ability to continue as a going concern. In pursuance DoT letter No. F. No. 30-04/2019-PSU Affairs dated 29th October, 2019 and decision of Board of Directors of MTNL through circular regulation on 04th November 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 04th November 2019 under which 14,387 number of MTNL employees of all grades opted and granted VRS to reduce the legacy staff costs inherited on account of absorption of employees recruited under government w.e.f. 01.11.1998 and also on 01.10.2000 and the expenditure of ex-gratia on account of compensation was borne by the DOT/Government of India through budgetary supports as per approval of cabinet. The company therefore reduced the staff expenses by more than 75 % which will help the company to reduce its costs and also thereby losses. Besides, the Government/cabinet has further approved a committee of secretaries to look into the issues of MTNL including modalities of merger with BSNL. The note for committee of secretaries meeting is sent on 20.03.2023 to DOT. The monetization of land and buildings of the company is in process through NLMC. As such the accounts are prepared on going concern basis.
ii	**<u>Bharat Sanchar Nigam Limited (BSNL):</u>** **a) <u>Bharat Sanchar Nigam Limited (BSNL):</u>** The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3535.34 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 financial results 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 all such claims. In case of AFNET the dues upto 2022-23 of Rs. 21.92 crores were settled by intervention at the highest level of DoT earlier. As such, in the current year also BSNL settled the service connection issues and also certain other claims of telcom revenue as well as AFNET of 2022-23. Besides IUC and roaming charges payable between MTNL & BSNL were already settled after BSNL & MTNL agreeing to the applicable rates in the year under report. All such issues now are under settlement mode, since both being PSUs under DOT, and management of both being common and also operations of MTNL are taken over by

BSNL and merger with BSNL is also under review of govt.
In view of above, no impact is anticipated at this stage and, besides in view of ongoing synergy no such ascertainable impact is likely to crop up in future also.

	b) The Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 115.97 Crores has not been carried forward resulting in overstatement of Current Assets and understatement of loss to that extent.	**b)** The major portion of Rs 107 crs out of Rs. 115.97 crores pertains to BSNL . The amount of Rs. 51.65 crores pertains to CENVAT credit of pre POTR regime which allow payment by BSNL to service tax dept. only when it is paid for the invoices and remaining amount pertains post POTR regime when payment of service tax was to be made while raising invoice itself. As service tax credits including Pre & Post POTR credits were lapsed ,due to non settlement, on inception of GST regime. As such management has considered the issue in its entirety and the matter is under mutual deliberations between BSNL & MTNL for arriving at mutually acceptable and tenable resolution to the issue. On conclusions of the same, appropriate action will be taken in 2023-24 on this issue.
iii	The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 124.04 Crores, Out of which Rs. 123.89 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 financial results of the Company	Management has taken up the matter of reconciliation and settlement of amounts which ever are not confirmed with the Administrative ministry. However, there are recoverable amounts particularly claims on account of old bonds and other miscellaneous claims which are clearly identified and processed for settlement with DOT. The matter has been taken up with highest level of officers of DOT for reconciliation and confirmation. The issue of settlement of earlier period bonds related claims is also in progress in D.O.T through high level committee and Member (Fin.) had directed to send the claim papers duly certified by Director(Fin) of MTNL, which is also under review. DoT settled MTNL claims including service connections, CGESIS etc . in the year under report and it is also expected that similar action will be taken by DoT in respect of other claims also. In view of above the balances of DOT both receivables and payables are constantly under review and are being settled also. Besides DOT, as administrative ministry has been striving extraordinarily for revival of MTNL and settlement its issues. Therefore due to all these acts, the reconciliation being an ongoing process which is on and accordingly the management does not perceive any impact on this count..

	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 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 this is going on. 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 DOT has initiated process of reconciliation and assessment and also contemplating an early settlement to all license fee related issues in a phased manner and with the approval of govt. On review and obtaining the reconciled figures from DOT the issue will attain finality. As such there is no effective or ascertainable impact at this stage.
v	Except for the impairment loss of assets of CDMA units provided in earlier years, 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 quarter and the year ended March 31, 2023, accumulated balance of other equity 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 for the period ending 31.3.2023, 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. In view of above according to management there may not be any impact on this count.
vi	The Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and others parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, 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 financial results 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 needed from them. Since the payables and receivables are settled as stated above and the same is a continuous process and also as

