

महानगर टेलीफोन निगम लि०

(भारत सरकार का उद्यम)

Mahanagar Telephone Nigam Ltd.

(A Government of India Enterprise)

CIN: L32101DL1986GOI023501



MTNL/SECTT/SE/2016
September 13, 2016

The Secretary,
Bombay Stock Exchange,
National Stock Exchange,
OTCQX

Sub: Compliance of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Submission of Un-audited Reviewed Financial Results for the Quarter ended 30th June, 2016.

Dear Sir,

Further to our letter of even no.dtd. 22nd August, 2016, we are forwarding herewith the Unaudited Reviewed Financial Results prepared as per Ind AS along with the Limited Review Report submitted by the Statutory Auditors of the Company for the Quarter ended 30th June, 2016 duly approved by the Board of Directors in its Meeting held in New Delhi today i.e. 13th September, 2016.

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

The results are being published in newspapers as per the requirement of Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully,

(S.R. SAYAL)
COMPANY SECRETARY

Encl: As above

Annexure I			
MAHANAGAR TELEPHONE NIGAM LIMITED (A Govt. of India Enterprise)			
CIN No: L32101DL1986GOI023501			
Regd. Office : Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003			
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED ON 30/06/2016			
(Rs. in Crore)			
Sl. No.	Particulars	3 months ended 30/06/2016	3 months ended 30/06/2015
	(Refer Notes Below)	UNAUDITED	UNAUDITED & NOT SUBJECTED TO REVIEW
1	2	3	4
1	Income from operations		
	(a) Net income from operations	741.20	776.69
	(b) Other operating income	3.51	3.43
	Total income from operations (Net)	744.72	780.12
2	Expenses		
	(a) Employee benefits	681.91	661.95
	(b) Revenue Sharing	63.47	63.60
	(c) Licence Fees and Spectrum Charges	57.36	59.33
	(d) Depreciation and Amortisation expenses	270.93	292.39
	(e) Administrative, Operative & Other Expenses	180.39	224.07
	Total Expenses	1,254.06	1,301.33
3	Profits/(Loss) from Operations before other income, Finance cost and exceptional items (1-2)	(509.35)	(521.21)
4	Other Income	137.21	110.74
5	Profit / (Loss) from ordinary activities before Finance cost and exceptional items (3+4)	(372.14)	(410.47)
6	Finance costs	345.88	323.77
7	Profit / (Loss) from ordinary activities after Finance cost but before exceptional items (5-6)	(718.02)	(734.24)
8	Exceptional items	-	-
9	Profit/ (Loss) from ordinary activities before tax (7+8)	(718.02)	(734.24)
10	Tax expense		
	(a) Provision for Current Tax/ MAT	-	-
	(b) Taxes for earlier period written back/paid	-	-
	(c) Provision for Deferred Tax	-	-
	Less: MAT Credit Entitlement	-	-
11	Net Profit/ (Loss) from ordinary activities after tax (9-10)	(718.02)	(734.24)
12	Extraordinary items	-	-
13	Net Profit/ (Loss) for the period (11-12)	(718.02)	(734.24)
14	Other Comprehensive Income	-	-
15	Total Comprehensive Income(13+14)	(718.02)	(734.24)
16	Paid-up equity share capital (Face value of Rs.10/-each)	630.00	630.00
17 (i)	Earnings Per Share (before extraordinary items) (of Rs.10 each) (not annualised) in Rs.		
	(a) Basic	(11.40)	(11.65)
	(b) Diluted	(11.40)	(11.65)
18 (ii)	Earnings Per Share (after extraordinary items) (of Rs.10 each) (not annualised) in Rs.		
	(a) Basic	(11.40)	(11.65)
	(b) Diluted	(11.40)	(11.65)

See accompanying notes to the financial results

Notes:

- 1 The above results have been reviewed and recommended by the Audit Committee in their meeting held on 13.09.2016 and approved by the Board of Directors of the Company at their meeting held on the same date.
- 2 The above results have been reviewed by the Statutory Auditors as required under Clause 33 Of the SEBI's(Listing Obligations and Disclosures Requirements), Regulation 2015.
- 3 In terms of the requirements of the Companies Act, 2013, the Company has adopted Indian Accounting Standards (Ind AS) from 01.04.2016 and accordingly the above results have been prepared in compliance with Ind AS. Further, the financial results for the quarter ended 30.06.2015 have been restated to comply with Ind AS and have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide true and fair view of the results in accordance with Ind AS.
- 4 The financial results do not include figures for the preceeding quarter and previous year ended 31st March,2016 as per SEBI's Circular No. CIR/CFD/FAC/2016 dated 5th July 2016.
- 5 Statement of Reconciliation for net profit under Ind AS and Indian GAAP for the Quarter ended June 30,2015

