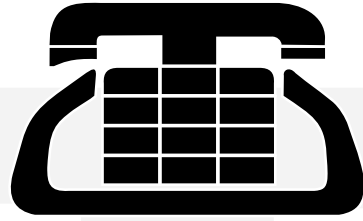




40th Annual Report 2025-26

MAHANAGAR TELEPHONE NIGAM LIMITED

Transparency makes us different !



MTNL

Fortieth

Annual Report

2025-26

Mahanagar Telephone Nigam Limited
(A Navratna Company)

Notice to Shareholders

SEBI has allowed opening of a special window to facilitate re-lodgement of transfer requests of physical shares lodged prior to the deadline of April 1, 2019 and rejected/returned due to deficiency in the documents. **[SEBI Circular No. HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated January 30, 2026]**

Key Details -

Window for re-lodgement	February 05, 2026 to February 04, 2027						
Who can re-lodge the transfer requests?	Investors whose transfer deeds are lodged prior to April 2019 and rejected/returned/not attended to due to deficiency in documents/process/or otherwise						
How to re-lodge the transfer requests?	Submit original transfer document along with corrected or missing details to the Registrar and Share Transfer Agent, M/s Beetal Financial & Computer Services Pvt. Ltd. <table border="1"> <tr> <td>Postal Address</td><td>3rd Floor, Beetal House 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110062</td></tr> <tr> <td>Helpline No.</td><td>011- 42959000 - 009</td></tr> <tr> <td>For any queries</td><td>Send an e-mail at beetalrta@gmail.com / mtnlcsc@gmail.com</td></tr> </table>	Postal Address	3 rd Floor, Beetal House 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110062	Helpline No.	011- 42959000 - 009	For any queries	Send an e-mail at beetalrta@gmail.com / mtnlcsc@gmail.com
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Helpline No.	011- 42959000 - 009						
For any queries	Send an e-mail at beetalrta@gmail.com / mtnlcsc@gmail.com						

The securities so transferred shall be mandatorily credited to the transferee only in demat mode and shall be under lock-in for a period of one year from the date of registration of transfer. Such securities shall not be transferred/lien-marked/pledged during the said lock-in period.

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BOARD OF DIRECTORS

(AS ON 01.09.2026)

Shri A. Robert J. Ravi	CMD
Dr Kalyan Sagar Nippani	Director (HR&EB)
Shri Rajiv Kumar	Director (Finance)
Shri Sudhakararao Papa	Director (Technical)
Shri Shyamal Misra	Government Nominee Director
Shri K. Balaji	Government Nominee Director

CHIEF FINANCIAL OFFICER (CFO)	Shri Vasudev Singh
COMPANY SECRETARY	Shri Ratan Mani Sumit
REGISTERED AND CORPORATE OFFICE	Mahanagar Doorsanchar Sadan 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003, Tel: 011-24319020, Fax: 011-24324243, CIN: L32101DL1986GOI023501. Website: www.mtnl.in, Email: mtnlcsco@gmail.com
STATUTORY AUDITORS	M/s O. P. Bagla & CO LLP Chartered Accountants, 501, 5th Floor, B-225 Okhla Industrial Area, Phase-1, New Delhi 110020 Email: admin@opbco.in M/s S.L. Chhajer & Co. LLP Chartered Accountants, D1, B-38 D, Janakpuri, New Delhi-110058 Email: contact@slchhajer.com
COST AUDITOR	M/s R. M. Bansal & Co., Cost Accountants Flat No. 260, Pocket A, Sarita Vihar, New Delhi-110088 Mob: 9415134328, 8874341333 Email: cmarmbansal11@gmail.com
SECRETARIAL AUDITOR	M/s R. P. Sehgal & Associates, Company Secretaries F-7, Street No. 3, Chander Nagar (west), Post Office Krishna Nagar, Delhi-110051 Mob: 9810076540, 9810126612 E-mail: sehgalrp@yahoo.co.in

BANKERS

BANKERS	State Bank of India New Delhi/Mumbai, Indian Overseas Bank New Delhi/Mumbai, Punjab National Bank Delhi/Mumbai, ICICI Bank New Delhi/Mumbai, Bank of Baroda New Delhi/Mumbai, Union Bank of India New Delhi/Mumbai, Indian Bank New Delhi, Axis Bank New Delhi/Mumbai, Punjab & Sindh Bank New Delhi, IndusInd Bank Delhi/Mumbai, Bank of India New Delhi, UCO Bank
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REGISTRARS AND TRANSFER AGENTS	M/s. Beetal Financial & Computer Services (P) Ltd. 3 rd Floor, Beetal House 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110062. Ph: 011-42959000-009 E-mail : beetal@beetalfinancial.com , beetalrta@gmail.com Website: www.beetalfinancial.com SEBI Registration Number : INR000000262
E-VOTING AGENCY	Central Depository Securities Limited (CDSL) E-mail : helpdesk.evoting@cdslindia.com .
SCRUTINIZER	M/s Hemant Kumar Singh & Associates, Company Secretaries E-mail : hemantsinghcs@gmail.com
INVESTOR HELPDESK	Tel: 011-24317225 E-mail : mtnlcscsco@gmail.com

40th Annual General Meeting of the members of MAHANAGAR TELEPHONE NIGAM LIMITED will be held on Wednesday, September 30, 2026 at 11.30 AM through Video Conferencing (VC)/Other Audio Visual Means (OAVM).

The Annual Report can also be accessed at www.mtnl.in and websites of Stock Exchanges.

APPEAL TO THE SHAREHOLDERS

All Shareholders who have not submitted their e-mail addresses are requested to send the same on mtnlcscsco@gmail.com / beetalrta@gmail.com as under:

Name:

Folio No:

DP ID/ Client ID:

Email ID:

No. of Shares:

LETTER TO SHAREHOLDERS

Dear Shareholders,

It is my privilege to address you and present the 40th Annual Report of Mahanagar Telephone Nigam Limited (MTNL) for the FY 2025-26. I hope you and your families are in good health and spirits.

I would like to highlights some of the steps taken by the Management for Revival of MTNL.

➤ **Service Agreement between MTNL & BSNL**

Department of Telecommunications (DoT) vide clause 2.5 of DoT O.M. dated 02.08.2022 has conveyed that as per Union Cabinet decision dated 27.07.2022, “BSNL will provide all telecom services in Delhi and Mumbai through leasing of operational assets or other appropriate model. MTNL will be left with land/ building Assets which it will continue to monetize to discharge its Loan liabilities.

In addition to this, Government of India (GoI) approved the allotment of the spectrum to BSNL, for providing 4G services in MTNL Delhi and Mumbai service area.

MTNL and BSNL have entered into a “SERVICE AGREEMENT” on 22.11.2024 under which BSNL has been entrusted with the responsibility to undertake the maintenance and operational activities of MTNL’s Telecom Services w.e.f. 01.01.2025. According to the Service Agreement, BSNL shall be responsible to run MTNL’s telecom services by undertaking maintenance and running activities of MTNL completely. Also, BSNL will invest capital (CAPEX) and other resources (OPEX) for the smooth running of the entire operation in Delhi and Mumbai. The CAPEX and related OPEX will be part of BSNL Balance sheet and EBITDA, and OPEX for MTNL assets will be part of MTNL EBTIDA. In pursuance of this agreement, creation of Delhi BA, BSNL in telecom operational area of MTNL Delhi and Mumbai BA, BSNL in the telecom operational area of MTNL Mumbai has been notified by BSNL and the procurement in MTNL is now being done through BSNL.

Migration of MTNL’s services has started for Landline, Broadband, FTTH and Leased Line services to BSNL. The assets of MTNL (active & passive network elements, IT/HR support) and BSNL (active network elements including core elements, HR/IT support) are being used for providing Telecom services in Delhi & Mumbai.

Further, towards implementation of the SLA, certain customers in Delhi & Mumbai have been migrated to BSNL w.e.f. 01.04 2025 and Billing and Collection is done by BSNL for such Customers. The Revenue Share of MTNL arising from such Customers has been approved and agreed by both Companies. Revenue Share against the migrated Customers to BSNL, amounting to Rs. 156.51 crore (Delhi Unit Rs 69.84 crore & Mumbai Unit Rs 86.67 crore), has been recognised by MTNL during the year under review.

➤ **Resolution Plan for Bank Loan**

The approved Debt Resolution plan offered to Bank earlier was refused by Union Bank of India (UBI) (on behalf of JLM). Subsequently properties are offered to Banks for settlement against debt as part of debt resolution plan. The same is under process. The Banks are asking for debt resolution plan, but the same is still to be finalized.

MTNL vide Letter dated 22.05.2026 has requested Department of Telecommunications (DoT) to intervene and issue suitable direction to the JLM through the Union Bank Of India, Large Corporate Branch- II, New Delhi in respect of the following:

- To extend the Escrow Agreement by another 12 months at 0% cutback from 04.08.2026 or till finalization of debt resolution plan.
- To call for Committee of Secretaries (CoS) meeting to recommend a commercially viable resolution plan for debt settlements.
- To direct JLM to allow opening of New Escrow Account for asset monetization proceed and its utilization for Sovereign Guarantee Bond (SGB) interest payment.

➤ **Asset Monetization Plan**

As part of a comprehensive Revival Package, Union Cabinet had conveyed the decision to allow the monetization of land & building assets of MTNL and to utilize the proceeds of asset monetization credit to service the Debt, CAPEX & other requirements. MTNL is pursuing its monetization program, by offering property directly for Govt-to-Govt sale/transfer or outright sale through tender followed by e- auction, in accordance with the Government approved policy & guidelines/directions issued from time to time.

A Committee of Secretaries (CoS) has issued guidelines in the matter stating “BSNL/MTNL may transfer land parcels to Government Departments without auction”. As per the framework and valuation methodology defined in the COS Guidelines, MTNL is now offering its surplus Land and Building assets for direct transfer, without auction to interested Government Departments /organizations (Purchasing Agency) at assessed market value, after valuation by the specified agency.

During the FY 2025-26, MTNL was able to realize Rs 419.15 crore through Asset Monetization as per following details :

1. 28 Residential Quarters, GN Block, BKC, Mumbai – sold to NABARD at Rs 350.72 crore
2. 07 Residential Quarters at Khelgaon, Siri Fort, Delhi – sold to Bihar Govt. at RS 68.43 crore

During the FY 2026-27 also, MTNL is pursuing monetization program through Direct Sale/ Transfer to Government Departments/Organizations and through auction process in open market. Sixteen (16) properties have been identified for monetization in the FY 2026-27.

FINANCIAL PERFORMANCE OF MTNL

During the year under report MTNL has earned a total income of Rs. 1,468.81 crores which was Rs. 1,279.75 crore last year. Total expenditure for the year is Rs. 4,571.76 crores which was Rs. 4,603.26 crores last year. The Net Loss for the year is Rs. 3,101.50 crores as against Rs. 3,341.36 crores last year.

Your Company firmly believes that Corporate Governance is not merely a regulatory requirement but a fundamental value embedded in its organizational culture and business practices. It is committed to adopting and implementing best-in-class governance standards with a focus on transparency, accountability, ethical conduct, and responsible decision-making. Through its governance framework, the Company seeks to protect Stakeholders' interests, foster sustainable growth, and create long-term value while upholding the highest standards of integrity and professionalism.

Further, I take this opportunity to gratefully acknowledge the help, guidance, and support received from the Administrative Ministry, i.e. Department of Telecommunications (DoT) and various Ministries of the Government of India. I am especially grateful to the Company's Bankers, Customers, Business Associates, Vendors, Shareholders, and Bondholders for their continued patronage and the confidence reposed in the Company. I would also like to express my sincere appreciation to all Employees of the Company for their hard work, commitment, and dedicated service.

(A. ROBERT J. RAVI)
Chairman & Managing Director

PLACE: New Delhi

DATE: 12.08.2026

DIRECTOR'S REPORT

To

The Shareholders,

Mahanagar Telephone Nigam Limited,

Dear Shareholders,

The Board of Directors has the pleasure of presenting the 40th Annual Report of Mahanagar Telephone Nigam Limited (MTNL, the Company) together with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended 31st March, 2026.

REVIVAL PLAN OF MTNL & PERFORMANCE REVIEW OF MTNL FOR THE FY 2025-26

➤ **Service Agreement between MTNL & BSNL**

MTNL and BSNL have entered into a "SERVICE AGREEMENT" on 22.11.2024 under which BSNL has been entrusted with the responsibility to undertake the maintenance and operational activities of MTNL's Telecom Services w.e.f. 01.01.2025. According to the Service Agreement, BSNL shall be responsible to run MTNL's telecom services by undertaking maintenance and running activities of MTNL completely. Also, BSNL will invest capital (CAPEX) and other resources (OPEX) for the smooth running of the entire operation in Delhi and Mumbai. The CAPEX and related OPEX will be part of BSNL Balance sheet and EBITDA, and OPEX for MTNL assets will be part of MTNL EBTIDA. According to the Service Agreement, BSNL shall be responsible run MTNL's telecom services by undertaking maintenance and running activities of MTNL completely. In pursuance of this agreement creation of Delhi BA, BSNL in telecom operational area of MTNL Delhi and Mumbai BA, BSNL in the telecom operational area of MTNL Mumbai has been notified by BSNL and the procurement in MTNL is now being done through BSNL.

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OVERVIEW OF FINANCIAL PERFORMANCE OF MTNL FOR THE FY 2025-26

The Standalone Financial Results of your Company along with Consolidated Financial Results for Financial Year 2025 -26 is placed as an annexure to this Report. The Standalone and Consolidated Financial highlights of your Company for the Financial Year ended March 31st, 2026 are summarized as follows:

Particulars	Standalone Financials		Consolidated Financials	
	Year Ended		Year Ended	
	31/03/2026 Audited	31/03/2025 Audited	31/03/2026 Audited	31/03/2025 Audited
Revenue from Operations	887.27	1060.54	956.37	1129.61
Other Income	581.54	219.21	584.72	221.64
Total Income (I +II)	1468.81	1279.75	1541.09	1351.25
Expenses				
Purchase of Stock in Trade	-	-	3.44	4.63
License Fees & Spectrum Charges	33.41	56.20	44.41	66.87
Employee Benefits Expense	518.62	543.02	522.93	547.94
Finance Cost	2982.95	2918.03	2983.07	2918.15
Revenue Sharing Expense	33.20	47.87	44.02	59.51
Depreciation and Amortization Expense	556.92	600.32	568.49	612.15
Other Expenses	446.66	437.81	483.27	472.12
Total Expenses	4571.76	4630.26	4649.63	4681.38
Share of Profit/(loss) in investments accounted for using equity method	-	-	1.42	1.82
Tax Expense	-	-	0.12	(0.62)
Profit/ (Loss) for the Period	(3102.94)	(3323.51)	(3107.24)	(3327.69)
Other Comprehensive Income	1.45	(17.85)	4.09	(15.70)
Total Comprehensive Income/ (Loss) for the Period	(3101.50)	(3341.36)	(3103.16)	(3,343.39)
Loss per Equity Share				
Basic (Rs)	(49.25)	(52.75)	(49.32)	(52.82)
Diluted (Rs)	(49.25)	(52.75)	(49.32)	(52.82)

The Company has prepared this Consolidated and Standalone Financial Results in accordance with the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013. There is no revision of Financial Statements and Board's Report of the Company during the year under review.

FINANCIAL HIGHLIGHTS

(a) Standalone Financial Performance

Income from Operation during the FY 2025-26 is Rs. 887.27 Crore which was Rs. 1060.54 Crore during the last FY 2024-25 registering a decrease of Rs. 173.27 Crore. Other Income during the FY 2025-26 is Rs. 581.54 Crore which was Rs. 219.21 Crore during the last FY 2024-25 registering an increase of Rs. 362.33 Crore. Total Income during the FY 2025-26 is Rs. 1468.81 Crore which was Rs. 1279.75 Crore during the last FY 2024-25 registering an increase of Rs. 189.06 Crore. The Total Expenses (without Finance Cost) during the FY 2025-26 was Rs. 1588.81 Crore which was Rs. 1685.23 Crore during the last FY 2024-25 showing a decrease of Rs. 96.42 Crore. Finance Cost during the FY 2025-26 is Rs. 2982.95 Crore which was Rs. 2918.03 Crore during the last FY 2024-25 showing an increase of Rs. 64.92 Crore. Net Loss (after Finance Cost) during the FY 2025-26 is Rs. 3102.94 Crore as compared to Rs. 3323.51 Crore during the last FY 2024-25 registering a decrease of Rs. 220.57 Crore.

(b) Consolidated Financial Performance

Income from Operation during the FY 2025-26 is Rs.956.37 Crore which was Rs. 1129.61 Crore during the last FY 2024-25 registering a decrease of Rs. 173.24 Crore. Other Income during the FY 2025-26 is Rs. 584.72 Crore which was Rs. 221.64 Crore during the last FY 2024-25 registering an increase of Rs. 363.08 Crore. Total Income during the FY 2025-26 is Rs. 1541.09 Crore which was Rs. 1,351.25 Crore during the last FY 2024-25 registering an increase of Rs.189.84 Crore. Total Expenses (without Finance Cost) during the FY 2025-26 was Rs. 1666.56 Crore which was Rs. 1763.23 Crore during the last FY 2024-25 showing a decrease of Rs. 96.67 Crore. Finance Cost during the FY 2025-26 is Rs. 2983.07 Crore which was Rs. 2918.15 Crore during the last FY 2024-25 showing an increase of Rs. 64.92 Crore. Net Loss (after Finance Cost) during the FY 2025-26 is Rs.3107.24 Crore as compared to Rs. 3327.69 Crore during the last FY 2024-25 registering a decrease of Rs. 220.45 Crore.

AMOUNT, IF ANY, WHICH THE BOARD PROPOSE TO CARRY TO ANY RESERVES

The Company has not transferred any amount to the Reserves in the absence of any profits during the FY 2025-26.

DIVIDEND

Since there has been no operating profit, the Board of Directors of your Company expresses its inability to recommend any dividend during FY 2025-26.

DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of the SEBI (LODR) Regulations, 2015, the Board of the Company has formulated a Dividend Distribution Policy. The Policy is available on the website of the Company at <https://mtnl.in/mddp.pdf>.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No Material changes and commitment affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of the report. There has been no change in the nature of Business of the Company as on the date of the report.

CHANGE IN THE NATURE OF BUSINESS OF THE COMPANY

There has been no change in the nature of Business of the Company as on the date of the report.

CAPITAL AND DEBT STRUCTURE OF MTNL

During the Financial Year 2025-26, there was no increase in the Authorized Share Capital of your Company. The Authorized Share Capital as at March 31, 2026 of your Company was Rs. 10,000 Crores comprising of 65 Crores of Preference Shares of Rs. 100 each and 350 Crores of Equity Shares of Rs 10 each. The Issued, Subscribed and the Paid-up Equity Share Capital as at March 31, 2026 of your Company was Rs. 630 Crores comprising of 63 Crores Equity Shares of face value of Rs. 10 each.

During the Financial Year 2025-26, your Company has neither issued any shares with differential voting rights nor has granted any stock option or sweats equity or brought back any shares or issued any equity shares or preference shares or any securities which carry a right or option to convert or issue any share warrants.

During the Financial Year 2025-26, your Company has not allotted any Debentures/Bonds.

The Bonds issued by MTNL are Listed on the Wholesale debt market segment of BSE Limited.

During the Financial Year 2025-26, your Company has not redeemed any Debentures/Bonds.

CREDIT RATING

During the year under review, Care Ratings Limited (CARE) vide its report dated 16.12.2025 have reaffirmed the ratings for the following Instruments of the Company as given below: -

Instruments Details	Amount (In Crores)	Reaffirmed ratings
Bonds	Rs 24,070.99	CARE AAA (CE), Stable
Long Term Bank Facilities	Rs 2,905.48	CARE D
Long Term /Short Term Bank Facilities	Rs 2,752.48	CARE D
Short Term Bank Facilities	Rs 5,980.95	CARE D

M/s Brickwork Ratings India Pvt Ltd vide its Report dated 09.10.2025 has reaffirmed rating of BWR AA+ (CE) Rating Watch with Negative Implication on Rs 6,500 crore Bonds during the year under review.

M/s India Ratings & Research Pvt Ltd (India Ratings) vide its Report dated 20.08.2025 & 19.02.2026 has reaffirmed rating of IND AAA (CE)/ Rating Watch with Negative Implication on Rs 17,570.99 crore Bonds during the year under review.

M/s CRISIL Ratings Limited (CRISIL) vide its Report dated 28.11.2025 & 26.02.2026 has reaffirmed rating of CRISIL AAA (CE)/ Watch Negative (Placed on 'Rating Watch with Negative Implications') on Rs 6,500 crore Bonds during the year under review.

DETAILS OF PRIVATELY PLACED DEBT SECURITIES/BONDS OF MTNL AS ON 31.03.2026

Sl. No.	Name of the issuer	ISIN Number	Issuance Date	Maturity Date	Coupon Rate	Payment Frequency	Embedded Option if Any	Embedded Option if Any Put option Detail	Embedded Option if Any Call option Detail	Amount Issued (in Rs)	Amount Outstanding (in Rs)	Name of the Debenture Trustee	Company Remarks if any
1		INE153A08089	12.10.2020	11.10.2030	7.05%	Semi Annual	No			43,61,40,00,000	43,61,40,00,000	Sbi Cap Trustee Limited	Sovereign Guarantee by Govt. of India
2		INE153A08097	21.12.2020	20.12.2030	6.85%		No			21,38,60,00,000	21,38,60,00,000		
3		INE153A08105	15.11.2022	15.11.2032	8.00%		No			61,09,60,00,000	61,09,60,00,000		
4		INE153A08113	01.12.2022	01.12.2032	7.87%		No			27,57,90,00,000	27,57,90,00,000		
5		INE153A08121	10.02.2023	10.02.2033	7.78%		No			16,17,60,00,000	16,17,60,00,000		
6		INE153A08139	24.02.2023	24.02.2033	7.80%		No			3,61,50,00,000	3,61,50,00,000		
7		INE153A08147	24.03.2023	24.03.2033	7.75%		No			63,40,00,00,000	63,40,00,00,000		
8		INE153A08154	20.07.2023	20.07.2033	7.59%		No			24,80,00,00,000	24,80,00,00,000		
9		INE153A08162	24.08.2023	24.08.2033	7.61%		No			10,55,00,00,000	10,55,00,00,000		
10		INE153A08170	07.11.2023	07.11.2033	7.80%		No			25,70,00,00,000	25,70,00,00,000		
11		INE153A08188	06.03.2024	06.03.2034	7.51%		No			5,55,99,00,000	5,55,99,00,000		
		Grand Total								2,40,70,99,00,000	2,40,70,99,00,000		

ASSET MONETIZATION IN MTNL DURING FY 2025-26

Monetization of real estate assets of MTNL is being undertaken as per the decision/ Govt. directions/ guidelines. Accordingly, properties valuing more than Rs. 100 crore are submitted to NLMC (National Land Monetization Corporation) for valuation / monetization/ approval of Alternate Mechanism (AM) (of Cabinet). Approval of AM has been received for valuation / monetization of GN Block, BKC, Mumbai property. AM has approved to transfer the property to M/s NABARD. M/s NABARD has deposited the full payment against the property and the lease has been assigned to NABARD, and possession has also been handed over. Further, 17 number of MTNL Delhi properties have also been referred to DoT/NLMC for monetization. The monetization of these assets is under process for completion of documents such as vacation certificate, NoC, Site survey from Govt Surveyor, execution of lease deed etc. BMC (Brihan Mumbai Municipal Corporation) has proposed to buy-back the reserved portion of land of three

number of MTNL properties in Mumbai, valuing between Rs 10 crore to Rs 100 crore, for which monetization approval has been received from the GoM (Group of Ministers). Approval for the sale of 7 properties (GoM) approval of four (04) properties and Board of Directors approval of three (03) properties) to the Bihar Government was also received. The Bihar Government has deposited the required amount and an MoU has been signed with the Govt. of Bihar for transfer of the properties. The possession of the properties has been handed over to the Bihar Government. The process of "Transfer of Properties" is underway. MTNL Board has approved monetization of some properties of value less than Rs. 10 crore each. RFP for e-bidding followed by e-auction was floated on the MSTC e-commerce site for 8 properties, and these are under different phases of the tendering process. Monetization of Properties under the Govt. To Govt. (G2G) (through Direct Sale) - Committee of Secretaries (CoS) guidelines dated 11.02.2025 states: "BSNL/MTNL may transfer land parcels to Government Departments without auction". As per the framework and valuation methodology decided in the meeting of the Committee of Secretaries (CoS) chaired by Cabinet Secretary on 12.06.2025 and subsequent DoT directives dated 04.07.2025, MTNL is now offering its surplus Land and Building assets for direct transfer, without auction to interested Government Departments /organizations (Purchasing Agency) at assessed market value, after valuation by the specified agency. The Government Department /Organization is required to submit their interest in acquisition along with valid approvals and 2 % of the indicative value of the asset as an Earnest Money Deposit (EMD). In this regard, MTNL has received EMD for 8 properties in Delhi & Mumbai, valuing more than Rs 100, case have been submitted to DoT/ NLMC for further process. EMD for 1 property having an indicative value between Rs 10 to Rs 100 crore in Mumbai has also been received, and the case is under process. MTNL has also offered properties to Public Sector Banks. MTNL has been strategically renting out separable space by optimum utilization of its own building for its own use and earning revenue through renting of buildings /quarters. MTNL generated Income from Infrastructure Leasing amounting to Rs 507.14 crore (Income from Tower Rent was Rs 51.75 crore and Rental Income was Rs 455.39 crore) in the FY 2025-26. During the FY 2025-26, MTNL was able to realize Rs 419.15 crore through Asset Monetization as per following details –

1. 28 Residential Quarters, GN Block, BKC, Mumbai – sold to NABARD at Rs 350.72 crore
2. 07 Residential Quarters at Khelgaon, Siri Fort, Delhi – sold to Bihar Govt. at RS 68.43 crore.

PROCUREMENT FROM MICRO AND SMALL ENTERPRISES (MSEs) AND PROCUREMENT THROUGH GEM DONE BY MTNL DURING FY 2025-26 (Rs in Crores)

Sl. No.	PROCUREMENT DURING FY 2025-26	(Rs. in Crores)
1.	Total Procurement during the year	21.44
2.	Annual Procurement from Micro and Small Enterprises (MSEs)	21.28
3.	Annual Procurement from MSEs owned by SC/ST Entrepreneurs	0.0059
4.	Annual Procurement from MSEs owned by Women Entrepreneurs	10.55
5.	Annual Procurement from GeM	2.69
6.	Annual Procurement from MSEs on GeM	2.68

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES COMPANIES

Pursuant to Section 129(3) of the Companies Act, 2013, the Consolidated financial statements of the Company and its Subsidiaries, Associates and Joint Ventures, prepared in accordance with the relevant Accounting Standard specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, form part of this Annual Report. Pursuant to the provisions of the said Section, a statement containing the salient features of the financial statements of the Company's Subsidiaries, Associates and Joint Ventures in Form AOC-1 form part of this Annual Report.

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013 the Financial Statements of the Company, Consolidated Financial Statements along with relevant documents and Separate Audited Financial Statements in respect of Subsidiaries are available on the Company's website <https://mtnl.in/finres.html>

During the year under review, there has been no change in the nature of the business of the Subsidiaries.

During the period under review, no Company has become or ceased to be Subsidiary, Associates or Joint Venture of the Company.

Further, the Company does not have any Material Subsidiary. During the year under review, the Board of Directors has Revised the Policy on Material Subsidiary in order to align with the amendments made under SEBI (LODR) Regulations, 2015. The Policy on Material Subsidiary has been approved by the Board and the same may be accessed on the Company's Website at the link: <https://mtnl.in/POLICY%20FOR%20DETERMINATION%20OF%20MATERIAL%20SUBSIDIARIES.pdf>.

Performance Highlights of Subsidiaries, Associates and Joint Venture Companies during FY 2025-26 are briefly given as under: -

SUBSIDIARIES

(I) MAHANAGAR TELEPHONE (MAURITIUS) LTD (MTML) (A WHOLLY OWNED OVERSEAS SUBSIDIARY)

MTML is a 100% owned subsidiary of MTNL in Mauritius. The Company is having license for Mobile Services, International Long Distance (ILD) Services and Internet Services. In a small Island country having a population of around 12.5 Lacs only and having Mobile Tele-density of more than 180%, MTML has been able to successfully position itself with Customer Centric Services. With patronage of more than 3,05,723 customers, MTML is able to compete well in a saturated telecom market. MTML is offering Mobile Services on latest state of the art technology having 4G (LTE) Services covering more than 90% of the total population and 2G/3G/4G Network all over the Island. With increased coverage of high speed data services on 4G and migrating more and more subscribers to its 4G network, MTML customers are now generating more than 2019 TB of data every month. Data download has multiplied by more than 18% during the financial year 2025-26. MTML became the

first operator in Mauritius to launch e-SIM Service which has helped it in acquiring higher ARPU customers. MTML has also acquired licence for 5G Services in Mauritius. Action on procurement of equipment has been started and it is expected to launch 5G Services in commercially important areas in due course. MTML has established its own brand CHILI in the Republic of Mauritius as trusted total telecom service provider. With more than 265 BTSs operating across the island, the quality of service is to the satisfaction of customers. Co-location with other telecom providers for mobile network has also started opening a new source of revenue for the Company. MTML has been introducing innovative tariff packages to match current market dynamics with the state of art technology and is quite popular especially among youth. MTML has also diversified into retailing of Smartphone and the business has picked up well during past two years. All the expenses of the Company are paid from its own internal resources. The CAPEX for procurement of equipment is met from its own internal resources. MTML is operating from its own building, constructed from internal resources, situated in Cyber City, Mauritius which is considered to be the heart of IT hub in Mauritius. There is no debt liability on the Company. The Company is managed by CEO, CFO and 10 more officers, all on deputation from the parent Company. Other operations are managed through local outsourcing. During the Financial Year under report, MTML has incurred a loss of Rs 5.64 crores as against loss of Rs 4.51 crores last year. Turnover during FY 2025-26 is Rs 72.04 crores as against of Rs. 71.70 crores last year. No dividend was declared by MTML during the FY 2025-26.

(II) MILLENNIUM TELECOM LTD (MTL) (A WHOLLY OWNED INDIAN SUBSIDIARY)

MTL a wholly owned subsidiary of Mahanagar Telephone Nigam Limited (MTNL), a Government of India Central Public Sector Enterprise (CPSE). MTL was incorporated in February 2000 and has its registered office in New Delhi. ICT related Services were offered by MTL which included Wi-Fi solution; project on e-governance, Managed services, Turnkey ICT solution, GIS based services, capacity building and skill development etc. MTL's customer list includes Air India, NHAI, Uttarakhand Government, J & K Government, Central University-(Mahendragarh) Haryana, UP Building and Other Constructions Workers Welfare Board (UP BOCWWB), Lucknow, Thane Municipal Corporation, CIDCO, Film Division of India, Insurance Institute of India etc. The Board of Directors of MTNL in its 359th Meeting held on 14.08.2024 had approved the proposal for Closure of MTL, by complying with applicable DIPAM guidelines and all other processes as per SEBI/ Company laws and for making application to DoT for Presidential Approval and also requesting DoT for forwarding the application to DIPAM for taking in-principle approval of the proposal for closure of MTL from Alternate Mechanism (AM). During the Financial Year under report, MTL has registered a Profit after Tax (PAT) of Rs. 0.74 crores as against of Rs. 0.36 crores last year and has a reserve and surplus of Rs. 3.88 crores as against Rs. 3.39 crores last year. MTL has also declared a final dividend of Rs. 0.28 crore for FY 2025-26 subject to the approval of Shareholders in the ensuing AGM. Net Worth of MTL as on 31.03.2026 is Rs. 6.75 crores which was Rs. 6.26 crores as on 31.03.2025.

JOINT VENTURE

(i) MTNLSTPI IT SERVICES LTD (MSITSL)

MTNLSTPI IT Services Ltd. (MSITSL) is a 50:50 Joint Venture Company of Mahanagar Telephone Nigam Limited (MTNL) and Software Technology Parks of India (STPI). MSITSL was incorporated on 31.03.2006 under the Companies Act, 1956, with authorized Capital of Rs. 50 crores. The present paid up capital is Rs.4.56 crores. MSITSL has established the physical infrastructure of state of the art Tier III compliance Data Centre at Chennai on space taken on lease basis from STPI. The Data Centre has server farm area of around 3500 sq. ft. This Data Centre is maintaining 99.98% uptime on 24x7x365. The commercial operation of the Data Centre commenced in 2009. At present, Government and financial institutions are prime customers and they have co-located server/storage/network racks in the MSITSL Data Centre. During the year under report i.e. Financial Year 2025-26 the Company has earned a Revenue from Operations amounting to Rs.9.54 crores and Other Income amounting to Rs.0.26 crores as compared to Rs.10.00 crores and Rs.0.52 crores respectively, last year. The Company has earned Profit before Tax amounting to Rs.3.85 crores which was Rs.4.89 crores last year. The Profit after Tax for the FY 2025-26 is Rs.2.84 crores which was Rs.3.64 crores last year. The Company has been consistently paying dividend for the last over 10 years. For the last three financial years the Company has been paying 75% dividend. Keeping in view the forthcoming Capex in the next year, the Board of Directors has recommended a dividend of 50% on the paid up share capital of the Company as against 75% last year. The Company is planning to expand Data Centre operations in other Tier II and Tier III cities in the near future.

(II) UNITED TELECOMMUNICATIONS LTD. (UTL), NEPAL

UTL is Joint Venture Company of MTNL which consists of Tata Communications Limited (TCL), Telecommunications Consultants India Limited (TCIL), NVPL (Nepal) & Mahanagar Telephone Nigam Limited (MTNL). The Company provides Mobile/ILD/data services in Nepal. At present MTNL is holding 26.68% of Equity in UTL. The three Indian JV Partners are holding 80% and NVPL is holding 20% in the share capital of UTL. UTL is not in operation since 2017 and there is no hope of it becoming operational in future. It has huge losses. It is not able to pay the statutory dues like Royalty Fees, BTS site charges, and other dues to the Govt. of Nepal. They have sought Equity/ Loan participation by its JV partners but MTNL, TCIL & TCL all the Indian JV partners have decided not to contribute any amount towards its Share Capital or Loan. All the Indian JV Partners have decided to exit from the JV and have exercised their Right to exit, on January 30, 2018 at par value. Notice of exit (Sale of our share in JV Company) was given on 30.01.2018 and was required to be accepted within 3 months i.e., on or before 30.04.2018 but so far, the same has not been given effect by the UTL/NVPL. In the last Board Meeting of UTL held on 14th June, 2024, wherein the Board of UTL approved the payment of NRs. 172 crores to the three (3) Indian JV Partners viz. TCIL, MTNL and TCL in proportion to the amount invested by them in UTL. It was also decided that NVPL will acquire the shares of Indian JV Partners with the following payment schedule. 35% will be paid on or before 15.12.2024, 30% will be paid on or before 15.12.2025

and 35% will be paid on or before 15.12.2026. Indian JV Partners has not received the first instalment of 35% of approved payment on or before 15.12.2024 and second instalment of 30% of approved payment on or before 15.12.2025. MTNL's reminders in this respect also have remained unanswered from UTL side. MTNL has also send reminder email on 20.04.2026 to UTL for calling an Extra-ordinary General Meeting of the Company viz. UTL for approval of the Shareholders for filing for voluntary liquidation / insolvency of UTL.

DETAILS OF SYSTEM STATUS FOR THE FINANCIAL YEAR 2025-26 (AS ON 31st MARCH, 2026)

Your Company has the following equipped and used capacity of Landline, GSM, Broadband etc. as on 31st March, 2026: -

Sl. No.	Parameters	MTNL Delhi	MTNL Mumbai	MTNL Total
1	Number of Switches	133	205	338
2	Details of Capacity			
2a	Landline	496518	750000	1246518
2b	Broadband	788736	50000	838736
2c	GSM(Mobile)	1900000	2800000	4700000
3	DELs (Landline, GSM, Broadband)			
3a	Landline	286229	699304	985533
3b	Broadband	56429	16100	72529
3c	GSM(Mobile)	133080	81887	214967
4	FTTH subscribers	52903	39630	92533
5	ISDN	4896	1094	5990
6	DLC (No.)	2	0	2
7	Tax Capacity	80000	84160	164160
8	Tandem Capacity	175500	0	175500
9	Optical Fiber Cable			
9a	Optical Fiber Cable (in Route Kms)	9770.14	6881.84	16651.98
9b	Optical Fiber Cable (in Fiber Kms)	322102.87	220483.91	542586.78
10	Leased Circuits	7256	8811	16067

HUMAN RESOURCE DEVELOPMENT

The Company attaches highest priority to the quality of intellectual capital at its disposal and believes that knowledge and skills of its employees are the key to achievements of its corporate mission. It has sound recruitment policy and comprehensive training system. During the past one year, our Company has laid greater emphasis on Human Resources Development. We

have been devoting substantial resources on building a skilled workforce that have capability to counter threats posed by ever changing customer base. The Company has been conducting various training and development activities which apart from reorienting the employees towards the greater organizational purpose are also focusing on eliminating any skill gap and technical obsolescence. The management's view on training is one of development of employee's overall personality and enabling them in becoming a vital productive resource.

TRAINING ACHIEVEMENTS

At present, MTNL has two of its in-house state of the art training centers, one located in New Delhi and other at Mumbai. The details of the achievement of training centers at Delhi and Mumbai respectively are given below:

1. THE INSTITUTE OF TELECOM, TECHNOLOGY & MANAGEMENT (ITTM), NEW DELHI

The Institute of Telecom Technology and Management, ITTM, Shadipur, New Delhi is a state of the art training centre of MTNL, Delhi engaged in imparting induction training and short duration training to its officers and employees in the field of Telecom, IT, Computer System and Management. ITTM has the necessary infrastructure, technical and academic competence and excellence for providing training in specialized courses in the field of GSM, Broadband Technology, Switching, Transmission, External Plant, IT, Computer System, Management and various wellness and life style management subjects comprising of Motivation, Positive Thinking, Stress Management, and Cyber Security, RTI. In addition to this, ITTM also conducts various Industrial visits for students from Engineering Colleges and various schools of India. ITTM conducts financial upgradation training course for MTNL executives from E2 to E7 grade in Core Competency (Telecom, Civil, Finance, Electrical, HR/Marketing/CS/Legal) and Management module of one week duration each. From April 2025 to March 2026, total 397 Executives have undergone up-gradation training and awareness programs and 4 Non-Executives (Total 401 trainees trained). Details of ITTM's achievements during FY 2025-26 are as follows:

S. N.	Mode of Training	Name of Programs	Number of Training Programs	Numbers of Trainees Trained
1.	E-mode	Financial up-gradation	06	12
2.	Off line	Financial up-gradation	28	262
		General awareness programs like Cyber Security /Vigilance	17	122
		Office Automation	01	5

II. CENTRE FOR EXCELLENCE IN TELECOM TECHNOLOGY & MANAGEMENT (CETTM), MUMBAI

The Centre for Excellence in Telecom Technology & Management (CETTM), an ISO 9001:2015 certified institute, is located at Technology Street, Hiranandani Gardens, Powai, Mumbai. CETTM has conducted various short duration Technical as well as Management related courses for MTNL employees on need basis to improve MTNL services. CETTM successfully conducted 31 Financial up-gradation training programs for MTNL employees (online via e-mode) and trained 262 in-house personnel achieving a figure of 262 Trainee days from April 2025 to March 2026. Total 742 numbers of Engineering/Polytechnic College Students from 14 different Colleges took part in the “Industrial Visit Programme” at CETTM so far from April 2025 to March 2026. CETTM continues to be the first choice for conducting training courses, workshops, seminar etc. by our esteemed clients. Top clients include Delhi Metro Rail Corporation, LIC, Centre for Training and Research in commercial, Location Hub, Dronga Films LLP, Rohit Shetty Picturez LLP, MNLU, IIT Madras, IIT Bombay, Yellow Montage, Colgate-Palmolive etc. CETTM has also provided office spaces on long lease to clients like MNLU, Axis Bank, BIS, Karnataka Bank, South Indian Bank. CETTM also started leasing of its infrastructure on short duration basis for the shooting of web series, films by prominent production houses and generated substantial business. Further avenues of generating revenue through other production houses are under process. Total revenue of Rs.36.66 Crore has been made in the F.Y.2025-26. Out of Rs.36.66 Crore revenue, Rs.34.56 Crore has been generated through rent from long lease clients MNLU, BIS, Axis Bank, Karnataka Bank and South Indian Bank and Rs. 2.096 Crore has been generated through leasing of CETTM hostel rooms to reputed organisations such as LIC, DMRC, IIT Bombay, IIM Mumbai, Welingkar Institute of Management, film shooting activities, infrastructure leasing to clients, Industrial visits and training to different colleges. Details of CETTM’s training achievements during 2025-26 (01.04.2025 to 31.03.2026) are as follows:

S. N.	Mode of Training	Name of Programs	Number of Training Programs	Numbers of Trainees Trained
1.	E-mode	Financial up-gradation training for MTNL employees	31	262
2.	Offline	Industrial Visit	14 colleges	742

INDUSTRIAL RELATIONS

Industrial peace and Industrial harmony is based on healthy Employee Relations and like the previous year, employee relations remained cordial throughout the year. The grievances/ issues raised by the Employees/ Unions /Associations were given due attention and regard. The cases/ issues brought up by them were settled through regular meetings and interactions between Management and Unions/Associations and action, as mutually agreed, was taken to settle them.