		there are specific disputes brought to compass notice as to the quantum of payables or receivables from excess as provided in books or disclosed in contingent liability. There is no impact other than disclosed in financial statemetnts.
ii	Unlinked credit of Rs. 88.69 Crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the standalone financial results are not ascertainable and quantifiable.	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. Besides the reconciliation is constantly under process and same will be completed in due course of time and amount will be booked to correct head of account. Since this is purely accounting classification matter, no impact will be there.
viii	Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.	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 got reduced and capitalised pertaining to previous years. However further efforts will be mopped up in 2023-24 also. In view of above and also the ongoing process of capitalisation of old to oldest WIP, management does not expect that there could be any impact and thereby the same is also not ascertainable at this stage.
ix	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 license already elapsed and also for the remaining valid period of license including spectrum given on trial basis. As explained the demand for spectrum usage for CDMA for Rs 107.44 Crores has been withdrawn by DOT on account of rectification of actual usage. Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and Rs.	Dept. of Telecom has levied onetime 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 the demand raised earlier on MTNL. As regards CDMA MTNL has surrendered spectrum allotted on trial basis in respect of GSM and does not require to pay for CDMA spectrum as the allotment was within allotted quantum and D.O.T. was apprised of the same and the demand of Rs.107.44 crores of CDMA was withdrawn on 28.10.2013. For GSM no notice or demand was raised for 2G(GSM) spectrum till date after initial demand dated 8/1/2013. Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators TDSAT directed vide judgment dated 4/7/2019 to review the OTSC, while setting aside the demands raised by DOT directed govt review the demand for spectrum allotted after 1/7/2008 and that too w.e.f 1/1/2013 in case the spectrum beyond 6.2 Mhz was allotted before 1/1/2013. Since MTNL spectrum was

(47)

	3,205. 71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum alloted beyond 6.2 Mhz , directed Govt. to review the demand for spectrum alloted after 1-7-2008 and that too w.e.f 1-1-2013 in case the spectrum beyond 6.2 Mhz was allotted before 1-1-2013. As explained , as per the TDSAT orders also no further demand is raised till now and as per management based on TDSAT direction the demand ,if any, cannot be more than Rs 455.15 crores the same is considered as contingent liability. In view of the above we are not in a position to comment on the correctness of the stand taken by the Company and the ultimate implications of the same on the standalone financial results of the Company.	allotted much before 1/7/2018 as per TDSAT judgement dated 4/7/2019, the demand if any cannot be more than 415 crores. As no demand is raised by DOT after 4/7/2019 the contingent liability of Rs. 455 crores is disclosed although same is not expected to arise. However, the contingent liability of Rs.455.15 crores is estimated on the basis TDSAT judgement in this regard given in case filed by private operators.DOT will finalise the case on disposal of this litigation and action for MTNL will also be made clear by DOT on the same line. As such only contingent liability on the basis of the legal verdict available on estimation basis is made. Hence this issue gets resolved once final decision of govt. is taken. In view of above there is no impact expected in this regard.
x	The company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter. The actual impact of the same on the standalone financial results for the quarter and year ended March 31, 2023 has not been ascertained and quantified.	It is already instructed to charge GST vide IM36 in all cases where there is no sub-meter. However, in cases where GST is not charged also there will be not be any loss or gain to the govt, as the charges of GST by MTNL and claim of ITC by tenants firms/company will be having neutralising and nil effect. However IM 36 is reiterated and IM 36A is also issued to units to comply and further action will be taken on confirmation of not having meter in current year, if such instances are found out.
xi	The TDS on provision for Expenses (Accrued Liability) has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 have not been ascertained and quantified.	TDS is being deducted on vendors bills as and when credited when invoice are received. However if the liability provision is made on estimated basis at closing date of accounts, in the absence of any invoice or possibility of accurately assessing liability, provisional liability is being created in lump sum manner and the same is reviewed and reversed, if necessary, in the next year from accrued liability and credited to the vendor account as per actual transaction or invoice or confirmation. TDS will be deducted accordingly on receipt of invoice or credit to party account. This practice is being followed in MTNL consistently. The expert opinion from tax consultant also obtained in this regard and the consultant also opined that as no credit is given to vendor/ party in books and liability is being created on estimation basis no TDS is required to be deducted. Management does not perceive any impact on account of it and further review if necessary will be made in 2023-24 if necessary.

(48)

i The Company is making the provision for interest for late/non-payment to MSME vendors and the company has not complied with the provision of chapter XVII- B of Income Tax Act, 1961 on such provision for interest The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 is not ascertained and quantified.