Particulars	For quarter ended 30 June 2015
Profit/ (Loss) after tax as reported under previous GAAP	(744.97)
Impact of componentization of property, plant and equipment recognised in quarter ended 31 March 2016	(14.13)
	(759.10)
Adjustments under Ind AS on account of:	
(i) Measurement of financial assets and liabilities at amortised cost	59.15
(ii) Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost	(0.51)
(iii) Adjustments in revenue for fair valuation of consideration over expected credit period	(32.26)
(iv) Recognition of provision for decommissioning obligation at amortised cost	(0.32)
(v) Adjustment for measurement of ascertained employee benefit liabilities at present value	(7.50)
(vi) Others	6.31
Profit/ (Loss) after tax as reported under Ind AS	(734.24)
Other comprehensive income (net of tax)	-
Total comprehensive Income/ (Loss) as reported under Ind AS	(734.24)

- 6 Figures for the previous period have been regrouped/reclassified wherever necessary, to confirm to current period's classification.

For and on behalf of the Board



(P. K. Purwar)

Chairman & Managing Director

Place : New Delhi
Date : 13.09.2016

MAHANAGAR TELEPHONE NIGAM LIMITED

CIN No: L32101DL1986GOI023501

**STANDALONE UNAUDITED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE
QUARTER ENDED 30/06/2016**


(Rs. in Crore)

Sl. No.	Particulars	3 months ended 30/06/2016	3 months ended 30/06/2015
	(Refer Notes Below)	UNAUDITED	UNAUDITED & NOT SUBJECTED TO REVIEW
1	2	3	4
1.	Revenue from Operations		
	Basic & other Services	612.74	648.68
	Cellular	163.01	166.33
	Unallocable	(29.16)	(33.11)
	Total	746.60	781.90
	Less: Inter unit Revenue- Basic	1.88	1.78
	Less: Inter unit Revenue- Cellular	0.00	0.01
	Net Revenue from Operations	744.72	780.12
2.	Segment result before interest income, exceptional items, finance cost and tax		
	Basic & other Services	(312.05)	(313.98)
	Cellular	(116.90)	(128.45)
	Unallocable	(26.74)	(27.32)
	Total	(455.69)	(469.75)
	Add: Exceptional items	83.55	59.28
	Add: Interest Income	345.88	323.77
	Less: Finance cost		
	Profit/ (Loss) before tax	(718.02)	(734.24)
	Less: Provision for Current Tax & Deferred tax	0.00	0.00
	Less: Taxes for earlier period(s) written back/paid	0.00	0.00
	Profit/ (Loss) after tax	(718.02)	(734.24)
3.	Capital Employed (Segment Assets - Segment Liabilities)		
	Basic & other Services	4,838.98	5,175.03
	Cellular	5,054.08	5,522.74
	Unallocable	(10,916.56)	(9,727.54)
	Total	(1,023.50)	970.24

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

For and on behalf of the Board

Place : New Delhi
Date : 13.09.2016


 (P. K. Purwar)
 Chairman & Managing Director

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

CIN No: L32101DL1986GOI023501

EXTRACT OF THE STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30/06/2016

(Rs. in Crore)

	Particulars	Quarter ending 30/06/2016	Corresponding 3 months ended 30/06/2015 in the previous year
		UNAUDITED	UNAUDITED & NOT SUBJECTED TO REVIEW
1	Total income from operations	744.72	780.12
2	Net Profit/ (Loss) for the period (before Tax, Exceptional and Extraordinary items)	(718.02)	(734.24)
3	Net Profit/ (Loss) for the period before Tax(after Exceptional and Extraordinary items)	(718.02)	(734.24)
4	Net Profit/ (Loss) for the period after Tax(after Exceptional and Extraordinary items)	(718.02)	(734.24)
5	Total Comprehensive Income for the period (Comprising net profit/(loss) after tax and other comprehensive income after tax)	(718.02)	(734.24)
6	Equity Share Capital	630.00	630.00
7	Earnings Per Share (of Rs.10 each) (for continuing and discontinued operations)-		
	1. Basic :	(11.40)	(11.65)
	2. Diluted :	(11.40)	(11.65)

Note:

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

2. Results for the quarter ended 30.06.2016 are in compliance with Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs. The comparative figures for the quarter ended 30.06.2015 have been restated as per Ind AS and have not been subject to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of the results in accordance with Ind AS.