EMPLOYEES' WELFARE

Employee welfare schemes like subsidized Canteen, Housing, Medical facilities, Group Insurance etc. continued and maintained by the Company for its employees. Sports and cultural activities were also given priority during the year. Changeover of Contributory Group Health Insurance Scheme for retirees to CGHS - After pursuance of MTNL with DoT, Ministry of Health issued instructions to CGHS for enrolment of MTNL retirees (drawing Govt. Pension) in the CGHS. To facilitate the same an incentive (MTNL contribution) is being provided to the retirees which is presently minimum Rs.30,000/- and maximum Rs.60,000/-. As on date, approximately '25040' retirees in MTNL have benefited from this scheme. MTNL is providing Group Health Insurance Scheme for working employees and Contributory Group Health Insurance Scheme for retired employees (who are not eligible for CGHS scheme).

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

In our Company, more and more correspondence are being done in Hindi, office work in files/e-files, computers, websites, SMS service, compliance of bilingual provisions related to all items of the official work at Head Office (Corporate Office) as well as Delhi and Mumbai Units and area GM offices, Telephone Exchanges under those Units was emphasized in compliance with the Official Language Policy. Thereby, prompt efforts were done towards attaining the national goal of doing official work in Hindi, the Official Language. Towards this, compliance of the provisions of Official Language Policy and directions of the Department of Official Language and Department of Telecommunications, issued from time to time, by holding the quarterly meetings, inspections, workshops-training, bilingual versions & updation of the main website as well as websites of the Units etc., making contribution towards the aim of Atmnirbhar Bharat & development of indigenous technology by doing all the translation work and sending it to global data base on the 'Kanthasth' translation app developed by the Department of Official Language, Government of India, more and more use of Official language by officers and officials in office work was emphasized.

IMPLEMENTATION OF RESERVATION POLICY FOR SC/ST/OBC & PH COMMUNITY

The Company has endeavoured to fulfill all the statutory requirements with regard to implementation of reservation policy for candidates to SC/ ST/ OBC communities as well as Physically Challenged and Economically Weaker Section candidates. MTNL reservation policy for SC/ST/OBC/PH community is updated w.r.t. DoPT/Central Government Guidelines issued from time to time and as & when received through Administrative Ministry i.e. Department of Telecommunications (DoT).

IMPLEMENTATION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company has constituted an Internal Complaint Committee (ICC) to look into the complaints on Prevention, Prohibition & Redressal of Sexual Harassment of Women at workplace and matters connected therewith or incidental thereto covering all aspects as contained in the Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013.

The Committee consist of the following members:

- A Presiding Officer: This must be a senior female employee of the organization.
- Two employee members: These employees must be aware and sensitive to gender issues and dedicated to the cause of women or possess some legal knowledge on related matters.
- One External member: This should be from an NGO or Association committed to the cause of women and issues related to sexual harassment. The composition should be such that half of the total members must be women.

Two meeting of ICC was held during the FY 2025-26 by MTNL Delhi Unit.

Details regarding Number of Complaints received, disposed and pending during FY 2025-26 is given below:

Number of Complaints of Sexual Harassment Case received in the year i.e. From 01.04.2025 to 31.03.2026.	No case reported to Internal Complaint Committee (ICC) of MTNL CO/Delhi Unit/Mumbai Unit from 01.04.2025 to 31.03.2026.
Number of Complaints of Sexual Harassment Case disposed during the year i.e. From 01.04.2025 to 31.03.2026.	Nil
Number of cases pending for more than ninety days.	Nil

WORKING CONDITION OF WOMEN EMPLOYEES

We are continuously striving towards gender sensitization amongst our employees. Special care has been taken in case of woman employees in night shifts. Also to redress the issues of Sexual Harassment at workplace, special cells have been constituted. Maternity Leave policy, Child Care Leave policy & Leave policy in case of miscarriage are in place.

COMPLIANCE WITH PROVISIONS RELATING TO MATERNITY BENEFITS ACT, 1961

MTNL is complying with the provisions relating to Maternity Benefits Act, 1961. Maternity Leave Policy is already in place in the Company and is aligned with the latest Central Government guidelines issued from time to time and as & when received through the Administrative Ministry i.e. Department of Telecommunications (DoT).

MANPOWER STATUS AS ON 31st MARCH 2026

As on 31st March, 2026, the total strength of employees including SC/ST & OBC Category working in the Company as per details is given below: -

Group	Working	SC	ST	OBC*
A	201	46	25	25
B	868	165	32	167
C	1070	271	23	67
D	656	230	16	37
TSM	-	-	-	-
Grand Total	2795	712	96	296

*At the time of formation of MTNL in April 1986, all employees of DoT were transferred to MTNL on as-is-where-is basis. The Group 'C' and 'D' employees were absorbed in MTNL in the year 1998, whereas Group 'B' officers were absorbed in the year 2000. In subsequent years, some of Group 'A' officers were absorbed in MTNL. At the time of recruitment by DoT and absorption in MTNL, maintaining of separate data for OBC category was not mandatory, therefore, the data for OBC officials/officers was not maintained. It is further submitted that OBC employees were not identified at the time of absorption. They were absorbed in MTNL on "as is where is" basis.

TOTAL NO. OF EMPLOYEES (MALE & FEMALE) AS ON 31.03.2026

Total (A)	Male		Female	
	No. (B)	% (B/A)	No. (C)	% (C/A)
2795	2263	80.97%	532	19.03%

TOTAL NO. OF DIFFERENTLY ABLED EMPLOYEES AS ON 31.03.2026

Total (A)	Male		Female	
	No. (B)	% (B/A)	No. (C)	% (C/A)
25	23	92%	2	8%

MECHANISM AVAILABLE TO RECEIVE AND REDRESS GRIEVANCES FOR THE EMPLOYEES

MTNL has its own Grievance Redressal Procedure for employees. Management of the Company believes in the philosophy of an Open Door Policy in the matter of redressal of employee grievances. An aggrieved employee can approach his/her Departmental Head or the concerned officer of the Personnel Department (including the Head of the Personnel Department) and discuss his/her grievance. Best efforts are made to enable prompt actions on the issues raised by the employee. The objective of the Grievance Redressal Procedure is to provide an easily accessible machinery for settlement of grievances, and to adopt measures as would ensure expeditious settlement of grievances, leading to increased satisfaction on the job and resulting in improved productivity and efficiency of the organization.

MECHANISMS TO PREVENT ADVERSE CONSEQUENCES TO THE COMPLAINANT IN DISCRIMINATION AND HARASSMENT CASES

To prevent adverse consequences to the complainant in discrimination and harassment cases, MTNL has appointed concerned Liaison Officers and constituted Committees.

COMPLIANCE OF MTNL WITH RIGHTS OF PERSONS WITH DISABILITIES ACT, 2016

MTNL complies with provisions of Rights of Persons with Disabilities Act, 2016 to protect the interests of persons with disabilities. Reservation is provided as per GoI instructions in direct recruitment for Persons with Benchmark Disabilities. Separate 100 point vacancy based reservation roster register is maintained for determining/effecting reservation for the Persons with Benchmark Disabilities. Relaxation in age limit and standards of suitability (as applicable) is given to persons with disabilities. Liaison Officers for PwBD have been appointed to look after reservation matters and to ensure compliance of instructions of the Act. The DoPT/Central Govt. Guidelines issued from time to time and as received in MTNL from DoT are adopted accordingly.

MEASURES TAKEN BY MTNL TO ENSURE A SAFE AND HEALTHY WORK PLACE

- a. In order to ensure a safe and healthy workplace, requisite security measures, installation and maintenance of fire extinguishers and housekeeping measures have been taken in MTNL.
- b. For employees and their family members requiring hospitalization, Group Health insurance coverage upto Rs.8 Lakhs is being provided under Group Health Insurance Scheme and
- c. Maintenance of clean and organised workspaces, Internal Committee for POSH at workplace is in place.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Owing to losses incurred by the Company since the year 2009-10, no specific amount could be earmarked for CSR Activities. The Company has constituted a CSR Committee and also formed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines on the subject. MTNL is undertaking non funding CSR activities like sending SMS to the public for spreading awareness on spread of COVID 19, awareness on Swachh Bharat, Pulse Polio, awareness on digital arrest, cyber fraud, other moves of the Government, etc. For details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of this Report. The CSR Policy is available on the website of the Company https://mtnl.in/csr_2014.pdf.

VIGILANCE

The Vigilance wing of MTNL is headed by Chief Vigilance Officer. At present, Smt Deepa Chawla, (IRAS) CVO BSNL is in additional charge of CVO, MTNL. CVO is responsible for complete vigilance administration in MTNL. The Vigilance Unit in MTNL is responsible for ensuring transparency, integrity, and accountability in organizational functioning. It works to prevent corruption, detect irregularities, and promote ethical practices in procurement, contracts, personnel matters, and other administrative activities. Further, training program/seminars on vigilance matters/complaint handling and Disciplinary proceedings have been conducted during the year to make the participants understand the conduct rules of MTNL and procedure for handling departmental proceedings. As per CVC instructions, the Vigilance Awareness Week was observed in MTNL w.e.f. 27th October 2025 to 02nd November 2025 with the theme "Vigilance: Our shared Responsibility" "सतर्कता : हमारी साझा जिम्मेदारी" I As a precursor to Vigilance Awareness

Week 2025, a campaign was undertaken during which action was taken up on different areas namely, Disposal of pending cases, Capacity Building Programs, Asset Management, and Digital initiatives. During Vigilance Awareness Week, various activities like administering of Integrity Pledge, Seminars, Workshops, Essay & Quiz competition were organized.

RIGHT TO INFORMATION (RTI)

In line with the directions contained in the Right to Information Act 2005, Your Company has nominated CPIOs & FAA(s) for Corporate Office, Delhi Unit and Mumbai Unit for providing information to citizens. Details of CPIO(s) & FAA(s) in MTNL are given below: -

Sl. No	MTNL Unit	MTNL Website weblinks where CPIO(s) & FAA(s) details are present for public domain
1	MTNL Delhi unit	https://mtnlideli.in/mobile/List%20of%20CPIO%20as%20on%2015th%20November%202025.pdf
2	MTNL Mumbai unit	https://mtnlmumbai.in/images/stories/PDF_FILES/CPIO_FAA_List.pdf
3	MTNL, Corporate Office	https://mtnl.in/rti_act1.html

Details of RTI Applications / Appeals disposed off/Pending in the FY 2025-26 are as follows:

Particulars	Disposed of during FY 2025-26	Pending as on FY 2025-26
RTI Requests	576	<u>76</u>
RTI Appeals	74	<u>5</u>

WHISTLE BLOWER POLICY/VIGIL MECHANISM

Your Company has in place a robust Vigil Mechanism for reporting genuine concerns through the Company's Whistle Blower Policy. The Policy on Whistle Blower may be accessed on the Company's Website at the link: <http://mtnl.in/whistleBlowerPolicy.pdf>. The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior as defined under Regulation 22 of SEBI (LODR) Regulation, 2015. Under the Whistle Blower Policy, the employees are free to report violations of applicable laws and regulations and the Code of Conduct to the Chairman of the Audit Committee. During the year under report, no employee was denied access to the Audit Committee.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators/Courts/Tribunals that would impact the going concern status of the Company and its future operations. Kindly refer

Note No. 50 of Standalone Financial Statements pertaining to Contingent Liabilities, Pending Litigations etc. and other matters.

INTEGRITY PACT PROGRAMME WITH TRANSPARENCY INTERNATIONAL INDIA

MTNL has signed a Memorandum of Understanding (MoU) with Transparency International India (TII) for implementing an Integrity Pact Programme (IPP) focused on enhancing transparency in its business transactions, contracts and procurement process. Under this MoU, MTNL is committed to implementing the Integrity Pact in all its major procurement and work contract activities. The Integrity Pact has strengthened the established system and procedures by creating trust in various stakeholders. One Independent External Monitor (IEMs) being person of eminence is nominated by the Central Vigilance Commission (CVC), to monitor the activities. As on 31.03.2026, Shri Varanasi Udaya Bhaskar, Ex-CMD, Bharat Dynamics Limited (BDL) is acting as IEM of MTNL.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The provision of Section 134(m) of the Companies Act, 2013 do not apply to the Company as your Company is a service provider. The total foreign exchange earning was Rs. 0.05 crore and the total foreign exchange expenditure was Nil during FY 2025-26 respectively.

RISK MANAGEMENT

Your Company has a comprehensive Enterprise Risk Management (ERM) framework in place to proactively identify, assess, and mitigate potential risks. In line with the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, the Board has constituted an Enterprise Risk Management Committee to frame, implement and monitor the risk management plan for the Company. Details of Enterprise Risk Management Committee has been given in the Corporate Governance Report which forms part of this Report. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee also has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The various enterprise risks identified by the Committee, along with the Measures adopted for their Management and Mitigation has been given in the Management Discussion and Analysis Report which forms part of this Report.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under report, the Board of Directors of your Company met Six (06) times during the Financial Year 2025-26. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 & the SEBI (LODR) Regulations, 2015 i.e. the maximum interval between any two Board Meetings did not exceed 120 days. Details of Board Meetings and Directors attending the same are given in the Corporate Governance Report forming part of this Report. At these Meetings, the Board held discussions on the Financial Results, Debt

Management, Revenue and Capital Budgeting, Asset Monetization, Statutory matters, Revival Plan measures etc.

SELECTION AND PROCEDURE FOR NOMINATION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Your Company being a Government Company, the provisions of Section 134(3)(e) of the Companies Act, 2013 do not apply in accordance with the Gazette notification dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India. The appointment and the terms and conditions of appointment (including remuneration) of the Whole-time Directors are decided by the Government of India. However, the Board has constituted a Nomination & Remuneration Committee. The Government Nominee Directors do not receive any sitting fees from the Company. The Independent Directors are being paid sitting fee of Rs. 10,000/- for attending each meeting of the Board or Committee thereof. They are reimbursed travel expenses & hotel expenses on this account, if any in addition to the sitting fees. Details of remuneration paid to the Whole time Directors and Key Managerial Personnel (KMP) as well as sitting fees paid to Independent Directors for the year under review are given in the Corporate Governance Report which is attached as annexure to this report.

PERFORMANCE EVALUATION OF DIRECTORS AND BOARD

Ministry of Corporate Affairs has vide its Notification dated 5th June, 2015 has exempted Government Companies from the provisions of the Companies Act, 2013 which, interalia, provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies. Further, the Ministry of Corporate Affairs vide Notification dated 5th July, 2017 has notified certain amendments in Schedule IV of the Companies Act, 2013, according to which, provisions relating to evaluation of performance of Non-Independent Directors, Chairperson and Board have been exempted for Government Companies.

TRANSFER OF FUNDS/SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Your Company has not declared dividend from FY 2009-10 onwards, hence provision of transfer of unclaimed dividend and shares as per IEPF Rules is not applicable to your Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with related parties are placed before the Audit Committee for its prior approval. All transactions with related parties entered into during the year under review were at arm's length basis and in the ordinary course of business and in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, SEBI (LODR) Regulations, 2015 and your Company's Policy on Related Party Transactions. During FY 2025-26, your Company has not entered into any transactions with related parties which could be considered material in terms of Section 188 of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2, is not

applicable. Your Company did not enter into any related party transactions during the year under review, which could be prejudicial to the interest of minority shareholders. Web link for Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transactions has been provided in the Report on Corporate Governance which forms part of Annual Report. Details of Related Parties, Summary of Significant transaction with Related Parties and Summary of Significant Outstanding Balances with Related Parties of your Company are given in Note No 49 & 65 to the Standalone Financial Statement which is a part of the report. Pursuant to Regulation 23(9) of SEBI (LODR) Regulations, 2015, your Company has filed the reports on Related Party Transactions with the Stock Exchanges on Half yearly basis.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013.

During the year under report, there was no Loan or Guarantee given or Investments made by the MTNL under Section 186 of the Companies Act, 2013.

CORPORATE GOVERNANCE

A Certificate from M/s Mritunjay Shekhar & Associates, Practicing Company Secretaries, regarding Compliance of conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance for the FY 2025-26 is placed at Annexure II of this Report. Annual Secretarial Compliance Report for the FY 2025-26 pursuant to Regulation 24A of the SEBI (LODR) Regulations, 2015 has also been obtained from M/s R. P. Sehgal & Associates, Practicing Company Secretaries is placed as Annexure III to this Report. Further, a separate section on Corporate Governance is also placed as Annexure VI to this Report in accordance with Regulation 34(3) of SEBI (LODR) Regulations, 2015.

BOARD POLICIES

The details of various policies approved and adopted by the Board as required under the Act and SEBI (LODR) Regulations, 2015 is given in the Corporate Governance Report which forms part of this report.

SECRETARIAL STANDARDS

During the year under review, the Company has been in compliance with the applicable Secretarial Standards i.e. SS-1 and SS-2 issued by The Institute of the Company Secretaries of India (ICSI) w.r.t. Meetings of Board and its Committees and General Meetings respectively. The Company has in place proper systems to ensure compliance with the provisions of the applicable Secretarial Standards issued by ICSI and such systems are adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Companies Act, 2013 the Annual Return of the Company prepared as per Section 92(3) of the Companies Act, 2013 for the Financial Year ended March 31, 2025, is available on the Company's website and can be accessed at <https://mtnl.in/ANNUAL%20RETURN%20OF%20MTNL%20FOR%20FY%202024-25.pdf>. In terms of Rules 11 and 12 of the

Companies (Management and Administration) Rules, 2014, the Annual Return for the Financial Year ended March 31, 2026 shall be filed with the Registrar of Companies, within prescribed timelines.

IMPLEMENTATION OF CIRCULAR ISSUED BY MINISTRY OF CORPORATE AFFAIRS (MCA) ON “GREEN INITIATIVES IN CORPORATE GOVERNANCE”

In accordance with the MCA and SEBI Circulars and to ensure compliance of Green Initiative, your Company has sent various documents including Notice of the 40th AGM, Audited Financial Statements, Directors' Report, Auditors' Report for the FY 2025-26 etc. to its Shareholders and Bondholders in electronic form, at the e-mail addresses provided / registered by Members / Bondholders and made available to us by the Depositories (NSDL/CDSL). The members are advised to update by registering changes, if any, in their e-mail address, with the concerned Depository Participant.

Further, Company will send Letter to the Shareholders & Bondholders who have not registered their email id with Company/RTA/DPs in order to comply with Regulation 36(1)(b) & 58(1)(b) of SEBI (LODR) Regulations, 2015 for providing the web-link, including the exact path, where complete details of the Annual Report for FY 2025-26 of the Company is uploaded in MTNL website.

Your Company shall also display full text of Notice of 40th AGM & Annual Report 2025-26 at its website <http://mtnl.in/annual.html>. We urge Shareholders who have not yet registered their e-mail addresses to do so without delay. Shareholders who hold shares in Demat form can register their e-mail address with their respective DPs. For Shareholders who hold shares in physical form, we kindly request that they register their e-mail addresses with the RTA by sending a signed letter, quoting their Folio Number details.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013, the Directors, to the best of its knowledge and ability, state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis and

- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating efficiently.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Except for the effects / possible effects of the material weaknesses described by the Statutory Auditors in its Report on the Internal Financial Control under Section 143(3)(i) of the Companies Act, 2013 for the FY 2025-26 which is attached as annexure to the Independent Auditors Report which is part of the report on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to the Standalone financial statements and such internal financial controls with reference to the Standalone financial statements were operating effectively as of March 31st, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

DEPOSITS

Your Company has not invited/ accepted any deposits under Section 73 & 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date on this account.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

The provisions of Section 197(12) of Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company as being a Government Company. Ministry of Corporate Affairs vide its Notification dated 05.06.2015 has exempted Government Companies from complying with the provisions of Section 197 of the Companies Act, 2013.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR)

Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015 states that top one thousand (1000) listed entities based on the market capitalization, a Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspective, in the format as specified by the Board from time to time has to be prepared. Further, Regulation 3(2A) of SEBI LODR Regulations, 2015 states that the provisions of these regulations, which become applicable to a listed entity on the basis of criteria of market capitalization, shall continue to apply to such an entity unless its ranking changes in the list prepared in accordance with sub-regulation (2) of this regulation and such change results in the listed entity remaining outside the applicable threshold for a period of three consecutive years. As on 31.12.2025, MTNL does not come under Top 1000 Listed Companies by Average Market Capitalization from July 01, 2025 to December

31, 2025, but it has to comply with SEBI Circular No SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021, Regulation 3(2A) & 34(2)(f) of SEBI (LODR) Regulations, 2015 respectively and has to frame Business Responsibility and Sustainability Report (BRSR) for FY 2025-26. Accordingly, a Business Responsibility and Sustainability Report (BRSR) for FY 2025-26 of MTNL has been prepared and forms part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per the Regulation 34(2)(e) read with Schedule-V to the SEBI (LODR) Regulations, 2015, Management Discussion and Analysis Report covering the Company's performance and outlook is attached and forms part of this Report.

STATUTORY AUDITORS & AUDITORS' REPORT ON STANDALONE & CONSOLIDATED FINANCIAL STATEMENTS

M/s S. L. Chhajer & Co. LLP, Chartered Accountants and M/s O. P. Bagla & Co. LLP, Chartered Accountants have been appointed as Joint Statutory Auditors of your Company by the Comptroller and Auditor General (CAG) of India for the FY 2025-26 and the Board has already ratified their appointment on 07.10.2025. The Independent Auditors' Report on Standalone and Consolidated Annual Audited Financial Results of the Company for the FY 2025-26 forms part of this Annual Report.

COST RECORD & COST AUDITOR

During the year under review, in accordance with Section 148(1) of the Companies Act, 2013 the Company has maintained the accounts and cost records, as specified by the Central Government. The Cost Audit Report of the Company in the XBRL format for the FY 2024-25 was filed with the Central Government on 14.10.2025. The Cost Audit Report for the FY 2025-26 shall be filed within the prescribed time period under the Companies (Cost Records & Audit) Rules, 2014. The Board of Directors of the Company on the recommendation of the Audit Committee has appointed M/s R. M. Bansal & Co., Cost Auditors for the FY 2025-26. The Board has fixed a fee of Rs. 1,12,100/- inclusive of all applicable taxes and reimbursement of out of pocket expenses for conducting the audit of cost records maintained by the Company for the FY 2025-26, which were ratified in the last Annual General Meeting of the Company. The Board has re-appointed M/s R. M. Bansal & Co., Cost Accountants (Firm Registration Number: 000022) as Cost Auditors of the Company for conducting cost audit for FY 2026-27 in its 369th meeting held on 21.05.2026 on the recommendation of the Audit Committee. A resolution seeking approval of the Shareholders for ratifying the remuneration payable to the Cost Auditors for FY 2026-27 is provided in the Notice of the ensuing Annual General Meeting.

SECRETARIAL AUDITOR & SECRETARIAL AUDITORS REPORT

M/s R. P. Sehgal & Associates, Practicing Company Secretaries & Peer Reviewed Firm continues to be the Secretarial Auditor of the Company and has conducted the Secretarial Audit of the Company for the Financial Year 2025-26. The Secretarial Audit Report for FY 2025-26 form part of this report. Reply to Qualifications given in the Secretarial Audit Report for the FY 2025-26 also

form part of the report. The appointment of M/s R. P. Sehgal & Associates, Practicing Company Secretaries as Secretarial Auditor of MTNL for a term of (5) consecutive year i.e. from FY 2025-26 to FY 2029-30 pursuant to Regulation 24A of SEBI (LODR) Regulations, 2015 has been approved by the Shareholders in its 39th Annual General Meeting of MTNL held on 31.10.2025 at a fees of Rs. 19,000/- per financial year exclusive of GST. The firm has further confirmed that it is not disqualified to be appointed as the Secretarial Auditor under the applicable provisions of the Act, rules made thereunder, and SEBI (LODR) Regulations.

AUDITORS QUALIFICATIONS AND MANAGEMENT REPLY THERETO

The replies to the observations of the Statutory Auditors for the Financial Year 2025-26 are given as Annexure to the Report. The Comments of the Comptroller and Auditor General of India (CAG) on the Financial Statements (Standalone & Consolidated) and the replies of the Management thereon are also given in the Annexure to the Directors' Report.

FRAUD REPORTED BY AUDITORS

The Statutory Auditors nor the Secretarial Auditor of the Company have not reported any fraud during FY 2025-26 as specified under second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being enforce).

CRITERIA FOR DETERMINATING QUALIFICATION, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

- (i) **Qualification:** - The Board of Directors of MTNL has formulated the job description for the posts of CMD and other Functional Directors. The selection of Whole time Directors is done by Public Enterprise Selection Board (PESB) on the basis of such criteria.
- (ii) **Positive Attribute:** - Apart from the duties of Directors as prescribed in the Companies Act, 2013 the Directors are expected to demonstrate high standards of ethical behavior, communication skills and independent judgment. The Directors are also expected to abide by the respective code of conduct as applicable to them
- (iii) **Independence:** - A Director is considered as independent if he/she meets the criteria laid down in Section 149(6) of the Companies Act, 2013 the Rules framed thereunder and Regulations 16(1)(b) of the SEBI (LODR) Regulations, 2015.

INDEPENDENT DIRECTOR

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry i.e. Department of Telecommunications (DoT), Ministry of Communications, Government of India. During FY 2025-26, Two Independent Directors i.e. Shri Vishwas Pathak and Ms. Deepika Mahajan was re-appointed as Independent Directors of the Company w.e.f. 15.04.2025 for a term of one year till 15.04.2026.

DECLARATION BY INDEPENDENT DIRECTOR

All Independent Directors, during their tenure in FY 2025-26, met the requirements specified under Section 149(6) of the Companies Act, 2013 for holding the position of 'Independent Director'. The Board noted in its 368th Meeting held on 10.04.2026 the declarations received from Shri Vishwas Pathak & Ms. Deepika Mahajan Independent Directors pursuant to Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of SEBI (LODR) Regulations, 2015.

DIRECTORS & KEY MANAGERIAL PERSONNEL

The Company has a very balanced and diversified Board of Directors with an optimum mix of Executive [represented by CMD, Director (HR & EB), Director (Finance) and Director (Technical)], Non-Executive [represented by Government Nominee Directors] and Independent Directors. As on 31.03.2026, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors on its Board.

In terms of the SEBI (LODR) Regulations, 2015, the Board has identified core skills, expertise, and competencies of the Directors in the context of the Company's business for effective functioning. The key skills, expertise and core competencies of the Board of Directors are detailed in the Corporate Governance Report, which forms part of this Report.

List of Present Directors of MTNL as on 31.03.2026 & 31.07.2026 is given in the Corporate Governance Report.

During the period under report, the following changes took place in the Directorship/Key Managerial Personnel (KMP) of your Company: -

1. Shri Vishwas Pathak was appointed Independent Director vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-5-3/2018-PSA dated 15.04.2025 w.e.f. 15.04.2025 and ceased to be Independent Director on completion of tenure w.e.f. 15.04.2026.
2. Ms. Deepika Mahajan was appointed Independent Director vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-5-3/2018-PSA dated 15.04.2025 w.e.f. 15.04.2025 and ceased to be Independent Director on completion of tenure w.e.f. 15.04.2026.
3. Shri Sudhakararao Papa was appointed Director (Technical) vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-2-2/2021-PSA dated 07.05.2025 w.e.f. 09.05.2025. Further, the tenure as Director (Technical) was extended for a further period of one year w.e.f. 07.05.2026 or until further orders, whichever is earlier vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-2-2/2021-PSA dated 24.03.2026.
4. Shri Sultan Ahmed ceases to be Chief Financial Officer (CFO) of the Company w.e.f. 28.05.2025.

5. Shri Anirudh Prasad Singh was appointed as Chief Financial Officer (CFO) of the Company w.e.f. 28.05.2025 and ceased to be CFO w.e.f. 21.05.2026.
6. Shri A. Robert J. Ravi, tenure as CMD was extended for a further period of Six months w.e.f. 15.04.2026 or till assumption of charge of the post of CMD BSNL by the regular incumbent, or until further orders, whichever is earliest vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-1-6/2018-PSA dated 12.05.2026.
7. Shri Rajiv Kumar tenure as Director (Finance), was extended for a further period of one year w.e.f. 01.12.2025 or until further orders, whichever is earlier vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-1-5/2022-PSA dated 03.03.2026.
8. Dr. Kalyan Sagar Nippani tenure as Director (HR & EB), was extended for a for a further period of one year w.e.f. 01.10.2025, or until further orders, whichever is earlier vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-2-3/2021-PSA dated 24.03.2026.
9. Shri Shivendu Gupta ceased to be Government Nominee Director vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-5-3/2021-PSA dated 13.01.2026 w.e.f. 13.01.2026.
10. Shri Sunil Kumar Ranjan was appointed Government Nominee Director vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-5-3/2021-PSA dated 13.01.2026 w.e.f. 13.01.2026.

Further, after 31.03.2026, the following changes took place in the Directorship/Key Managerial Personnel (KMP) of your Company: -

1. Shri Vishwas Pathak ceased to be Independent Director w.e.f. 15.04.2026.
2. Ms. Deepika Mahajan ceased to be Independent Director w.e.f. 15.04.2026.
3. Shri Anirudh Prasad Singh ceased to be Chief Financial Officer (CFO) w.e.f. 21.05.2026
4. Shri Vasudev Singh was appointed as Chief Financial Officer (CFO) w.e.f. 21.05.2026.
5. Shri Alok Shukla ceased to be Government Nominee Director vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-5-2/2021-PSA dated 08.07.2026 w.e.f. 08.07.2026.
6. Shri Sunil Kumar Ranjan ceased to be Government Nominee Director vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-5-2/2021-PSA dated 08.07.2026 w.e.f. 08.07.2026.
7. Shri Shyamal Misra Additional Secretary (Telecommunications) was appointed as Government Nominee Director vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-5-2/2021-PSA dated 08.07.2026 w.e.f. 08.07.2026.

8. Shri K. Balaji Joint Secretary (Administration) was appointed as Government Nominee Director vide Department of Telecommunications, Ministry of Communications, Government of India Letter No. E-5-2/2021-PSA dated 08.07.2026 w.e.f. 08.07.2026.

Pursuant to the provisions of Section 2(51) and 203 of the Act, the Key Managerial Personnel (KMP) of your Company as on 31.03.2026 are: -

- i) Shri Anirudh Prasad Singh, Chief Financial Officer (CFO)
- ii) Shri Ratan Mani Sumit, Company Secretary (CS)

Apart from the above, no other Director (including Independent Directors) or KMP were appointed or had retired or resigned during the FY 2025-26 and till the date of approval of Directors Report by the Board of Directors. Details of Composition of Board of Directors are given separately in the Corporate Governance Report which forms part of this Report.

RETIREMENT OF DIRECTORS BY ROTATION

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with rules thereunder and Article 66 F of the Articles of Association of the Company, Dr Kalyan Sagar Nippani, (DIN - 10421277) Director (HR & EB) is liable to retire by rotation at the 40th Annual General Meeting to be held on 30.09.2026 and being eligible, offer himself for reappointment. The Board recommends their re-appointment. Brief particulars of Director seeking re-appointment together with their Directorships in other Companies and Committee Memberships have been given in the Annexure to the Notice of 40th Annual General Meeting in pursuance to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and the Secretarial Standards 2 issued by ICSI.

COMMITTEES OF THE BOARD OF DIRECTORS

As required under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, your Company has constituted following Board Level Committees as per details given below:-

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders Relationship Committee
4. Enterprise Risk Management Committee
5. Corporate Social Responsibility Committee

Details of the terms of reference of the Board Level Committees, their Composition, Changes in Membership, and attendance of Directors at Committee Meetings are provided in the Report on Corporate Governance, which forms part of this Annual Report.

GENERAL DISCLOSURES

Your Directors' state that no disclosure or reporting is required in respect of the following items, as there were no transactions/events of these nature during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of your Company under any scheme.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company's operation in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by your Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Act).
5. No Application is initiated/pending against the Company under the Insolvency and Bankruptcy Code, 2016.
6. One time settlement of loan obtained from the Banks or Financial Institutions.
7. Revision of financial statements and Directors' Report of your Company.

ACKNOWLEDGEMENT

Your Director's take this opportunity to gratefully acknowledge the help, guidance and support received from the Administrative Ministry i.e. Department of Telecommunications (DoT) and various Ministries of the Government of India. Your Director's are especially grateful to its Bankers, Vendors, all Stakeholders and Investors including Bondholders, for their continued patronage and confidence reposed in the Company. The Directors would like to express their thanks for the sincere hard work and dedicated services rendered by every employee of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(A. ROBERT J. RAVI)
CHAIRMAN & MANAGING DIRECTOR

PLACE: NEW DELHI

DATE: 12.08.2026

ANNEXURE-I TO DIRECTORS' REPORT**CS****R.P. Sehgal & Associates**

Practicing Company Secretaries

(FCS, M.Com., D.L.L., LL.B, C.A.I.I.B., F.C.S.)

Email: sehgalrp@yahoo.co**M.No.:** +91 9810076540/9810126612F-7, Street No. 3,
Chander Nagar (West),
Delhi 110 051

FRN- S2015DE320200

P R -5495/2024

FORM MR-3**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2026**
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Mahanagar Telephone Nigam Limited

Mahanagar Doorsanchar Sadan,

5th Floor, 9 CGO Complex Lodhi Road,

New Delhi – 110 003

We have conducted the Secretarial Audit for the compliance of applicable statutory provisions and the adherence to Good Corporate Practices by **MAHANAGAR TELEPHONE NIGAM LIMITED** (CIN: L32101DL1986GOI023501) [a Listed Central Public Sector Enterprise (CPSE)] (hereinafter called "the Company" or "MTNL") for the Financial Year ended on 31st March 2026 ("Audit Period"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on the information provided by the Company and verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period ended on 31st March 2026 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the period ended on 31st March 2026 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);
 - (d) The Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2021 (Not applicable to the Company during the Audit Period);
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Company during the Audit Period);
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the Audit Period);
 - (j) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) (LODR) Regulations, 2015 and
- (vi) Other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on their Sectors/Businesses are:
 - (a) DPE Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSE) issued by the Department of Public Enterprises (DPE);
 - (b) The Telecom Regulatory Authority of India Act, 1997 (TRAI), Rules and Regulations and Amendments made there-under;
 - (c) The Indian Telegraph Act, 1885;
 - (d) The Indian Wireless Telegraphy Act, 1933;
 - (e) Information Technology Act, 2000 and the rules made thereunder.

We have also examined compliance with the applicable clause of the following Standards/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings;
- (ii) Listing Agreements entered into by the Company with NSE and BSE read with the SEBI (LODR) Regulations, 2015.

We hereby report that, during the period under review, the Company has complied with the provisions of the above Regulations and Circulars/Guidelines/Rules issued thereunder except in respect of matters specified below: -

- i) *Non-Compliance with Regulation 17 of the SEBI (LODR) Regulations, 2015, Section 149 of the Companies Act, 2013 and Clause 3.1.4 of DPE Guidelines as One Half of the Board was not comprised of Independent Directors from 01.04.2025 to 31.03.2026. Also, there was no Independent Director including Woman Independent Director or Woman Director from 01.04.2025 to 14.04.2025. During the period from 15.04.2025 to 08.05.2025, the Board required 5 (Five) Independent Directors but it had only 2 (Two) Independent Directors on the Board. Subsequently, during the period from 09.05.2025 to 31.03.2026, the Board required 6 (Six) Independent Directors but it had only 2 (Two) Independent Directors on the Board during the period.*
- ii) *Non-Compliance with Regulation 18 of the SEBI (LODR) Regulations, 2015, Section 177 of the Companies Act, 2013 and Clause 4.1.1 & 4.1.2 of DPE Guidelines as the Audit Committee did not comprise of minimum 2 (Two) Independent Directors as Member/Chairman for the period from 01.04.2025 to 14.04.2025.*
- iii) *Non-Compliance with Regulation 19 of the SEBI (LODR) Regulations, 2015, Section 178 of the Companies Act, 2013 and Clause 5.1 of DPE Guidelines as the Nomination & Remuneration Committee did not comprise of minimum 2 (Two) Independent Directors as Member/Chairman for the period from 01.04.2025 to 14.04.2025.*
- iv) *Non-Compliance with Regulation 20(2A) of the SEBI (LODR) Regulations, 2015, as the Stakeholders Relationship Committee did not comprise a minimum of one Independent Director as member during the period from 01.04.2025 to 14.04.2025.*
- v) *Non-Compliance with Regulation 21(2) of the SEBI (LODR) Regulations, 2015, as the Enterprise Risk Management Committee did not comprise a minimum of one Independent Director as member during the period from 01.04.2025 to 14.04.2025.*
- vi) *Contravention of the provisions of the Quality of Service of Broadband Service Regulations, 2006 (11 of 2006) for the Quarter ending December 2023, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 4,00,000 on MTNL vide its order dated 04.04.2025.*
- vii) *Contravention of the provisions of the Quality of Service of Broadband Service Regulations, 2006 (11 of 2006) for the Quarter ending June 2024, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 3,00,000/- on MTNL vide its order dated 04.04.2025.*
- viii) *Contravention of the provisions of the Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 (7 of 2009) for the Quarter*

ending June 2024, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 3,00,000/- on MTNL vide its order dated 06.05.2025.

- ix) Contravention of the provisions of the Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 (7 of 2009) for the Quarter ending September 2024, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 3,00,000/- on MTNL vide its order dated. 28.07.2025.*
- x) Contravention of the provisions of the Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 (7 of 2009) for the Quarter ending June 2024, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 1,00,000/- on MTNL vide its order dated 16.09.2025.*
- xi) Contravention of the provisions the Quality of Service of Broadband Service Regulations, 2006 (11 of 2006) for the Quarter ending September 2024, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 3,00,000/- on MTNL vide its order dated 23.09.2025.*
- xii) Contravention of the provisions of the Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (6 of 2024) for the month of April 2025, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 11,00,000/- on MTNL vide its order dated 23.01.2026.*
- xiii) Contravention of the Provisions of the Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the month of May 2025, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 4,00,000/- on MTNL vide its order dated 02.02.2026.*
- xiv) Contravention of the Provisions of the Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the quarter ending June 2025, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 6,00,000/- on MTNL vide its order dated 02.02.2026.*
- xv) Contravention of the Provisions of the Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the month of June 2025, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 8,00,000/- on MTNL vide its order dated 03.02.2026.*
- xvi) Contravention of the provisions of Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the month of July 2025, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 6,00,000/- on MTNL vide its order dated 04.02.2026.*
- xvii) Contravention of the provisions of Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the month of August 2025, for which the Telecom Regulatory Authority of India (TRAI) imposed a Financial Disincentive of Rs 7,00,000/- on MTNL vide its order dated 19.02.2026.*

As informed by the Company, MTNL vide its Letter No. MTNL/RA/Request for withdrawal of FD orders/2026 dated 13.04.2026 has requested O/o Advisor (QoS – I), TRAI, New Delhi for withdrawal of Financial Disincentive (FD) imposed pursuant to Non Compliance with Quality of Service Fault Clearance Parameters.

As informed by the Company, Details of the Total Financial Indebtedness of the Company, including Short-Term and Long-Term Borrowings, as at 31st March 2026 are as follows:

S. NO.	Particulars	In INR (Crore)
1.	Loans/ Revolving facilities like Cash Credit from Banks / Financial Institutions	
A	Total amount outstanding as on date 31/03/2026	Rs 9263
B	Of the Total Amount Outstanding, amount of default as on date (Rs. 2146 crore Principal Repayment and Rs. 1468 crore Interest payment)	Rs 3614
2.	Unlisted Debt Securities i.e. NCDs and NCRPS	
A	Total amount outstanding as on Date	NA
B	Of the total amount outstanding, amount of default as on date	NA
3.	Total Financial Indebtedness of the Listed Entity including Short-Term and Long-Term Debt	
	(Bank Loan of Rs 9263 Crore, SG Bond of Rs 24071 Crore & Loan from DoT for paying SG Bond Interest of Rs 2980 Crore)	Rs. 36314

All the loans accounts of MTNL have been declared as Non-Performing Assets (NPA) by the Lender Banks. As a result, the Current Account of MTNL are freezed by the Lender Banks. Further MTNL has entered into Escrow Agreement with Union Bank of India (largest Lender Bank) on 04.11.2024 for implementing “Holding on Operation & Escrow Mechanism” so that the bank account operation keeps running unhindered for six months at zero % cutback. The same has been extended twice for 6 months on 05.05.2025 and 03.11.2025. Further, it was again extended for the further period of three months w.e.f. 05.05.2026 till 04.08.2026.