As per section 2(28) of income tax act 1961 interest is defined as interest accrued on account of any debt deposit or any claim and the interest on delayed payments for purchases is not contemplated to be falling in the definition of interest on account of debt or deposit. Hence no such liability to deduct TDS in this regard arises. The expert opinion on this is received and is under review. In view of various judgements on this subject pronouncing that interest on delayed payments on purchases is not falling in the definition of section 2(28) of income tax act, 1961 and as opinion on consultant is under review, any further action if necessary will be considered by management in current financial year. However as per the settled law on the subject , TDS liability is not to arise as per the view of management and accordingly no impact is anticipated at this stage.

xiii The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 33.52 Crores accrued during the year ended March 31st , 2023 respectively has not been recognized in Delhi unit in the standalone financial results. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the standalone financial results of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.

Rented income against BSNL is booked only if acceptance of BSNL is available after first inspection. However, where any dispute about building and area regarding title etc. there is no income is booked due to uncertainty of realisation as per Ind AS between both companies. However, all such cases will be reviewed and the charging of rental will be done if no issues are there. Otherwise the issue will be referred to DOT for further guidance in view of going action plan for getting all issues of MTNL examined through committee of secretaries so that both company will review and settle the issue.

xiv Company's investment in its associates "United Telecom Limited (UTL)" aggregating Rs. 35.85 Crores has been classified as 'Assets-held-for-sale' however, we have not been made available with the 'fair value less costs to sell' to arrive at the lower of 'carrying amount' and 'fair value less costs to sell' as required pursuant to the measurement principles enumerated in IND AS 105. On our review of the latest available financial statements of the UTL, we have noticed that the net worth has been fully eroded and is negative.Further, the said investment has been classified as Asset-held-for-sale since Year 2018, which is contrary to the recognition principles of IND AS 105 as the expected sale has not been completed within one year from classification.

The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset &

As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft

	liability as at 31st March 2023 has not been ascertained and quantified.	SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and decided to take legal option from local counsel of Nepal for enforcing the exit option. Accordingly, the investment continued to be classified as 'held for sale'
iv	The company has not recognised for loss allowance for trade receivables as per the requirements of Ind AS109 "Financial Instruments" amounting to Rs.68.06 crores relating to companies which are under insolvency process and certain trade receivables amounting to Rs.11.55 crores pertaining to infrastructure business, wherein there is significant increase in credit risk. The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified	As per Accounting policy of MTNL, dues from operators are being considered for making provisions where recoverability is not possible. In all other cases where the proceedings are in vogue or absolutely going on , the review of recoverability is being done and provisions are not made unless there is absolute certainty about irrecoverability and this assessent of credit risk is an going process and as and when need arises provision shall be made accordingly.

महानगर टेलीफोन निगम लिमिटेड
म०टे०नि०लि०
निगम कार्यालय, नई दिल्ली-3

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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, 2023
[*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2019

	SLNO	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In crs)	Adjusted Figures (audited figures after adjusting for qualifications)
I.	1.	Turnover/Total Income	1,548.32	1,581.84
	2.	Total Expenditure	4,465.18	4,721.51
	3.	Net Profit/(Loss)	(2915.11)	(3,137.92)
	4.	Earnings Per Share	(46.27)	(49.81)
	5.	Total Assets	11,643.99	11,478.88
	6.	Total Liabilities	32,498.93	32,556.63
	7.	Net Worth	(20,854,94)	(21,077.05)
	8.	Any other financial item(s) (as felt appropriate by the management)	------NA-------	------NA-------

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: ***Item No 1 to 13 of qualification are repetitive and 14 & 15 are first time .***

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

e. **For Audit Qualification(s) where the impact is not quantified by the auditor**

(i)) Management's estimation on the impact of audit qualification: The view of Auditors & Management are in the attached annexure.

(ii) If management is unable to estimate the impact, reasons for the same: Reply Attached

(iii) Auditors' Comments on (i) or (ii) above Reply Attached

III. **Signatories:**

		For SCV & Co. LLP Chartered Accountants FRN: 000235N/N500089	For SPMG & Co. Chartered Accountants FRN: 509249C
(P. K. Purwar) CMD	(Vishwas Pathak) Audit Committee Chairman	(CA Abhinav Khosla) Partner M.No. 087010	(CA. Mandeep Singh Arora Partner M.No. 091243

Place: New Delhi

Date: 29th May, 2023

SCV & CO. LLP New Delhi Chartered Accountants

Mahanagar Telephone Nigam Ltd.