For and on behalf of the Board



(P. K. Purwar)

Chairman & Managing Director

Place: New Delhi

Date: 13.09.2016

MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
505, Chiranjiv Tower,
43 Nehru Place,
New Delhi – 110019
Phone : 011- 26419527, 26430349
Fax : 011- 26217981

V. K. DHINGRA & CO.
CHARTERED ACCOUNTANTS
1-E/15, Jhandewalan Extension,
New Delhi – 110055
Phone : 011- 23528511, 23638325
Fax : 011- 23549789

INDEPENDENT AUDITORS' REVIEW REPORT

To
The Board of Directors,
Mahanagar Telephone Nigam Limited,
New Delhi.

1. We have reviewed the accompanying statement of Standalone Unaudited Financial Results (the "Statement") of Mahanagar Telephone Nigam Limited for the quarter ended on June 30, 2016 prepared by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by the Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. **Basis for Qualified Conclusion**
Based on the information provided to us by the management of Mahanagar Telephone Nigam Limited, we have given in the Annexure – I to this report the basis for qualified conclusions.



4. Qualified Conclusion

Based on our review conducted as above, except for the observations / matters mentioned in the preceding paragraph, no other matter has come to our attention, that causes us to believe that the accompanying Statement read with notes thereon, prepared in accordance with the applicable Indian Accounting Standards, notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by the Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Emphasis of Matter

- i) Attention is invited to Note No. 3 to the Statement of standalone unaudited financial results referred to above regarding non review of the comparative figures for the quarter ended 30th June, 2015 by us, and
- ii) In spite of the negative net worth of the company, the financial results have been prepared on Going Concern basis with reference to Indian Accounting Standard -1 "Presentation of Financial Statements" specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.

Our conclusion is not modified in respect of these matters.

For MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
FRN : 000517N


(R.K. MEHRA)

PARTNER
M. No. 006102

For V. K. DHINGRA & CO.
CHARTERED ACCOUNTANTS
FRN : 000250N


(LALIT AHUJA)

PARTNER
M. No. 085842



PLACE : NEW DELHI

DATE : SEPTEMBER 13, 2016

MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
505, Chiranjiv Tower,
43 Nehru Place,
New Delhi – 110019
Phone : 011- 26419527, 26430349
Fax : 011- 26217981

V. K. DHINGRA & CO.
CHARTERED ACCOUNTANTS
1-E/15, Jhandewalan Extension,
New Delhi – 110055
Phone : 011- 23528511, 23638325
Fax : 011- 23549789

**ANNEXURE-I TO THE INDEPENDENT AUDITORS' REVIEW REPORT ON
STANDALONE UNAUDITED FINANCIAL RESULTS OF MAHANAGAR
TELEPHONE NIGAM LIMITED FOR THE QUARTER ENDED ON JUNE 30, 2016.**
(Referred to in Para 3 of our report dated September 13, 2016)

- 1) In respect of the qualifications/ other observations of previous audit reports and/ or limited review reports, though the Company has considered some of the qualifications/ other reservations, it has neither indicated how those qualifications/ other reservations have been resolved nor assigned any reason/ steps which the Company intends to take in respect of the qualification / other reservations remaining unresolved in compliance to Clause 41(iv) (c) of the Equity Listing Agreement.
- 2) The Company continues to allocate the establishment overheads towards capital works in a manner which is not in line with the accepted accounting practices and Indian Accounting Standard -16 "Property, Plant and Equipment" specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014, the same results into overstatement of capital work in progress/ fixed assets and understatement of losses. The actual impact of the same on the capitalization & losses for period has not been ascertained. Moreover, in the absence of confirmation of work completion & WIP (work in progress), authenticity and accuracy of amount outstanding and shown as WIP for extra ordinary time period cannot be examined. Accordingly consequential impact on the attached unaudited financial results of the company for the quarter ended on June 30, 2016 cannot be ascertained.
- 3) a) All the receivables and payables including amount receivable / payable from / to DOT, ITI Ltd., Inter Unit Accounts, bank balances and subscriber's deposits pertaining to Delhi Unit are subject to confirmation and/or reconciliation. The Company is not making any provision for old unreconciled outstanding balances from DOT, Govt. agencies and other operators. Any consequential impact of the same on the attached unaudited financial results of the company for the quarter ended on June 30, 2016 is not ascertainable.
b) All the receivables and payables from / to BSNL are subject to confirmation and/or reconciliation. The Company is not making any provision for old unreconciled outstanding balances from BSNL.