MTNL is also unable to make payment of Interest/Redemption of Principal to Bondholders from July 2024 onwards from its own source. As Bonds issued by the Company is Sovereign Guaranteed, Debenture Trustees has been issuing Notice for Invocation of Guarantee to Government of India. The Government of India has been funding the Escrow Account maintained with Bank of India for making Interest/Principal Repayment to Bondholders from July 2024 onwards.

We further report that

As informed by the Company and as per inspection of records, MTNL has a very balanced and diversified Board of Directors with an optimum mix of Executive [represented by CMD, Director (HR & EB), Director (Technical) and Director (Finance) and Non-Executive [represented by Government Nominee Directors and Independent Directors].

The Composition of the Board of Directors of MTNL as on March 31, 2026 is as follows:

Category of Directors	Board Structure	Actual Strength as on March 31, 2026
Chairman & Managing Director	1	1
Whole-time Executive (Functional) Directors)	3	3
Part-time Official Directors (Government Nominees) representing the Department of Telecommunication (DoT), Government of India	2	2
Part-time Non-official (Independent) Directors)	6	2
Total	12	08

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are made by the Administrative Ministry, i.e. Department of Telecommunications, Ministry of Communications, Government of India. As at 31st March 2026, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors on its Board including One Independent Women Director on its Board. The Board required 6 (Six) Independent Directors during FY 2025-26, but it had only 2 (Two) Independent Directors on the Board. The Company informed that the matter for appointment of four more Independent Directors has already been taken up with the Government of India.

The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors about the Board Meetings/ Committee Meetings and agenda along with detailed notes on the agenda were generally sent at least seven days in advance except where the Meetings were held at shorter notice due to business exigencies. Meetings held at shorter notice were in Compliance with the provisions of the Companies Act, 2013. System exists in the Company for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

All decisions of the Board and its Committee Meetings were carried out unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee(s) of the Board as the case may be. No dissenting views of any Director were recorded in the minutes maintained by the Company. The Minutes of the Board and the Committee were duly recorded and signed by Chairman in accordance with the Companies Act, 2013 and the relevant Secretarial Standard issued by the ICSI.

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that National Stock Exchange of India (NSE) and BSE Limited (BSE) have each imposed a fine of Rs 6,73,780 (inclusive of GST) for non-compliance with Regulations 17(1), 18(1), 19(1)/(2), 20(2)/(2A) and 21(2) of the SEBI (LODR) Regulations, 2015 for the quarter ended 30 June

2025. Further, for the quarters ended 30 September 2025 and 31 December 2025, the aforesaid stock exchanges have each imposed fines of Rs 5,42,800 (inclusive of GST) per quarter for non-compliance with Regulation 17(1) of the said Regulations. Also, NSE and BSE each imposed a fine of Rs 5,31,000 (inclusive of GST) for non-compliance with Regulations 17(1) of the SEBI (LODR) Regulations, 2015 for the Quarter ended 31.03.2026. In response to the same, the Company has submitted request for waiver of fines so imposed to the stock exchanges as MTNL being a Government Company, the power to appoint Directors on its Board vests with the Government of India acting through the Administrative Ministry i.e. Department of Telecommunications (DoT), Ministry of Communications and therefore, the Company has no role in the appointment of Directors including Independent Directors on its Board. The response from the Stock Exchanges regarding the waiver of fines is awaited as at the date of this report.

We further report that during the audit period there has not been any such activity having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

We further report that during the audit period, MTNL has neither issued nor redeemed any Bonds during FY 2025-26.

R.P. SEHGAL & ASSOCIATES

Company Secretaries

ICSI UIN: S2015DE320200

PEER REVIEW No. 5495/2024

(R. P. SEHGAL)

Membership No. FCS-1468

CP No. 14936 UDIN: F001468H000567814

Place: New Delhi

Date: 02.06.2026

Note: This Report is to be read with our Letter of even date which is Annexed as Annexure A and Forms an integral part of this Report.

ANNEXURE – A
ANNEXURE TO SECRETARIAL AUDIT REPORT

To,

The Members,

MAHANAGAR TELEPHONE NIGAM LIMITED

Mahanagar Doorsanchar Sadan,

5th Floor, 9 CGO Complex, Lodhi Road, New Delhi – 110 003

Our report of even date is to be read along with this letter

1. Maintenance of Secretarial Records are the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of the account of the Company.
4. Wherever required, have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test-check basis.
6. As regards the books, papers, forms, reports and returns filed by the Company under the provisions referred in the Secretarial Audit Report, the adherence and compliance to the requirements of the said regulations is the responsibility of the management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
7. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

R.P. SEHGAL & ASSOCIATES
Company Secretaries
ICSI UIN: S2015DE320200
PEER REVIEW No. 5495/2024

Place: New Delhi
Date: 02.06.2026

(R.P. SEHGAL)
Membership No. FCS-1468
CP No. 14936
UDIN: F001468H000567814

ANNEXURE-II TO DIRECTORS' REPORT

CS
Mritunjay Shekhar & Associates

Company Secretaries

Email: shekharmritunjay3@gmail.com

MNo. 9540043975/8076567045

311B , Vikas Surya Galaxy, Plot No. 09,

Sector-4, Dwarka, New Delhi-110078

Website: <https://www.msaprofessional.com>

FRN-S2018DE619000

P R -2919/2023

COMPLIANCE CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE FOR FY 2025-26

To,

The Members of
Mahanagar Telephone Nigam Limited
5th Floor, 9 CGO Complex, Lodhi Road,
New Delhi - 110 003

We have examined all relevant records of by Mahanagar Telephone Nigam Limited ("the Company") for the purpose of certifying compliance with the conditions of the Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (the "DPE Guidelines") for the Financial Year ended March 31, 2026. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to review of procedures and implementations thereof. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated under Listing Regulations and DPE Guidelines, during the Financial Year ended March 31, 2026 subject to the following(s):

1. *Non-Compliance with Regulation 17 of the SEBI (LODR) Regulations, 2015 and Clause 3.1.4 of DPE Guidelines as One Half of the Board was not comprised of Independent Directors from 01.04.2025 to 31.03.2026. Also, there was no Independent Director including Woman Independent Director or Woman Director from 01.04.2025 to 14.04.2025. During the period from 15.04.2025 to 08.05.2025, the Board required 5 (Five) Independent Directors but it had only 2 (Two) Independent Directors on the Board. Subsequently, during the period from 09.05.2025 to 31.03.2026, the Board required 6 (Six) Independent Directors but it had only 2 (Two) Independent Directors on the Board during the period.*

2. *Non-Compliance with Regulation 18 of the SEBI (LODR) Regulations, 2015 and Clause 4.1.1 & 4.1.2 of DPE Guidelines as the Audit Committee did not comprise of minimum 2 (Two) Independent Directors as Member/Chairman for the period from 01.04.2025 to 14.04.2025.*
3. *Non-Compliance with Regulation 19 of the SEBI (LODR) Regulations, 2015 and Clause 5.1 of DPE Guidelines as the Nomination & Remuneration Committee did not comprise of minimum 2 (Two) Independent Directors as Member/Chairman for the period from 01.04.2025 to 14.04.2025.*
4. *Non-Compliance with Regulation 20(2A) of the SEBI (LODR) Regulations, 2015, as the Stakeholders Relationship Committee did not comprise a minimum of 1 (One) Independent Director as member during the period from 01.04.2025 to 14.04.2025.*
5. *Non-Compliance with Regulation 21(2) of the SEBI (LODR) Regulations, 2015, as the Enterprise Risk Management Committee did not comprise a minimum of 1 (One) Independent Director as member during the period from 01.04.2025 to 14.04.2025.*

For MRITUNJAY SHEKHAR & ASSOCIATES
Company Secretaries

MRITUNJAY CHANDRA SHEKHAR

FCS No.: 12594

C P No.: 20871

UDIN: F012594H000023143

Place : New Delhi

Date : 06/04/2026

ANNEXURE-III TO DIRECTORS' REPORT



R.P. Sehgal & Associates

Practicing Company Secretaries

(FCS, M.Com., D.L.L., LL.B, C.A.I.I.B., F.C.S.)

Email: sehgalrp@yahoo.co

M.No.: +91 9810076540/9810126612

F-7, Street No. 3,
Chander Nagar (West),
Delhi 110 051

FRN- S2015DE320200

P R -5495/2024

SECRETARIAL COMPLIANCE REPORT OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

[Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, **R.P. Sehgal & Associates, Company Secretaries** have examined:

- All the documents and records made available to us and explanations provided by **M/s Mahanagar Telephone Nigam Limited** ("the Listed Entity")
- the filings/ submissions made by the Listed Entity to the stock exchanges,
- the website of the Listed Entity,
- any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the Financial Year ended March 31, 2026 ("Review Period") in respect of compliance with the provisions of:-

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, Circulars, Guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, Circulars, Guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The Specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- Securities and Exchange Board of India (Shares Based Employee Benefits and Sweat Equity) Regulations, 2021;
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 (h) other Regulations as applicable
 and Circulars/Guidelines thereunder;
 and based on the above examination, and We hereby report that, during the Review Period:
 (a) The Listed Entity has complied with the provisions of the above Regulations and Circulars/ Guidelines issued thereunder **except** in respect of matters specified below: -

SI No.	Compliance Requirement (Regulations/ Circulars/ Guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	Regulation 17(1) of SEBI (LODR) Regulations, 2015 Composition of Board	Regulation 17(1) of SEBI (LODR) Regulations, 2015	Non-Compliance with the requirements pertaining to the Composition of the Board of Directors i.e. Half of the Board was not comprised of Independent Directors during the period from 01.04.2025 to 31.03.2026. Also, there was no Independent Director or Woman Director from 01.04.2025 to 14.04.2025.	BSE Limited & National Stock Exchange of India Limited ("BSE" and "NSE", respectively) for the period till 31.12.2025.	FINES	Non-compliance with the requirements pertaining to the Composition of the Board of Directors i.e. Half of the Board was not comprised of Independent Directors during the period from 01.04.2025 to 31.03.2026. Also, there was no Independent Director or Woman Director/ Woman Independent Director from 01.04.2025 to 14.04.2025.	NSE and BSE has levied monetary fine(s) of Rs 32,45,000/-(inclusive of GST), for Non-Compliance with the requirements pertaining to the Composition of the Board as per Regulation 17(1) of the SEBI (LODR) Regulations, 2015 from 01.04.2025 till 31.03.2026. Details of fine amount is given in Annexure II, III & IV to the Report.	As per the Information received from the Company, the Composition of Board of Directors is not in the terms of Regulation 17(1) SEBI (LODR) Regulations, 2015 from 01.04.2025 till 31.03.2026.	Reply of MTNL is given in Annexure II, III, IV & V to this Report	

SI No.	Compliance Requirement (Regulations/ Circulars/ Guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
2.	Regulation 18(1) of SEBI (LODR) Regulations, 2015 – Audit Committee Composition	Regulation 18(1) of SEBI (LODR) Regulations, 2015	Non-Compliance with the Constitution of Audit Committee from 01.04.2025 to 14.04.2025.	BSE Limited & National Stock Exchange of India Limited (“BSE” and “NSE”, respectively) for the period from 01.04.2025 to 15.04.2025.	FINES	Non-Compliance with the requirements pertaining to the Constitution of Audit Committee for the period from 01.04.2025 to 14.04.2025.	NSE and BSE has levied monetary fine(s) of Rs 70,800/-(inclusive of GST), for Non-Compliance with the requirements pertaining to the Constitution of Audit Committee as per Regulation 18(1) of the SEBI (LODR) Regulations, 2015 for the period from 01.04.2025 to 15.04.2025. Details of Consolidated fine amount is given in Annexure II to the Report.	As per the Information received from the Company, the Constitution of Audit Committee is not in the terms of Regulation 18(1) of SEBI (LODR) Regulations, 2015 from 01.04.2025 to 14.04.2025.	Reply of MTNL is given in Annexure I & II to this Report	

SI No.	Compliance Requirement (Regulations/ Circulars/ Guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
3.	Regulation 19(1) & (2) of SEBI (LODR) Regulations, 2015 – Constitution of Nomination & Remuneration Committee	Regulation 19 (1) & (2) of SEBI (LODR) Regulations, 2015	Non-Compliance with the Constitution of Nomination & Remuneration Committee from 01.04.2025 to 14.04.2025.	BSE Limited & National Stock Exchange of India Limited (“BSE” and “NSE”, respectively) for the period from 01.04.2025 to 15.04.2025.	FINES	Non-Compliance with the requirements pertaining to the Constitution of Nomination & Remuneration Committee for the period from 01.04.2025 to 14.04.2025.	NSE and BSE has levied monetary fine(s) of Rs 70,800/- (inclusive of GST), for Non-Compliance with the requirements pertaining to the Constitution of Nomination & Remuneration Committee as per Regulation 19(1)/(2) of the SEBI (LODR) Regulations, 2015 from 01.04.2025 to 14.04.2025. Details of Consolidated fine amount is given in Annexure II to the Report.	As per the Information received from the Company, the Constitution of Nomination & Remuneration Committee is not in the terms of Regulation 19(1)/(2) of SEBI (LODR) Regulations, 2015 from 01.04.2025 to 14.04.2025.	Reply of MTNL is given in Annexure I & II to this Report	

SI No.	Compliance Requirement (Regulations/ Circulars/ Guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
4.	Regulation 20(2) of SEBI (LODR) Regulations, 2015 – Constitution of Stakeholders Relationship Committee	Regulation 20(2) of SEBI (LODR) Regulation, 2015	Non-Compliance with the Constitution of Stakeholders Relationship Committee from 01.04.2025 to 14.04.2025.	BSE Limited & National Stock Exchange of India Limited (“BSE” and “NSE”, respectively) for the period from 01.04.2025 to 14.04.2025.	FINES	Non-Compliance with the requirements pertaining to the Constitution of Stakeholders Relationship Committee for the period from 01.04.2025 to 14.04.2025.	NSE and BSE has levied monetary fine(s) of Rs 66,080/- (inclusive of GST), for non-compliance with the requirements pertaining to the Constitution of Stakeholders Relationship Committee as per Regulation 20(2) of SEBI (LODR) Regulations, 2015, from 01.04.2025 to 14.04.2025. Details of Consolidated fine amount is given in Annexure II to the Report.	As per the Information received from the Company, the Constitution of Stakeholders Relationship Committee is not in the terms of Regulation 20(2) of SEBI (LODR) Regulations, 2015 from 01.04.2025 to 14.04.2025.	Reply of MTNL is given in Annexure I & II to this Report	

SI No.	Compliance Requirement (Regulations/ Circulars/ Guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
5.	Regulation 21(2) of SEBI(LODR) Regulations, 2015 – Constitution of Risk Management Committee	Regulation 21(2) of SEBI(LODR) Regulations, 2015	Non-Compliance with the Constitution of Risk Management Committee from 01.04.2025 to 14.04.2025.	BSE Limited & National Stock Exchange of India Limited (“BSE” and “NSE”, respectively) for the period from 01.04.2025 to 14.04.2025.	FINES	Non-Compliance with the requirements pertaining to the Constitution of Risk Management Committee for the period from 01.04.2025 to 14.04.2025.	NSE and BSE has levied monetary fine(s) of Rs 66,080/- (inclusive of GST), for Non-Compliance with the requirements pertaining to the Constitution of Risk Management Committee as per Regulation 21(2) of SEBI(LODR) Regulations, 2015 from 01.04.2025 to 14.04.2025. Details of Consolidated fine amount is given in Annexure II to the Report.	As per the Information received from the Company, the Constitution of Risk Management Committee is not in the terms of Regulation 21(2) of SEBI(LODR) Regulations, 2015 from 01.04.2025 to 14.04.2025.	Reply of MTNL is given in Annexure I & II to this Report	

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

SI No.	Compliance Requirement (Regulations/ Guidelines /guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	Regulation 17(1) of SEBI (LODR) Regulation, 2015 – Composition of Board	Regulation 17(1) of SEBI (LODR) Regulations, 2015	Non-Compliance with the requirements pertaining to the Composition of the Board of Directors during the review period	NSE & BSE	FINES	Please refer column No. 4, i.e. Deviation	NSE and BSE has levied monetary fine(s) of Rs. 30,09,000/- (inclusive of GST), for all the four quarters of FY 2024-25 for Non-Compliance with the requirements pertaining to the Composition of the Board as per Regulation 17(1) of the SEBI (LODR) Regulations, 2015.	The Company has also not complied the said provisions From FY 2020-21 onwards.	The Company has requested the Administrative Ministry i.e. Department of Telecommunications (DoT), Ministry of Communications, Government of India to appoint Independent Directors on the Board of MTNL. Two Independent Directors were appointed on the Board of MTNL w.e.f. 15.04.2025. As on 31.03.2026, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including one Women Independent Director on its Board. As on 31.03.2026, MTNL needs Four more Independent Directors for complying with Regulation 17(1) of SEBI (LODR) Regulations, 2015.	

SI No.	Compliance Requirement (Regulations/Circulars/guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Re- marks
2.	Regulation 18(1) of SEBI (LODR) Regulations, 2015 – Audit Committee Composition	Regulation 18(1) of SEBI (LODR) Regulations, 2015	Non-Compliance with the Constitution of Audit Committee from 02.11.2024 to 31.03.2025	NSE & BSE	FINES	Please refer column No. 4, i.e. Deviation	NSE and BSE has levied monetary fine(s) of Rs. 7,08,000/- (inclusive of GST), for Non-Compliance with the Constitution of Audit Committee for the period under from 02.11.2024 to 31.03.2025 under Regulation 18(1) of SEBI (LODR) Regulations, 2015.	The Company has complied with the said provision during FY 2025-26, except for the period from 01.04.2025 to 14.04.2025.		

SI No.	Compliance Requirement (Regulations/Circulars/guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
3.	Regulation 19(1) & (2) of SEBI(LODR) Regulations, 2015 – Constitution of Nomination & Remuneration Committee	Regulation 19 (1) & (2) of SEBI (LODR) Regulations, 2015	Non-compliance with the Constitution of Nomination & Remuneration Committee from 02.11.2024 to 31.03.2025	NSE & BSE	FINES	Please refer column No. 4, i.e. Deviation	NSE and BSE has levied monetary fine(s) of Rs. 7,08,000/-(inclusive of GST), for Non-Compliance with the Constitution of Nomination & Remuneration Committee for the period from 02.11.2024 to 31.03.2025 under Regulation 19(1) & (2) of SEBI(LODR) Regulations, 2015.	The Company has complied with the said provision during FY 2025-26, except for the period from 01.04.2025 to 14.04.2025.		

SI No.	Compliance Requirement (Regulations/ Circulars /guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Re- marks
4.	Regulation 20(2) of SEBI(LODR) Regulation, 2015 – Constitution of Stakeholders Relationship Committee	Regulation 20(2) of SEBI (LODR) Regulations, 2015	Non-Compliance with the Constitution of Stakeholders Relationship Committee from 02.11.2024 to 13.11.2024 and Further from the period from 24.03.2025 to 31.03.2025.	NSE & BSE	FINES	Please refer column No. 4, i.e. Deviation	NSE and BSE has levied monetary fine(s) of Rs. 94,400/- (inclusive of GST), for Non-Compliance with the Constitution of Stakeholders Relationship Committee for the period from 02.11.2024 to 13.11.2024 and from 24.03.2025 to 31.03.2025 respectively under Regulation 20(2) of SEBI(LODR) Regulations, 2015.	The Company has complied with the said provision during FY 2025-26, except for the period from 01.04.2025 to 14.04.2025.		

SI No.	Compliance Requirement (Regulations/Circulars/guidelines including specific clause)	Regulation/Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Re-remarks
5.	Regulation 21(2) of SEBI (LODR) Regulations, 2015 – Constitution of Risk Management Committee	Regulation 21(2) of SEBI (LODR) Regulations, 2015	Non-Compliance with the Constitution of Risk Management Committee from 02.11.2024 to 13.11.2024 and Further from the period from 24.03.2025 to 31.03.2025.	NSE & BSE	FINES	Please refer column No. 4, i.e. Deviation	NSE and BSE has levied monetary fine(s) of Rs. 94,400/- (inclusive of GST), for Non-Compliance with the Constitution of Risk Management Committee for the period from 02.11.2024 to 13.11.2024 and from 24.03.2025 to 31.03.2025 respectively under Regulation 21(2) of SEBI (LODR) Regulations, 2015	The Company has complied with the said provision during FY 2025-26, except for the period from 01.04.2025 to 14.04.2025.		
6.	Regulation 25 (3) & (4) of SEBI (LODR) Regulations, 2015 - Meeting of Independent Directors	Regulation 25 (3) & (4) of SEBI (LODR) Regulations, 2015	Non-Compliance with the requirements pertaining to the Meeting of Independent Directors for the FY 2024-25	-----	-----	-----	-----	The Company has complied with the said provision during FY 2025-26. Two Meetings of Independent Directors were held during FY 2025-26.		

- (c) We hereby report that, during the Review Period the Compliance Status of the Listed Entity with the following requirements:

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/Remarks by PCS*
1.	Secretarial Standards: The Compliances of the Listed Entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI).	YES	
2.	Adoption and timely updation of the Policies: - All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors of the Listed Entities. - All the policies are in conformity with SEBI Regulations and has been reviewed & updated on time as per the regulations/ circulars/guidelines issued by SEBI.	YES	
3.	Maintenance and disclosures on Website: - The Listed Entity is maintaining a functional website. - Timely dissemination of the documents/ information under a separate section on the website. - Web-links provided in Annual Corporate Governance Reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the Website.	YES	
4.	Disqualification of Director(s): None of the Director of the Company are Disqualified under Section 164 of Companies Act, 2013.	YES	
5.	Details related to Subsidiaries of listed entities have been examined w.r.t.: a) Identification of Material Subsidiary Companies. (b) Requirements with respect to Disclosure of Material as well as other Subsidiaries.	Regarding Point a) NOT APPLICABLE Regarding Point b) YES	MTNL does not have any Material Subsidiaries during FY 2025-26. However, MTNL complies with the requirements relating to the Disclosure of Non-Material Subsidiaries.
6.	Preservation of Documents: The Listed Entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival Policy prescribed under SEBI (LODR) Regulations, 2015.	YES	

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/Remarks by PCS*
7.	Performance Evaluation: The Listed Entity has conducted Performance Evaluation of the Board, Independent directors and the Committees at the start of every Financial Year/during the Financial Year as prescribed in SEBI Regulations.	NOT APPLICABLE	MCA through General Circular dated 05/06/2015 has exempted Government Companies from the Provisions of Section 178(2) of the Companies Act 2013.
8.	Related Party Transactions: (a) The Listed Entity has obtained prior approval of Audit Committee for all Related Party Transactions; (b) In case no prior Approval obtained, the Listed Entity shall provide detailed reasons along with confirmation whether the Transactions were subsequently Approved/ Ratified/Rejected by the Audit Committee.	YES	
9.	Disclosure of Events or Information: The Listed Entity has provided all the required Disclosure(s) under Regulation 30 along with Schedule III of SEBI (LODR) Regulations, 2015 within the time limits prescribed thereunder.	YES	
10.	Prohibition of Insider Trading: The Listed Entity is in Compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	YES	
11.	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) taken against the Listed Entity/ its Promoters/Directors/Subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various Circulars) under SEBI Regulations and Circulars/ Guidelines issued thereunder or The actions taken against the Listed Entity/ its Promoters/ Directors /Subsidiaries either by SEBI in Stock Exchanges are specified in the last column.	YES	Details given in the Annexures to the Report.

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/Remarks by PCS*
12.	Resignation of Statutory Auditors from the Listed Entity or its Material Subsidiaries: In case of Resignation of Statutory Auditors from the Listed Entity in any of its Material Subsidiaries during the Financial Year, the Listed Entity and/or its Material Subsidiary (ies) has/have Complied with paragraph 6.1 and 6.2 of section V-D of chapter-V of the Master Circular on Compliance with the provisions of the LODR Regulations by Listed Entities.	NOT APPLICABLE	There is No Resignation of Statutory Auditors from the Listed Entity during the Review Period. Further the Listed Entity does not have any Material Subsidiary Company.
13.	Additional Non-compliances, if any: No additional Non-Compliance observed for any of the SEBI regulation/circular/guidance note etc. except as reported above.	NOT APPLICABLE	

*Observations/Remarks by PCS are mandatory if the Compliance status is provided as 'No' or 'NA'

We further, report that the Listed Entity is in compliance/ not in compliance with the disclosure requirements of Employee Benefit Scheme Documents in terms of Regulation 46(2) (za) of the SEBI (LODR) Regulations, 2015. (In case of Not Applicable- NA to be mentioned) – **NOT APPLICABLE**

(Note: In case of non-compliance, details of such non-compliance need to be mentioned)

Assumptions & Limitation of Scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the listed entity.
4. This report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (LODR) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

R.P. SEHGAL & ASSOCIATES
Company Secretaries

(R.P. SEHGAL)
Membership No. FCS-1468
CP No. 14936
FRN S2015DE320200
PEER REVIEW No. 5495/2024
UDIN: F001468H000129948

Place: New Delhi
Date: 17.04.2026

ANNEXURES TO ANNUAL SECRETARIAL COMPLIANCE REPORT OF M/s. MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31st MARCH 2026**ANNEXURE I**

Clarifications submitted by MTNL for waiver of fines vide its Letter No. MTNL/SECTT/SE/2025 dated 03/06/2025 to NSE Letter No. NSE/LIST-SOP/COMB/FINES/0607 dated 29/05/2025 and BSE Email Ref. No. SOP-CReview/QTR-March 2025/29.05.2025 dated 29/05/2025 regarding imposition of fines amounting to Rs. 9,93,560/- (inclusive of Basic fine amounting to Rs. 8,42,000/- and GST amounting to Rs. 1,51,560/-) each by NSE and BSE respectively for Non-compliance with the requirements pertaining to the Composition of the Board including failure to appoint woman director, Non-compliance with the Constitution of Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Risk Management Committee respectively is as follows: -

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry i.e. Department of Telecommunications (DoT), Ministry of Communications, Government of India. For the Quarter ended 31.03.2025 i.e. as on 31.03.2025, MTNL had Three Executive Directors and Two Government Nominee Directors on its Board. There was no Independent Directors including Women Director and Women Independent Director. Due to non-appointment of Independent Directors, MTNL was not able to comply with provisions relating to Regulation 17(1), 18(1), 19(1)/(2), 20(2)/(2A) & 21(2) of SEBI (LODR) Regulations, 2015

ANNEXURE – II

Clarifications submitted by MTNL for waiver of fines vide its Letter No. MTNL/SECTT/SE/2025 dated 01/09/2025 to NSE Email/Letter No. NSE/LIST-SOP/COMB/FINES/0945 dated 29/08/2025 and BSE Email Ref. No. SOP-CReview/QTR- June 2025/29.08.2025 dated 29/08/2025 regarding imposition of fines amounting to amounting to Rs. 6,73,780/- (inclusive of Basic fines amounting to Rs. 5,71,000/- and GST amounting to Rs. 1,02,780/-) each by NSE and BSE respectively for Non-compliance with the requirements pertaining to the Composition of the Board including failure to appoint woman director, Non-compliance with the Constitution of Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Risk Management Committee is as follows: -

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry i.e. Department of Telecommunications (DoT), Ministry of Communications, Government of India. For the Quarter ended 30.06.2025 i.e. as on 30.06.2025, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including one Women Independent Director on its Board. One Half of the Board was not comprised of Independent Directors from 01.04.2025 to 30.06.2025. From 01.04.2025 to 14.04.2025, MTNL had Three Executive Directors and Two Government Nominee Directors on its Board. There was no Independent Director during the period. From 15.04.2025 to 08.05.2025, MTNL had Three Executive Directors, Two Government Nominee Directors and Two Independent Directors including One Independent Women Director on its Board. The Board

required 5 (Five) Independent Directors from 01.04.2025 to 08.05.2025, but it had only 2 (Two) Independent Directors on the Board from 15.04.2025 to 08.05.2025 which is non-compliance of Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015. Further, Shri Sudhakararao Papa was appointed Director (Technical) on the Board of MTNL w.e.f. 09.05.2025. From 09.05.2025 to 30.06.2025, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including One Independent Women Director on its Board. The Board required 6 (Six) Independent Directors from 09.05.2025 to 30.06.2025, but it had only 2 (Two) Independent Directors on the Board during the period which is non-compliance of Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015. Due to non-appointment of Independent Directors, MTNL was unable to comply with provisions relating provisions of Regulation 17(1) of SEBI (LODR) Regulations, 2015. Ms. Deepika Mahajan and Shri. Vishwas Pathak was re-appointed as an Independent Directors of MTNL w.e.f. 15.04.2025 pursuant to Department of Telecommunications (DoT) Letter No. E-5-3/2018-PSA dated 15.04.2025 for a period of 01 Years, with effect from the date of notification of their re-appointment, or until further orders, whichever is earlier. Accordingly, Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Risk Management Committee of MTNL was reconstituted w.e.f. 15.04.2025 by including Ms. Deepika Mahajan and Shri. Vishwas Pathak, Independent Directors of MTNL as Chairman/Member of above-mentioned Board Level Committees of MTNL. Therefore, MTNL is complying with Regulation 18(1), 19(1)/(2), 20(2)/(2A) & 21(2) of SEBI (LODR) Regulations, 2015 respectively w.e.f. 15.04.2025.

ANNEXURE – III

Clarifications submitted by MTNL for waiver of fines vide its Letter No. MTNL/SECTT/SE/2025 dated 03/12/2025 to NSE Email/Letter No. NSE/LIST/C/2025/1268 dated 28/11/2025 and BSE Email Ref. No. SOP-CReview/QTR-September 2025 dated 28/11/2025 regarding imposition of fines amounting to Rs. 5,42,800/- (inclusive of Basic fines amounting to Rs. 4,60,000/- and GST @18% amounting to Rs. 82,800/-) each by NSE and BSE respectively for Non Compliance with the requirements pertaining to the Composition of the Board is as follows: -

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry i.e. Department of Telecommunications (DoT), Ministry of Communications, Government of India. For the Quarter ended 30.09.2025 i.e. as on 30.09.2025, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including one Women Independent Director on its Board. One Half of the Board was not comprised of Independent Directors from 01.07.2025 to 30.09.2025. From 01.07.2025 to 30.09.2025, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including one Women Independent Director on its Board. The Board required 6 (Six) Independent Directors from 01.07.2025 to 30.09.2025, but it had only 2 (Two) Independent Directors on the Board during the period which is non-compliance of Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015. Due to non-appointment of Independent Directors, we were unable to comply with provisions relating to Regulation 17(1) of SEBI (LODR) Regulations, 2015.

ANNEXURE – IV

Clarifications submitted by MTNL for waiver of fines vide its Letter No. MTNL/SECTT/SE/2026 dated 02/03/2026 to NSE Email/Letter No. NSE/LIST-SOP/COMB/FINES/0215 dated 27.02.2026 and BSE Email Ref. No. SOP-CReview/QTR-December 2025 dated 27.02.2026 regarding imposition of fines amounting to Rs. 5,42,800/- (inclusive of Basic fines amounting to Rs. 4,60,000/- and GST @18% amounting to Rs. 82,800/-) each by NSE and BSE respectively for Non Compliance with the requirements pertaining to the Composition of the Board is as follows: -

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry i.e. Department of Telecommunications (DoT), Ministry of Communications, Government of India. For the Quarter ended 31.12.2025 i.e. as on 31.12.2025, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including one Women Independent Director on its Board. One Half of the Board was not comprised of Independent Directors from 01.10.2025 to 31.12.2025. From 01.10.2025 to 31.12.2025, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including one Women Independent Director on its Board. The Board required 6 (Six) Independent Directors from 01.10.2025 to 31.12.2025, but it had only 2 (Two) Independent Directors on the Board during the period which is non-compliance of Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015. Due to non-appointment of Independent Directors, we were unable to comply with provisions relating provisions of Regulation 17(1) of SEBI (LODR) Regulations, 2015.

ANNEXURE – V

As on 31.03.2026, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including one Women Independent Director on its Board. In order to comply with provisions of Regulation 17 of SEBI (LODR) Regulations 2015, MTNL required Six Independent Directors i.e. fifty percent of the total strength as we have Six Directors (including Four Functional and Two Government Nominee Directors) including Executive Chairman. The matter for appointment of Four more Independent Directors has already been taken up with the Government of India.

R. P. SEHGAL & ASSOCIATES
Company Secretaries

(R. P. SEHGAL)

Membership No. FCS-1468, CP No. 14936

FRN S2015DE320200

PEER REVIEW No. 5495/2024

UDIN: F001468H000129948

Place: New Delhi

Date: 17.04.2026

ANNEXURE-IV TO DIRECTORS' REPORT

REPLY OF MTNL TO THE QUALIFICATIONS/OBSERVATIONS IN THE SECRETARIAL AUDIT REPORT, COMPLIANCE CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AND ANNUAL SECRETARIAL COMPLIANCE REPORT OF MTNL FOR FINANCIAL YEAR 2025-26

S. No.	Qualifications	Observations/Remarks of the Company
1.	One Half of the Board was not comprised of Independent Directors from 01.04.2025 to 31.03.2026. Also, there was no Independent Director including Woman Independent Director or Woman Director from 01.04.2025 to 14.04.2025.	As on 31.03.2026, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including One Women Independent Directors on its Board. In order to comply with provisions of Regulation 17(1) & 17(1E) of SEBI (LODR) Regulations, 2015, we need Six Independent Directors i.e. fifty percent of the total strength as we have Six directors (including Four Functional and two Government Nominee Directors) including Executive Chairman. In the circumstances, MTNL needs Six Independent Directors. The matter for appointment of Four remaining Independent Directors has already been taken up with the Government of India.
2.	The Board required 5 (Five) Independent Directors from 01.04.2025 to 08.05.2025 but it had only 2 (Two) Independent Directors on the Board during the period from 15.04.2025 to 08.05.2025. From 09.05.2025 to 31.03.2026, the Board required 6 (Six) Independent Directors but it had only 2 (Two) Independent Directors on the Board during the period.	Ms. Deepika Mahajan and Shri. Vishwas Pathak was re-appointed as an Independent Directors of MTNL w.e.f. 15.04.2025 pursuant to Department of Telecommunications (DoT) Letter No. E-5-3/2018-PSA dated 15.04.2025 for a period of 01 Years, with effect from the date of notification of their re-appointment, or until further orders, whichever is earlier.
3.	The Audit Committee did not comprise of minimum 2 (Two) Independent Directors as Member/Chairman for the period from 01.04.2025 to 14.04.2025.	Ms. Deepika Mahajan and Shri. Vishwas Pathak was re-appointed as an Independent Directors of MTNL w.e.f. 15.04.2025 pursuant to Department of Telecommunications (DoT) Letter No. E-5-3/2018-PSA dated 15.04.2025 for a period of 01 Years, with effect from the date of notification of their re-appointment, or until further orders, whichever is earlier.
4.	The Nomination & Remuneration Committee did not comprise of minimum 2 (Two) Independent Directors as Member/Chairman for the period from 01.04.2025 to 14.04.2025.	Accordingly, Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Enterprise Risk Management Committee of MTNL was

S. No.	Qualifications	Observations/Remarks of the Company
5.	The Stakeholders Relationship Committee did not comprise of minimum 1(One) Independent Director as member for the period from 01.04.2025 to 14.04.2025.	reconstituted w.e.f. 15.04.2025 by including Ms. Deepika Mahajan and Shri. Vishwas Pathak, Independent Directors of MTNL as Chairman/Member of above-mentioned Board Level Committees of MTNL.
6.	The Enterprise Risk Management Committee did not comprise of minimum 1 (One) Independent Director as member for the period from 01.04.2025 to 14.04.2025.	
7.	Imposition of Financial Disincentive (FD) by Telecom Regulatory Authority of India (TRAI)	MTNL vide its Letter No. MTNL/RA/Request for withdrawal of FD orders/2026 dated 13.04.2026 has requested O/o Advisor (QoS – I), TRAI, New Delhi for withdrawal of Financial Disincentive (FD) imposed pursuant to Non Compliance with Quality of Service Fault Clearance Parameters.

ANNEXURE-V TO DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2026

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) **CIN:** - L32101DL1986GOI023501
- ii) **Registration Date:-** 28th February, 1986
- iii) **Name of the Company:** -Mahanagar Telephone Nigam Limited
- iv) **Category/ Sub-Category of the Company:** - Government Company (CPSE)
- v) **Address of the Registered office and contacts details:-** Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110 003, Tel:- 011-24319020, Fax 011- 24324243, www.mtnl.in, Email id: mtnlcsco@gmail.com, mtnlcsco@bol.net.in
- vi) **Whether Listed Company Yes / No:** - Yes
- vii) **Name, Address and Contact Details of Registrar and Transfer Agent, If any:** - M/s Beetal Financial and Computer Services (Pvt) Ltd., 3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062, Ph: 011-42959000-009, Email ID: beetalrta@gmail.com, beetal@beetalfinancial.com, website: www.beetalfinancial.com .

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business contributing 10% or more of the total turnover of the company shall be stated: -

S. No.	Name and Description of the main Products/ Services	NIC Code of the Product/services	% to Total turnover of the Company
1	Telecommunication Service	6120, 6110	25.96
2	Infrastructure Leasing	6810	34.53

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No	Name and Address of the Company	CIN/GIN	Holding / Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahanagar Telephone Mauritius Limited (MTML) MTML Square, 63, Cyber City, Ebene City, Mauritius	N.A.	Wholly Owned Overseas Subsidiary	100%	2 (87)

Sl. No	Name and Address of the Company	CIN/GIN	Holding / Subsidiary/ Associate	% of Shares Held	Applicable Section
2	Millennium Telecom Ltd. (MTL) Room No. 4208, 4th Floor Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi-110003.	U64200DL2000GOI333459	Wholly Owned Indian Subsidiary	100%	2 (87)
3	MTNL STPI IT Services Ltd. (MSITS), Mahanagar Doorsanchar Sadan, 5 th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003	U72901DL2006PLC148310	Joint Venture	50%	2(6)
4	United Telecommunications Ltd. (UTL) Triveni Complex, Putali Sadak, Kathmandu.	N.A.	Associate	26.68%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the Beginning of the Year i.e. 01/04/2025				No. of Shares held at the end of the Year i.e. 31/03/2026				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A) Promoters									
(1) Indian									
a) Individual/HUF	0		0	0.00	0		0	0.00	0.00
b) Central govt/ State Govt(s)	354378740	0	354378740	56.25	354378740	0	354378740	56.25	0.00
Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (1):-	354378740	0	354378740	56.25	354378740	0	354378740	56.25	0.00

Category of Shareholders	No. of Shares held at the Beginning of the Year i.e. 01/04/2025				No. of Shares held at the end of the Year i.e. 31/03/2026				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
d) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A)=(A) (1)+(A)(2)	354378740	0	354378740	56.25	354378740	0	354378740	56.25	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	100	4400	4500	0.00	900	4400	5300	0.00	0.00
b) Banks/FI	98259	1700	99959	0.02	259	1700	1959	0.00	-0.02
c) Insurance Companies	84656971	500	84657471	13.44	84606971	500	84607471	13.43	-0.01
d) Central Govt/ State Govt.	9500	0	9500	0.00	9500	0	9500	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Foreign Fin Inst./ Banks/ Foreign Portfolio Investors	856430	600	857030	0.14	3183045	600	3183645	0.51	0.37
g) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
h) Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
(i)Stressed Asset	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1):-	85621260	7200	85628460	13.59	87800675	7200	87807875	13.94	0.35
2. Non Institutions									
a) Bodies Corp. (Indian & Overseas)	7545001	6000	7551001	1.20	6526176	6000	6532176	1.04	-0.16
b) Individuals									
(i) Individual Shareholders holding nominal Share Capital Upto Rs. 2 lakh	130753089	48930	130802019	20.76	125452850	48580	125501430	19.92	-0.84
(ii) Individual Shareholders holding nominal Share Capital in excess of Rs. 2 lakh	41595437	49517	41644954	6.61	45217768	49517	45267285	7.19	0.57
c) Others (Specify)									
Trusts	355353	0	355353	0.06	517353	0	517353	0.08	0.03

Category of Shareholders	No. of Shares held at the Beginning of the Year i.e. 01/04/2025				No. of Shares held at the end of the Year i.e. 31/03/2026				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign Nationals	0	0		0.00	0	0	0	0.00	0.00
NRI	2281263	0	2281263	0.36	2219230	0	2219230	0.35	-0.01
Foreign Companies	6000	0	6000	0.00	6000	0	6000	0.00	0.00
c-ii) Clearing Members	318735	0	318735	0.05	331797	0	331797	0.05	0.00
Unclaimed/Suspense/ Escrow A/c	0	0	0	0.00	100	0	100	0.00	0.00
Sub-Total (B)(2):-	189888353	104447	189992800	30.1576	187709288	104097	187813385	29.812	-0.35
Total Public Shareholding (B)=(B)(1)+(B)(2)	275509613	111647	275621260	43.7494	275509963	111297	275621260	43.749	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	629888353	111647	630000000	100	629888703	111297	630000000	100	0.00

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the Beginning of the Year as on 01.04.2025			Shareholding at the End of the Year as on 31.03.2026			% Change in Shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Pledged/ Encumbered to Total Shares	
1.	President of India	354378740	56.25	Nil	354378740	56.25	Nil	Nil
	TOTAL	354378740	56.25	Nil	354378740	56.25	Nil	Nil

iii) Change In Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the Beginning of the Year as on 01.04.2025		Cumulative Shareholding during the Year (2025 - 26)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	At the Beginning of the Year (as on 01.04.2025)	354378740	56.25	354378740	56.25
2	Date wise Increase/ Decrease in Promoters Shareholding during the Year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	N.A.	—	N.A.	—
3	At the End of the Year (as on 31.03.2026)	354378740	56.25	354378740	56.25

There is no change in the Total Shareholding of Promoters i.e. President of India between 01.04.2025 and 31.03.2026 (During FY 2025 - 26).