SPMG & CO. New Delhi Chartered Accountants

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
Website: www.mtnl.net.in, Phone Off: 011-24319020, Fax: 011-24324243

CIN No: L32101DL1986GOI023501

EXTRACT OF AUDITED STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED ON 31/03/2023

(Rs. in Crore)

		STANDALONE				CONSOLIDATED			
		Three Month Ended		Year Ended		Three Month Ended		Year Ended	
	Particulars	3 months ended 31/03/2023	Corresponding 3 months ended 31/03/2022 In the previous year	Current Year ended 31/03/2023	Previous year ended 31/03/2022	3 months ended 31/03/2023	Corresponding 3 months ended 31/03/2022 in the previous year	Current Year ended 31/03/2023	Previous year ended 31/03/2022
		AUDITED *	AUDITED *	AUDITED	AUDITED	AUDITED *	AUDITED *	AUDITED	AUDITED
1	Total Income from Operations	202.35	218.95	861.57	1,069.72	219.18	238.59	935.23	1,149.04
2	Net Profit/ (Loss) for the period before exceptional items & tax	(745.79)	(598.08)	(2,910.74)	(2,602.59)	(749.05)	(597.68)	(2,915.61)	(2,600.21)
3	Net Profit/ (Loss) for the period before Tax(after Exceptional items)	(745.79)	(598.08)	(2,910.74)	(2,602.59)	(749.05)	(597.68)	(2,915.61)	(2,600.21)
4	Net Profit/ (Loss) for the period after Tax	(745.79)	(598.08)	(2,910.74)	(2,602.59)	(748.55)	(600.59)	(2,915.11)	(2,603.12)
5	Total Comprehensive Income for the period (Comprising net profit/(loss) after tax and other comprehensive income after tax)	(753.88)	(606.31)	(2,915.22)	(2,616.57)	(756.77)	(608.78)	(2,915.46)	(2,623.76)
6	Paid up Equity Share Capital	630.00	630.00	630.00	630.00	630.00	630.00	630.00	630.00
7	Other Equity excluding revaluation reserves	(21,472.90)	(19,286.45)	(21,472.90)	(19,286.45)	(21,484.94)	(19,298.26)	(21,484.94)	(19,298.26)
8	Securities Premium Account	665.00	665.00	665.00	665.00	665.00	665.00	665.00	665.00
9	Net Worth	(20,842.90)	(18,656.45)	(20,842.90)	(18,656.45)	(20,854.94)	(18,668.26)	(20,854.94)	(18,668.26)
10	Paid up Debt Capital/ Outstanding Debt	23,499.69	19,661.18	23,499.69	19,661.18	23,499.69	19,661.18	23,499.69	19,661.18
11	Outstanding Redeemable Preference Shares	-	-	-	-	-	-	-	-
12	Debt Equity Ratio (in times)	(1.35)	(1.43)	(1.35)	(1.43)	(1.35)	(1.43)	(1.35)	(1.43)
13	Earnings Per Share (of Rs.10 each) for continuing and discontinued operations- (not annualised) (In Rs.)								
	1. Basic :	(11.84)	(9.49)	(46.20)	(41.31)	(11.88)	(9.53)	(46.27)	(41.32)
	2. Diluted :	(11.84)	(9.49)	(46.20)	(41.31)	(11.88)	(9.53)	(46.27)	(41.32)
14	Capital Redemption Reserve	-	-	-	-	-	-	-	-
15	Debenture Redemption Reserve	-	-	-	-	-	-	-	-
16	Debt Service Coverage Ratio (DSCR)	0.04	0.11	0.02	0.08	0.04	0.11	0.02	0.08
17	Interest Service Coverage Ratio (ISCR)	0.11	0.23	0.07	0.14	0.12	0.23	0.07	0.14

Notes:

1. The above is an extract of the detailed format of Annual Audited Financial Results filed with the Stock Exchanges under Regulation 33 and 52 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**.

2. The above results have been reviewed by the Audit Committee in their meeting held on 29.05.2023 and approved by the Board of Directors of the Company at their meeting held on the same date.

3. * 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.

4. For the other line items referred in Regulation 52(4) of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015, 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**.

5. The company has prepared these financial results in accordance with the Companies (Indian Accounting Standards) Rules 2015 prescribed under Section 133 of the Companies Act, 2013.

For and on behalf of the Board

(P K Purwar)
Chairman & Managing Director
DIN: 06619060

Mahanagar Telephone Nigam Ltd.

Place: New Delhi
Date: 29.05.2023