Any consequential impact of the above on the attached unaudited financial results of the company for the quarter ended on June 30, 2016 is not ascertainable.



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- 4) From financial year 2012-13, the licence fee payable to DOT on IUC charges to BSNL has been worked out strictly as per the terms of Licence Agreement. However shortfall of Rs. 140.36 crore on this account for the period up to financial year 2011-12 shown as contingent liability in 2014-15 has not been provided for in the quarter ended on June 30, 2016 also resulting into understatement of losses and understatement of current liabilities to that extent.
- 5) No adjustment has been considered on account of impairment loss, if any, with reference to Indian Accounting Standard- 36 "Impairment of Assets" of the fixed assets as at June 30, 2016. Due to recurring losses incurred by the Company and uncertainty in the achievement of projections made by the Company, we are unable to comment on the provisions, if any, required in respect of impairment of carrying value of the fixed assets and its consequential impact on the loss of the company for the quarter ended on June 30, 2016.
- 6) During the financial year 2012-13 Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 crore on account of one time charges for 2G spectrum held by the company for GSM and CDMA for the period of licence already elapsed and also for the remaining valid period of licence including spectrum given on trial basis. After correction in the demand for CDMA, the same was subsequently revised to Rs. 3205.71 crore.

As explained, pending finality of the issue by the company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by the Company and because of the matter being sub judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability was created for the demand made by DOT on this account and Rs. 3205.71 crore had been disclosed as contingent liability.

In view of the above, we are not in a position to comment on the correctness of the stand taken by the company and the ultimate implications of the same on the attached unaudited financial results of the company for the quarter ended on June 30, 2016 also.

- 7) The balances appearing in the advance tax/income tax receivable / tax deducted at source / interest on income tax and provisions for taxes are subject to reconciliation with the tax records. Pending reconciliations we are not in a position to comment on the correctness of the same and consequential impact of the same on the attached unaudited financial results of the company for the quarter ended on June 30, 2016.
- 8) In Delhi Unit there is no laid down process / system to reconcile the service tax liability with the total revenue, or with the debtors or under reverse charge mechanism. In addition, there is no reconciliation process with respect to service tax payment or of outstanding Service tax recoverable. In the absence of any such working / reconciliation we are not in a position to comment on the correctness of the Service tax liability/ service tax recoverable and the consequent impact thereof on the attached unaudited financial results of the Company for the quarter ended on June 30, 2016.

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- 9) Pending identification and details of the assets lost/destroyed by fire/theft in earlier years against which insurance claims amounting to Rs. 24.52 crores have been lodged in Mumbai Unit, the same continue to appear in the schedule of Fixed Assets under the head Gross Block, Accumulated Depreciation and Net Block. In the absence of details of such assets, we are not in a position to comment on the impact there of on the attached unaudited financial results of the Company for the quarter ended on June 30, 2016.
- 10) In respect of fixed assets of Delhi Unit and Corporate Office, depreciation charged is not fully in line with the requirements of Schedule II to the Companies Act, 2013. In the absence of required details, we are not in a position to comment on impact there of on the attached unaudited financial results of the Company for the quarter ended on June 30, 2016.
- 11) The above observations/conclusions were subject matter of qualification in the Auditor's Report for the year ended on 31st March 2016.
- 12) The overall impact of matters referred to in above paras (except for para 4 above) on the attached unaudited financial results of the company is not determinable.

For MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
FRN : 000517N


(R. K. MEHRA)
PARTNER
M. No. 006102

For V. K. DHINGRA & CO.
CHARTERED ACCOUNTANTS
FRN : 000250N


(LALIT AHUJA)
PARTNER
M. No. 085842



PLACE : NEW DELHI
DATE : SEPTEMBER 13, 2016