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	Name	Shareholding at the beginning of the year as on 01.04.2025					Cumulative Shareholding during the year (2025-26)	
		No. of Shares at the beginning of the year (01.04.2025) end of the year (31.03.2026)	% of total shares of the Company	Date	Increase/decrease in Shareholding	Reason	No. of Shares	% of total shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA	82659957	13.1206	31-Mar-26			82659957	13.121
		82659957	13.1206	31-Mar-26			82659957	13.1206
2	RAJESH KUMAR SAHU	2123000	0.337	31-Mar-25				0
			0	30-Jan-26	10000	Purchase	2133000	0.3386
			0	20-Mar-26	20000	Purchase	2153000	0.3417
		2153000	0.3417	31-Mar-26			2153000	0.3417
3	SHAILESH BABALAL SHAH	1737900	0.2759	31-Mar-25				0
			0	04-Jul-25	10701	Purchase	1748601	0.2776
		1748601	0.2776	31-Mar-26			1748601	0.2776
4	RED BAY LTD	6651	0.0011	18-Apr-25				0
			0	25-Apr-25	279227	Purchase	285878	0.0454
			0	02-May-25	18969	Purchase	304847	0.0484
			0	09-May-25	-231959	Sell	72888	0.0116
			0	16-May-25	260102	Purchase	332990	0.0529
			0	23-May-25	-328810	Sell	4180	0.0007
			0	13-Jun-25	163803	Purchase	167983	0.0267
			0	20-Jun-25	216229	Purchase	384212	0.061
			0	27-Jun-25	1716794	Purchase	2101006	0.3335
			0	30-Jun-25	-393708	Sell	1707298	0.271
			0	04-Jul-25	-1081695	Sell	625603	0.0993
			0	11-Jul-25	-410766	Sell	214837	0.0341
			0	25-Jul-25	-181092	Sell	33745	0.0054
			0	01-Aug-25	-33652	Sell	93	0
			0	08-Aug-25	251688	Purchase	251781	0.04
			0	15-Aug-25	-198344	Sell	53437	0.0085
			0	05-Sep-25	-41885	Sell	11552	0.0018
			0	12-Sep-25	-9552	Sell	2000	0.0003

Sl No.	Name	Shareholding at the beginning of the year as on 01.04.2025					Cumulative Shareholding during the year (2025-26)	
		No. of Shares at the beginning of the year (01.04.2025) end of the year (31.03.2026)	% of total shares of the Company	Date	Increase/decrease in Shareholding	Reason	No. of Shares	% of total shares of the Company
			0	19-Sep-25	85677	Purchase	87677	0.0139
			0	26-Sep-25	-71670	Sell	16007	0.0025
			0	03-Oct-25	-2720	Sell	13287	0.0021
			0	24-Oct-25	134949	Purchase	148236	0.0235
			0	31-Oct-25	-38986	Sell	109250	0.0173
			0	28-Nov-25	-94817	Sell	14433	0.0023
			0	13-Feb-26	227113	Purchase	241546	0.0383
			0	20-Feb-26	-77146	Sell	164400	0.0261
			0	27-Feb-26	-159400	Sell	5000	0.0008
			0	06-Mar-26	110993	Purchase	115993	0.0184
			0	13-Mar-26	350292	Purchase	466285	0.074
			0	20-Mar-26	535284	Purchase	1001569	0.159
			0	27-Mar-26	638822	Purchase	1640391	0.2604
			0	31-Mar-26	75778	Purchase	1716169	0.2724
		1716169	0.2724	31-Mar-26			1716169	0.2724
5	SHIRYANSH KUMAR JAIN	1100000	0.1746	30-May-25				0
			0	06-Jun-25	-33882	Sell	1066118	0.1692
			0	13-Jun-25	207969	Purchase	1274087	0.2022
			0	20-Jun-25	279727	Purchase	1553814	0.2466
			0	27-Jun-25	-51314	Sell	1502500	0.2385
			0	11-Jul-25	42827	Purchase	1545327	0.2453
			0	18-Jul-25	-14000	Sell	1531327	0.2431
			0	25-Jul-25	160335	Purchase	1691662	0.2685
			0	01-Aug-25	-734488	Sell	957174	0.1519
			0	08-Aug-25	-64035	Sell	893139	0.1418
			0	15-Aug-25	-17967	Sell	875172	0.1389
			0	22-Aug-25	460530	Purchase	1335702	0.212
			0	29-Aug-25	-13478	Sell	1322224	0.2099
			0	05-Sep-25	-27308	Sell	1294916	0.2055
			0	12-Sep-25	69954	Purchase	1364870	0.2166
			0	19-Sep-25	-50751	Sell	1314119	0.2086
			0	26-Sep-25	-1436	Sell	1312683	0.2084
			0	30-Sep-25	17624	Purchase	1330307	0.2112
			0	10-Oct-25	-35286	Sell	1295021	0.2056

Sl No.	Name	Shareholding at the beginning of the year as on 01.04.2025					Cumulative Shareholding during the year (2025-26)	
		No. of Shares at the beginning of the year (01.04.2025) end of the year (31.03.2026)	% of total shares of the Company	Date	Increase/decrease in Shareholding	Reason	No. of Shares	% of total shares of the Company
			0	17-Oct-25	300000	Purchase	1595021	0.2532
			0	31-Oct-25	-172516	Sell	1422505	0.2258
			0	14-Nov-25	-29815	Sell	1392690	0.2211
			0	21-Nov-25	-7657	Sell	1385033	0.2198
			0	28-Nov-25	-3280	Sell	1381753	0.2193
			0	12-Dec-25	18772	Purchase	1400525	0.2223
			0	02-Jan-26	98800	Purchase	1499325	0.238
			0	09-Jan-26	-26694	Sell	1472631	0.2338
			0	16-Jan-26	19000	Purchase	1491631	0.2368
		1491631	0.2368	31-Mar-26			1491631	0.2368
6	THE NEW INDIA ASSURANCE COMPANY LIMITED	1354544	0.215	31-Mar-25		NIL MOVEMENT DURING THE YEAR	1354544	0.215
		1354544	0.215	31-Mar-26			1354544	0.215
7	QUADRATURE TRADING VCC - SUB-FUND NO. 1	27786	0.0044	14-Nov-25				0
			0	21-Nov-25	-17844	Sell	9942	0.0016
			0	28-Nov-25	179227	Purchase	189169	0.03
			0	05-Dec-25	330588	Purchase	519757	0.0825
			0	12-Dec-25	104243	Purchase	624000	0.099
			0	26-Dec-25	-614639	Sell	9361	0.0015
			0	31-Dec-25	-8668	Sell	693	0.0001
			0	16-Jan-26	1800	Purchase	2493	0.0004
			0	23-Jan-26	210412	Purchase	212905	0.0338
			0	30-Jan-26	-110778	Sell	102127	0.0162
			0	06-Feb-26	262533	Purchase	364660	0.0579
			0	13-Feb-26	-62785	Sell	301875	0.0479
			0	20-Feb-26	-29859	Sell	272016	0.0432
			0	27-Feb-26	-14873	Sell	257143	0.0408
			0	06-Mar-26	262853	Purchase	519996	0.0825
			0	13-Mar-26	242176	Purchase	762172	0.121
			0	20-Mar-26	59750	Purchase	821922	0.1305
			0	27-Mar-26	276909	Purchase	1098831	0.1744

Sl No.	Name	Shareholding at the beginning of the year as on 01.04.2025					Cumulative Shareholding during the year (2025-26)	
		No. of Shares at the beginning of the year (01.04.2025) end of the year (31.03.2026)	% of total shares of the Company	Date	Increase/decrease in Shareholding	Reason	No. of Shares	% of total shares of the Company
			0	31-Mar-26	104234	Purchase	1203065	0.191
		1203065	0.191	31-Mar-26			1203065	0.191
8	HITESH RAMJI JAVERI	850000	0.1349	31-Mar-25				0
			0	12-Dec-25	50000	Purchase	900000	0.1429
			0	23-Jan-26	65000	Purchase	965000	0.1532
			0	30-Jan-26	125000	Purchase	1090000	0.173
		1090000	0.173	31-Mar-26			1090000	0.173
9	RAVIKUMAR RAMKISHORE SANWALKA	1060000	0.1683	31-Mar-25				0
			0	25-Apr-25	-1000	Sell	1059000	0.1681
			0	30-May-25	-1000	Sell	1058000	0.1679
			0	06-Jun-25	-1700	Sell	1056300	0.1677
			0	13-Jun-25	-300	Sell	1056000	0.1676
			0	27-Jun-25	-400	Sell	1055600	0.1676
			0	26-Sep-25	-200	Sell	1055400	0.1675
			0	03-Oct-25	-400	Sell	1055000	0.1675
			0	10-Oct-25	-5000	Sell	1050000	0.1667
			0	23-Jan-26	10000	Purchase	1060000	0.1683
		1060000	0.1683	31-Mar-26			1060000	0.1683
10	JITENDRA SAMPATLAL SANGHAVI	879925	0.1397	31-Mar-25		NIL MOVEMENT DURING THE YEAR	879925	0.1397
		879925	0.1397	31-Mar-26			879925	0.1397

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year as on 01.04.2025		Cumulative Shareholding during the year (FY 2025-26)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	A. Robert J. Ravi, CMD	NIL		NIL	
2.	Rajiv Kumar, Director (Finance)	NIL		NIL	
3.	Dr Kalyan Sagar Nippani, Director (HR & EB)	NIL		NIL	
4.	Sudhakararao Papa, Director (Technical) (Was Appointed Director w.e.f. 09.05.2025)	NIL		NIL	
5.	Shivendu Gupta, Government Nominee Director (Ceased to be Director w.e.f. 13.01.2026)	NIL		NIL	

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year as on 01.04.2025		Cumulative Shareholding during the year (FY 2025-26)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
6.	Alok Shukla, Government Nominee Director (Ceased to be Director w.e.f. 08.07.2026)	NIL		NIL	
7.	Sunil Kumar Ranjan, Government Nominee Director (Was Appointed Director w.e.f. 13.01.2026 & Ceased to be Director w.e.f. 08.07.2026)	NIL		NIL	
8.	Vishwas Pathak, Independent Director (Was Re-appointed Director w.e.f. 15.04.2025 & Ceased to be Director w.e.f. 15.04.2026)	NIL		NIL	
9.	Deepika Mahajan, Independent Director (Was Re-appointed Director w.e.f. 15.04.2025 & Ceased to be Director w.e.f. 15.04.2026)	NIL		NIL	
10.	Sultan Ahmed, CFO (Ceased to be CFO w.e.f. 28.05.2025)	NIL		NIL	
11.	Anirudh Prasad Singh, CFO (Was Appointed CFO w.e.f. 28.05.2025 and Ceased to be CFO w.e.f. 21.05.2026)	NIL		NIL	
12.	Ratan Mani Sumit, Company Secretary	5	NIL	5	NIL

V. INDEBTEDNESS

(a) Indebtedness of the Company including interest outstanding/accrued but not due for payment during F.Y. 2025- 26 as per Ind AS (in Crores)

	SECURED LOANS EXCLUDING DEPOSITS (LTL)	UNSECURED LOANS BOND+STL+OD	DEPOSITS	TOTAL INDEBTNESS
Indebtedness at the beginning of the Financial Year as on 01.04.2025				
i) Principal Amount	2544.36	29823.97	-	32368.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	213.60	587.27	-	800.87
Total (i+ii+iii)	2757.96	30411.24	-	33169.20
Change in Indebtedness during the Financial Year 2025-26				
Addition	287.82	2554.76	-	2842.58
Reduction	-	-	-	-
Net Change	287.82	2554.76	-	2842.58
Indebtedness at the end of the Financial Year as on 31.03.2026				
i) Principal Amount	3045.78	32378.73	-	35424.51
ii) Interest due but not Paid	-	-	-	-
iii) Interest accrued but not due	-	587.27	-	587.27
Total (i+ii+iii)	3045.78	32966.00	-	36011.78

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole – time Directors and/or Manager during the FY 2025-26:

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount In Rupees
		A. Robert J. Ravi, CMD	Rajiv Kumar, Director (Finance)	Kalyan Sagar Nippani, Director (HR & EB)	Sudhakararao Papa, Director (Technical) (Was Appointed Director w.e.f. 09.05.2025)	
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 Value of perquisites u/s 17(2) Income –tax Act, 1961 Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL	
3.	Sweat Equity	NIL	NIL	NIL	NIL	
4.	Commission As % of profit Other, specify...	NIL	NIL	NIL	NIL	
5.	Others, please specify (Gratuity + LE)	NIL	NIL	NIL	NIL	
	Total (A)	NIL	NIL	NIL	NIL	NIL
	Ceiling as per the Act					

B. Remuneration to other Directors during the FY 2025 -26: -

S. No.	Particulars of Remuneration	Name of Independent Directors			
1.	Independent Directors	Deepika Mahajan (Ceased to be Director w.e.f. 15.04.2026)	Vishwas Pathak (Ceased to be Director w.e.f. 15.04.2026)		
2.	Fees for attending Board and its Committee Meetings, Commission, Others, please specify	160000	150000		310000
	Total (1)	160000	150000		310000
3.	Other Non-Executive Directors	Shivendu Gupta (Ceased to be Director w.e.f. 13.01.2026)	Alok Shukla (Ceased to be Director w.e.f. 08.07.2026)	Sunil Kumar Ranjan (Was Appointed Director w.e.f. 13.01.2026 & Ceased to be Director w.e.f. 08.07.2026)	
4.	Fee for attending Board Committee Meetings, Commission, Others, please specify	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B) = (1+2)	160000	150000		310000
	TOTAL MANAGERIAL REMUNERATION (A+B)				
	Rs. 310000				
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTM during the FY 2025-26: -

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CHIEF FINANCIAL OFFICER (CFO)		COMPANY SECRETARY (CS)	TOTAL (Amount in Rs)
		Sultan Ahmed (Ceased to be CFO w.e.f. 28.05.2025)	Anirudh Prasad Singh (Was Appointed CFO w.e.f. 28.05.2025 and Ceased to be CFO w.e.f. 21.05.2026)	Ratan Mani Sumit	
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income – Tax Act, 1961	9,11,089*	24,55,161**	21,62,892	55,29,142
	Value of perquisites u/s 17(2) Income-Tax Act, 1961	NIL	2,20,478**	33,924	2,54,402
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission as % of Profit Others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	9,11,089	26,75,639	21,96,816	57,83,544

*Salary upto May 2025

**Salary & Perquisite is from 01.06.2025 till 31.03.2026

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES DURING THE FY 2025-26:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give details)
COMPANY					
Penalty					
Compounding					
DIRECTORS					
Penalty					
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty					
Compounding					

ANNEXURE-VI TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2025-26

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance refers to the set of principles, values, processes that guide the Management and Board of a Company. It is essential for the long-term success of a business, as it ensures accountability, transparency, and ethical decision-making. The foundation of a successful enterprise is built on excellent corporate governance practices, and strong leadership is vital to this end.

The Company's philosophy on Corporate Governance ensures transparency in its affairs and the functioning of the Management and the Board and accountability towards its stakeholders. It also encompasses the oversight of business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all Stakeholders comprising Regulators, Employees, Customers, Vendors, Banks, Bondholders and the Society at large. The Company recognizes that corporate governance is not just a principle to be followed but a way of life embedded in its behavior and culture. It endeavors to adopt the industry's best practices, focusing on transparency in its affairs, the functioning of the Management & Board, and accountability towards stakeholders. The Company's philosophy ensures that it creates sustainable value for Shareholders while fulfilling social obligations and complying with regulatory requirements. The Company's policies prioritize the augmentation of long-term Shareholder value while maintaining integrity.

The Companies Act, 2013 together with the Companies Rules and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015] applicable for all listed entities including MTNL provide a robust framework for Corporate Governance. MTNL is complying with relevant provisions of the Companies Act, 2013, Rules made there under and SEBI (LODR) Regulations, 2015 for good Corporate Governance. As MTNL being a Public Sector Undertaking (PSU), is also complying with the Guidelines on Corporate Governance for Central Public Sector Enterprise (CPSE) issued by the Department of Public Enterprises (DPE), Ministry of Finance, Government of India.

2. BOARD OF DIRECTORS

(I) Composition and Size of the Board

The Composition of the Board of Directors as on 31.03.2026 is as follows:

Category of Directors	Board Structure	Actual Strength as on 31.03.2026
Chairman & Managing Director	1	1
Whole-time Executive (Functional) Directors	3	3
Part-time Official Directors (Government Nominees) representing the Department of Telecommunication (DoT), Ministry of Communications, Government of India	2	2
Part-time Non-official (Independent) Directors	6	2
Total	12	08

The Company has a very balanced and diversified Board of Directors with an optimum mix of Executive [represented by CMD, Director (HR & EB), Director (Technical) and Director (Finance) and Non-Executive [represented by Government Nominee Directors and Independent Directors]. As on 31.03.2026, MTNL had four Executive Directors, two Government Nominee Directors and two Independent Directors on its Board. 25% of the Board is represented by Independent Directors, 25% of the Board is represented by Non-Executive Directors and 50% by Executive Directors. Details of appointments /re-appointments of Directors during the Financial Year 2025-26 are provided in Board's Report.

As on 31.03.2026, the Composition of the Board was not in conformity with Regulations 17 of SEBI (LODR) Regulations, 2015 read with Section 149 of the Companies Act 2013 and DPE Guidelines on Corporate Governance. i) One Half of the Board was not comprised of Independent Directors from 01.04.2025 to 31.03.2026. Also, there was no Woman Independent Director or Woman Director from 01.04.2025 to 14.04.2025. ii) The Board required 5 (Five) Independent Directors from 01.04.2025 to 08.05.2025 but it had only 2 (Two) Independent Directors on the Board during the period from 15.04.2025 to 08.05.2025. From 09.05.2025 to 31.03.2026, the Board required 6 (Six) Independent Directors but it had only 2 (Two) Independent Directors on the Board during the period.

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are made by the Administrative Ministry i.e. Department of Telecommunications, Ministry of Communications, Government of India. The matter for appointment of Independent Directors has already been taken up with the Government of India.

(A) List of Directors in MTNL and their Directorship in other Companies as on 31.03.2026 is given below: -

Sl. No.	Name	Din	Category	Details of Directorship in Other Companies
1.	A. Robert J. Ravi, CMD	10095013	Executive	1. Bharat Sanchar Nigam Limited (BSNL) – CMD 2. Bharat Broadband Network Limited - CMD (BBNL) 3. BSNL Tower Corporation Ltd – Chairman & Nominee Director 4. MTNLSTPI IT Services Ltd. – Chairman & Nominee Director (MSITS) 5. Mahanagar Telephone Mauritius Ltd (MTML) - Chairman & Director 6. United Telecom Limited (Nepal)- Nominee Director

Sl. No.	Name	Din	Category	Details of Directorship in Other Companies
2.	Dr Kalyan Sagar Nippani, Director (HR&EB)	10421277	Executive	1. Bharat Sanchar Nigam Limited (BSNL) – Director (HR) 2. BSNL Tower Corporation Limited - Nominee Director 3. MTNLSTPI IT Services Ltd. – Nominee Director
3.	Rajiv Kumar, Director (Finance)	09811051	Executive	1. Bharat Sanchar Nigam Limited (BSNL)- Director (Finance) 2. Bharat Broadband Network Limited- Director (Finance) 3. BSNL Tower Corporation Ltd – Nominee Director 4. MTNL STPI IT Services Ltd. – Nominee Director
4.	Sudhakararao Papa, Director (Technical)	10801670	Executive	1. Bharat Sanchar Nigam Limited (BSNL)- Director (EB) 2. Bharat Broadband Network Limited (BBNL)- Nominee Director 3. BSNL Tower Corporation Limited - Nominee Director
5.	Alok Shukla, Government Nominee Director	10849459	Non- Executive – Government Nominee Director	1. Bharat Sanchar Nigam Limited (BSNL) – Government Nominee Director
6.	Sunil Kumar Ranjan, Government Nominee Director	11212124	Non- Executive – Government Nominee Director	1. Bharat Sanchar Nigam Limited (BSNL) - Government Nominee Director 2. Bharat Broadband Network Limited (BBNL) - Government Nominee Director
7.	Vishwas Pathak, Independent Director	00093771	Non- Executive – Independent Director	1. Maharashtra State Power Generation Company Limited -Independent Director 2. MSEB Holding Company Limited - Independent Director 3. Maharashtra State Electricity Distribution Company Limited - Independent Director 4. Maharashtra State Electricity Transmission Company Limited - Independent Director

Sl. No.	Name	Din	Category	Details of Directorship in Other Companies
8.	Deepika Mahajan, Independent Director	09408802	Non- Executive – Independent Director	NIL

(B) List of Directors in MTNL who Retired during the Period 01.04.2025 to 31.03.2026

Sl. No.	Name of the Director	Category	Date of Cessation
1.	Shivendu Gupta	Non-Executive – Government Nominee Director	13.01.2026

(C) List of Directors in MTNL who were Appointed during the Period 01.04.2025 to 31.03.2026

Sl. No	Name of the Director	Category	Date of Appointment
1.	Vishwas Pathak	Independent Director	15.04.2025
2.	Deepika Mahajan	Independent Director	15.04.2025
3.	Sudhakararao Papa	Executive - Director (Technical)	09.05.2025
4.	Sunil Kumar Ranjan	Non-Executive – Government Nominee Director	13.01.2026

(D) Changes in the List of Directors & Chairmanship/Membership in Board Level Committee in MTNL (Between 01.04.2026 and 31.07.2026) and their Directorship in Other Companies are given below: -

Sl. No.	Name of the Director	Category	Date of Appointment/ Cessation	Details of Directorship in other Companies	Details of Committee Chairmanship and Membership in MTNL
1.	Vishwas Pathak	Independent Director	15.04.2026 (Cessation)	-	-
2.	Deepika Mahajan	Independent Director	15.04.2026 (Cessation)	-	-
3.	Alok Shukla	Government Nominee Director	08.07.2026 (Cessation)	-	-
4.	Sunil Kumar Ranjan	Government Nominee Director	08.07.2026 (Cessation)	-	-
5.	Shyamal Misra	Government Nominee Director	08.07.2026 (Appointment)	1. BSNL 2. Gujrat Fiber Grid Network Ltd. 3. Andhra Pradesh Bharatnet Infrastructure Ltd.	Chairman- Audit Committee and Member-Nomination and Remuneration Committee, Stakeholders Relationship Committee

Sl. No.	Name of the Director	Category	Date of Appointment/ Cessation	Details of Directorship in other Companies	Details of Committee Chairmanship and Membership in MTNL
6.	K. Balaji	Government Nominee Director	08.07.2026 (Appointment)	BSNL	Chairman- Nomination and Remuneration Committee, Stakeholders Relationship Committee, Member- Audit Committee, Enterprises Risk Management, Committee

(II) Board Level Committee in MTNL

The Board has constituted five mandatory Board Level Committees under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance for Central Public Sector Enterprise (CPSE) namely Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, CSR Committee and Enterprise Risk Management Committee. These Board Level Committees mainly consist of Independent & Government Nominee Directors. The Meetings of these Committees are held whenever required. The details are given elsewhere in this report. The Minutes of all the Board Level Committee Meetings are circulated and noted in the Board Meetings.

(A) Details of Number of Committee Memberships and Chairmanships of Directors as on 31.03.2026 given below: -

Name and Designation	Details of Memberships of Board Committee		Details of Chairmanships of Board Committee	
	Name of Company	Name of Committee	Name of Company	Name of Committee
A. Robert J. Ravi, CMD	MTNL	NIL	MTNL	NIL
Dr Kalyan Sagar Nippani, Director (HR & EB)	MTNL	CSR Committee	MTNL	CSR Committee
	BSNL	Enterprise Risk Management Committee CSR Committee	BSNL	-
Rajiv Kumar, Director (Finance)	MTNL	Enterprise Risk Management Committee		
		Stakeholders Relationship Committee		
		CSR Committee		
	BSNL	Enterprise Risk Management Committee	BSNL	Enterprise Risk Management Committee
		Stakeholders Relationship Committee		
	BSNL	CSR Committee		

Name and Designation	Details of Memberships of Board Committee		Details of Chairmanships of Board Committee	
	Name of Company	Name of Committee	Name of Company	Name of Committee
Sudhakararao Papa, Director (Technical)	MTNL	Enterprise Risk Management Committee		
	BSNL	Enterprise Risk Management Committee	-	-
	BBNL	Audit Committee		
		Risk Management Committee		
Alok Shukla, Government Nominee Director	MTNL	Nomination & Remuneration Committee	MTNL	Stakeholders Relationship Committee
		Stakeholders Relationship Committee		
	BSNL	Nomination & Remuneration Committee	-	-
Sunil Kumar Ranjan, Government Nominee Director	MTNL	Audit Committee		
	BSNL	Audit Committee	-	-
	BBNL	Audit Committee	BBNL	Audit Committee
		Nomination & Remuneration Committee		
		CSR Committee		
Vishwas Pathak, Independent Director	MTNL	Audit Committee	MTNL	Audit Committee
		Nomination & Remuneration Committee		
		Stakeholders Relationship Committee		
		Enterprise Risk Management Committee		
		CSR Committee		
Deepika Mahajan, Independent Director	MTNL	Audit Committee	MTNL	Nomination & Remuneration Committee
		Nomination & Remuneration Committee		
		Stakeholders Relationship Committee		
		Enterprise Risk Management Committee		
		CSR Committee		

Details of Board Level Committee (Chairmanship & Membership) of Directors as on 30.06.2026 is given elsewhere in the report.

(III) Declaration received from Directors as on 31.03.2026

- None of the Directors of the Company are related to each other and there are no inter-se relationships between the Directors.
- None of the Directors hold Equity shares in the Company. The Company has not issued any convertible instruments.

- c. None of the Directors on the Board is a Director in more than 7 Listed Entities.
- d. None of the Non – Executive Directors is an Independent Director in more than 7 listed entities as required under the SEBI (LODR) Regulations, 2015. Further, CMD and other functional directors do not serve as Independent Directors in any listed company.
- e. None of the Directors held Directorships in more than 20 Indian Companies, with more than 10 Public Limited Companies.
- f. None of the Directors on the Board is a member of more than 10 Committees or Chairman of 5 Committees (Committees being Audit Committee and Stakeholder Relationship Committee) across all Public Companies in India, in which he/she is a Director.
- g. All Directors are in compliance with the limit on Directorships/Independent Directorships of Listed Companies as prescribed under Regulation 17A of the SEBI (LODR) Regulations, 2015.

Necessary disclosures i.e., Form MBP-1 i.e., Notice of Disclosure of Interest by Director pursuant to Section 184(1) of the Companies Act, 2013 and Rule 9 (1) of Companies (Meeting of Board and its Power) Rule 2014 have been obtained from all the Directors. Also, Certificate pursuant to Regulation 26(2) of SEBI (LODR) Regulations, 2015 regarding Membership/Chairmanship of Board Level Committees for the FY 2025-26 has been taken from all the Directors.

(IV) Attendance of Directors at the Board Meetings during the Financial Year 2025-26 and in the Last Annual General Meeting (39th AGM held on 31.10.2025)

The Company holds regular Board Meetings as per the provisions of the Companies Act, 2013 and adheres to the Secretarial Standards on the Board & Committee Meetings as prescribed by The Institute of Company Secretary of India (ICSI). The Board has complete access to all information of the Company. The Company Secretary after getting approval from the Chairman & Managing Director sends a written notice of each Board Meeting to each Director. The agenda papers containing all necessary information/documents are available to the Board/Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. The information as specified in the SEBI (LODR) Regulations, 2015 is regularly made available to the Board, whenever applicable, for discussion & consideration. Directors can suggest inclusion of any item(s) in the agenda at the Board Meeting. The agenda is placed before the Board inter alia includes the information as mentioned in Schedule II Part A of SEBI (LODR) Regulations, 2015. During the Financial Year 2025-26, a total of 06 meetings of the Board were held and the gap between two Meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the Meetings as per the Companies Act 2013. The Minutes of the Meetings of all the Board and Committees are circulated to all the Directors after incorporating the comments of the Directors.

Sl. No.	Name of the Directors	No. of Board Meetings		Percentage of Attendance (%)	Attendance at the Last AGM i.e. 39 th AGM (Held on 31.10.2025)	Remarks
		Held During Their Tenure	Attended During Their Tenure			
1.	A. Robert J. Ravi, CMD	6	6	100%	Yes	
2.	Dr Kalyan Sagar Nippani, Director (HR & EB)	6	4	67%	Yes	
3.	Rajiv Kumar, Director (Finance)	6	6	100%	Yes	
4.	Sudhakararao Papa, Director (Technical)	6	6	100%	Yes	
5.	Shivendu Gupta, Government Nominee Director	4	4	100%	Yes	Ceased to be Director w.e.f. 13.01.2026
6.	Alok Shukla, Government Nominee Director	6	6	100%	Yes	Ceased to be Director w.e.f. 08.07.2026
7.	Sunil Kumar Ranjan, Government Nominee Director	2	2	100%	NA	Was Appointed Director w.e.f. 13.01.2026 and Ceased to be Director w.e.f. 08.07.2026
8.	Vishwas Pathak, Independent Director	6	5	83%	No	Was Re-appointed Director w.e.f. 15.04.2025 and Ceased to be Director w.e.f. 15.04.2026
9.	Deepika Mahajan, Independent Director	6	6	100%	Yes	Was Re-appointed Director w.e.f. 15.04.2025 and Ceased to be Director w.e.f. 15.04.2026

(V) DETAILS OF BOARD MEETINGS AND DATES & PLACES AT WHICH HELD DURING THE FINANCIAL YEAR 2025-26 (01.04.2025 TO 31.03.2026) ARE GIVEN BELOW: -

Sl. No.	Meeting No.	Date	Place	No. of Directors Present/Total No. of Directors
1	362	28.05.2025	New Delhi	8/8
2	363	13.08.2025	New Delhi	7/8
3	364	07.10.2025	New Delhi	7/8
4	365	14.11.2025	New Delhi	8/8
5	366	12.02.2026	New Delhi	8/8
6	367	27.03.2026	New Delhi	7/8

(VI) INDEPENDENT DIRECTORS

Independent Directors are essential in the Board's decision-making process, bringing with them a diverse range of experience, expertise, and knowledge to oversee the Company's performance and overall strategy. Their unbiased and focused insights are invaluable. They are committed and devote sufficient time to the Company. Independent Directors are appointed by the Government of India and hold the position of Non-Executive Directors as defined under Regulations 16(1) (b) of the SEBI (LODR) Regulations, 2015 read with Section 149(6) of the Companies Act, 2013. The Maximum tenure of Independent Directors is three (03) years as per Guidelines for Central Public Sector Enterprise (CPSEs) issued by the Department of Public Enterprises (DPE). As required under Schedule IV of the Companies Act, 2013, the Company will give Formal Letter of Appointment to Independent Directors. The terms and conditions of their appointment/reappointment will be posted on the Company's website. Each newly appointed/reappointed Independent Director will be provided with an appointment letter which sets out their Role, Functions, Duties & Responsibilities and Copy of the Code of Conduct is also made available to them.

During FY 2025-26, Two Independent Directors i.e. Shri Vishwas Pathak and Ms. Deepika Mahajan was re-appointed as Independent Directors of the Company w.e.f. 15.04.2025 for a term of one year till 15.04.2026.

As on 31.03.2026, there was Two Independent Directors including one Woman Independent Director.

In terms of Regulation 25(8) of the SEBI (LODR) Regulations, 2015, Independent Directors have to confirm that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The above declaration under Regulation 25(8) of SEBI (LODR) Regulations, 2015 regarding compliance with Regulation 16(b) of SEBI (LODR) Regulations, 2015 has been obtained from the Independent Directors and the Board

of Directors in its 368th Meeting held on 10.04.2026 has confirmed that the Independent Directors has fulfilled the conditions specified in SEBI (LODR) Regulations, 2015 and are Independent of the Management.

During FY 2025-26, No Independent Directors has resigned from the Directorship before the expiry of his/her tenure.

(VII) MEETING OF INDEPENDENT DIRECTORS

A separate Meeting of Independent Directors of the Company without the presence of the Functional Directors & the Management Representatives was held on May 28, 2025 & February 12, 2026 respectively as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the SEBI (LODR) Regulations. All the Two Independent Directors attended the Meeting of Independent Directors held on May 28, 2025 & February 12, 2026 respectively.

(VIII) DETAILS OF REMUNERATION PAID TO THE DIRECTORS DURING FY 2025 -26

a) **Details of Remuneration Paid to the Whole -Time Directors during FY 2025 -26 are given below:**

Name of the Whole Time Directors	All Elements of Remuneration Package i.e., Salary, PF Contribution, Pension, Gratuity Etc	Performance Linked Incentives*	Other Benefits (Perquisites)	Total Amount in Rupees
Shri A. Robert J. Ravi, CMD	NIL	NIL	NIL	NIL
Dr Kalyan Sagar Nippani, Director (HR&EB)	NIL	NIL	NIL	NIL
Shri Rajiv Kumar, Director (Finance)	NIL	NIL	NIL	NIL
Shri Sudhakararao Papa, Director (Technical)	NIL	NIL	NIL	NIL

** relating to FY 2025-26*

Government Nominee Directors are not entitled to any Sitting fees. Further Independent Directors are entitled to an amount of Rs.10,000/- towards sitting fees for attending each Meeting of the Board or any Committee thereof and are also reimbursed for Out-of-Pocket Expenses such as Travel & Hotel Expenses etc. which are incurred by Independent Directors for attending such Meetings.

The Sitting fees paid to the Independent Directors during the Financial Year 2025-26 is as under:

Sl. No	Name of the Independent Director	Sitting fees						Total Amount in Rupees
		Board Meetings	Committee Meetings					
			Audit Committee	CSR Committee	Nomination & Remuneration Committee	Stakeholder Relationship Committee	Enterprise Risk Management Committee	
1.	Deepika Mahajan	60000	50000	NA	20000	10000	20000	160000
2.	Vishwas Pathak	50000	50000	NA	20000	10000	20000	150000

(IX) SERVICE CONTRACTS AND SEVERANCE FEES

The Chairman-cum-Managing Director (CMD) and other Executive Directors are appointed by the Government of India. Government Nominee Directors are also appointed by the Government of India and hold office till further orders and are not entitled to sitting fees or reimbursement of expenses etc. Independent Directors are also appointed by the Government of India for a period of three years or till further orders whichever is earlier. There is no provision for payment of Severance Fees to Directors.

(X) FAMILIARIZATION PROGRAMME FOR DIRECTORS

All Directors on the Board (including Independent Directors) are appointed by the Government of India. Training of newly appointed Directors and Familiarization of all the Board Members is the responsibility of the Company. Familiarization Programme includes the presentation & Interactive Session with CMD, other Directors and Senior Management Personnel. The Company Secretary briefs the Director about the Legal & Regulatory responsibilities as a director. Also, Department of Public Enterprises (DPE) organizes various Orientation Programmes for newly appointed Independent Directors of Public Sector Undertakings (PSU). The Familiarization Programme is uploaded in Company's website and can be accessed at <https://mtnl.in/directors.html>.

(XI) SKILLS/EXPERTISE/COMPETENCIES IDENTIFIED BY THE BOARD OF DIRECTORS OF MTNL

As required under the SEBI (LODR) Regulations, 2015, the List of Core Skills/ Expertise/ Competencies as identified by the Board of Directors in the context of its business and sector for it to function effectively and those available with the Board are as under:

Matrix of Skills / Expertise/Competencies:

- Knowledge:** Understanding of the Company's business, policies and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates.

- b) **Behavioural Skills:** Attributes and Competencies to use their knowledge and skills to function well as a team-members and to interact with key stakeholders.
- c) **Strategic Thinking and Planning:** Appreciation of long-term trends, strategic choices, and experience in guiding and leading management teams to make decisions in uncertain environments.
- d) **Financial Skills:** Responsible for effective and efficient Management of Financial Matters of the Company including advising to the Board of Directors on all Financial Matters. Formulate sound policies relating to Finance and Accounts affairs and direct, coordinate and control financials policies and Financial Accounts Management, so as to achieves effective and optimum deployment and utilization of Financial Resources towards fulfillment of the goals and objectives of the Corporation and to achieves optimum Results.
- e) **Governance:** Experience in developing governance practices, serving the best interest of all stakeholders, maintaining Board and Management accountability, building long-term effective Stakeholders engagements and driving corporate ethics and values.
- f) **Technical/Professional Skills and Specialized Knowledge** to assist the ongoing aspects of the business, the Board of the Company is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, sector expertise and special skills.

The Board of Directors of MTNL has formulated the job description for the posts of CMD and other Functional Directors as under: -

S. No.	Post of Functional Director	Skills/Expertise/Competencies Required
1.	CMD	Applicant should have proven Managerial Ability in manning a large Telecom Organization. Engineering Graduate candidates shall be preferred. He should possess leadership quality, vision and drive etc. He should be a Person of Outstanding Personality, Professional Competency and proven Managerial Ability. As the Head of the organization, he/she should be able to co-ordinate and interact effectively with various other institutions and agencies. Shri A. Robert J. Ravi, the present CMD is having the requisite qualification and experience. Further w.e.f. 15.07.2024, he was entrusted with additional charge of CMD MTNL apart from his regular charge of CMD of BSNL.

S. No.	Post of Functional Director	Skills/Expertise/Competencies Required
2.	Director (HR & EB)	The incumbent should have Post Graduate Degree/Diploma in Personnel Management or M.B.A. with specialization in Personnel Management/Industrial Relations. A degree in Law will be an added advantage. A Person should have vast experiences in Industrial Relations & in a Service/Manufacturing Sector. Dr Kalyan Sagar Nippani, the present Director (HR & EB) is having the requisite qualification and experience. Further w.e.f. 01.10.2024 he was entrusted with additional charge of Director (HR & EB) of MTNL apart from his Regular Charge of Director (HR) of BSNL. He was also entrusted with additional charge of Director (Technical) from 01.08.2024 till 08.05.2025.
3.	Director (Finance)	The incumbent should possess a Cost Accountant/Chartered Accountant/MBA (Finance) degree from a recognized University/Institution with good academic record with managerial experience at a senior level in Corporate Financial Management and accounts including Cost, Budgetary Control, Institutional Finance, Working Capital Management etc. Shri Rajiv Kumar, the present Director (Finance) of MTNL is having the requisite qualification and experience. Further w.e.f. 02.12.2022 he was entrusted with additional charge of Director (Finance) apart from his Regular Charge of Director (Finance) of BSNL. Additional charge of Director (Finance) BBNL is also entrusted with him.
4.	Director (Technical)	The incumbent should be an Engineering Graduate or equivalent preferably in Telecommunications Engineering with good academic record from a recognized University/Institution. He should have adequate experience at senior level in large organization of good repute. Preferably in the field of Operations, Mtce., Planning and Development of large Telecom Network. Shri Sudhakararao Papa, the present Director (Technical) is having the requisite qualification and experience. Further w.e.f. 09.05.2025 he was entrusted with additional charge of Director (Technical) of MTNL apart from his Regular Charge of Director (Enterprise Business) of BSNL.

The Board of Directors of MTNL comprises of professionals, having skills/expertise and competence in diverse fields like administration, finance, management, law, technical etc., who

provide strategic direction and guidance to the organization. The Directors on the Board of MTNL are appointed by Government of India through Administrative Ministry i.e. Department of Telecommunications, Ministry of Communications, Government of India after considering skills, expertise and competence of individuals with reference to the business of the Company. Their wide range of skills, expertise and competency enhances the quality of the Board's decision making process. All the Board members had effectively participated in the Board and its Committee meetings and contributed substantially towards the growth of the organization.

The educational qualifications and experience of the Board of Directors of MTNL as on 31.03.2026 is given below: -

Name of Director & Designation	Educational Qualifications	Experience
A. Robert J. Ravi, CMD	B.Tech. in Electronics and Communications and MBA in International Relations	Telecommunications
Rajiv Kumar, Director (Finance)	B.Tech. and M.B.A (Finance)	Telecom Finance
Dr Kalyan Sagar Nippani, Director (HR & EB)	PG Diploma in Personnel Management, MBA in Finance, MBA in Marketing Management and PG Diploma in Business Management	Telecom Finance, Human Resources
Sudhakararao Papa, Director (Technical)	Bachelor of Engineering degree in Electronics & Telecommunications, Post-Graduation in Public Policy & Management from the Indian Institute of Management (IIM), Bangalore and a course on Policy in International Comparative Perspective conducted by Maxwell School of Citizenship & Public Affairs, Syracuse University, USA.	Telecommunication
Sunil Kumar Ranjan, Government Nominee Director	Bachelor of Science degree from Sambalpur University (1994) and a Master's degree in Geography from Jawaharlal Nehru University, New Delhi (1998)	Administration, Vigilance, Policy Formulation, Recruitment, Trade Negotiations, and the Implementation of various Government Schemes.
Alok Shukla, Government Nominee Director	B.Sc. and B.Tech. (Electronics and Communications) from University of Allahabad	Administrative, Management & Technical Field
Vishwas Pathak, Independent Director	M.Com, LLB, FCS	Management
Deepika Mahajan, Independent Director	M.A, LLB	Legal

The educational qualifications and experience of the Directors of MTNL who were appointed after 31.03.2026 is given below: -

Name of Director & Designation	Educational Qualifications	Experience
Shyamal Misra, Government Nominee Director	B. Tech from the Indian Institute of Technology (IIT) Kanpur and having degree in Master's in Public Administration (M.P.A.) from the Harvard Kennedy School (Harvard University)	Indian Administrative Service (IAS) in 1996 Batch
K Balaji, Government Nominee Director	Bachelor Degree in Electronics and Communication Engineering from College of Engineering, Guindy (2006)	Indian Administrative Services (IAS) in 2010 Batch

Brief Profile of the Board of Directors of MTNL is available in MTNL website at www.mtnl.in.

1. AUDIT COMMITTEE

The Board has established a Qualified and Independent Audit Committee in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 & 62(F) of the SEBI (LODR) Regulations, 2015. The Composition and Term of Reference of the Committee are in conformity with the said provisions.

(I) TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II to the SEBI (LODR) Regulations, 2015. The terms of reference of the Audit Committee, inter-alia is as follows:

1. Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
2. Reviewing with Management the Quarterly and Annual Financial Statements along with Related Party Transactions, if any, before submission to the Board.
3. Approval or any subsequent modification of transactions of the Company with related parties.
4. Reviewing with the Management and Statutory and Internal Auditors, the adequacy of internal control systems.
5. Discussion with Internal Auditors on Annual Internal Audit Program, Significant Audit Findings and follow up on such issues.
6. Discussion with Statutory Auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern.

7. Reviewing the Company's financial and risk management policies. - Evaluation of internal financial controls and risk management systems.
8. Reviewing with the Management, the observations / comments / assurances of Statutory Auditors and the Comptroller & Auditor General of India (CAG).
9. Review with the Management, the follow-up action taken on the recommendations of the Parliamentary Committee on Public Undertaking (CoPU), if any.
10. Review of Cost Audit Report.
11. To examine, decide and deal with all issues relating to Ethics in the Company.
12. Review of functioning of Whistle Blower Policy.
13. Carrying out any other function as may be referred to the Committee by the Board.
14. Ensuring Compliance with the circulars issued by the National Financial Reporting Authority (NFRA), including measures to strengthen communication between Statutory Auditors, Those Charged with Governance (TCWG) and Audit Committees (ACs).

(II) COMPOSITION OF AUDIT COMMITTEE

As on 31.07.2026, the Audit Committee consists of the following Members: -

1.	Shri Shyamal Misra, Government Nominee Director	Chairman (Was Appointed Chairman & Member w.e.f. 08.07.2026)
2.	Shri K Balaji, Government Nominee Director	Member (Was Appointed w.e.f. 08.07.2026)
3.	Shri Sudhakararao Papa, Director (Technical)	Member (Was Appointed w.e.f. 16.04.2026)

As on 31.03.2026, the Audit Committee consists of the following Members: -

1.	Shri Vishwas Pathak, Independent Director	Chairman
2.	Ms. Deepika Mahajan, Independent Director	Member
3.	Shri Sunil Kumar Ranjan, Government Nominee Director	Member

The Members of the Audit Committee have requisite Financial and Management expertise. All the recommendations of the Audit Committee made in the Financial Year 2025-26 have been accepted by the Board of Directors. The Audit Committee meetings are regularly attended by Director (Finance), CFO, GM (Finance) MTNL CO and GMs (Finance) Delhi & Mumbai and Officers of Accounts/Banking Section. The Statutory Auditors / Internal Auditors also attend the Audit Committee Meetings by invitation. The Company Secretary acts as the Secretary to the Committee.

(III) ATTENDANCE OF DIRECTORS AT THE AUDIT COMMITTEE MEETINGS DURING THE FINANCIAL YEAR 2025-26

The Audit Committee held 05 Meetings during the Financial Year 2025-26 and the gap between two meetings did not exceed One hundred and Twenty days. Necessary quorum was present in the meeting of the Committee. The Minutes of the Meetings of the Committee are placed before and noted by the Board. During the year, all recommendations of the Committee were accepted by the Board.

Name of the Director	No. of Audit Committee Meetings Attended	Percentage (%)	Remarks
Shri Vishwas Pathak, Independent Director	5/5	100%	Ceased to be Chairman & Member w.e.f. 15.04.2026
Ms. Deepika Mahajan, Independent Director	5/5	100%	Ceased to be Member w.e.f. 15.04.2026
Shri Shivendu Gupta, Government Nominee Director	4/4	100%	Ceased to be Member w.e.f. 13.01.2026
Shri Sunil Kumar Ranjan, Government Nominee Director	1/1	100%	Was Appointed Member w.e.f. 13.01.2026 & Chairman w.e.f. 16.04.2026 and Ceased to be Member w.e.f. 08.07.2026

(IV) DETAILS OF AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2025-26 (01/04/2025 TO 31/03/2026)

Sl. No.	Meeting No.	Date	Place	No. of Members Attended
1	145	28.05.2025	New Delhi	3/3
2	146	13.08.2025	New Delhi	3/3
3	147	07.10.2025	New Delhi	3/3
4.	148	14.11.2025	New Delhi	3/3
5.	149	12.02.2026	New Delhi	3/3

4. NOMINATION & REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee (NRC) has been constituted by the Board in compliance with the requirements of Section 178(1) of the Companies Act, 2013 and Regulation 19 & 62(G) of the SEBI (LODR) Regulations, 2015. The Composition and Term of Reference of the Committee are in conformity with the said provisions.

(I) Terms of Reference of Nomination & Remuneration Committee

Being a Government Company, in terms of Government of India, Ministry of Corporate Affairs (MCA) Notification No.1/2/2014-CL.V, dated 05.06.2015 provision contained in Sub section (2),

(3) and (4) of Section 178 of Companies Act, 2013 are not applicable except appointment and remuneration of Senior Management Personnel and other employees.

MTNL being a Government Company, the appointment and the terms and conditions of appointment (including remuneration) of the Whole-Time Directors are decided by the Government of India. As regard policy on Remuneration of Senior Management Personnel and other Employees of the Company, their pay structure, allowances and other benefits are governed by relevant guidelines of Government of India (DPE). However, the Board has constituted a Nomination & Remuneration Committee. The Government Nominee Directors is not entitled to sitting fees from the Company. The Independent Directors are being paid sitting fee of Rs. 10,000/- for attending each meeting of the Board or its Committee thereof. They are reimbursed travel expenses & hotel expenses on this account, if any in addition to the sitting fees. The Company does not have any Employee Stock Option Scheme.

The Performance Evaluation of the Directors (including Independent Directors) has not been done by the Nomination and Remuneration Committee, as MTNL being a Government Company, the powers relating to the appointment, evaluation and the terms of Directors including Independent Directors vest with the Government of India. The same is also exempted to Government Companies under the provisions of Companies Act, 2013.

(II) COMPOSITION OF NOMINATION & REMUNERATION COMMITTEE

As on 31.07.2026, the Nomination & Remuneration Committee consists of the following Members:

1.	Shri K Balaji, Government Nominee Director	Chairman (Was Appointed Chairman & Member w.e.f. 08.07.2026)
2.	Shri Shyamal Misra, Government Nominee Director	Member (Was Appointed as Member w.e.f. 08.07.2026)
3.	Dr Kalyan Sagar Nippani, Director (HR & EB)	Member (Was Appointed as Member w.e.f. 16.04.2026)

As on 31.03.2026, the Nomination & Remuneration Committee consists of the following Members:-

1.	Ms. Deepika Mahajan, Independent Director	Chairperson	Ceased to be Chairperson & Member w.e.f. 15.04.2026
2.	Shri Vishwas Pathak, Independent Director	Member	Ceased to be Member w.e.f. 15.04.2026
3.	Shri Alok Shukla, Government Nominee Director	Member	Was Appointed Chairman w.e.f. 16.04.2026 and Ceased to be Chairman & Member w.e.f. 08.07.2026

The Company Secretary acts as the Secretary to the Committee.

(III) ATTENDANCE OF DIRECTORS AT THE NOMINATION & REMUNERATION COMMITTEE DURING THE FINANCIAL YEAR 2025-26

Two meetings of the Nomination & Remuneration Committee were held during the Financial Year 2025 -26. Necessary Quorum was present in the Meeting of the Committee. The Minutes of the Meetings of the Committee are placed before and noted by the Board. During the year, all recommendations of the Committee were accepted by the Board.

Sl. No.	Date	Place	No. of Members Attended	
1	28.05.2025	New Delhi	3/3	
2	13.08.2025	New Delhi	3/3	
Name of the Directors			No. of Nomination & Remuneration Committee Meeting Attended	Percentage (%)
Ms. Deepika Mahajan, Chairperson & Independent Director			2/2	100%
Shri Vishwas Pathak, Independent Director			2/2	100%
Shri Alok Shukla, Government Nominee Director			2/2	100%

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178 (5) of the Companies Act, 2013 and Regulation 20 & 62(H) of the SEBI (LODR) Regulations, 2015. The Composition and Term of Reference of the Committee are in conformity with the said provisions.

(I) Terms of Reference of Stakeholder Relationship Committee

The terms of reference of the Stakeholders Relationship Committee (SRC) covers the areas mentioned in Section 178 (5) of the Companies Act, 2013 and Regulation 20 read with Part D (B) of Schedule II to the SEBI (LODR) Regulations, 2015. The terms of reference of the SRC, inter-alia are as follows:

1. Resolving the Grievances of the Security holders of the Listed Entity including complaints related to Transfer/Transmission of shares, non-receipt of Annual Report, non-receipt of declared Dividends, issue of New/ Duplicate certificates, General Meetings etc.
2. Review of measures taken for effective exercise of voting rights by Shareholder.
3. Review of adherence to the Service Standards adapted by the Listed Entity in respect of various services being rendered by the Registrar to an Issue and Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Listed Entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of Dividend Warrants/ Annual Reports/Statutory Notices by the Shareholders of the Company.

5. Resolving grievances of Bondholders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenants.
6. Such other matter as may be specified by the Board from time to time.
7. Any other matter as prescribed by the Companies Act, 2013 & rules made thereunder, and SEBI (LODR) Regulations, 2015 or such other regulations prescribed by the SEBI from time to time.

The Committee also oversees the performance of the Registrar and Share Transfer Agent (RTA) and recommends measures for overall improvement in the quality of Investors' Service.

Letters of Shareholders/Bondholders received through SEBI(SCORES)/Stock Exchange/MCA/Depositories/RTA/Other Statutory Authorities are considered as complaints. The day-to-day requests received from Shareholders are taken up by M/s Beetal Financial & Computer Services (P) Ltd, RTA of the Company directly and are not included in the complaints. During the FY 2025-26, Two (2) complaints were received from the Shareholders directly or through SEBI (SCORES)/Stock Exchange/MCA, etc. and all the two complaints have been resolved. The Shareholder's related matters/issues are given top priority and are resolved within a reasonable period. The investors may submit their request/ grievances through e-mail to the RTA and the Company. The Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the Investor's grievances. Contact details of the designated officials of MTNL who are responsible for assisting & handling Investor Grievances of MTNL along with the email address for Investor/ Shareholder Grievances Redressal & other relevant details are available on the Company's website and can be accessed at <https://mtnl.in/investors.html>.

(II) Composition of Stakeholders Relationship Committee

As on 31.07.2026, the Stakeholders Relationship Committee consists of the following Members: -

1.	Shri K Balaji, Government Nominee Director	Chairman (Was Appointed as Chairman & Member w.e.f. 08.07.2026)
2.	Shri Shyamal Misra, Government Nominee Director	Member (Was Appointed as Member w.e.f. 08.07.2026)
3.	Shri Rajiv Kumar, Director (Finance)	Member

As on 31.03.2026, the Stakeholders Relationship Committee consists of the following Members: -

1.	Shri Alok Shukla, Government Nominee Director	Chairman	Ceased to be Chairman & Member w.e.f. 08.07.2026
2.	Ms. Deepika Mahajan, Independent Director	Member	Ceased to be Member w.e.f. 15.04.2026
3.	Shri Vishwas Pathak, Independent Director	Member	Ceased to be Member w.e.f. 15.04.2026
4.	Shri Rajiv Kumar, Director (Finance)	Member	

The Company Secretary acts as the Secretary to the Committee.

(I) Attendance of Directors and Details of Stakeholders Relationship Committee Meetings during the Financial Year 2025-26

One Meeting of the Stakeholders Relationship Committee was held during the Financial Year 2025-26. Necessary Quorum was present in the Meeting of the Committee. The Minutes of the Meetings of the Committee are placed before and noted by the Board. During the year, all recommendations of the Committee were accepted by the Board.

Sl. No.	Date	Place	No. of Members Attended
1	12.02.2026	New Delhi	4/4

Name of the Director	No. of Stakeholders Relationship Committee Meeting Attended	Percentage (%)
Shri Alok Shukla, Chairman & Government Nominee Director	1/1	100%
Ms. Deepika Mahajan, Independent Director	1/1	100%
Shri Vishwas Pathak, Independent Director	1/1	100%
Shri Rajiv Kumar, Director (Finance)	1/1	100%

6. CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Companies Act, 2013 and the rules thereunder. The Composition and Term of Reference of the Committee are in conformity with the said provisions. The CSR Policy is available on the website of the Company at the web link: https://mtnl.in/csr_2014.pdf.

(I) Terms of Reference CSR Committee

1. Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;
2. Recommend the amount of expenditure to be incurred on the activities referred as above;
3. Monitor the CSR Policy of the Company from time to time;
4. Such other activities as the Board of Directors determine as they may deem fit in line with CSR Policy.

Owing to losses incurred by the Company since the Financial Year 2009-10, no specific amount could be earmarked for CSR Activities. However, MTNL is doing non-functioning CSR activities through SMS, etc. spreading awareness of the steps to be taken for Prevention of COVID 19, Swachh Bharat, Pulse Polio, Awareness in relation to Digital Arrest fraud etc.

(II) Composition of CSR Committee

As on 31.07.2026, Corporate Social Responsibility (CSR) Committee consists of the following members: -

1.	Dr Kalyan Sagar Nippani, Director (HR & EB)	Chairman
2.	Shri Rajiv Kumar, Director (Finance)	Member
3.	Shri Sudhakararao Papa, Director (Technical)	Member (Was Appointed as Member w.e.f. 16.04.2026)
4.	Shri K Balaji, Government Nominee Director	Member (Was Appointed as Member w.e.f. 08.07.2026)

As on 31.03.2026, Corporate Social Responsibility (CSR) Committee consists of the following members: -

1.	Dr Kalyan Sagar Nippani, Director (HR & EB)	Chairman	
2.	Shri Rajiv Kumar, Director (Finance)	Member	
3.	Ms. Deepika Mahajan, Independent Director	Member	Ceased to be Member w.e.f. 15.04.2026
4.	Shri Vishwas Pathak, Independent Director	Member	Ceased to be Member w.e.f. 15.04.2026

The Company Secretary acts as the Secretary to the Committee.

No Meeting of the CSR Committee was held during the Financial Year 2025-26.

7. ENTERPRISE RISK MANAGEMENT COMMITTEE

The Enterprise Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 & 62(I) of the SEBI (LODR) Regulations, 2015. The Composition and Term of Reference of the Committee are in conformity with the said provisions. The Enterprise Risk Management Policy along with risk assessment and its management & minimization is available on the website of the Company at the web link: www.mtnl.in.

(I) Terms of Reference of Enterprise Risk Management Committee

The Enterprise Risk Management Committee of the Board of Directors has been entrusted with the responsibility to assist the Board in overseeing and approving the Company's risk management framework. The Company has a comprehensive Enterprise Risk Management Policy (ERM Policy) detailing the risks that the Company faces under various categories like Market & Technology Risk, Policy & Regulation Risk/Regulatory Compliance Risk, Operational Risk, Ongoing Concern Risk, Internal Control Failures and Integrity of Financial Information Risk, Information Technology & Systems Security Risk, Disaster Management and Business Continuity Risk, Greater Transparency and Entity Level Ethical & Governance Risk and other risks and these

have been identified and suitable mitigation measures have also been formulated. The functions of the Enterprises Risk Management Committee shall inter-alia includes cyber security. The Enterprises Risk Management Committee reviews the key risks faced by the Company and its mitigation measures periodically.

Details of Risk faced by MTNL and its Management and its Minimization is included in Management Discussions and Analysis Report which is included as Annexure to the Director's Report.

The Role of the Enterprise Risk Management Committee is as below:

- i. Assessing the Risk Management Procedures relating to Identification and Evaluation of all types of risks, namely, Strategic, Operational, Legal and Regulatory, Information systems and external risks that the Company is exposed to;
- ii. Review and oversee the Risk Management, Compliance, and Control Procedures;
- iii. Review the Risk Assessment and Mitigation Procedures;
- iv. Recommend to the Board a Risk Management Plan for the Company and monitor the functioning of the said plan;
- v. Determine and finalize the risks that the Company and that of its Subsidiaries is exposed to and review their mitigation measures;
- vi. Review the Legal Compliance System;
- vii. Such other terms as the Board may indicate from time to time.

(II) Composition of Enterprise Risk Management Committee

As on 31.07.2026, the Enterprise Risk Management Committee consists of the following Members:-

1.	Shri Rajiv Kumar, Director (Finance)	Chairman
2.	Shri Sudhakararao Papa, Director (Technical)	Member
3.	Dr Kalyan Sagar Nippani, Director (HR & EB)	Member (Was Appointed as Member w.e.f. 16.04.2026)
4.	Shri K Balaji, Government Nominee Director	Member (Was Appointed as Member w.e.f. 08.07.2026)

As on 31.03.2026, the Enterprise Risk Management Committee consists of the following Members:-

1.	Shri Vishwas Pathak, Independent Director	Chairman	Ceased to be Chairman & Member w.e.f. 15.04.2026
2.	Shri Rajiv Kumar, Director (Finance)	Member	Became Chairman w.e.f. 16.04.2026
3.	Shri Sudhakararao Papa, Director (Technical)	Member	
4.	Ms. Deepika Mahajan, Independent Director	Member	Ceased to be Member w.e.f. 15.04.2026

The Company Secretary acts as the Secretary to the Committee.

(III) ATTENDANCE OF DIRECTORS AT THE ENTERPRISE RISK MANAGEMENT COMMITTEE MEETINGS DURING THE FINANCIAL YEAR 2025-26

Two meetings of the Enterprise Risk Management Committee were held during the Financial Year 2025-26. Necessary quorum was present in the meeting of the Committee. The minutes of the meetings of the Committee are placed before and noted by the Board. During the year, all recommendations of the Committee were accepted by the Board.

Sl. No.	Meeting Number	Date	Place	No. of Members Attended
1	13	13.08.2025	New Delhi	4/4
2.	14	12.02.2026	New Delhi	4/4

Name of the Director	No. of Enterprise Risk Management Committee Meetings Attended	Percentage (%)
Shri Vishwas Pathak, Chairman & Independent Director	2/2	100%
Shri Rajiv Kumar, Director (Finance)	2/2	100%
Shri Sudhakararao Papa, Director (Technical)	2/2	100%
Ms. Deepika Mahajan, Independent Director	2/2	100%

8. SHARE TRANSFER COMMITTEE (STC) & SHARE TRANSFER SYSTEM

As per the SEBI (LODR) Regulations 2015, shares cannot be transferred unless they are held in Dematerialized mode. Shareholders who hold shares in physical form are advised to convert them into Dematerialized mode to avoid the risk of losing shares, fraudulent transactions, and to receive better investor servicing. Only valid transmission or transposition cases that comply with the SEBI guidelines will be processed by the RTA of the Company. To transfer, transmit, or transpose shares in physical form, Shareholders should submit them to the office of the Company's Registrar & Share Transfer Agent, M/s Beetal Financial & Computer Services (P) Ltd. The RTA will process these cases only if they are technically found to be complete and in order. The Board has delegated the authority for approving transfer, transmission, remat, split, consolidation etc. of the Company's shares to the Share Transfer Committee comprising of DGM (Budget & Banking) and Company Secretary. A summary of transfer/transmission of securities of the Company so approved by the Share Transfer Committee is placed before the Stakeholders Relationship Committee of the Board.

Special Window for Re-lodgement of Transfer Requests of Physical Shares: To facilitate ease of investing for investors and to secure their rights in the securities purchased by them SEBI, vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/97 dated July 2, 2025, had permitted opening of a special window to facilitate re-lodgement of transfer requests in respect of physical share certificates. This facility is available to shareholders who had originally lodged their transfer deeds prior to April 1, 2019, and whose requests were rejected or returned due to

deficiencies in documentation. Eligible shareholders may re-lodge such transfer requests with the Company's RTA during the specified period. This window was operational from July 7, 2025 to January 6, 2026. SEBI opened another special window for a period of one year, from February 5, 2026 to February 4, 2027 for transfers effected under this facility with shares to be credited only in dematerialized form to the account of the transferee. Such securities will be subject to a mandatory lock-in of one year from the date of registration of transfer, during which they cannot be transferred, lien-marked or pledged. The RTA will process only those cases that are complete in all respects and compliant with SEBI guidelines.

Shareholders are further advised to refer the latest SEBI Guidelines/Circulars issued for all the holder holding securities in Listed Companies in physical form from time to time and keep their KYC details updated all the time to avoid freezing their folio as prescribed by SEBI.

9. SENIOR MANAGEMENT

Senior Management means the officers and personnel of the Company who are the members of the core management team excluding the Board of directors. As on 31.03.2026, Shri Raghvendra Gupta continue to be CGM (Delhi) and Shri Shashank Malviya continue to be CGM (Mumbai) respectively.

10. COMPANY SECRETARY & COMPLIANCE OFFICER

Name of the Company Secretary & Compliance Officer: Shri Ratan Mani Sumit

Address: Mahanagar Doorsanchar Sadan, 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi – 110 003. Tel No. 011- 24317225, **E-mail:** mtnlcsco@gmail.com, mtnlcsco@bol.net.in

11. (i) THE LOCATION, MODE, DATE AND TIMING OF THE COMPANY THREE MOST RECENT GENERAL BODY MEETINGS

Nature of Meeting	Date and Time	Venue	Special Resolution Passed in the Last 3 yrs AGM
39th Annual General Meeting (2025)	October 31, 2025 at 11:40 A.M.	Meeting Held Through VC/OAVM (Deemed Venue: Registered office of the Company i.e. Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110 003)	1. To consider and approve the Re-Appointment of Shri Vishwas Pathak (DIN: 00093771) as an Independent Director of the Company. 2. To consider and approve the Re-Appointment of Ms. Deepika Mahajan (DIN: 09408802) as an Independent Director of the Company. 3. To consider and approve the Modification in the resolution passed at the 36th Annual General Meeting while Re-affirming the Borrowing Powers of MTNL Board of Rs 35000 Crore.

Nature of Meeting	Date and Time	Venue	Special Resolution Passed in the Last 3 yrs A G M
38th Annual General Meeting (2024)	September 30 2024 at 11:43 A.M.	Meeting Held Through VC/OAVM (Deemed Venue: Registered office of the Company i.e. Mahanagar Doorsan-char Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110 003)	No Special Resolution was passed.
37th Annual General Meeting (2023)	September 29, 2023 at 11:30 A.M.	Meeting Held Through VC/OAVM (Deemed Venue: Registered office of the Company i.e. Mahanagar Doorsan-char Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110 003)	1. To approve the Issue of Non-Convertible Debentures on Private Placement Basis

- (ii) Postal Ballot Passed by Shareholders through E-voting during FY 2025-26: During the FY 2025-26, no resolution was passed by the Shareholders through Postal Ballot.
- (iii) Whether any Special Resolution is proposed to be conducted through Postal Ballot – At present, there is no proposal to pass any Special Resolution through Postal Ballot. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.
- (iv) Procedure for Postal Ballot – Not Applicable

12. DISCLOSURES

- (I) CEO/CFO Certification – Pursuant to the provision outlined in Regulation 17(8) of SEBI (LODR) Regulations, 2015 both CMD/CEO & CFO of the Company have issued a joint certificate verifying that the financial statements are free from any materially false statements and accurately reflect the Company's current state of affairs for the FY 2025-26. The Certificate is attached as Annexure to this report.
- (II) Pursuant to Part C (2) (i) of Schedule V of SEBI (LODR) Regulations 2015, the Board of Directors of MTNL is in the opinion that the Independent Directors fulfilled the conditions specified in these Regulations and are Independent of the Management.
- (III) Pursuant to Part C (10) (i) of SEBI (LODR) Regulations, 2015, M/s Mritunjay Shekhar & Associates, Practicing Company Secretaries has furnished a Certificate that None of the

Directors in the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the SEBI/ Ministry of Corporate Affairs (MCA) or any other Statutory Authority for the FY 2025-26. The Certificate is attached as Annexure to this report.

- (IV) Pursuant to Schedule V Part C (10) (k) of SEBI (LODR) Regulations, 2015, during the last three financial years i.e. 2023-24, 2024-25 & 2025-26 there has been no instance of Non-Compliance by the Company, Penalties, Strictures imposed on the Company by the Stock Exchanges or the SEBI or any statutory authorities, on any matter related to Capital Markets. For further information, kindly refer Annual Secretarial Compliance Certificate, Secretarial Audit Report and Corporate Governance Report for the Financial Year 2025-26 attached as an Annexure to the Directors Report. The Securities of the Company were not suspended from trading anytime during FY 2025-26.
- (V) Compliance with Corporate Governance Requirements: The Company has complied with requirements of Corporate Governance set forth in Regulation 17 to 27, as well as Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015, as applicable except as per details given below: -
- i) One Half of the Board was not comprised of Independent Directors from 01.04.2025 to 31.03.2026. Also, there was no Independent Director including Woman Independent Director or Woman Director from 01.04.2025 to 14.04.2025.
 - ii) The Board required 5 (Five) Independent Directors from 01.04.2025 to 08.05.2025 but it had only 2 (Two) Independent Directors on the Board during the period from 15.04.2025 to 08.05.2025.
 - iii) From 09.05.2025 to 31.03.2026, the Board required 6 (Six) Independent Directors but it had only 2 (Two) Independent Directors on the Board during the period.
 - iv) The Audit Committee did not comprise of minimum 2 (Two) Independent Directors as Member/Chairman for the period from 01.04.2025 to 14.04.2025.
 - v) The Nomination & Remuneration Committee did not comprise of minimum 2 (Two) Independent Directors as Member/Chairman for the period from 01.04.2025 to 14.04.2025.
 - vi) The Stakeholders Relationship Committee did not comprise of minimum 1(One) Independent Director as member for the period from 01.04.2025 to 14.04.2025.
 - vii) The Enterprise Risk Management Committee did not comprise of minimum 1 (One) Independent Director as member for the period from 01.04.2025 to 14.04.2025.

The Company also has complied with all the mandatory requirements of Corporate Governance as specified in sub paras (2) to (10) of Part C of Schedule V of the SEBI (LODR) Regulations, 2015. The Company has also complied with DPE Guidelines for Corporate Governance for CPSEs except as per details given above. A Certificate of Compliance with Corporate Governance under SEBI (LODR) Regulations, 2015 has been obtained from M/s Mritunjay Shekhar & Associates, Practicing Company Secretaries for the Financial Year 2025-26 and is placed as Annexure to the Directors Report.

- (VI) Pursuant to Regulation 24A of the SEBI (LODR) Regulations, 2015 an Annual Secretarial Compliance Certificate for the Financial Year 2025-26 has been obtained from M/s R.P. Sehgal & Associates, Practicing Company Secretaries and has been filed in BSE & NSE on 20.04.2026, and placed as Annexure to the Directors Report.
- (VII) Disclosure on Loans or Advances: There have been no loans or advances extended by the Company or its subsidiaries, which bear resemblance to loans, to any Firms or Companies where the Directors of the Company hold an interest.
- (VIII) Disclosure on Compliance with Accounting Standard: In the preparation of the Financial Statements, the Company has followed the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with relevant rules thereunder. The Significant Accounting Policies which are consistently applied have been set out in the notes to the Financial Statements.
- (IX) All the recommendation of the Board Level Committee made during the FY 2025-26 have been accepted by the Board of directors of the Company.
- (X) Disclosure on Materially Significant Related Party Transactions: During the year under review, the Company has not entered any materially significant Related Party Transactions that may have potential conflict with the interests of the Company at large. Details of Related Party Transaction is provided in Note No 49 & 65 of the Standalone Financial Statements, which is the part of Annual Report 2025-26.
- (XI) Policy on Related Party Transactions: During the year under review, the Board of Directors has Revised the Policy for Related Party Transactions in order to align with the amendments made under SEBI (LODR) Regulations, 2015 in FY 2025-26. This Policy can be accessed at the Company's Website at <https://mtnl.in/RELATED%20PARTY%20TRANSACTION%20POLICY.pdf>
- (XII) Whistle Blower Policy: The Policy on Whistle Blower may be accessed on the Company's Website at the link: <http://mtnl.in/whistleBlowerPolicy.pdf>. The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior as defined under Regulation 22 of SEBI (LODR) Regulations, 2015. The Company has a Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Employees may also report to the Chairman of the Audit Committee. During the year under report, no employee was denied access to the Audit Committee and no whistle blower complaint was received during the FY 2025-26.
- (XIII) Policy on Material Subsidiary: During the year under review, the Board of Directors has Revised the Policy on Material Subsidiary in order to align with the amendments made under SEBI (LODR) Regulations, 2015 in FY 2025-26. This Policy can be accessed at the Company's website <https://mtnl.in/POLICY%20FOR%20DETERMINATION%20OF%20MATERIAL%20SUBSIDIARIES.pdf>.

MTNL has Two Subsidiaries (1) Millennium Telecom Limited, A Wholly owned Unlisted Indian Subsidiary and (2) Mahanagar Telephone (Mauritius) Limited, A Wholly owned Overseas Subsidiary. During FY 2025-26, MTNL does not have any Material Subsidiaries. The Audit Committee reviews the Consolidated Financial Statements of the Company. The Minutes of the Board Meetings along with the report on significant developments of the Unlisted Subsidiary Companies are placed before the Board of Directors of the Company regularly.

- (XIV) Policy for Determining Materiality of an Event or Information: The Policy for determining Materiality of an event or information as defined under Regulation 30 of SEBI (LODR) Regulations, 2015 has been approved by the Board and the same may be accessed on the Company's Website at the link: <https://mtnl.in/Policy%20for%20determining%20Materiality%20of%20an%20Event%20or%20Information.pdf>.
- (XV) Dividend Distribution Policy: The Policy as prescribed under Regulation 43A of SEBI (LODR) Regulations, 2015 has been approved by the Board and the same may be accessed on the Company's Website at the link: <https://mtnl.in/mddp.pdf>.
- (XVI) Preservation of Documents Required to be Maintained under SEBI (LODR) Regulations, 2015 & Archival Policy of information hosted on the Website of MTNL: This Policy as prescribed under Regulation 9 of SEBI(LODR) Regulations, 2015 & Archival Policy of information hosted on the Website of MTNL as prescribed under Regulation 30 of SEBI (LODR) Regulations, 2015 has been approved by the Board and the same may be accessed on the Company's website at the link: <http://mtnl.in/Preservation.pdf>.
- (XVII) Internal Code of Conduct for Prevention of Insider Trading in Dealing with Securities of MTNL: - In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors of the Company has adopted the Revised Internal Code of Conduct for Prevention of Insider Trading in Dealing with Securities of MTNL. All the Directors, Employees of the Company and their immediate relatives and other connected persons who could have access to the Unpublished Price Sensitive Information (UPSI) of the Company, are governed under this Insider Trading Code. The Company Secretary of the Company is the 'Compliance Officer' for the purpose of this Regulation. The policy is available in the following link <https://mtnl.in/INTERNAL%20CODE%20OF%20CONDUCT%20FOR%20PREVENTION%20OF%20INSIDER%20TRADING%20IN%20MTNL.pdf>. The Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information (UPSI) is also available in the following link <https://mtnl.in/CODE%20OF%20PRACTICES%20AND%20PROCEDURES%20FOR%20FAIR%20DISCLOSURE%20OF%20UNPUBLISHED%20PRICE%20SENSITIVE%20INFORMATION.pdf>. All the Directors, Employees and Third Parties such as Auditors, Consultants etc. who could have access to the Unpublished Price Sensitive Information of the Company are governed by this Code. The Trading Window is closed from the beginning of the Quarter till 48 hours after declaration of Financial Results and Notice of Closure of Trading Window is uploaded in MTNL's website <https://mtnl.in/>

meeting.html and NSE and BSE websites on Quarterly Basis. Trading Restriction on shares of MTNL are imposed during the Closure of Trading Window period for all Designated person in MTNL by NSDL. The Company is in compliance with Regulation 3(5) & 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015. Further, the Company is also using SDD Software "My Insider UPSI" for entries relating to Unpublished Price Sensitive Information of the Company.

- (XVIII) Business Responsibility and Sustainability Report for the FY 2025-26: Regulation 34((2)(f) of SEBI (LODR) Regulations, 2015 states that Top One Thousand (1000) Listed Entities based on the market capitalization, a Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspective, in the format as specified by the Board from time to time has to be prepared. Further, Regulation 3(2A) of SEBI (LODR) Regulations, 2015 states that the provisions of these regulations, which become applicable to a Listed Entity on the basis of criteria of market capitalization, shall continue to apply to such an entity unless its ranking changes in the list prepared in accordance with sub-regulation (2) of this regulation and such change results in the listed entity remaining outside the applicable threshold for a period of three consecutive years. As on 31.12.2025, MTNL does not comes under Top 1000 Listed Companies, but it has to comply with SEBI Circular No SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021, Regulation 3(2A) & 34(2)(f) of SEBI (LODR) Regulations, 2015 respectively and has to frame Business Responsibility and Sustainability Report (BRSR) for FY 2025-26. Accordingly, a Business Responsibility and Sustainability Report (BRSR) for FY 2025-26 of MTNL has been prepared and placed as Annexure to Directors Report.
- (XIX) Share Capital Audit: M/s Hemant Singh & Associates., Practicing Company Secretaries has carried out a Share Capital Audit on Quarterly basis during FY 2025 -26 to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The said report is also filed in NSE and BSE on Quarterly Basis.
- (XX) Code of Conduct for Directors, Key Managerial Personnel and Senior Management Personnel: The Board of Directors of MTNL has approved the Code of Conduct for Directors, Key Managerial Personnel and Senior Management Personnel as per Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Code lays down in detail the standard of business conduct, ethics governance and centers on the following theme: "Integrity and transparency are the core value in all our business dealings. We shall act in compliance with applicable laws and regulations, in a manner that excludes considerations of personal advantage and will not compromise in our commitment to honesty and integrity in any aspect of our business. We are committed to excellence, in all our endeavors". The Code may be accessed in the Company's website <http://mtnl.in/codeofconduct.pdf>.
- (XXI) Certificate by the CMD regarding Affirmation of Compliance of Code of Conduct for Board of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel for the FY 2025-26. The CMD has issued a Certificate of Compliance of the above code by all as under: -**

Pursuant to Regulation 26 (3) and Schedule V (D) of SEBI (LODR) Regulations, 2015, I confirm that Board Members, Key Managerial Personnel and Senior Management Personnel of MTNL have affirmed compliance with the "MTNL's Code of Conduct" for Board Members, Key Managerial Personnel and Senior Management Personnel for the Financial Year 2025 - 26.

(A. ROBERT J. RAVI)
Chairman & Managing Director

Place: New Delhi

Date: 11.05.2026

(XXII) Means of Communication: -

The Company recognizes Communication as a Key Element to the overall Corporate Governance Framework and therefore emphasizes on prompt, continuous, efficient and relevant communications to all external constituencies.

- a) The Quarterly, Half Yearly and Annual Financial Results were published in English and Hindi Newspapers along with QR Code on the SEBI prescribed format and are also posted on the Company's website i.e. <https://mtnl.in/finres.html>.
- b) Annual Report: The Annual Report containing, inter-alia, Audited Standalone Financial Statements, Audited Consolidated Financial Statements, Director's Report, Auditor's Report, Business Responsibility and Sustainability Report, Management Discussion & Analysis (MD&A) Report and other important information is circulated to members through email to all the Members/Bondholders whose email address are registered with the Company/RTA/DPs and others entitled thereto & is also displayed on the Company's website www.mtnl.in and <http://mtnl.in/annual.html> in accordance with MCA & SEBI Circulars. Additionally, in accordance with Regulation 36(1)(b) & 58(1)(b) of SEBI (LODR) Regulations, 2015, the Company is also sending Letter to Shareholders and Bondholders whose email address are not registered with Company/RTA/DPs providing the weblink of Company's website from where the Annual Report for FY 2025-26 can be accessed. Physical copy of Annual Report are also sent to the Shareholders who have registered a request to receive a physical copy to the Company/RTA during the year.
- c) NSE Electronic Application Processing System (NEAPS): NEAPS is a web based application designed by National Stock Exchange (NSE) for Corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Disclosure of Events/Information, etc. are filed electronically on NEAPS in order to comply with Regulation 10 of SEBI (LODR) Regulations, 2015 and the general public may view the same.
- d) BSE Corporate Compliance & Listing Centre (the "Listing Centre"): The BSE's Listing Centre is the Web based application designed for Corporates. All periodical compliance filings like Shareholding pattern, Corporate Governance Report, Disclosure of Events/Information, etc. are filed electronically on BSE Listing Centre in order to comply with Regulation 10 of SEBI (LODR) Regulations, 2015 and the general public may view the same.
- e) SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralized web-based complaints redressal system. The salient features of this system are Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned Companies and online viewing by investors of actions taken on the complaint and its current status.
- f) All filing in the Stock Exchanges are also simultaneously uploaded on the website of MTNL i.e. www.mtnl.in.

(XXIII) General Shareholder Information:

(1) **Company Registration Details-** The Company is registered with the Registrar of Companies, NCT of Delhi & Haryana on 28.02.1986. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L32101DL1986GOI023501.

(2) **Date and Time of AGM –** 40th Annual General Meeting (AGM) of the Company is scheduled to be held on Wednesday, September 30, 2026 at 11.30 A.M. through Video Conference (VC)/ Other Audio Visual Means (OAVM).

Meeting is being conducted through VC/OAVM pursuant to the MCA Circulars dated May 5, 2020 read with General Circulars dated April 8, 2020, April 13, 2020, January 13, 2021, December 14, 2021, May 05, 2022, December 28, 2022, September 25, 2023, September 19, 2024 and September 22, 2025 as such there is no requirement to have a venue for the AGM.

(3) **Venue -** Through Video Conference (VC)/Other Audio Visual Means (OAVM).

(4) **Financial Year-** 1st April 2025 to 31st March 2026

(5) **Financial Calendar -**

Board Meeting for considering Audited Annual Accounts for the year ended on 31.03.2026	May 21, 2026
Submission of Audited Accounts to C&AG of India	May 26, 2026
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30th June 2026	August 12, 2026
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30th September 2026	On or before 14th November, 2026
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the quarter ended on 31st December 2026	On or before 14th February, 2027
Board Meeting for considering Audited Annual Accounts for the Year ended on 31st March 2027	On or before 30th May, 2027

(6) **Dates of Book Closure** - 24th September, 2026 to 30th September 2026

(7) **Dividend Payment Date** - N.A.

(8) Name and Address of each Stock Exchange at which Company Shares are listed and Stock Code

Listing on Stock Exchanges	Names	Address	Stock code
Equity Shares	Bombay Stock Exchange Limited (BSE Ltd.)	25th Floor, P.J. Towers, Dalal Street, Mumbai – 400001	500108
	The National Stock Exchange of India Limited, (NSE Ltd.)	Exchange Plaza, Plot no C/1, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051	MTNL

The Bond issued by MTNL are listed in BSE. Details of Bonds issued by MTNL as on 31.03.2026 are given in the Directors Report.

Applications for delisting of MTNL's shares from Delhi, Calcutta & Madras Stock Exchanges have been filed with the above mentioned Stock Exchanges on 16th October, 2012. The shares of the Company are delisted from Madras Stock Exchange w.e.f. 26.07.2013. Delhi Stock Exchange has intimated MTNL vide its letter dated 18.04.2023 that after its de-recognition, de-listing of shares of MTNL is not applicable. No Confirmation of de-listing has been received from Calcutta Stock Exchange so far. However, the Company has not been paying listing fees to Calcutta Stock Exchange from the Financial Year 2013-14 onwards.

MTNL has de-listed its American Depository Receipts (ADRs) from OTCQX International Market, New York on 01.10.2022. As on 31.03.2026, there are no outstanding ADRs.

(9) Dematerialisation

Name	Address	ISIN
National Securities Depository Limited (NSDL)	Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013	INE 153A01019
Central Depository Services (India) Limited	17th floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	INE 153A01019

(10) Corporate Identity Number (CIN) of MTNL - L32101DL1986GOI023501

(11) Payment of Listing Fees and Annual Custody Fee: Annual Listing Fees and Annual Custody Fees for the Financial Year 2026-27 and 2025-26 has been paid by the Company to BSE & NSE and NSDL & CDSL respectively.

(12) STOCK MARKET PRICE DATA: Information relating to High & Low price during each month in the Financial Year 2025-26 at BSE and NSE is given here under: Opening Price on BSE as on 01.04.2025 was Rs. 43.08 and NSE as on 01.04.2025 was Rs. 42.98. Closing Price on BSE as on 30.03.2026 was Rs. 21.47 and NSE as on 30.03.2026 was Rs. 21.47. It may be mentioned that there was Stock market holiday on 31.03.2026.

52 Week High and Low (for FY 2025-26) in NSE is Rs 58.20 (on 25.06.2025) and Rs 21.26 (on 30.03.2026) respectively.

52 Week High and Low (for FY 2025-26) in BSE is Rs 58.00 (on 25.06.2025) and Rs 20.30 (on 30.03.2026) respectively.

The Market Capitalization of MTNL as on 31.12.2026 is Rs 2706.75 Crores (NSE) and the rank of MTNL is 1015 among all the Listed Companies in NSE.

The Market Capitalization of MTNL as on 31.12.2026 is Rs 2707.52 Crores (BSE) and the rank of MTNL is 1037 among all the Listed Companies in BSE.

Market price data – High, Low, and Number of Shares traded during each month in the last Financial Year 2025 - 26 are given below:

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume (No of Shares Traded)	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume (No of Shares Traded)
April, 2025	46.71	38.00	7443569	46.71	39.10	68414317
May, 2025	50.60	38.00	11207738	50.64	38.05	149966780
June, 2025	58.00	46.82	40494860	58.20	46.80	352777905
July, 2025	53.60	45.23	12317289	53.60	45.01	96467698
August, 2025	48.14	42.00	4887208	48.19	42.03	41808772
September, 2025	46.40	42.25	5941946	46.44	42.30	39006443
October, 2025	44.35	40.95	2065649	44.47	40.97	26069819
November, 2025	44.71	37.63	1457585	44.67	37.52	21034275
December, 2025	39.51	34.04	4367628	39.58	34.00	57062087
January, 2026	37.35	28.54	4488638	37.39	28.55	51016645
February, 2026	35.92	29.10	1902968	35.99	29.05	26677381
March, 2026	28.90	20.30	3140444	28.89	21.26	33375792

(13) REGISTRAR AND TRANSFER AGENTS OF EQUITY SHARES OF MTNL -

M/s Beetal Financial and Computer Services (Pvt) Ltd., 3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062, Ph: 011 42959000-009, Fax:011-29961284, Email ID: beetalrta@gmail.com, beetal@beetalfinancial.com, website: www.beetalfinancial.com. All Investor's Grievances have been promptly attended by the RTA.

(14) REGISTRAR AND TRANSFER AGENTS OF DEBENTURES/ BONDS OF MTNL –

M/s. Beetal Financial & Computer Services (P) Ltd, 3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110 062. Ph: 011 42959000-009, e-mail- beetalrta@gmail.com. (For Bonds Series INE153A08089, INE153A08097, INE153A08105, INE153A08113, INE153A08121, INE153A08139, INE153A08147, INE153A08154, INE153A08162, INE153A08171 and INE153A08188).

(15) DEBENTURE TRUSTEE DETAILS –

1. SBICAP Trustee Company Limited, Mistry Bhavan, 4th Floor, 122, Dinshaw Vachha Road, Churchgate, Mumbai – 400 020, Contact Person – Mr. Sandeep Poddar, Landline: 022 4302 5555/5566, E-Mail: corporate@sbicaptrustee.com (For Bonds Series INE153A08089 and INE153A08097).
2. Beacon Trusteeship Limited, 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Contact Person: Shri Ritobrata Mitra, Telephone: 022-46060278, Website: <https://beacontrustee.co.in/>, E-Mail: compliance@beacontrustee.co.in (For Bonds Series INE153A08105, INE153A08113, INE153A08121, INE153A08139, INE153A08147, INE153A08154, INE153A08162, INE153A08171 and INE153A08188).

(16) INFORMATION ON SHAREHOLDING IN MTNL AS ON 31ST MARCH, 2026 -
(i) SHAREHOLDING PATTERN OF MTNL AS ON 31ST MARCH, 2026

S. No.	Category of Shareholder	Total No of Shareholders	Total number of Shares (Physical+ Demat)	Total number of Shares (Demat)	Total Shareholding as a % of Total number of Shares (Physical + Demat)
1.	President of India	1	354378740	354378740	56.25
2.	Mutual Funds	12	5300	900	0.00
3.	Financial Institutions/ Banks	7	1959	259	0.00
4.	LIC	1	82659957	82659457	13.12
5.	Other Insurance Companies	2	1947514	1947514	0.31
6.	Bodies Corporate	741	6532176	6526176	1.04
7.	Individuals	368599	170768715	170670618	27.11
8.	Trusts	13	517353	517353	0.08
9.	HUF	3799	7438014	7438014	1.18
10.	Clearing Member	20	331797	331797	0.05
11.	Foreign Portfolio Investors	6	3183045	3183045	0.51
12.	NRI	1732	2219230	2219230	0.35

13.	Foreign Institutional Investor/ Foreign Companies	7	6600	6000	0.00
14.	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0
15.	Any other (Shareholding by Companies or Bodies Corporate where Central / State Government is a Promoter)	3	9500	9500	0
16.	OTHER - Unclaimed/ Suspense/Escrow A/c	1	100	100	0.00
	GRAND TOTAL	374944	630000000	629888703	100

(ii) INFORMATION REGARDING DOMESTIC & FOREIGN SHAREHOLDING OF MTNL AS ON 31ST MARCH, 2026

Particulars	Total number of Shares	Total Shareholding as a %
Domestic shareholding	624591125	99.14
Foreign shareholding	5408875	0.86
Total	630000000	100.00

(iii) SHAREHOLDER HOLDING MORE THAN 5 % SHARES AS ON 31.03.2026

Name of Shareholder	Total number of Shares	Total Shareholding as a %
President of India	354378740	56.25
LIC	82659957	13.12

(iv) INFORMATION ON DISTRIBUTION OF EQUITY SHAREHOLDING AS ON 31ST MARCH, 2026: -

Share Holding of Nominal Value of Rs. 10	No. of Shareholders	% to Total Holders	No. of Shares	Amount in Rs	% to Total Share Capital
Upto 5000	325055	86.694	31400485	314004850.00	4.9842
5001 to 10000	24074	6.421	19375894	193758940.00	3.0755
10001 to 20000	12751	3.401	19354866	193548660.00	3.0722
20001 to 30000	4544	1.212	11614830	116148300.00	1.8436
30001 to 40000	2036	0.543	7303629	73036290.00	1.1593
40001 to 50000	1805	0.481	8550647	85506470.00	1.3572
50001 to 100000	2678	0.714	19866176	198661760.00	3.1534
100001 and above	2001	0.534	512533473	5125334730.00	81.3545
TOTAL	374944	100.000	630000000	6300000000.00	100.0000

(v) TOP TEN SHAREHOLDERS AS ON 31ST MARCH, 2026

Sl. No	Name of the Shareholder	No. of shares	%
1	President of India	354378740	56.25
2	Life Insurance Corporation of India	82659957	13.12
3	Rajesh Kumar Sahu	2153000	0.34
4	Shailesh Babalal Shah	1748601	0.28
5	Red Bay Ltd	1716169	0.27
6	Shiryansh Kumar Jain	1491631	0.24
7	The New India Assurance Company Limited	1354544	0.21
8	Quadrature Trading VCC - Sub-Fund No. 1	1203065	0.19
9	Hitesh Ramji Javeri	1090000	0.17
10	Ravikumar Ramkishore Sanwalka	1060000	0.17

- (17) Dematerialization of Shares and Liquidity** -As on 31st March 2026, 99.982% shares of the Company's equity share capital available in the market is in dematerialized form. The Company has entered into agreements with both the Depositories of the Country viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), and the Shareholders have an option to dematerialize their shares with any of them. The Code number allotted by NSDL and CDSL to MTNL is ISIN INE153A01019.

Sl. No.	Shares in Demat and Physical form (as on 31.03.2026)	No. of Shares	% of Issued Capital
1.	Held in Demat form in CDSL	10,75,59,815	17.073
2.	Held in Demat form in NSDL	52,23,28,888	82.909
3.	Physical Holding	1,11,297	0.018
	Total Number of Shares	63,00,00,000	100

(18) Transfer of Unpaid/Unclaimed amounts to Investor Education and Protection Fund (IEPF)

As the Company has not declared any dividend (Final/Interim), since FY 2009-10, Therefore, Provision of Transfer of Unpaid/Unclaimed amount to IEPF is not applicable.

(19) List of Credit Ratings obtained by MTNL along with any revisions thereto during FY 2025-26 for all Debt Instruments

During the year under review, Care Ratings Limited (CARE) vide its report dated 16.12.2025 have reaffirmed the ratings for the following Instruments of the Company as given below:-

Instruments Details	Amount (In Crores)	Reaffirmed ratings
Bonds	Rs 24,070.99	CARE AAA (CE), Stable
Long Term Bank Facilities	Rs 2,905.48	CARE D
Long Term /Short Term Bank Facilities	Rs 2,752.48	CARE D
Short Term Bank Facilities	Rs 5,980.95	CARE D

M/s Brickwork Ratings India Pvt Ltd vide its Report dated 09.10.2025 has reaffirmed rating of BWR AA+ (CE) Rating Watch with Negative Implication on Rs 6,500 crore Bonds during the year under review.

M/s India Ratings & Research Pvt Ltd (India Ratings) vide its Report dated 20.08.2025 & 19.02.2026 respectively has reaffirmed rating of IND AAA (CE)/Stable Rating Watch with Negative Implication on Rs 17,570.99 crore Bonds during the year under review.

M/s CRISIL Ratings Limited (CRISIL) vide its Report 28.11.2025 & 26.02.2026 respectively has reaffirmed rating of CRISIL AAA (CE)/ Watch Negative (Placed on 'Rating Watch with Negative Implications') on Rs 6,500 crore Bonds during the year under review.

(20) Beneficiary Account

In accordance with the requirement of Regulation 34 (3) and Schedule V Part F of SEBI(LODR) Regulations, 2015 MTNL has opened a Beneficiary Account under the name of "MTNL- Unclaimed Suspense Escrow Demat Account" (DP ID- IN301330, Client ID- 41840906) for crediting Unclaimed Demat shares of MTNL as under:

Details of MTNL– Unclaimed Suspense Escrow Demat Account :-

Opening Balance (as on 01.04.2025)		Requests received and dis- posed of during FY 2025 - 26		Closing Balance (as on 31.03.2026)	
Cases	Shares	Cases	Shares	Cases	Shares
0	0	0	0	1	100

(21) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely Impact on Equity

As on March 31, 2026, the Company does not have any Outstanding ADRs/GDRs/Warrants or any convertible instruments.

(22) Commodity Price or Foreign Exchange Risk and Hedging Activities

As MTNL is a Service Provider Company, Commodity Price Risk or Foreign Exchange Risk is not applicable.

(23) Details of Utilization of Funds raised through Preferential Allotment or Qualified Institution Placement as specified under Regulation 32(7A) of SEBI (LODR) Regulations, 2015

During the year under review, the Company did not raise any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the SEBI(LODR) Regulations, 2015.

(24) Details of Consolidated Fees Paid/Payable to Statutory Auditors of the Company M/s S.L. Chhajed & Co. LLP and M/s O. P. Bagla & Co LLP during FY 2025-26, are given below: -

Sl.No.	Type of Services	Rs. (In crores)
1.	Audit Fee	0.65
2.	Tax Audit Fee including Reimbursement of Expenses	0.20
	TOTAL	0.85

(25) Disclosure in Relation to the Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013 –

Sl. No	Item	No. of Complaints received during FY 2025-26	No. of Complaints Pending at end of the Financial Year i.e. as on 31.03.2026
1.	Sexual Harassment	NIL	NIL

(26) Plant Locations

The Company has active operations of services in two metro cities i.e., Delhi and NCR and Mumbai including Thane District only.

(27) Investors' correspondence may be addressed to –

Shri Ratan Mani Sumit, Company Secretary and Compliance Officer, Mahanagar Telephone Nigam Limited, Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110 003 Tel: 011 24317225, Website: www.mtnl.in, E-mail Id: mtnlcsco@bol.net.in, mtnlcsco@gmail.com.

ANNEXURE TO CORPORATE GOVERNANCE REPORT



Mritunjay Shekhar & Associates

Company Secretaries

Email: shekharmritunjay3@gmail.com

MNo. 9540043975/8076567045

311B , Vikas Surya Galaxy, Plot No. 09,

Sector-4, Dwarka, New Delhi-110078

Website: <https://www.msaprofessional.com>

FRN-S2018DE619000

P R -2919/2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS FOR FY 2025-26

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,

The Members of

Mahanagar Telephone Nigam Limited

Mahanagar Doorsanchar Sadan,

5th Floor, 9 CGO Complex Lodhi Road,

New Delhi-110 003

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s MAHANAGAR TELEPHONE NIGAM LIMITED** having CIN:- **L32101DL1986GOI023501** and having registered office at **MAHANAGAR DOORSANCHAR SADAN, 5TH FLOOR, 9 CGO COMPLEX, LODHI ROAD, NEW DELHI DL 110003 INDIA** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2026** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	Name of Director	DIN	Date of Appointment in Company
1	A. ROBERT J. RAVI	10095013	15/07/2024
2	Dr. KALYAN SAGAR NIPPANI	10421277	01/08/2024
3	RAJIV KUMAR	09811051	02/12/2022
4	SUDHAKARARAO PAPA	10801670	09/05/2025

5	ALOK SHUKLA	10849459	30/01/2025
6	SUNIL KUMAR RANJAN	11212124	13/01/2026
7	VISHWAS PATHAK	00093771	15/04/2025
8	DEEPIKA MAHAJAN	09408802	15/04/2025

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Mritunjay Shekhar & Associates
Company Secretaries

Sd/-
(Mritunjay Chandra Shekhar)
FCS 12594
COP 20871

UDIN NUMBER: F012594H000023211

Place: New Delhi
Date: 06/04/2026

ANNEXURE TO CORPORATE GOVERNANCE REPORT**CEO AND CFO CERTIFICATION PURSUANT TO THE REGULATION 17(8)
OF SEBI (LODR) REGULATIONS, 2015 FOR THE FY 2025-26**

*[Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015 for the Financial Year ended March 31, 2026]*

To,

The Board of Directors

Mahanagar Telephone Nigam Limited

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity's pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee;
- significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For and on behalf of MTNL

Sd/-

(Shri Vasudev Singh)

CFO/ GM(Finance) MTNL CO

Place: New Delhi

Date: 21.05.2026

Sd/-

(Shri A. Robert J. Ravi)

CMD/CEO

ANNEXURE VII TO DIRECTORS' REPORT**BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT****SECTION A: GENERAL DISCLOSURES****I. DETAILS OF THE LISTED ENTITY**

1. **Corporate Identity Number (CIN) of the Listed Entity:** L32101DL1986GOI023501
2. **Name of the Listed Entity:** Mahanagar Telephone Nigam Limited
3. **Year of Incorporation:** 1986
4. **Registered Office Address:** Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110 003
5. **Corporate Address:** Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110 003.
6. **E-mail:** mtnlcsco@gmail.com, mtnlcsco@bol.net.in
7. **Telephone-** 011-24317225
8. **Website:** www.mtnl.in
9. **Financial Year for which Reporting is being done:** 2025-26
10. **Name of the Stock Exchange(s) where shares are listed:** BSE Limited & National Stock Exchange of India Limited
11. **Paid-up Capital:** Rs 630 Crore
12. **Name and Contact Details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:** Shri Ratan Mani Sumit, Company Secretary, Tel no. 011-24317225, Email ID mtnlcsco@gmail.com, mtnlcsco@bol.net.in
13. **Reporting Boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together) -** Standalone Basis.
14. **Name of the Assurance Provider –** Not applicable as per SEBI/HO/CFD/CFD/SEC-2/P/CIR/2023/122 dated 12.07.2023 and SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated 28.05.2025 as MTNL does not fall under the top 1000 listed entities by Average Market capitalisation from July 01, 2025 to December 31, 2025
15. **Type of Assurance Obtained -** Not applicable as per SEBI/HO/CFD/CFD/SEC-2/P/CIR/2023/122 dated 12.07.2023 and SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated 28.05.2025 as MTNL does not fall under the top 1000 listed entities by Average Market Capitalisation from July 01, 2025 to December 31, 2025.

II. Products/Services

16. Details of Business Activities (accounting for 90% of the turnover):

S. NO.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Basic & Other Services (Landline, Broadband, FTTH, Cellular)	Telecommunications	25.96%
2.	Infrastructure Leasing	Infrastructure Leasing	34.53%

17. Products/Services sold by the Entity (accounting for 90% of the Entity's Turnover)

S. No.	Name of Product/Service	Nic Code	% of Total Turnover Contributed
1.	Wireless Telecommunication Activities Activities of Internet access by the operator of the wireless infrastructure (61201) Activities of maintaining and operating cellular and other telecommunication networks (61202)	61201 & 61202	1.15
2.	Wired Telecommunication Activities Activities of Basic Telecom Services: telephone, telex, and telegraph (61101) Activities of providing internet access by the operator of the wired infrastructure (61104)	61101 & 61104	24.81
3.	Infrastructure Leasing (68100)	68100	34.53

III. Operations

18. Number of Locations where Plants and/or Operations/Offices of the Entity are situated:

Location	Number of Plants	Number of Offices	Total
National	NA	3*	3
International**	NA	NA	NA

* Corporate Office, Delhi Unit and Mumbai Unit. For operational efficiency, Delhi and Mumbai Units have offices in different areas/zones of Delhi and Mumbai.

**International Telecom Operations in 2 countries (Mauritius & Nepal) are served by Mahanagar Telephone Mauritius Limited (MTML), a Wholly Owned Oversees Subsidiary of MTNL in Mauritius and United Telecom Limited (UTL) Nepal a Joint Venture Company of MTNL in which MTNL holds 26.68% shares respectively.

19. Markets served by the Entity:

a. Number of Locations

Locations	Number
National (No. of States)	2*
International (No. of Countries)	NA
* Delhi & Maharashtra (Mumbai)	

- b. What is the contribution of exports as a percentage of the Total Turnover of the Entity - Not Applicable
- c. A brief on types of customers:

MTNL offers services in categories of wireless and wire-line telecommunication to the customers of MTNL. The customers can use the various services such as Landline, Broadband, Mobile Services, FTTH, Leased Circuits, Enterprise services, MPLS, Industrial Training, Toll Free services, ISDN, EPABX, Universal Access Number, etc. MTNL and BSNL have entered into a "SERVICE AGREEMENT" on 22.11.2024 under which BSNL has been entrusted with the responsibility to undertake the maintenance and operational activities of MTNL's Telecom Services w.e.f. 01.01.2025. According to the Service Agreement, BSNL shall be responsible to run MTNL's telecom services by undertaking maintenance and running activities of MTNL completely. Also, BSNL will invest capital (CAPEX) and other resources (OPEX) for the smooth running of the entire operation in Delhi and Mumbai. The CAPEX and related OPEX will be part of BSNL Balance sheet and EBITDA, and OPEX for MTNL assets will be part of MTNL EBITDA. In pursuance of this agreement, creation of Delhi BA, BSNL in telecom operational area of MTNL Delhi and Mumbai BA, BSNL in the telecom operational area of MTNL Mumbai has been notified by BSNL and the procurement in MTNL is now being done through BSNL.

IV. Employees

20. Details as at the end of Financial Year: 31.03.2026

- a. Employees and Workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	2795	2263	80.97	532	19.03
2.	Other than Permanent (E)	NOT APPLICABLE				
3.	Total Employees (D + E)	2795	2263	80.97	532	19.03
WORKERS						
4.	Permanent (F)	NOT APPLICABLE				
5.	Other than Permanent (G)					
6.	Total Employees (F +G)					

- b. Differently abled Employees and Workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	25	23	92	2	8
2.	Other than Permanent (E)	NOT APPLICABLE				

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
3.	Total Employees (D + E)	25	23	92	2	8
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	NOT APPLICABLE				
5.	Other than Permanent (G)					
6.	Total Employees (F +G)					

21. Participation/Inclusion/Representation of Women

	Total (A)	No. and Percentage of Females	
		No. (B)	% (B / A)
Board of Directors	08	01	12.50
Key Management Personnel	02	00	0.00

22. Turnover Rate for Permanent Employees and Workers (Disclose trends for the past 3 years):

	FY 2025-26			FY 2024-25			FY 2023-24		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	0.551	0.395	0.515	0.571	0.688	0.593	0.552	0.058	0.610
Permanent Workers	NOT APPLICABLE								

V. Holding, Subsidiary and Associate Companies (including Joint Ventures)
23. (a) Names of Holding / Subsidiary / Associate Companies / Joint Ventures

S. No.	Name of the Holding/ Subsidiary / Associate Companies /Joint Ventures	Indicate whether Holding/ Subsidiary/ Associate/ Joint Venture	% of Shares held by Listed Entity	Does the Entity indicated at column A, participate in the Business Responsibility initiatives of the Listed Entity? (Yes/No)
1.	Millennium Telecom Ltd. (MTL)	Wholly owned Indian Subsidiary	100	No
2.	Mahanagar Telephone (Mauritius) Limited (MTML)	Wholly owned Overseas Subsidiary	100	No
3.	MTNL STPI IT Services Ltd. (MSITS)	Joint Venture	50	No
4.	United Telecommunications Ltd. (UTL), Nepal	Joint Venture	26.68	No

VI. CSR Details

24. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013: NO
(ii) Turnover (in Rs.) 1468.81 Crore
(iii) Net Worth (in Rs.) (-) 29974.84 Crore

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the Principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2024-25			FY 2023-24		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Not Applicable						
Investors (other than Shareholders)	Refer to point no.1 https://mtnl.in/investors.html						
Shareholders	Refer to Point no.1 https://mtnl.in/investors.html	2	0	All the 2 Complaints are resolved	4	0	All the 4 Complaints are resolved
Employees and workers	Refer Principle No 3 Point no 6						
Customers	Refer Principle No 9 and Point No 2						
Value Chain Partners	Not Applicable						
Other (please specify)							

Point No. 1. MTNL has Stakeholders Relationship Committee ("SRC") to examine and redress complaints by Shareholders/Bondholders. SRC meets as and when required and atleast once a year to resolve Shareholders/Bondholders Grievances. SCORES Platform & ODR Platform is also available for Shareholders to raise any complaints. Shareholders can also register their complaints to the Company, RTA, SEBI, BSE & NSE.

Point No. 2. In the case of Basic Telephone Service, following types of complaints are received from customers - billing related, customer service related, faults and network related, UCC related and VAS related. In the case of Broadband Service, following types of complaints are received from customers - billing related, customer service related, faults and network related, Internet / data related and VAS related.

Details of Customer Complaints for the Period From 01.04.2025 To 31.03.2026.

S. No.	Particulars	Total Received		Total Pending		% of Pending Cases at the end of Financial Year	
		Mumbai Unit	Delhi Unit	Mumbai Unit	Delhi Unit	Mumbai Unit	Delhi Unit
1.	P.G. Cases	971	1358	12	13	1.2	0.96
2.	Landline Faults	70587	23386	8125	27	11.51	0.12
3.	Broadband Faults	3185	7913	687	2	21.56	0.03

26. Overview of the Entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issues identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Market / Technology Risk	R	Kindly refer to the Management Discussion and Analysis Report which is part of Directors Report for the FY 2025-26		Negative
2.	Policy & Regulation Risk / Regulatory Compliance Risk	R			
3.	Operational Risk	R			
4.	Ongoing Concern Risk	R			
5.	Internal Control Failures and Integrity of Financial Information Risk	R			
6.	Information Technology & Systems Security Risk	R			
7.	Disaster Management and Business Continuity Risk	R			
8.	Greater Transparency and Entity Level Ethical & Governance Risk	R			

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9									
Policy and management processes																			
1.	a. Whether your Entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y									
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	N	N	Y	N									
	c. Web Link of the Policies, if available (Given in Annexure)	Y	Y	Y	Y	Y	N	N	Y	Y									
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	N	Y	Y									
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	N	N	N	N	N	N	N	N	N									
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your Entity and mapped to each principle.	SEBI (LODR) Regula- tions, 2015	N	Ministry Guide- lines & SEBI (LODR) Regula- tions, 2015	SEBI (LODR) Regula- tions, 2015	Compa- nies Act 2013 & SEBI (LODR) Regula- tions, 2015	Min- istry Guide- lines & SEBI (LODR) Regula- tions, 2015	N	Com- panies Act 2013,	N									
5.	Specific commitments, goals and targets set by the Entity with defined timelines, if any	Not Available																	
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.																		
Governance, Leadership and Oversight																			
7.	Statement by Director responsible for the Business Responsibility Report, highlighting ESG related challenges, targets and achievements (Listed Entity has flexibility regarding the placement of this disclosure) - The Company is committed to develop a suitable ESG framework for the organization.																		
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors																	
9.	Does the Entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details	NO																	
10.	Details of Review of NGRBCs by the Company:																		
Subject for Review		Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
		P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Performance against above policies and follow up action	Y	N	Y	Y	Y	Y	N	N	Y	Quarterly/ as & when required.								

	Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	N	Y	Y	Y	Y	N	N	Y	Quarterly/ as & when required.							
11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated - Not applicable.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage Coverage by Training and Awareness Programmes on any of the Principles during the Financial Year:**

Segment	Total Number of Training and Awareness Programmes held	Topics/ Principal are Covered under the training and its impact	% age of person in respective category covered by the awareness programme
Board of Director	NIL	NA	NA
Key Managerial Personal	NIL	NA	NA
Employee other than BoD and KMPs	Total 83 numbers of upgradation training programmes were held during FY 2025-26	Trainings conducted on company policies including upgradation (Managerial and Technical), Cyber Security, Office Automation.	Details of Training provided by the Institute of Telecom, Technology & Management (ITTM), New Delhi & by The Centre For Excellence In Telecom Technology & Management (CETTM), Mumbai is given below. Also refer Sl. No 8 of Principle 3
Workers	Not Applicable		

TRAINING PROVIDED BY THE INSTITUTE OF TELECOM, TECHNOLOGY & MANAGEMENT (ITTM), NEW DELHI

S. No.	Mode of training	Name of programs	Number of Training Programs	Numbers of Trainees Trained
1.	E-mode by	Financial up-gradation	06	12
2.	Off line	Financial up-gradation	28	262
		General Awareness Programs like Cyber Security /Vigilance	17	122
		Office Automation	01	5

TRAINING PROVIDED BY THE CENTRE FOR EXCELLENCE IN TELECOM TECHNOLOGY & MANAGEMENT (CETTM), MUMBAI

S. No.	Mode of training	Name of programs	Number of Training Programs	Numbers of Trainees Trained
1.	E-mode by	Financial up-gradation training for MTNL Employees	31	262
Total Number of Trainings Programmes during FY 2025-26			83	663

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the Entity's website):

Monetary					
	NGRBC Principle	Name of the Regulatory/ Enforcement Agencies/ Judicial Institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Principle 1	1. NSE 2. BSE	65,67,880 (inclusive of GST)	For the financial year ended on March 31, 2026, the Company has complied with all requirements of SEBI (LODR) Regulations, 2015, the Companies Act, 2013 and rules made thereunder, applicable Secretarial Standards issued by ICSI and DPE Guidelines on Corporate Governance, as amended from time to time, except Compliance related to Composition of Board of Directors during FY 2025-26 and Composition of Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Enterprise Risk Management Committee for the period from 01.04.2025 to 14.04.2025 respectively.	Yes

Monetary					
	NGRBC Principle	Name of the Regulatory/ Enforcement Agencies/ Judicial Institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
				As on 31.03.2026, MTNL had Four Executive Directors, Two Government Nominee Directors and Two Independent Directors including One Independent Women Director on its Board. The Board required 6 (Six) Independent Directors during FY 2025-26, but it had only 2 (Two) Independent Directors on the Board which is non-compliance of Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015. For the above mentioned Non compliance, NSE and BSE have imposed a total fine of Rs 65,67,880/- (including GST), for all the four quarters of FY 2025-26.	
		Telecom Regulatory Authority of India (TRAI)	3,00,000/-	TRAI order dated 04.04.2025 for Rs 3,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the Contravention of the provisions of the Quality of Service of Broadband Service Regulations, 2006 (11 of 2006) for the Quarter ending June 2024	Yes
			4,00,000/-	TRAI order dated 04.04.2025 for Rs 4,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the Contravention of the provisions of the Quality of Service of Broadband Service Regulations, 2006 (11 of 2006) for the Quarter ending December 2023.	
			3,00,000/	TRAI order dated 06.05.2025 for Rs 3,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention of the provisions of the Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 (7 of 2009) for the Quarter ending June 2024.	
			3,00,000/-	TRAI order dated. 28.07.2025 for Rs 3,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention of the provisions of the Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 (7 of 2009) for the quarter ending September 2024.	
			1,00,000/-	TRAI order dated 16.09.2025 for Rs 1,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention of the provisions of the Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 (7 of 2009) for the quarter ending June 2024.	

Monetary					
	NGRBC Principle	Name of the Regulatory/ Enforcement Agencies/ Judicial Institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
			3,00,000/-	TRAI order dated 23.09.2025 for Rs 3,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention of the provisions the Quality of Service of Broadband Service Regulations, 2006 (11 of 2006) for the Quarter ending September 2024.	
			11,00,000/-	TRAI order dated 23.01.2026 for Rs 11,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention of the provisions of the Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (6 of 2024) for the month of April 2025.	
			4,00,000/-	TRAI order dated 02.02.2026 for Rs 4,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention of the Provisions of the Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the month of May 2025.	
			6,00,000/-	TRAI order dated 02.02.2026 for Rs 6,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention the Provisions of the Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the quarter ending June 2025.	
			8,00,000/-	TRAI order dated 03.02.2026 for Rs 8,00,000/-Financial Disincentive imposed on MTNL for non-compliance of the contravention the Provisions of the Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the month of June 2025.	
			6,00,000/-	TRAI order dated 04.02.2026 for Rs 6,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention the provisions of Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the month of July 2025.	

Monetary					
	NGRBC Principle	Name of the Regulatory/ Enforcement Agencies/ Judicial Institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
			7,00,000/-	TRAI order dated 19.02.2026 for Rs 7,00,000/- Financial Disincentive imposed on MTNL for non-compliance of the contravention the provisions of Standards of Quality of Service of Access (Wireline and Wireless) and Broadband (Wireline and Wireless) Service Regulations, 2024 (06 of 2024) for Access Service (Wireless) for the month of August 2025.	
Settlement	NIL	NIL	NIL	NIL	-
Compounding fee	NIL	NIL	NIL	NIL	-
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment	NIL	NIL	NIL	NIL	-
Punishment	NIL	NIL	NIL	NIL	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
In connection with fine levied by NSE and BSE for non-appointment of Independent Directors, as stated in the previous question, since the power to appoint Directors on the Board of the Company vests with the Government of India, acting through the Administrative Ministry i.e., Department of Telecommunications (DoT), Ministry of Communications, Government of India, therefore the Company has been requesting the appointing authority, i.e., DoT, for appointment of requisite number of Independent Directors. The Company has no control in the appointment of Directors. In view of the same, the Company has requested the stock exchanges to waive off the said fines.	1. National Stock Exchange of India Limited 2. BSE
In connection with Financial Disincentive (FD) levied by TRAI due to Non Compliance with Quality of Service Fault Clearance Parameters.	MTNL vide its Letter No. MTNL/RA/Request for withdrawal of FD orders/2026 dated 13.04.2026 has requested O/o Advisor (QoS – I), TRAI, New Delhi for withdrawal of Financial Disincentive (FD) imposed pursuant to Non Compliance with Quality of Service Fault Clearance Parameters.

4. Does the entity have an Anti-Corruption or Anti-Bribery Policy? If yes, provide details in brief and if available, provide a web-link to the policy:

Yes. The ethical conduct of the Company is reflected in the various policy initiatives. While the Employees Conduct, Discipline & Appeal Rules (CDA Rules) cover the employees at

all levels in the organization. In addition, to promote ethical business, Policies like Code of Conduct, Integrity Pact, Whistle Blower Policy, Insider Trading Code and Citizen Charter have also been put into operation. CVC Manual is also being followed in MTNL Vigilance Unit.

The Executives & Non-Executives in MTNL are governed by Conduct, Discipline & Appeal Rules, 1998 and Certified Standing Orders respectively. In this context, following links may be referred to: <https://mtnl.in/Humanresource.html>, https://mtnl.in/cc_appeal.PDF. Additionally, the Company has a Vigilance Department headed by Chief Vigilance Officer (CVO), who is a nominee of the Central Vigilance Commission.

5. Number of Directors/KMPs/Employees/Workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

As per record, no disciplinary action was initiated or pending against any Directors/KMPs/Employees/Workers for the charges of Bribery/Corruption.

Ethics Complaints* received during the FY 2025 -26				Bribery & Corruption Complaints received during the FY 2025-26			
Total complaints	No. of Complaints Resolved	No. of Complaints pending	% of complaint resolved	Total complaints Received	No. of Complaints Resolved	No. Complaints pending	% of complaint resolved
-	-	-	-	08	08	00	100

*Note: As there is no category of complaint mentioned as ethics complaints as per CVC manual. All complaints which are administrative in nature (non-vigilance) are forwarded to concerned wing for needful action. During FY 2025-26, 78 such complaint was sent.

6. Details of Complaints with regard to Conflict of Interest:

	FY 2025-26		FY 2024-25	
	Number	Remarks	Number	Remarks
Number of Complaints received in relation to issues of Conflict of Inter-est of the Directors	NIL	NA	NIL	NA
Number of Complaints received in relation to issues of Conflict of Inter-est of the KMPs	NIL	NA	NIL	NA

No complaints were received with regard to conflict of interest against Directors & KMPs in FY 2025-26 and FY 2024-25 respectively.

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

8. Number of days of accounts payable {(Accounts Payable*365)/Cost of goods/service procured} in the following format:

	FY 2025-26	FY 2024-25
Number of days of accounts payable	-	-

9. Openness of Business

Provide details of Concentration of Purchases and Sales with Trading Houses, Dealers, and Related Parties along with Loans and Advances & Investments, with Related Parties, in the following format: -

Parameters	Metrics	FY 2025-26	FY 2024-25
Concentration of Purchases	a. Purchases from Trading Houses as % of Total purchases	NIL	NIL
	b. Number of Trading Houses where Purchases are made from	NIL	NIL
	c. Purchases from Top 10 Trading Houses as % of Total Purchases from Trading Houses	NIL	NIL
Concentration of Sales	a. Sales to Dealers/Distributors to whom sales are made	NIL	NIL
	b. Number of Dealers/Distributors to whom sales are made	NIL	NIL
	c. Sales to Top 10 Dealers/Distributors as % of total sales to dealers/distribution	NIL	NIL
Share of RPTs in	a. Purchases (Purchases with Related Parties/Total Purchases)	NIL	NIL
	b. Sales (Sales to Related Parties/Total Sales)	NIL	NIL
	c. Loans & Advances (Loan & advances given to Related Parties/Total Loans & Advances)	NIL	NIL
	d. Investments (Investments in Related Parties/Total Investments made)	NIL	NIL

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

- Percentage of R&D and Capital Expenditure (Capex) Investments in specific technologies to improve the Environmental and Social Impacts of Product and Processes to Total R&D and Capex investments made by the entity, respectively.**

	FY 2025-26	FY 2024-25	Details of improvement in environmental and social impact
R&D	-	-	-
Capex	-	-	-

MTNL being a Telecom Service Provider and a loss making PSU is not involved in any R&D and is not making investment in specific technologies to improve the environmental and social impacts. However, MTNL facilitate interested parties / organisation to conduct field trials (related to telecom) with no financial implications after due diligence. As regards CAPEX, it is informed that as per the DoT OM dated 02.08.2022, from FY 2025-26 onwards, BSNL will provide all telecom services in Delhi and Mumbai, and MTNL would

be left with land/building assets which it will continue to monetize to discharge its loan liabilities. Accordingly, the CAPEX allotment for the FY 2025-26 has been withdrawn by MTNL Finance unit. Pursuant to the Service Agreement entered on 22.11.2024 with BSNL, the entire telecom operations of MTNL in Delhi & Mumbai are being run by BSNL w.e.f. 01.01.2025, and any capital (CAPEX) investment required for the running of operations in these areas will be provided by BSNL.

2. (a) Does the Entity have procedures in place for Sustainable Sourcing? (Yes/No)

MTNL follows the provisions outlined in the MTNL Procurement Manual (7th Edition, updated on 28.06.2022) along with subsequent amendments. The manual serves as the guiding document for all procurement activities. Further, the process of updating the MTNL Procurement Manual in line with applicable guidelines is ongoing, and the same is being followed as the standard procedure in respect of procurement. The Procurement Policy Manual is available in the following link https://mtnl Delhi.in/mtnlproc_june2022.pdf.

(b) If yes, what percentage of Inputs were sourced Sustainably?

Sl. No.	PROCUREMENT DURING FY 2025-26	(Rs. in Crores)
1.	Total Procurement during the year	21.44
2.	Annual Procurement from Micro and Small Enterprises (MSEs)	21.28
3.	Annual Procurement from MSEs owned by SC/ST Entrepreneurs	0.0059
4.	Annual Procurement from MSEs owned by Women Entrepreneurs	10.55
5.	Annual Procurement from GeM	2.69
6.	Annual Procurement from MSEs on GeM	2.68

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Disposal of old, unserviceable & obsolete IT equipment's, identified as e-waste, in MTNL, Scrapping for Computer items done in 2019 through MSTC. The life of Computer has been fixed for seven years. Given the nature of business and operations, the Company does not have material plastic waste and other waste. Further, the Company does not have any hazardous waste.

4. Whether Extended Producer Responsibility (EPR) is applicable to the Entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all Employees, including those in their value chains

1. a. Details of measures for the well-being of Employees

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day care facility	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employee											
Male	2263	2263	100	Not Applicable	Not Applicable		As per Rules		Included in Medical Policy		
Female	532	532	100		Included in Medical Policy		Not Applicable				
Total	2795	2795	100								
Other than Permanent Employee											
Male	Not Applicable										
Female											
Total											

b. Details of measures for the well-being of workers:

Not Applicable

c. Spending on measures towards well-being of Employees and Workers (including Permanent and other than Permanent) in the following format:

	FY 2025-26	FY 2024-25
Cost incurred on well-being measures as a % of Total Revenue of the Company*.	2.02%	2.23%

*Medical expenses and allowances incurred during FY 2025-26 is Rs 29.69 crore and during FY 2024-25 is Rs 28.51 crore respectively. Total Revenue of the Company during FY 2025-26 is Rs 1468.01 crore and FY 2024-25 is 1279.75 crore respectively.

2. Details of Retirement Benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2025-26			FY 2024-25		
	No. of Employees covered as a % of as a % of Total Employee	No. of Workers covered as a % of as a % of Total Workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of Employees covered as a % of as a % of Total Employee	No. of Workers covered as a % of as a % of Total Workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	NA	Y	100	NA	Y
Gratui-ty*	100	NA	Y	100	NA	Y
ESI	Not Applicable					
Others	Not Applicable					

*Includes Employees who have opted CPF, the Gratuity will be payable by MTNL and Employees who have opted GPF, Gratuity will be payable by Government of India.

3. Accessibility of workplaces

Are the premises / offices of the Entity accessible to Differently abled Employees and Workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes

4. Does the Entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

MTNL complies with provisions of Rights of Persons with Disabilities Act, 2016 to protect the interests of persons with disabilities. Reservation is provided as per GoI instructions in direct recruitment for Persons with Benchmark Disabilities. Separate 100 point vacancy based reservation roster register is maintained for determining/effecting reservation for the Persons with Benchmark Disabilities. Relaxation in age limit and standards of suitability (as applicable) is given to persons with disabilities. Liaison Officers for PwBD have been appointed to look after reservation matters and to ensure compliance of instructions of the Act. The DoPT/Central Govt. Guidelines issued from time to time and as received in MTNL from DoT are adopted accordingly.

5. Return to Work and Retention Rates of Permanent Employees and Workers that took Parental Leave

Gender	Permanent Employee		Permanent Worker	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	Not Applicable	
Female	100	100		
Total	100	100		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

MTNL has its own Grievance Redressal Procedure for employees. Management of the Company believes in the philosophy of an Open Door Policy in the matter of redressal of employee grievances. An aggrieved employee can approach his/her Departmental Head or the concerned officer of the Personnel Department (including the Head of the Personnel Department) and discuss his/her grievance. Best efforts are made to enable prompt actions on the issues raised by the employee. The objective of the Grievance Redressal Procedure is to provide an easily accessible machinery for settlement of grievances, and to adopt measures as would ensure expeditious settlement of grievances, leading to increased satisfaction on the job and resulting in improved productivity and efficiency of the organization.

7. Membership of Employees and Worker in Association(s) or Unions recognised by the Listed Entity:

Category	FY 2025-26			FY 2024-25		
	Total Employee/ Worker in respective category (A)	No. of Employee/ Worker in respective category who are part of Association(s) or Union (B)	%(B/A)	Total Employee/ Worker in respective category (C)	No. of Employee/ Worker in respective category who are part of association(s) or Union (D)	%(C/D)
Total Permanent Employee	2795	1234	44.20	3031	1410	46.42
Male	2263	977	43.17	2450	1105	45.10
Female	532	257	48.31	581	305	52.49
Total Permanent Worker	Not Applicable					
Male						
Female						

8. Details of Training given to Employees and Workers:

Category	FY 2025-26					FY 2024-25				
Total Permanent Employee	Total	On Health and Safety measures		On Skill Upgradation		Total	On Health and Safety measures		On Skill Upgradation	
	(A)	No. (B)	% (B / A)	No. (C)	No. (C/A)	(D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Male	2263	NIL	NIL	556	24.57	2450	NIL	NIL	594	24.24
Female	532	NIL	NIL	104	19.55	581	NIL	NIL	191	32.87
Total	2795	NIL	NIL	660	23.61	3031	NIL	NIL	785	25.89
Other than Permanent Employee (Industrial Visits)										
Male	NIL									
Female										
Total										

9. Details of Performance and Career Development Reviews of Employees and Worker:

Refer to the Sl. No. 8 of Principle 3.

10. Health and Safety Management System:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Considering the nature of business and operations, the occupational health and safety issues are minimal. The Company takes care of health and well-being of its employees

by reimbursing in-patient and out-patient medical costs, provision for leaves on medical grounds, which are applicable for all employees

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Refer to the Sl. No. 10 (a) of Principle 3.

c. Whether you have processes for Workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Not Applicable

d. Do the Employees/Worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

- In order to ensure a safe and healthy workplace, requisite security measures, installation and maintenance of fire extinguishers and housekeeping measures have been taken in MTNL.
- For employees and their family members requiring hospitalization, Group Health insurance coverage upto Rs. 8 Lakhs is being provided under Group Health Insurance Scheme.
- Maintenance of clean and organised workspaces, Internal Committee for POSH at workplace is in place.

11. Details of Safety Related Incidents, in the following format:

Safety Incident/Number	Category	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employee	Not Applicable	
	Worker		
Total recordable work- related injuries	Employee		
	Worker		
No. of fatalities	Employee		
High consequence worked-related injury or ill-health (excluding fatalities)	Employee		
	Worker		

12. Describe the measures taken by the Entity to ensure a safe and healthy work place.

Refer to the Sl. No. 10 (d) of Principle 3.

13. Number of Complaints on the following made by Employees and Workers:

	FY 2025-26			FY 2024-25		
	Filed during the year	Pending Resolution at the end of the year	Remark	Filed during the year	Pending Resolution at the end of the year	Remark
Working Conditions	NIL	NIL	NA	NIL	NIL	NA
Health & Safety	NIL	NIL	NA	NIL	NIL	NA

14. Assessments for the Year:

	% of your Plants and Offices that were assessed (by Entity or Statutory Authorities or Third Parties)
Health & Safety Practice	Not Applicable
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

1. Describe the processes for identifying key Stakeholder Groups of the Entity.

We believe that engagement with Stakeholders is key to understanding their needs, working with them to minimise risks, maintaining social legitimacy, improving credibility and gaining their trust. We identified our Stakeholders as groups and individuals, who can influence or/ are impacted by our operations/activities, change in technology, regulations, market and societal trends either directly or indirectly which comprise of communities, employees, supply chain partners, customers, investors, regulators, and civil society organisations for all its operations. We commit to engage openly and authentically with our stakeholders to enhance cooperation and mutual support for a sustainable development. The Company has mapped its internal and external stakeholders. Internal stakeholders include employees of the Company and external stakeholders include Department of Telecommunications (DoT), Ministry of Communications, Government of India, Shareholders, Bondholders, Creditors, Vendors, Bankers, Consultants and Customers from both Public and Private Sectors, Governmental Bodies and Regulatory Authorities including TRAI, State Government(s), Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India, Stock Exchanges, Registrar & Transfer Agent, Debenture Trustees etc.

2. List Stakeholder Groups identified as key for your Entity and the frequency of engagement with each Stakeholder Group.

Stakeholder Group	Whether identified as vulnerable & Marginalized Group (Yes/ No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of Engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and Scope of engagement including key topics and concerns raised during such engagement
Employees	NO	Arranged regular interactions	Continuous	Health, safety and wellbeing, Growth through learning and development opportunities and Sense of belonging and purpose
Department of Telecommunication (DoT), Ministry of Communications, Government of India	NO	Meetings, Letter, Email, Telephonic Call	As and when required	For Compliance with directions issued by the Government of India
Customers	NO	Email, SMS, Newspaper, Advertisement Website, Telephonic Call	As and when required	For Customer Satisfaction and for redressal of their grievances
Vendors	NO	As needed: calls and meetings, emails, presentations, reviews.	At regular intervals	For operational requirements
Shareholders	NO	Email, SMS, Website, Letters, Telephone, Newspaper etc.	On Quarterly basis, through AGM/EGM, Postal Ballot and as and when required under SEBI Regulations	Communication of financial results, adoption of financial statement and transaction of ordinary and special business from time to time in AGM/EGM and through Postal Ballot. Addressing requests/grievances of Shareholders from time to time.

Stakeholder Group	Whether identified as vulnerable & Marginalized Group (Yes/ No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of Engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and Scope of engagement including key topics and concerns raised during such engagement
Bondholders	NO	Email, SMS, Website, Letters, Telephone, Newspaper etc.	As and when required in order to comply with SEBI LODR requirements	Allotment, Interest Servicing, Redemption Payment, Bond Certificate/Demat Credit. Addressing requests/ grievances of Bondholders from time to time.
Regulatory Bodies	NO	Meetings, Letter, Email, Telephonic Call	As and when required	For Compliance with directions issued by the Regulatory Bodies

PRINCIPLE 5 BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees and Workers who have been provided Training on Human Rights issues and policy (ies) of the Entity, in the following format:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. of Employees / Workers Covered (B)	% (B/A)	Total (C)	No. of Employees/ Workers Covered (D)	% (D/ C)
Permanent Employee						
Male	Nil					
Female						
Total						
Other than Permanent Employee						
Male	Not Applicable					
Female						
Total						

2. Details of Minimum Wages paid to Employees and Workers

Wages are paid to the Employees as per pay scales approved by the MTNL Board, i.e.

IDA pay scale approved by Department of Public Enterprises (DPE), Ministry of Finance, Government of India.

Category	FY 2025-26				FY 2024-25			
	Total (A)	Equal to Minimum Wage	More than Minimum Wage (B)	% (B/A)	Total (C)	Equal to Minimum Wage	More than Minimum Wage (D)	% (D / C)
Permanent Employee								
Male	2263	NIL	2263	100	2450	NIL	2450	100
Female	532	NIL	532	100	581	NIL	581	100
Total	2795	NIL	2795	100	3031	NIL	3031	100
Other than Permanent Employee								
Male	No Applicable							
Female								
Total								

3. Details of Remuneration/Salary/Wages, in the following format:

(a) Median Remuneration/Salary/Wages

	Male		Female	
	Number**	Median Remuneration/ Salary/ Wages of respective category for FY 2025-26	Number**	Median Remuneration/ Salary/Wages of respective category for FY 2025-26
Board of Directors (BoD)*	7	NIL	1	NIL
Key Managerial Personnel	2	5783544	NIL	NIL
Employees other than BoD and KMP	2261	4044186963	532	969187498
Workers	Not Applicable			

*No Remuneration/Salary is paid to Functional Directors and Government Nominee Directors. Independent Directors are paid only sitting fees, reimbursement of travel, hotel expenditure for attending Board & its Committee meetings. As on 31.03.2026, there was Eight Directors on the Board of MTNL (Four Functional Directors, Two Government Nominee Directors and Two Independent Directors respectively)

** As on 31st March 2026

(b) Gross Wages Paid to Females as % of Total Wages Paid by the Entity, in the following format:

	FY 2025-26	FY 2024-25
Gross Wages Paid to Females as % of Total Wages	19.31%	19.12%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

The Company accords the highest priority for protection and upliftment of human rights and the Board and Senior Management are fully responsible and Committed for addressing human rights impacts or issues caused or contributed, by the Company's business and any actions, broadly speaking. However, the Company believes that its employees shall live with social & economic dignity & freedom, and treated equally regardless of gender, race, economic status, caste or religion. The Company's support for the fundamental principles of human rights is reflected in the Company policies and actions towards our employees, suppliers, customers and communities.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

MTNL has its own Grievance Redressal Procedure for employees. Management of the Company believes in the philosophy of an Open Door Policy in the matter of redressal of employee grievances. An aggrieved employee can approach his/her Departmental Head or the concerned officer of the Personnel Department (including the Head of the Personnel Department) and discuss his/her grievance. Best efforts are made to enable prompt actions on the issues raised by the employee. The objective of the Grievance Redressal Procedure is to provide an easily accessible machinery for settlement of grievances, and to adopt measures as would ensure expeditious settlement of grievances, leading to increased satisfaction on the job and resulting in improved productivity and efficiency of the organization.

6. Number of Complaints on the following made by Employees and Workers:

	FY 2025-26		
	Filed during the Year	Pending Resolution at the end of Year	Remarks
Sexual Harassment	NIL	NIL	NIL
Discrimination at workplace	NIL	NIL	NIL
Child Labour	NIL	NIL	NIL
Forced Labour/Involuntary Labour	NIL	NIL	NIL
Wages	NIL	NIL	NIL
Other human rights related issues	NIL	NIL	NIL

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2025-26	FY 2024-25
Total Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013)	Nil	02
Complaints on POSH as % of Female Employees/Workers	Nil	02/581=0.34%
Complaints on POSH upheld	Nil	NIL

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

MTNL has its own grievance redressal procedure for employees. Management of the Company believes in the philosophy of an Open Door Policy in the matter of redressal of employees grievances. An aggrieved employee can approach his/her Departmental Head or the concerned officer of the Personnel Department (including the Head of the Personnel Department) and discuss his/her grievance. Best efforts are made to enable prompt actions on the issue(s) raised by the employee. The objective of the Grievance Redressal Procedure is to provide an easily accessible machinery for settlement of grievances, and to adopt measures as would ensure expeditious settlement of grievances, leading to increased satisfaction on the job and resulting in improved productivity and efficiency of the organization. The Company has constituted an Internal Complaints Committee in MTNL CO, Delhi Unit and Mumbai Unit to look into the complaints on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and matters concerned therewith or incidental thereto covering all aspects as contained in the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Committee consist of the following members:

- A Presiding Officer: This must be a senior female employee of the organization.
- Two employee members: These employees must be aware and sensitive to gender issues and dedicated to the cause of women or possess some legal knowledge on related matters.
- One External member: This should be from an NGO or Association committed to the cause of women and issues related to sexual harassment. The composition should be such that half of the total members must be women.

Duties of the Internal Complaints Committee:

The Internal Complaints Committee once constituted, plays a pivotal role in the effective implementation of the provisions at the workplace. A general list of duties of the Committee is enumerated as follows:

- Implementation of the Anti-Sexual Harassment Policy at the workplace.
- Submit an Annual Report (Including details like the number of case files at their disposal, etc.)
- Bring about awareness about what comprises 'sexual harassment' at the workplace by way of workshops, posters, documents, notices, seminars, etc.
- Publicize the policy framework effectively.
- Provide the victims with a safe and accessible mechanism of complaint.
- Initiation of inquiry at the earliest.
- Redress the complaints in a judicious manner.
- Provide interim relief to the complainant.

- Provide an opportunity for conciliation wherever possible.
- Stick to the principles of natural justice at all stages of the proceedings.
- Whenever required, forward the complaint to the police.
- Submit the inquiry report along with recommendations.
- Maintain confidentiality in regard to the proceedings taking place before the Committee.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

MTNL has amended its Procurement Manual as suggested by Central Vigilance Commission (CVC) in its Board Meeting held on 28.05.2025. Various statutory provisions relating to Labour Laws, Taxation, Workmen Safety, Child and Women Labour, Private Security Agencies, Environmental Protection, Mining, Forest clearance, Employment reservations, as applicable has to be complied by the Vendor. Further, at the time of processing of bills from the Vendor, compliance of Labour Law Regulations such as proof of payment of wages, labour records muster roll, attendance cum wage slip including contribution of EPF/ESIC have to be taken from the Vendor and verified. The Vendor has to ensure safety, security and insurance or life insurance of their personnel who is working on the operation and maintenance works by taking insurance policy and payment of premium.

10. Assessments for the Year:

	% of your Plants and Offices that were assessed (by Entity or Statutory Authorities or Third Parties)
Child Labour	Not Applicable
Forced/Involuntary Labour	
Sexual Harassment	
Discrimination at Workplace	
Wages	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of Total Energy Consumption (in Joules or multiples) and Energy Intensity, in the following format:

MTNL does not have production / manufacturing facility. It runs Telephone Exchanges in Delhi and Mumbai.

Steps taken by Mumbai Unit to reduce power consumption is given as below:

- Lights & fans in the unused cabins are switched off.
- Staff is requested to switch off lights & fans when not required & while leaving office.
- Old AC units are scrapped and new AC units installed as per requirement
- Old higher capacity Power plant and batteries are scrapped and new low capacity power plant and battery units are installed as per requirement.
- All old OCB/EWSD exchanges and DSLAMS are replaced with LMG. This result in reduction of power consumption.
- Scrapping of old, unused, faulty computers and other electronic equipment's like fax machines, printers, faulty telephone instruments, etc. to reduce E Waste.
- Scrapping of hazardous waste like exchange batteries, old power plants, AC units, etc. has been initiated.
- Initiated scrapping of other items like old papers, furniture (Wooden/Metal), vehicles etc.
- Decommissioning of RSU wire centers (installed LMGs) due to financially nonviable and migration of Landline numbers to FTTH numbers.

Steps taken by Delhi Unit to reduce power consumption is given as below:

- Lights, fans, computers etc in the unused rooms/cabins are switched off in the offices of this unit.

(In Lakh Joules)

Parameter	FY 2025-26			FY 2024-25		
	Delhi Unit	Mumbai Unit	Total	Delhi Unit	Mumbai Unit	Total
Total electricity consumption (A)	1219546401	1359080640	2578627041	1548856584	1901387988	3450244572
Total fuel consumption (B)	997445	8375768	9373213	1368830.23	7923614	9292444.23
Energy consumption through other sources (C)	3888000	0	3888000	3437028	0	3437028
Total energy consumption (A+B+C)	1224431846	1367456408	2591888254	1553662442.23	1909311602	3462974044.2
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.17			0.26		

2. Does the entity have any sites / facilities identified as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

MTNL is a Telecom Service Provider Company and does not have production / manufacturing facility, therefore its water intensity is negligible.

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kiloliters)		
1. Surface water	-	-
2. Groundwater	-	-
3. Third party water	-	-
4. Seawater / desalinated water	-	-
5. Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

NO

4. Provide details of the following disclosures related to water discharged:

Not Applicable

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable

6. Please provide details of air emissions (other than GHG emissions) by the Entity, in the following format:

MTNL is a Telecom Service Provider Company and does not have production / manufacturing facility. However, it complies with all applicable Environmental & Pollution laws and Regulations.

Parameter	Please specify unit	FY 2025-26	FY 2024-25
NO _x	-	-	-
SO _x	-	-	-
Particulate matter (PM)	-	-	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others– please specify	-	-	-

7. Provide details of Greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

MTNL is a Telecom Service Provider Company and does not have production / manufacturing facility. However, it complies with all applicable Environmental & Pollution laws and regulations. MTNL is also taking several steps to reduce Electricity consumption.

8. **Does the Entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Not Applicable

9. **Provide details related to Waste Management by the Entity, in the following format*:**

Parameter	FY 2025-26	FY 2024-25
Total Waste Generated (in metric tonnes)		
Hazardous waste generated	-	-
Non-hazardous waste generated	-	-
Total	-	-
Waste diverted from disposal	-	-
Category of waste (Hazardous)	-	-
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-
Category of waste (Non Hazardous)	-	-
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-

*Considering the nature of business, the Company does not generate any material waste other than negligible quantity of e-waste. Disposal of old, unserviceable & obsolete IT equipment is primarily done based on the processes recommended by a Scrapping Committee constituted once the disposal of obsolete IT infra is contemplated.

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Adoption of working through e-file, email and messages has considerably reduced the waste generation. Scrap material is re-used in new works to reduce cost and wastage. Disposal of old, unserviceable & obsolete IT equipment's, identified as e-waste, in MTNL, Scrapping for Computer items done in 2019 through MSTC. The life of Computer has been fixed for seven years. Given the nature of business and operations, the Company does not have material plastic waste and other waste. Further, the Company does not have any hazardous waste.

11. **If the Entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests,**

coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable

- 12. Details of Environmental Impact Assessments of projects undertaken by the Entity based on applicable laws, in the current financial year:**

Not Applicable

- 13. Is the entity compliant with the applicable Environmental Law/ Regulations/ Guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.**

MTNL is not a Manufacturing Company. Hence, the given question has limited relevance. However, the Company complies with applicable Environmental & Pollution Laws and Regulations in respect of its premises and operations. MTNL complies with the Electromagnetic Field (EMF) radiation norms prescribed by the Department of Telecommunications (DoT), Government of India, for all operational telecom infrastructure. The Company adheres to the exposure limits and monitoring requirements stipulated by DoT and ensures compliance through periodic testing, audits, and certifications, as applicable. The prescribed EMF exposure limits in India are among the most stringent globally and are based on internationally accepted standards.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent:

Essential Indicators

- 1. a. Number of affiliations with Trade and Industry Chambers/ Associations.**
NIL.
- b. List the Top 10 Trade and Industry Chambers/ Associations (determined based on the total members of such body) the Entity is a member of/ affiliated to.**
NIL.
- 2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the Entity, based on adverse orders from regulatory authorities.**

Not Applicable

PRINCIPLE 8 BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT:

Essential Indicators

- 1. Details of Social Impact Assessments (SIA) of Projects undertaken by the Entity based on applicable laws, in the Current Financial Year.**

Not Applicable

2. **Provide information on Project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your Entity, in the following format:**

Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community.**

MTNL has framed its Citizen/Client Charter which is available in the given link <https://mtnl.in/citizencharter.pdf>. Also, Common Charter of Telecom Services 2005 is also available in the given link <https://mtnl.in/telecom05.html>. Telecom Consumer Charter for MTNL Delhi Unit is given in the following link <https://mtnldelhi.in/ccdelhi.pdf>. Consumer Complaints Redressal Regulation in MTNL Mumbai Unit is given in the following link <https://mtnlmumbai.in/index.php/telecom-consumer-complaint-and-redressal-regulation>.

4. **Percentage of Input Material (Inputs to Total Inputs by Value) sourced from Suppliers:**

	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/ Small Producers	99.25%	99.99%
Sourced directly from within the district and neighbouring districts	Not Available	Not Available

5. **Job Creation in Smaller Towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:**

Not Applicable

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Grievance Redressal Mechanism in MTNL Delhi Unit: - The following are the different mechanism for receiving and responding to consumer complaints and feedback:

- Customers can book complaints online at website <https://mtnldelhi.in/>
- Call Centre numbers: Type of Service Toll free Consumer care Number(s) at Complaint Centre(s) Alternate Specific Number accessible from other networks General Information Number Alternate Specific Number accessible from other networks Unified Access Call Centre numbers:

Type of Service	Toll free Customer Care Number(s) at Complaint Center(s)	Alternate Specific Number Accessible from other networks	General Information Numbers	Alternate Specific Number Accessible from other networks	Unified Access No.
Landline	198	XXXX2198	1500	22221500	1130
Broadband	198, 1504	XXXX2198, 22221504	1504	22221504	
FTTH	1507	22221507	1507	22221507	
GSM	1503	1800111503	1503	1800111503	

“xxxx” stands for exchange code i.e. first four digits of Landline Telephone number for which complaint is to be booked.

- Customers may contact to senior officials if required. The contact details of the MTNL senior officials are available on the MTNL Delhi website: <https://mtnldelhi.in/customer-care/senior.htm>
- Consumers may also visit MTNL Sanchar Haats.

In case the complaint is not redressed within specified time-limit or if customer is not satisfied, then to accelerate the redressal of his complaint, he can lodge appeal to appellate authority. The details of Appellate Authorities of MTNL are available on website of MTNL Delhi (www.mtnldelhi.in). In addition, the customer has an option to lodge his grievance, in case of non-resolution of his grievances, on other platforms like: TRAI website: <http://www.trai.gov.in> Public grievances to the Central Government (Centralized CPGRAMS) website: <http://pgportal.gov.in>. Customer can also booked complaint through e-mail id.

Grievance Redressal Mechanism in MTNL Mumbai Unit: Following are the different mechanism for receiving and responding to consumer complaints and feedback:

- Customers can book complaints online at website <http://mtnlmumbai.in/>.
- Call Centre numbers:

Type of Service	Toll free Consumer care Number(s) at Complaint Centre(s)	Alternate Specific Number accessible from other networks	General Information Number	Alternate Specific Number accessible from other networks	Unified Access No.
Landline	198	xxxx2198	1500	22221500	1130
Broadband	198,1504	Xxxx2198, 22221504	1504	22221504	
FTTH	1505	22221505	1505	22221505	
GSM	1503	1800221503	1503	1800111503	

“xxxx” stands for exchange code i.e. first four digits of Landline Telephone number.

- Customers may contact to senior officials if required. The contact details of the MTNL senior officials are available on the MTNL website: <https://mtnlmumbai.in/index.php/mtnl-senior-officers>
- Consumers may also visit Quick Customer Care Centre’s (QCSCs).

2. Turnover of Products and /Services as a Percentage of Turnover from all Products/Service that carry information about:

	As a Percentage to Total Turnover
Environmental and Social Parameters Product relevant to the (Energy Used, Water Consumed, No. of People involve in production etc)*	Not Applicable
Safe and Responsible Usage	
Recycling and/or Safe Disposal	

As, MTNL is a Telecom Service Provider Company, the above-mentioned point is not applicable.

3. Number of Consumer Complaints in respect of the Data Privacy, Advertising, Cyber-security, Delivery of Essential Services, Restrictive Trade Practices, Unfair Trade Practices, other:

Details of Customer Complaints for the Period From 01.04.2025 to 31.03.2026 in Delhi and Mumbai Unit is given below:-

Sl. No	PARTICULARS	TOTAL RECEIVED		TOTAL PENDING		% OF PENDING CASES AT THE END OF FINANCIAL YEAR	
		MUMBAI UNIT	DELHI UNIT	MUMBAI UNIT	DELHI UNIT	MUMBAI UNIT	DELHI UNIT
1.	P.G. Cases	971	1358	12	13	1.2	0.96
2.	Landline Faults	70587	23386	8125	27	11.51	0.12
3.	Broadband Faults	3185	7913	687	2	21.56	0.03

4. Details of instances of product recalls on account of safety issues:

- (a) Voluntary recalls – Number and Reasons for recall
- (b) Force recalls – Number and Reasons for recall

Not Applicable as MTNL is a Telecom Service Provider Company and does not have production / manufacturing facility.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

MTNL has its IT security Policy only for internal use. Since it is for internal use only, it is not available for common Public. However, MTNL has placed some security advisories for common public on its websites. These security advisories are placed at <https://mtnldelhi.in/advisory.htm> for Delhi and for Mumbai, a link is available under the tab “Other Links” under head “Information Security Education and Awareness” at MTNL Mumbai Website i.e. www.mtnlmumbai.in.

IT system Security Audit of all applications and associated ancillary IT systems including WFMS, FRS, Convergent billing and other billing systems is carried out by MTNL from time to time. Accordingly, the recommendation of Audit agency/firm are implemented to the extent possible to strengthen the security of IT system and infrastructure. All the customer data stored in IT systems, managed by MTNL or outsourced (if applicable), is

governed by standard data management policies and data is fully protected by various security arrangements done at various levels. Further, IT systems are protected by very strong security frame work governed by three tier security structure and system of firewalls and IP based access to CDR system offers added security. In addition to this, MTNL has also upgraded its MPLS network and Next generation Firewalls have been commissioned along-with syslog servers and application which has enhanced the security of MPLS network of MTNL.

- 6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services**

Not Applicable. Also kindly refer Point No 5 above.

- 7. Provide the following information related to data breaches:**

S. No.	Subject	No. of Incidence	Action Taken
(a)	Number of instances of data breaches	1	Defamation of FTS server in May-2025. Infected Server isolated from network, Logs analyzed. Firewall and Server Logs shared with Security agencies. Suspected IPs blocked in Firewalls.
(b)	Percentage of data breaches involving personally identifiable information of customers	Nil	NA
(c)	Impact, if any, of the data breaches	Nil	NA

FOR & BEHALF OF BOARD OF DIRECTORS

(A. ROBERT J. RAVI)
Chairman & Managing Director

Place: NEW DELHI

Date: 12.08.2026

ANNEXURE TO BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability MTNL conducts its business activities with utmost importance to ethics, transparency and accountability. The various policies, codes and rules framed in this regard include:-	
	Name of the Policy	Weblink
	Guidelines on Corporate Governance	https://mtnl.in/corporategovernance.html
	Policy for Prevention of Fraud	https://mtnl.in/PIDPI.pdf
	Whistle Blower Policy	https://mtnl.in/whistleBlowerPolicy.pdf
	Code of Business Conduct and Ethics	https://mtnl.in/codeofconduct.pdf
	Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	https://mtnl.in/RELATED%20PARTY%20TRANSACTION%20POLICY.pdf
	Internal Code of Conduct for Prevention of Insider Trading in Dealing with Securities of MTNL	https://mtnl.in/INTERNAL%20CODE%20OF%20CONDUCT%20FOR%20PREVENTION%20OF%20INSIDER%20TRADING%20IN%20MTNL.pdf
	Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information (UPSI)	https://mtnl.in/CODE%20OF%20PRACTICES%20AND%20PROCEDURES%20FOR%20FAIR%20DISCLOSURE%20OF%20UNPUBLISHED%20PRICE%20SENSITIVE%20INFORMATION.pdf
	Citizen Charter	https://mtnl.in/citizencharter.pdf
	Dividend Distribution Policy	https://mtnl.in/mddp.pdf
	Conduct, Discipline & Appeal Rules, 1998	https://mtnl.in/Humanresource.html , https://mtnl.in/cc_appeal.PDF .
	Policy for Determining Materiality of an Event or Information	https://mtnl.in/Policy%20for%20determining%20Materiality%20of%20an%20Event%20or%20Information.pdf
	In addition to the above, there are other policies and rules, which are internal documents of the Company and are accessible to the employees of the Company on Intranet.	
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. Details of the Company's services are available at https://mtnldelhi.in/ and https://mtnlmumbai.in/ . Further, CSR Policy of the Company is available at https://mtnl.in/csr_2014.pdf , The Procurement Manual is available in the following link https://mtnldelhi.in/mtnlproc_june2022.pdf .	

P3	Businesses should promote the well-being of all employees Guidelines/Circulars/orders/Instructions issued by the Concerned Ministry duly endorsed by CO are duly complied by Company. The Company has adopted various employee-oriented policies in line with the general laws and regulations and sound ethical practices. Such policies are normally approved by the Board of Directors and are accessible to the employees of the Company on the Intranet https://mtnl.in/Humanresource.html , https://mtnl.in/cc_appeal.PDF , https://mtnl.in/whistleBlowerPolicy.pdf , https://mtnl.in/codeofconduct.pdf .
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized The Company respects the interest of all its stakeholders, including those who are disadvantaged, vulnerable & marginalized. The Company works towards inclusive growth through its CSR Policy approved by the Board of Directors. The CSR Policy is available at https://mtnl.in/csr_2014.pdf , https://mtnl.in/whistleBlowerPolicy.pdf . Information to Shareholders and Bondholders are given at https://mtnl.in/reports.html , https://mtnl.in/finres.html , https://mtnl.in/shareholding.html . Policies of the Company are given at https://mtnl.in/policy.html . Dividend Distribution Policy of the Company are given at https://mtnl.in/mddp.pdf Policy for Determining Materiality of an Event or Information of the Company are given at https://mtnl.in/Policy%20for%20determining%20Materiality%20of%20an%20Event%20or%20Information.pdf Customer Care is given at following link https://mtnldelhi.in/customer-care/ccmobile.htm , https://mtnldelhi.in/servicequality/basic.html , https://mtnldelhi.in/servicequality/mobile.html , https://www.mtnlmumbai.in/index.php/customer-care/book-complaint , https://www.mtnlmumbai.in/index.php/csc-locations , https://mtnldelhi.in/advisory.htm .
P5	Businesses should respect and promote human rights MTNL strives to safeguard and uphold human rights in all ways possible. The Company has a Code of Business Conduct & Ethics for its Board Members and Senior Managerial Personnel, which, inter-alia, casts moral imperative on the members of Senior Management to keep in mind the safety and protection of human life and environment and also to avoid discrimination on any grounds. The said Code is available at https://mtnl.in/codeofconduct.pdf . Whistle Blower Policy:- https://mtnl.in/whistleBlowerPolicy.pdf
P6	Businesses should respect, protect and make efforts to restore the environment Guidelines/Circulars/orders/Instructions issued by the Concerned Ministry duly endorsed by CO are duly complied by areas https://tarangsanchar.gov.in/emfportal
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner While there is no specific policy with this title.

P8	Businesses should support inclusive growth and equitable development MTNL has framed its Citizen/Client Charter which is available in the given link https://mtnl.in/citizencharter.pdf . Also, Common Charter of Telecom Services 2005 is also available in the given link https://mtnl.in/telecom05.html. Telecom Consumer Charter for MTNL Delhi Unit is given in the following link https://mtnldelhi.in/ccdelhi.pdf. Consumer Complaints Redressal Regulation in MTNL Mumbai Unit is given in the following link https://mtnlmumbai.in/index.php/telecom-consumer-complaint-and-redressal-regulation. The CSR Policy is available at https://mtnl.in/csr_2014.pdf.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner Details are given in the following link:- www.mtnldelhi.in , www.mtnlmumbai.in https://mtnldelhi.in/customercare/ccmobile.htm, https://mtnldelhi.in/servicequality/basic.html, https://mtnldelhi.in/servicequality/mobile.html, https://www.mtnlmumbai.in/index.php/customer-care/book-complaint, https://www.mtnlmumbai.in/index.php/csc-locations, https://mtnldelhi.in/advisory.htm

ANNEXURE VIII TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FY 2025-26

This section shall include discussion on the following matters within the limits set by the Listed Entity's competitive position:

a. Industry Structure and Developments

The Telecom industry in India is witnessing a strong growth phase and is expected to remain one of the fastest-growing sectors of the economy over the next few years. With a subscriber base of over one billion users, India is the second-largest telecom market in the world. The industry is projected to grow steadily, driven by increasing data consumption, expansion of digital services, and rising smartphone penetration. Government initiatives such as Digital India and policy reforms are further supporting the sector's expansion and attracting investments. One of the key drivers of growth is the rapid rollout and adoption of 5G technology. Telecom operators are investing heavily in network infrastructure to provide faster and more reliable connectivity. This is expected to unlock new opportunities in areas such as smart cities, Internet of Things (IoT), Artificial Intelligence, and Industrial Automation. Alongside this, the demand for high-speed internet continues to surge due to the widespread use of OTT platforms, online education, digital payments, and remote working. The industry structure in India has evolved into an oligopolistic market dominated by a few major players, leading to improved pricing discipline and gradual increase in average revenue per user (ARPU). Tariff hikes in recent years have helped telecom companies improve their financial health after a prolonged period of intense price competition. Additionally, new growth avenues such as fixed wireless access, satellite communication, and enterprise solutions are expected to contribute significantly to future revenues. However, the sector continues to face several challenges. High capital expenditure requirements for spectrum acquisition and network expansion, coupled with significant debt levels, remain major concerns. Competition from over-the-top (OTT) platforms has reduced traditional voice and messaging revenues. Regulatory issues, including adjusted gross revenue (AGR) liabilities and spectrum pricing, also pose risks to the industry's stability. Overall, the outlook for the telecom industry in India remains positive. The sector is transitioning from being a basic connectivity provider to a key enabler of the digital economy. With continued technological advancements, supportive government policies, and increasing demand for data services, the Indian telecom industry is well-positioned for sustained growth in the coming years.

b. Opportunities and Threats

The Indian Telecom industry exemplifies an Oligopoly Market structure, dominated by a few key players such as Reliance Jio, Bharti Airtel, Vodafone Idea and BSNL. The market dynamics are characterized by high barriers to entry, interdependence among firms, and intense competition. While the oligopolistic nature of the market has led to lower prices, improved services, and innovative offerings for consumers, it also presents challenges such as limited choices and potential market concentration. MTNL and BSNL have entered into a "SERVICES AGREEMENT" on 22.11.2024 under which BSNL has been entrusted with the responsibility to undertake the maintenance and operational activities of MTNL's Telecom Services. This mutually binding

Agreement has come into effect from 01.01.2025 between MTNL and BSNL and shall remain valid for a period of Ten (10) years unless it is revoked earlier by giving a notice of Six (06) months or extended by mutual consent between MTNL and BSNL.

c. Segment-wise or Product-wise Performance

MTNL operates its Telecom Services in broadly three heads:

1. Basic & Other services
2. Cellular
3. Infrastructure Leasing

Segment wise Performance of MTNL for the Financial Year 2025-26 as compared to FY 2024-25:

(Rs. In Crore)

SI. No.	Particulars	FY 2025-26	FY 2024-25
1.	Basic & Other services	364.37	616.18
2	Cellular	16.91	13.91
3.	Infrastructure Leasing	507.14	431.59
	Less: Inter Segment Revenue	1.14	1.14
	Total Revenue from Operations	887.27	1060.54

d. Outlook

MTNL and BSNL have entered into a “SERVICES AGREEMENT” on 22.11.2024 under which BSNL has been entrusted with the responsibility to undertake the maintenance and operational activities of MTNL’s Telecom Services. This mutually binding Agreement has come into effect from 01.01.2025 between MTNL and BSNL and shall remain valid for a period of Ten (10) years unless it is revoked earlier by giving a notice of Six (06) months or extended by mutual consent between MTNL and BSNL. In pursuance of this agreement creation of Delhi Business Area, BSNL in telecom operational area of MTNL Delhi and Mumbai Business Area, BSNL in the telecom operational area of MTNL Mumbai has been notified by BSNL. Launching 4G Services in Delhi and Mumbai: Department of Telecommunications (DoT) vide Office Memorandum No.30-04/2019-PSU affairs dated 29.10.2019 had informed that Government of India (GoI) in its Cabinet meeting held on 23.10.2019 has approved the proposal of administrative allotment of spectrum to BSNL and MTNL for providing 4G services among other things. In a modification to this decision, the Group of Ministers (GoM) constituted on the matter of “Revival of BSNL and MTNL” approved allocation of 4G spectrum to BSNL in Delhi and Mumbai in place of MTNL in its meeting held on dated 21.12.2020. Accordingly, Mobile 4G network is under process of installation & rollout in Delhi and Mumbai by BSNL. Further, towards implementation of the SLA, certain customers in Delhi & Mumbai have been migrated to BSNL w.e.f. 01.04 2025 and Billing and Collection is done by BSNL for such Customers. The Revenue Share of MTNL arising from such Customers has

been approved and agreed by both Companies. Revenue Share against the migrated Customers to BSNL, amounting to Rs. 156.51 crore (Delhi Unit Rs 69.84 crore & Mumbai Unit Rs 86.67 crore), has been recognised by MTNL during the year under review.

e. Risks and Concerns

Enterprise Risk Management (ERM) Policy is established by MTNL to Identify, Monitor, Mitigate and Minimize the risk and concerns that may impact the Organisation. Details of Risk identified and its Minimization & Mitigation Plan for FY 2025-26 are given as Annexure to this Report.

f. Internal Control Systems and their adequacy

Except for the effects / possible effects of the material weaknesses described by the Statutory Auditors in its Report on the Internal Financial Control under Section 143(3)(i) of the Companies Act, 2013 for the FY 2025-26 which is attached as annexure to the Independent Auditors Report which is part of the report on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to the Standalone financial statements and such internal financial controls with reference to the Standalone financial statements were operating effectively as of March 31st, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

g. Discussion on Financial Performance with respect to Operational Performance

Details in respect of the above items are already covered in the Directors' Report.

h. Material developments in Human Resources / Industrial Relations front, including number of people employed

Details in respect of the above items are already covered in the Directors' Report.

i. Details of Significant Changes (i.e. Change of 25% or more as compared to the immediately previous Financial Year) in key financial ratios, along with detailed explanations therefor, including:

The following are the key financial ratios as on 31.03.2026 and also compared to the previous two years i.e. F Y 2024-25 & 2023-24 respectively:

Some of the Parameters have changed beyond 25% due to continued losses and reduction of income.

S. No.	Particulars	Year Ended 31.03.2026 AUDITED	Year Ended 31.03.2025 AUDITED	Year Ended 31.03.2024 AUDITED
A	Debt Service Coverage Ratio (in times) [EBITDA / (Finance Cost + Lease Liabilities Payments+ Principal Repayment of Long-Term Debt)]	0.15	0.06	0.01
B	Interest Service Coverage Ratio (in times)[EBITDA / Finance Cost]	0.15	0.07	0.02
C	Net Worth (in Rs Cr) (As per Section 2 (57) of Companies Act 2013)	(29,974.84)	(26935.64)	(23662.80)
D	Net Profit/ (Loss) After Tax (in Rs Cr)	(3,102.94)	(3323.51)	(3302.19)
E	Earnings Per Share (in Rs) [Not Annual-ised]	(49.25)	(52.75)	(52.42)
F	Current Ratio (in times) [Current Assets /Current Liabilities]	0.34	0.41	0.54
G	Debt-Equity Ratio (in times) [(Long Term Borrowings including Current Maturities + Short Term Borrowings) /Total Equity]	(1.18)	(1.20)	(1.27)
H	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	(3.50)	(4.61)	(9.72)
I	Bad Debts to Account Receivable Ratio (in times) [Bad Debts/Average Trade Receivables]	0.02	0.02	0.02
J	Current Liability Ratio (in times) [Current Liabilities/ Total Liabilities]	0.40	0.35	0.28
K	Total Debts to Total Assets (in times) [(Long Term Borrowings + Short Term Borrowings + Lease Liabilities) /Total Assets]	3.53	3.19	2.82
L	Debtors Turnover Ratio - Annualised (in times) [Revenue from Operations / Average Trade Receivables]	2.09	1.21	1.36
M	Paid up Debt Capital (Outstanding Debt) (in Rs. Crs)	26,226.85	25628.09	25,794.96
N	Operating Margin (%) [(EBIT - Other Income)/ Revenue from Operations]	(79.07) %	(172.28) %	(162.73) %
O	Net profit Margin (%) [Profit after Tax / Revenue from Operations]	(349.72) %	(528.42) %	(453.31) %

- j. **Details of any change in Return on Net Worth as Compared to the Previous Financial Year along with a detailed explained thereof.**

In last few years the Net Worth of MTNL is Negative. Therefore, there is no change in return on Net Worth as Compared to the Previous Financial Year.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates, and others may constitute forward-looking statements within the meaning of applicable laws and regulations. Actual results may differ from such expectations, whether expressed or implied. Several factors could make a significant difference to our operations.

FOR & BEHALF OF BOARD OF DIRECTORS

(A. Robert J. Ravi)
Chairman & Managing Director

Place: New Delhi

Date: 12.08.2026

ENTERPRISE RISK ASSESSMENT AND ITS MANAGEMENT & MINIMIZATION IN MTNL FOR FY 2025-26

1. MARKET / TECHNOLOGY RISK :

Sl. No	Risk Identified	Risk Minimization & Mitigation Plan
a.	Telecom is a rapidly evolving technology driven industry and need for constant up-gradation of the network. The existing network of MTNL has become obsolete. The heavy debt burden and the recurring losses have resulted in a financial crunch, making MTNL unable to invest in the modernization, up-gradation and expansion of its network.	MTNL and BSNL have entered into a "SERVICE AGREEMENT" on 22.11.2024 under which BSNL has been entrusted with the responsibility to undertake the maintenance and operational activities of MTNL's Telecom Services w.e.f. 01.01.2025. According to the Service Agreement, BSNL shall be responsible to run MTNL's telecom services by undertaking maintenance and running activities of MTNL completely. Also, BSNL will invest capital (CAPEX) and other resources (OPEX) for the smooth running of the entire operation in Delhi and Mumbai. The CAPEX and related OPEX will be part of BSNL Balance sheet and EBITDA, and OPEX for MTNL assets will be part of MTNL EBTIDA. In pursuance of this agreement creation of Delhi BA, BSNL in telecom operational area of MTNL Delhi and Mumbai BA, BSNL in the telecom operational area of MTNL Mumbai has been notified by BSNL and the procurement in MTNL is now being done through BSNL. Migration of MTNL's services has started for Landline, Broadband, FTTH and Leased Line services to BSNL. The assets of MTNL (active & passive network elements, IT/HR support) and BSNL (active network elements including core elements, HR/IT support) are being used for providing Telecom services in Delhi & Mumbai.
b.	With the popularization of 4G services, MTNL is facing tough competition in Fixed Line and Broadband service segment. This has resulted into churn of MTNL's landline as well as Broadband customers to 4G Services of competitors. MTNL is offering Broadband Internet at 2-8 Mbps Speed, predominantly on ADSL2+ technology on Copper Wire. Though FTTH Services are also being offered with speed up to	DoT vide clause 2.5 of DoT O.M. dated 02.08.2022 has conveyed that as per Union Cabinet decision dated 27.07.2022, "BSNL will provide all telecom services in Delhi and Mumbai through leasing of operational assets or other appropriate model. MTNL will be left with land/building Assets which it will continue to monetize to discharge its Loan liabilities. To implement this, a Service Agreement signed between MTNL & BSNL, wherein it has been agreed that BSNL shall run MTNL's telecom services in Delhi & Mumbai w e f 01.01.2025 and also take care of CAPEX and OPEX for smooth running of entire telecom operations in Delhi & Mumbai to ensure EBIDTA neutral operation of MTNL. To implement the Service Agreement, migration of MTNL's services has started for Landline, Broadband, FTTH and Leased Line services to BSNL. In addition to this, Government of India (GoI) approved the allotment of the spectrum to BSNL, for providing 4G services in MTNL Delhi and Mumbai service area.

Sl. No	Risk Identified	Risk Minimization & Mitigation Plan
	1Gbp. In wireless segment MTNL is providing only 2G/3G service with limited coverage and capacity this has resulted in huge churn of wireless subscribers with negligible demand from only low value customers.	

2. POLICY & REGULATION RISK / REGULATORY COMPLIANCE RISK:

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
a.	Frequency authorization for the spectrum in 900 MHz bands is pending.	The Union Cabinet in its meeting held on 27.07.2022 had decided for the administrative allotment of spectrum in 900/1800 MHz band with budgetary support as equity infusion in BSNL in FY 2022-23. Allotment of BSNL will be done in all LSAs with effect from 29.02.2020 and from the date of allotment in Delhi / Mumbai LSAs. The cost on pro rata basis will be settled for spectrum held by MTNL (5 MHz in Delhi and Mumbai) from 05.04.2019 till date of spectrum allotment to BSNL. Further, in a modification to a previous decision, Group of Ministers (GoM) constituted in the matter of “Revival of BSNL and MTNL” has decided to allot spectrum through equity infusion by Government of India, for providing 4G service to BSNL for Delhi and Mumbai (MTNL Areas) in place of MTNL. Now the 4G services in Delhi and Mumbai area will be launched by BSNL. In addition, MTNL Delhi and MTNL Mumbai Mobile services operation have already been handed over to BSNL w.e.f. 01.04.2021 and 01.09.2021 respectively as per instructions from the DoT.
b.	As per the present Government Policy, MTNL may be required to pay around Rs. 1,718 Cr for one time spectrum charges for the spectrum held beyond 4.4 MHz w.e.f. 01.07.2008 till expiry of CMTS license i.e. 05-04-2019.	Presently, the issue of payment of one time spectrum charges is under litigation and the payment liability will be subject to the final outcome of the case filed in Supreme Court by Union of India against the judgment of TDSAT in favour of other telecom operators. The issue to withdraw the case in Supreme Court is being deliberated by Govt. and ultimate outcome may result

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
		into out flows of cash with retrospective effect prior to 2013 or prospectively from the year 2013. In any case either Rs. 1,718 crores or Rs. 455 crores will have to be paid by MTNL and it is definitely going to cause financial burden and the risks attendant with such huge out flows.
c.	MTNL has adjusted the SUC and License fee amounting Rs. 821.98 Cr from the excess amount paid by MTNL on account of pensionary benefits in respect of Combined Service Pension Optees based on the Cabinet decision of Govt. of India on 09.01.14. However, the DoT is challenging the adjustment.	MTNL has taken up the issue with DoT and DoT has sought details of adjustment of the deductions made by MTNL from excess pension payouts. The risk of huge cash outflows due to rejection of adjustment of Rs. 821.98 crores done by MTNL against the LF & SUC payable by it for the period from last quarter of 2013-14 to 2016-17 and the 2-G related liability on final decision of SC, which become applicable to MTNL as well, the stress on MTNL fiscal position will get compounded with present debt related excruciating stress.
d.	In view of technological developments in telecom sector, TRAI's Regulations keep on changing e.g. Tariff, QoS parameters, reporting methodologies, new services and business opportunity etc. These Regulations have significant impact on revenue.	MTNL has to comply with TRAI Regulations and it's directions. In order to comply, additional investment in technology may be required which will affect the rate of return (ROI) of CAPEX
e.	Compliance risks: With regulatory landscapes constantly evolving, staying compliant is a major challenge. Non-compliance can result in hefty fines and damage to reputation. Complying with the provisions of the Companies Act 2013, SEBI (Listing Obligation & Disclosure Requirement), Regulations, 2015, INDAS & ICFR. Further, implementation of GST w.e.f. 01-07-2017 also added additional cost for MTNL. The need for regular revamping of the existing IT, Billing & Accounting software in compliance to GST requirement from time to time will add up further to the cost. The risk of imposing heavy penalties under GST and SEBI regulations as well as risk of	MTNL is giving proper training to its work force in order to ensure timely compliances with Statutory requirements. Due to various new regulations and compliances in place and online compliance on portal is also made mandatory and as long as MTNL remains as a listed company, the requirement of effective handling of all such regulatory compliances will be there and hence a full fledged team under CS MTNL will be required to mitigate any risk of noncompliance or imposition of penalties by stock exchanges. Particularly after regulation on reporting of events having price sensitivity, the careful handling of all matters connected by all concerned in MTNL and constant review by CS as Compliance Officer requires a team effort in MTNL to support CS Section. All the units should also ensure their respective compliances, are in order and file compliance updates with the Company Secretary,

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
	debarring from the Exchanges for non-compliance or delay in compliance with equity and debt listing requirements also needs to be taken care of.	for consolidation and reporting to the Board. Further, any reasons for probable prospective non-compliance shall be flagged before the appropriate authority.
f.	MTNL procures various types of materials for its operational requirements from multiple supplier firms, including those classified as Micro and Small Enterprises (MSEs) under the Micro, Small and Medium Enterprises Development Act. 2006 (MSMED Act, 2006). The Act mandates (Section 15 & 16) mandates that buyers must make payment to MSEs on or before the agreed date, which should not exceed 45 days from the date of acceptance of materials. In case of failure to make payments within this period, the buyer becomes liable to pay compound interest with monthly rests at three times the bank rate notified by the RBI, notwithstanding any agreement between the buyer and the supplier or any other law in force. The Act further provides that any disputes regarding the amount due under this Act may be referred to the Micro and Small Enterprises Facilitation Council (MSEFC).	Delay in payment to MSME Vendors attract mandatory interest and disclosure requirements as per Company Act, 2013 & MSMED Act, 2006. As on 31.03.2026, the Principal amount and the Interest due thereon remaining unpaid to any Supplier is Rs 101.96 crore.
g.	None of our Shareholders, Management or Board of Directors may take action in respect of any matter reserved for the President of India without his approval.	Under our Articles of Association, the President of India, on behalf of the Government of India, may also issue directives with respect to the conduct of our business and affairs, and certain matters with respect to our business, including the appointment of our Chairman and Managing Director and other Directors and the declaration of dividends. As a Government Company, we have to comply with directions of the Government.

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
h.	Government formalities, including requirements that many of our purchases be made through GEM only sometimes cause delays in our equipment and product procurement; these delays can place us at a disadvantage vis-a-vis the private sector competitors and also erode operational competitiveness resulting in to erosion of clientele strength for want of service standards on the same footing of private operators.	Such issues and risks are always associated with the operations of telecom business in a regulated environment and Government controlled processes and are to be pursued for compliance of regulatory issues and resolution of matters through sustained interaction with Administrative Ministry.
i.	Intellectual Property (IP) Risks: Protecting intellectual property from infringement is crucial. Company must ensure that its IPR's are adequately protected and that they are not infringing on others' rights. Cases like Patent Infringement can lead to costly legal battles.	MTNL can hire panel lawyers, for an annual screening, to identify any misuse of its IPR and take early action. All employees should be advised to notify the Corporate Office legal team, for any known IPR infringement.

3. OPERATIONAL RISK:

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
a.	MTNL could be liable for stamp duty, if any, upon registration (other than with respect to the DOT properties acquired from the Government as of April 1st, 1986). Although MTNL has valid possession to all of its properties, but these need to be registered and stamped to acquire marketable titles to real properties in its possession for which stamp duty has to be paid. Hence MTNL cannot monetize or sell these properties without payment of stamp duties and registering the properties in its name. In case of merger/demerger acquisition amalgamation, the proper valuation and transfer of assets will be a serious concern in this situation.	MTNL's assets located in prime locations of Delhi and Mumbai were transferred by an order of the Government of India (the Government) and a Deed of Sale was executed by the Government of India in its favour representing an irrevocable transfer. A formal transfer deed for real estate property of the DoT, transferred by the Government of India to MTNL has been executed but has not been registered with the appropriate municipal authorities. Indian law also requires payment of stamp duty (at rates which vary among states) on instruments, which effect transfer of title to real estate or in respect of leases of real estate assets.

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
b.	Asset and Tower & Fiber monetization including valuation of assets has to be expedited by MTNL as per existing guidelines on this subject in consultation with Administrative Ministry wherever required.	The process for better utilization of its assets, such as buildings in Delhi and Mumbai, to generate additional revenue MTNL has already entered in to a Memorandum of Understanding (MoU) with BSNL to share the infrastructure and network of each other, in a bid to offer better services to their consumers. Further the building in Delhi & Mumbai is also given on rental for generation of additional revenues. These can be further used for advertisement, brand building and earn good revenue. Government has also approved the monetization of assets so as to raise resources for retiring debt, servicing of Bonds, network up gradation, expansion and meeting the operational fund requirements.
c.	Various litigations, involving MTNL are ongoing in respect of issues arising out of business operations. The same may incur financial risk to the organization contingent upon the outcome of such litigation	Constant review of risks of litigation has to be kept in place and any unforeseen risks arising need to be brought to the notice of ERM Committee immediately along with possible plan of action to remediate the same. ED Delhi and CGM Mumbai are to be enlisted by ERM Committee to review at regular intervals along with Corporate Legal team all such arising or pending legal cases to avoid any un-warranted risks and also for effective counter management of all litigations.
d.	Contractual Risks These arise from breaches, misinterpretations, or non-performance of contract terms. For instance, failure to deliver services as per a contract can lead to legal disputes and financial losses.	Monitor existing litigation and taking early action to ensure disputes do not escalate into costly litigation. Further, the disputes qua the contract terms shall be flagged at the earliest stage, for the legal opinion.
e.	Department of Telecommunications (DoT) has raised demands against AGR dues. Many of the deductions claimed by MTNL have not been allowed by DoT for want of additional documents viz. TDS certificates from auditors and auditor counter signatures on bank statements etc. MTNL has been making all out efforts to produce the records sought as and when the letters are received from DoT. follow the AGR conditions scrupulously.	The AGR issue is already under review of Administrative Ministry i.e. Department of Telecommunications (DoT) for an appropriate resolution.

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
f.	Financial/Liquidity/Debts Management Risk The Company has defaulted in repayment of Bank borrowings. In respect of term loans, defaults amounting to Rs. 2544.34 Crores towards principal repayment and Rs. 501.43 Crores towards interest repayment have occurred, and the related loan accounts have been classified as Non-Performing Assets (NPA) by the respective banks. The total outstanding amount in respect of such term loans is Rs. 3045.77 Crores. Further, overdraft facilities aggregating to Rs. 6216.72 Crores are also outstanding. Accordingly, the total amount outstanding in respect of such borrowing aggregates to Rs. 9262.49 Crores. Penal interest charged by few banks has been accounted for by the Company; however, penal interest, is not charged by other Banks has not been accounted for by the company, as the same has not been ascertained and not quantified by the Company. All the loans accounts of MTNL have been declared as Non-Performing Assets (NPA) by the Banks. As a result, the current account are freezed by the Banks. MTNL is also unable to make payment of Interest/redemption of Principal to Bonds holders from July 2024 onwards from its own source. As Bonds issued by the Company is Sovereign Guaranteed, Debenture Trustees has been issuing Notice for Invocation of Guarantee to President of India. The Government of India has been funding the Escrow Account for making Interest/Principal repayment to Bondholders from July 2024 onwards.	In view of unsustainable debts of MTNL, a Committee of Secretaries (COS) was constituted by Government of India to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for merger of MTNL and BSNL. As per directions of CoS conveyed vide O.M. dated 01.10.2024 & subsequent approval of the MTNL Board through Resolution by Circulation dated 19.10.2024, MTNL offered settlement of 60% of the Loan (as recommended in the Negotiation Committee Report dated 19.09.2024) to Lender Banks but the same was rejected by the Lending Banks. Further MTNL has entered into escrow agreement with Union Bank of India (largest lender) on 04.11.2024 for implementing "Holding on Operation & Escrow Mechanism" so that the bank account operation keeps running unhindered for six months at zero % cutback. The same has been extended twice for 6 months on 05.05.2025 and 03.11.2025. Further it has been again extended for a period of 3 Months on 05.05.2026 and is now valid till 04.08.2026. After no headway was made in the above offers, MTNL has through Letter dated 01.08.2025, has offered to offset the outstanding loans of the Banks with asset at NLMC valuation. The Banks have been asked to provide consent to proceed ahead. The offer is based on the deliberations held in the meeting on 22.07.2025 under the Chairmanship of Joint Secretary (IPP & ISD), DEA in the context of ongoing deliberation of the Committee of Secretaries to resolve the bank loans of MTNL. Further, the Board approved the proposal as recommended by the Audit Committee to enter into a Service Level Agreement with BSNL for

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
		a period of 10 years unless it is revoked earlier by giving a notice of 6 months, or extended by mutual consent between the Parties in order to comply with the decision of CoS w.e.f. 01.01.2025. Herein, BSNL shall be responsible to run MTNL's telecom services by undertaking maintenance and running activities of MTNL completely. The monetization of assets to liquidate and service the outstanding debts and Resolution of Banks Loans is urgently required. MTNL has also requested DoT for release of Rs 379.82 crore to MTNL from the one-time grant of Rs 1600 crore sanctioned by the Union Cabinet in the Revival plan to meet the operational integration expenses. With the ongoing financial distress in MTNL, the cash inflows are insufficient even to manage the statutory and critical operational expenses. Therefore, MTNL has requested DoT that pending SG Fee liability and Penal Guarantee fee be settled through equity infusion by GoI. The matter is under active consideration at DoT.
g.	Following risks are associated with "Manpower in MTNL": ((i) Reduction in manpower strength due to Retirement / Resignation /Unauthorized absenteeism etc. ((ii) Weakening of human resource capabilities due to VRS etc. ((iii) Cost associated with employee turnover.	There should be a comprehensive employee retention policy aligned with the Company's needs and vision. A Succession plan should be in place for identifying and developing employees for higher roles. Regular promotions should be granted to boost employee morale and retain skilled manpower. However, MTNL & BSNL have entered into service agreement under which BSNL has been entrusted to undertake the maintenance and operational activities of MTNL's telecom services, and, therefore, no policy formulation is being done. DoPT instructions / guidelines are followed in cases where MTNL Policy does not exist or is silent. Taking into consideration the financial condition of the company, a proposal to introduce VRS has been submitted to the GoI, to reduce employee wage cost.

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
		Due to dire financial condition of MTNL, office order no. MTNL/CO/IRW/22(90)/Exe./Non-Exe./2025 dated 11.03.2025 (placed at page-1 in ToC) has been issued vide which, non-operational HR activities with financial implication have been temporarily frozen in MTNL till operational efficiency happens in MTNL. Therefore, activities such as Restructuring, Recruitment, Promotion etc. have not been planned as on date.

4. ONGOING CONCERN RISK:

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
a.	The Net Worth of the Company has been fully eroded. Net worth of MTNL is negative as on 31.03.2026 to the tune of Rs.(-) 29,974.84 Crore. The Company has incurred net cash loss during the year ended March 31st, 2026, as well as in the previous year and the current liabilities exceeded the current assets substantially. Further, during the year, the Company has also defaulted in repayment of bank installments/interest of term loan amounting to Rs. 9262.49 crores. The Company has initiated with the Lender Banks for possible resolution and settlement of such items. Finance Cost & corresponding interest liability is understated by the penal interest amount figure of which is not quantifiable in absence of bank statements	The Company has incurred a loss of Rs. 3,101.50 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 view of various measures taken by Government of India for revival of MTNL in the past such as VRS to reduce the employee cost, Issue of Sovereign Guarantee backed bonds for MTNL with waiver of guarantee fee, monetization of the lands and buildings of the Company in order to get rid of the huge debt burden on the Company. Besides, the Government approved the monetization of the lands and buildings of the Company with assistance from DIPAM in order to get rid of the huge debt burden on the Company. Being part of monetization of Land and Buildings of the company has realized a cash inflow of Rs 418 crores from sale of properties during the year. In addition to this, Government of India (GoI) approved providing 4G licenses to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license. As per the deliberations, the maintenance and running of MTNL wireless network has also been taken over by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams.

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
		Further as per Service Agreement signed between MTNL & BSNL, BSNL shall run MTNL's telecom services in Delhi & Mumbai w e f 01.01.2025 and also take care of CAPEX and OPAX for smooth running of entire telecom operations in Delhi & Mumbai to ensure EBIDTA neutral operation of MTNL. As per said Service Agreement the customers of MTNL started migrating to BSNL w.e.f. 01.04.2025 and billing and collection is done by BSNL for such customers. The revenue share of MTNL arising from such customers has been approved and agreed by both the Company. Accordingly, an amount of Rs 156 crores has been accounted in operating revenue of MTNL as revenue share recoverable from BSNL during the year. All of the above aspects are considered by the Management while preparing the financial statements and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 "Presentation of Financial Statements" the Company is continuously having support of GoI in managing its issues. DoT vide clause 2.5 of DoT O.M. dated 02.08.2022 has conveyed that as per Union Cabinet decision dated 27.07.2022, "BSNL will provide all telecom services in Delhi and Mumbai through leasing of operational assets or other appropriate model. MTNL will be left with land/ building Assets which it will continue to monetize to discharge its Loan liabilities. It was also recommended to constitute a Committee of Secretaries (CoS) vide para no. 2.7 for further detailed examination to resolve matters relating to MTNL. In accordance with the above direction, a meeting of CoS was held under the Chairmanship of Cabinet Secretary on 03.05.2024 wherein it was recommended that "DoT may ensure expeditious transfer of MTNL's operational activities to BSNL". Besides, DoT vide letter No. 19-5/2023-SU-II dated 12-11-2024, has conveyed the decision of Alternate Mechanism to execute a suitable arrangement between MTNL and BSNL, agreeing in principle to run MTNL's telecom services by taking over maintenance and running activities of MTNL completely in EBITDA neutral basis including meeting the HR cost as per the agreement vetted by the Ministry of Corporate Affairs.

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
		Accordingly, DoT vide letter No. 19-04/2024-SU-II (FTS No. 192020) dated 09-09-2024 has shared the Draft Service Agreement duly vetted by Ministry of Corporate Affairs. The Board of Directors of BSNL and MTNL approved the proposal to enter into service agreement to give effect to directions of CoS. Both organizations signed a Service Agreement on 22.11.2024 which is made effective from 01.01.2025. To implement the Service Agreement, migration of MTNL's services has started for Landline, Broadband, FTTH and Leased Line services to BSNL. Besides CAPEX support and utilization / use of its network equipment, BSNL has also started providing Operation & Maintenance assistance, including common management / support of billing, collection & customer services for the customers migrated from MTNL. MTNL Services, Billing, corresponding Revenue and Collection for the Delhi and Mumbai circle are being gradually migrated to BSNL. The assets of MTNL (active & passive network elements, IT/HR support) and BSNL (active network elements including core elements, HR/IT support) are being used for providing Telecom services in Delhi & Mumbai. MTNL Assets viz. Telecom Buildings, Exchange/Power infra, Transmission Equipment, OFC Network, External plant of copper network, IT Systems and Manpower are being used for Telecom operations. MTNL select manpower are continued for the management of customer base & TR Collection of the respective area. BSNL has provided basic training and access to its IT systems to these select human resources. BSNL has also provided the assets to assist operation & maintenance in Delhi & Mumbai area. Accordingly, a Committee has been constituted in both Delhi & Mumbai unit with Technical & Finance expert to elaborate and recommend the appropriate revenue share percentage with detailed break up of different cost items. Delhi and Mumbai Units of MTNL were requested to submit the same. Both Units i.e. MTNL Delhi and MTNL Mumbai have submitted their respective committee reports as per approval the revenue from MTNL has been booked in the financials of MTNL of FY 2025-26. As such all due claims of MTNL from BSNL w. r. t. migrated customers up to 30.03.2026 has been recognised by MTNL as revenue as on 31.03.2026.

5. INTERNAL CONTROL FAILURES AND INTEGRITY OF FINANCIAL INFORMATION RISK:

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
a.	Lack of effective Internal Control and Management Information System can put an organization in the risk of making ineffective policy and decision. Revenue assurance being also part of Internal control system should also be strengthened for avoiding any possibility of leakage of revenue. The system tools used for Internal Control and Revenue Assurance should also be controlled through review system for their appropriateness and adequacy. The new Companies Act 2013 made it mandatory for audit of internal controls on financial reporting from 2015-16 onwards which also adds up to Compliance risks.	The Statutory Auditors of MTNL have audited the Internal Financial Controls over financial reporting of MTNL as of 31st March 2026 in conjunction with their audit of the financial statements of MTNL for the FY 2025-26 and issued their report on material weakness in the operating effectiveness of the Company's Internal financials control over financial as at March 31, 2026, which will be addressed specifically during FY 2026-27.

6. INFORMATION TECHNOLOGY & SYSTEMS SECURITY RISK:

	Risk Identified	Risk Minimization & Mitigation Plan
a.	IT General Controls Information Technologies are vital to MTNL operations. They are tools that improve the quality and efficiency of work. They are the repositories for critical and proprietary corporate information. Improper access to or the destruction of these resources will have serious consequences for the Company.	MTNL has circulated its IT Security Policy in May 2022 which incorporates general IT controls to be followed by all the concerned units i.r.o. all Line of Business (LoBs) & the corresponding networks.
b.	IT Application Controls IT related resources such as Operational, Billing and Customer Care Systems are prone to hacking, spoofing and other cybercrimes.	Security Audit of all IT based application software and associated ancillary IT systems including WFMS, FRS , Convergent billing and other billing systems is carried out time to time. Accordingly, the recommendation of Audit agency/firm are implemented to the extent possible to strengthen the security of IT system and infrastructure. All the customer data stored in IT systems, managed by MTNL or outsourced agencies, is governed by standard data security policies. Business and customer data is fully

	Risk Identified	Risk Minimization & Mitigation Plan
		protected by various security arrangements implemented at various levels of IT systems and network. IT systems and network is protected with adequate security framework using firewalls. Further, addition of new syslog servers and application has been procured and is in use to enhance the security of core MPLS network.
c.	CBCRM System (Billing system for post-paid wireless services): CBCRM system is quite critical from revenue perspective as a number of revenue activities are being done through it e.g. Voice IUC settlement, mobile rating, invoice generation etc. The project/its equipment's are running since 2006 and almost outlived its life. The major challenges are non-availability of source code, lack of support of various licenses due to prohibitive cost etc. Such constraints pose challenges in implementation/feasibility of development as per the dynamic market conditions. BEL, the project implementer has already pulled out of the project in July'2014. Post, pullout, limited support has been finalized with various vendors through tender from June 2016 onwards on as-is-where-is basis.	CBCRM system is very old & was installed in 2005. The system is being used to bill the services like Post-paid Wireless, IUC and MNP for 2G and 3G mobile customers of MTNL. Government of India has mandated BSNL to provide 4G mobile services in Delhi and Mumbai area. It is expected that these mobile customers will be migrated to 4G network once the same is commissioned in Delhi and Mumbai and thereafter BSNL will take care of Billing and CRM activities of these customers. Since, there is very less demand of 2G and 3G mobile services of MTNL, there is no plan to procure and commission a new billing system for these mobile customers. Hence, MTNL is forced to use the old system till the migration of these subscribers takes places on proposed BSNL 4G network/service. At present, the system is down in Mumbai and running in Delhi without any AMC or support. As a mitigation plan, Mumbai unit has been asked to generate and send average bills to the customers till the CBCRM system is restored.
d.	Billing for Wireline (Landline, BB, FTTH Services):	MTNL is using very old system for billing of wire-line services and the system is running without AMC and support at present. The FTTH services are being migrated to BSNL along with its billing and CRM activities. Nearly 90% of the FTTH customers have already been migrated and the rest are under process. The competent authority has approved for the migration of billing for copper based wire-line voice and Broadband services on CDR Phase 2 Platform at BSNL Chandigarh Data Centre. However, the implementation of the same will take time.

	Risk Identified	Risk Minimization & Mitigation Plan
e.	Obsolete Hardware Infrastructure Many of the hardware for providing coreservicesandprovidingsupportive/workflow processes have become obsolete and need to be replaced due to EOSL and non-availability of spares e.g. the hardware for CSMS, ISP set up, BB, FTTH, CBCRM etc.	As BSNL is expected to take over operation of all the services in MTNL Delhi and Mumbai area, the hardware of BSNL will be used. Accordingly, the Obsolete Hardware Infrastructure will be phased out gradually as and when the services are fully taken over by BSNL.
f.	Network Security & Audit Govt. of India has been focusing on strengthening the security of critical information infrastructure (CII) and many of the IT systems of MTNL have been declared as CII's. DOT vide its direction has mandated all ISP's to get their system audited once in a year.	The latest Network Audit has been carried out by CDAC/ NAAT team on the behest of DoT. The recommendations of Audit agency are being implemented to the extent possible to strengthen the security of IT system and infrastructure. Future Security audit of MTNL network shall be included in the security audit of BSNL network as decided by the competent authority.
g.	Analytics Engine MTNL needs to move towards data led positioning and to install a customer analytics engine. Analytics will enable differential billing and Customer profiling basis on the history of usage of customer thereby helping MTNL in identification of target audience. With this Cluster assessment can also be implemented to identify potential high revenue clusters. MTNL needs to invest in real-time predictive analysis and tailoring products to customer. Customer analytics features can help to provide customer specific plans.	MTNL does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. However, MTNL is having many standalone systems and packages with suitable interfaces to carryout necessary business analytics. The risk of not having an ERP type of system is inherent. The scope of integrating with ERM of BSNL needs to be got examined in view of the ongoing proposal for operational merger of MTNL services into BSNL.
h.	Cyber Security	Cyber security is a continuous evolving activity and all efforts are being made (subject to financial constraints) to strengthen the Cyber security posture of MTNL by following the best security practices. Further, MTNL also coordinates with various security agencies and organizations such as NCIIPC, Cert-In etc. and take prompt actions on the suspected security alerts and incidences as and when flagged by these agencies.

	Risk Identified	Risk Minimization & Mitigation Plan
i.	Data Privacy risks: Data breaches are becoming increasingly common, and organizations must comply with data protection regulations to avoid severe penalties loss of trust and other legal repercussions.	MTNL IT teams do all possible efforts towards data privacy and protection, to ensure compliance towards applicable laws, across all its LoBs. Any evaluated risks are being reported at the earliest to appropriate stage for its possible mitigation.

7. DISASTER MANAGEMENT AND BUSINESS CONTINUITY RISK:

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
a.	Lack of Proper Disaster Management could become a threat to the business.	Disaster Management Plan is available both in Delhi and Mumbai. MTNL follows the Standard Operating Procedure (SOP) as outlined by DoT for counteracting the Disaster. Steps taken for managing Disaster is given as Annexure to this Policy.

8. GREATER TRANSPARENCY AND ENTITY LEVEL ETHICAL & GOVERNANCE RISK:

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
a.	Policy to be framed to monitor the ethical level of all the concerned, so that any decision should be taken consciously with full care and applying due diligence.	To ensure this Proper Vigilance Mechanism and Whistle Blower Policy is already in place in MTNL. Also there exist Code of Conduct for Board of Directors, Key Managerial Personnel & Senior Management Personnel which was approved by the Board of Directors of MTNL in its 307th meeting held on 21.05.2015.

9. APPOINTMENT OF CHIEF RISK CONTROL OFFICER IN MTNL

Sl. No.	Risk Identified	Risk Minimization & Mitigation Plan
a.	A Chief Risk Control Officer may be got engaged by Board for overall internal, external IT security and all other technical, financial and system related threat perception and management as well as IT and other cyber security control and audit related management etc. and also to assist the ERM committee.	MTNL may nominate Chief Risk Control Officer.

STEPS TAKEN FOR DISASTER MANAGEMENT IN MTNL

In order to ensure continuity of telecom services at technical level, sufficient redundancy is being maintained to prevent total network failure due to a single point of failure at the following level which is given below

1. **Card level:** N+1 or 1+1 redundancy is maintained on most of the Core / Control equipment
2. **Equipment level:** In MTNL the exchanges and the equipment are spread across the two cities. Transmission links between main Network Elements and switching equipment are being maintained mostly through distinct geographical paths.
3. **Geographical level:** The main elements of the network are maintained in duplicate at Delhi and Mumbai.
4. In addition to this sufficient number of spares and equipment are also maintained for emergency usage.

Other measures adopted in case of disaster are as follows:

- a) Nodal officers and alternate nodal officers at field level have been nominated for coordination related to disaster management.
- b) MTNL also have a Quick response team at the field level for immediate provisioning of emergency communication and restoration of telecom services in disaster affected areas.
- c) Multilevel connectivity for power and transmission is active both in Delhi & Mumbai.
- d) For power battery backup exists and diesel generator sets are installed in all telecom buildings which are made operational during the power crisis.
- e) Implementation of enhanced Multi level Precedence and Preemption (eMLPP) based Priority call routing is available in MTNL PSTN and is being activated as and when required.
- f) MTNL also own Cell on Wheel (CoW) along with all necessary infrastructure and equipment which can be deployed by shifting on desired location to establish communication.
- g) Level 112 i.e. Single access number for emergency services has been implemented.
- h) Testing of Broadcast messages has already been successfully completed in MTNL Delhi 3G network with C-DoT.

Additional measures to be adopted in case of disaster are as follows:

1. Not keeping or concentrating all critical equipments at one point or place.
2. The development, documentation, and implementation of a schedule to regularly test the backups in accordance with best practices for the data holding system categorization and data classification for IT Data holding systems in order to restore by Rapid Disaster Management teams
3. Documentation of and adherence to best practices for backup of all necessary data held at various data and technical centers including applicable archival, compliance, preservation of data as per legal or regulatory or IT Security requirements
4. Logical and physical security considerations for archived and backed up data including management of such data of one geographical area at other area and vice versa for restoring all such data quickly in case of any disaster.

ANNUAL ACCOUNTS
OF MTNL FOR FY 2025-26

O P Bagla & Co LLP
501, 5th Floor, B-225
Okhla Industrial Area,
Phase-1, New Delhi - 110020

S.L. Chhajed & Co. LLP
Chartered Accountants
D1, B-38 D, Janakpuri,
New Delhi - 110058

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mahanagar Telephone Nigam Limited

Report on the Audit of the Standalone Financial Statements

Adverse Opinion

We have audited the accompanying standalone financial statements of **MAHANAGAR TELEPHONE NIGAM LIMITED ("the Company")**, which comprise the Balance Sheet as at March 31st, 2026, the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to financial statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion, because of the significance of the matters mentioned in the Basis for Adverse opinion paragraph hereunder, the aforesaid standalone financial statements do not give the information required by the Companies Act, 2013 ("the Act") in the manner so required and do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2026, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Adverse Opinion

- (i) The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the year ended March 31st, 2026, as well as in the previous year and the current liabilities exceeded the current assets substantially. Further, during the year under audit, the Company has also defaulted in repayment of bank installments/interest of term loan amounting to Rs. 9,262.53 crores.

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.

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 implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for Rs. 6,500 Crore in FY 2020-21 in line with cabinet note.

As per F.NO.20-28/2022-PR dated 2nd August 2022, the Union Cabinet in its meeting held on July 27, 2022 has approved the raising of Sovereign guaranteed bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores with waiver of guaranteed fee to repay its high-cost debt and restructure it with new sustainable loan.

Further, in view of unsustainable debts of MTNL, a Committee of Secretaries (COS) was constituted by Government of India to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for merger of MTNL and BSNL. However, COS is reviewing various options submitted to them for solution of various issues related to MTNL which is under process.

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

(ii) Service Level Agreement with BSNL (Refer Note 74)

Pursuant to the Service Level Agreement (SLA) dated 22 November 2024, between MTNL and Bharat Sanchar Nigam Limited (“BSNL”), certain revenue of the company has been transferred to BSNL, the amount of which is not quantifiable. As a result of this transfer, MTNL has ceased to conduct direct billing and customer account management for its core telecom operations in these circles.

Pursuant to the Service Level Agreement (SLA) effective from 01st January 2025, revenue from telecom operations was being recognized by BSNL. Upon deliberation by the managements of both companies regarding the reasonableness and provisions of the SLA, a decision was taken to implement a revenue-sharing model on a mutually agreed basis. Consequent to the said decision, MTNL has recognized revenue computed on the basis of collections made by BSNL; however, the data and methodology underlying such computation are not independently verifiable by us. Further, revenue ought to be recognized by MTNL on accrual basis in accordance with applicable Ind AS, and requisite formalities pertaining to issuance of tax invoices and recognition of corresponding GST liability are also required to be complied with. Merely recognizing revenue on the basis of BSNL’s collections cannot be considered as proper implementation of the revenue-sharing arrangement. Since operational costs continue to be borne by MTNL, we are unable to comment on the matching of revenues with costs in the absence of a properly documented and implemented revenue-sharing framework.

(iii) Dues to/Receivable from Bharat Sanchar Nigam Limited (BSNL):

The Company has certain balances receivable from and payables to Bharat Sanchar

Nigam Limited (BSNL). The net amount recoverable of Rs.4109.51 Crores are subject to reconciliation and confirmation. The said amount includes Service Tax recoverable amounting to Rs.2.03 Crores which has been clubbed under BSNL receivable. In view of non-reconciliation and non-confirmation and in view of various pending disputes regarding claims and counter claims we are not in a position to ascertain and comment on the recoverability and the correctness of the outstanding balances and resultant impact of the same on the standalone financial result for the year ended March 31st, 2026 of the Company. (Also refer note no. 65 to the standalone financial statements).

- (iv) The Company has certain balances receivable from and payable to the Department of Telecommunication (DOT). The net amount payable of Rs.430.24 Crores 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 recoverability and correctness of the outstanding balances and resultant impact of the same on the standalone financial results for the year ended March 31st, 2026 of the Company. (Also refer point no. (a) of note no. 70 to the standalone financial statements).
- (v) During audit, it was noted that the Company has recognised accrued income aggregating to Rs. 26.53 Crores comprising unbilled revenue under GSM services and amounts recoverable on account of Interconnect Usage Charges (IUC) from other telecom operators. The corresponding GST liability on the aforesaid accrued income has not been discharged as at the balance sheet date.
- (vi) Up to the financial year 2011-12, License Fee payable to the DOT on IUC charges to BSNL was worked out on an 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 the financial year 2012-13 onwards, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. (Refer note no. 85 to the standalone financial statements).
- (vii) Apart from impairment losses previously recognized for CDMA assets, no further impairment has been accounted for under Ind AS 36 during the year ended 31st March 2026. Due to uncertainties in achieving the Company's future projections, we are unable to determine the adequacy of impairment provisions and their impact on the current year's loss. (Refer note no. 72 to the standalone financial statements).
- (viii) The Company has developed 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 other parties and amount payable to trade payables, claim payable to operators and amount payable to other parties, however complete balance confirmations and reconciliations are not yet obtained.

Accordingly, certain amounts receivable from and payable to the various parties are still subject to confirmation and reconciliation. Pending such confirmation and reconciliation,

the impact thereof on the standalone financial results for the year ended 31st March 2026, are not ascertainable and quantifiable. (Refer note no. 67 to the standalone financial statements).

- (ix) The company does not follow a system of reconciliation of the difference between TDS balance as per book and as per TDS certificate and form 26AS under Income-tax Act as applicable. Pending such reconciliation, the impact thereof if any on the standalone financial statement is not ascertainable and quantifiable.
- (x) Unlinked credit of Rs. 52.56 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 for the year ended 31st March 2026 are not ascertainable and quantifiable. (Refer note no. 66 to the standalone financial statements).
- (xi) Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by the finance department in respect of bought out capital items or inventory issued from the Stores. Due to delay in issuance of the completion certificates/ receipt of the bills/ 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 financial year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone financial results for the financial year ended March 31st, 2026 by way of depreciation cannot be ascertained and quantified.
- (xii) 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 by the Management, the Company is yet to finalise its position on surrender of a part of its allocated spectrum. The DOT demand on this account is contested by the Company and other private operators and is sub-judice before the Hon'ble Court. Since the matter remains unresolved and the amount payable, if any, is indeterminate, no provision has been recognised. An amount of Rs. 3,205.71 Crores stands disclosed as contingent liability up to FY 2018-19; no further demand has been raised by DOT thereafter. Further, the TDSAT, while setting aside the levy of One-Time Charge (OTC) on spectrum allotted beyond 6.2 MHz, directed the Government to review the demand for spectrum allotted after July 1, 2008, with such review applying from January 1, 2013 where the spectrum beyond 6.2 MHz was allotted prior to that date. No further demand has been raised pursuant to the said direction. Based on management's assessment, the demand, if any, shall not exceed Rs. 455.15 Crores, which has accordingly been disclosed as a 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 for the financial year ended March 31st, 2026 of the Company. (Refer note no. 61 to the standalone financial statements).

- (xiii) 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 have been recovered without installing sub-meter in some of the cases. The actual impact of the same on the standalone financial results for the financial year ended March 31st, 2026 has not been ascertained and quantified.
- (xiv) 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 statements for the year ended March 31st, 2026, has not been ascertained and quantified.
- (xv) The Company is making the provision for interest for late/non-payment to MSME vendors, but such interest is not being paid to the vendors. The interest provision is further subject to deduction of tax under section 194A of Income Tax Act, 1961. The actual impact of the same on the standalone financial statements for the year ended March 31, 2026, has not been ascertained and quantified.
- (xvi) The Company has defaulted in repayment of bank borrowings. In respect of term loans, defaults amounting to Rs.2,145.73 Crores towards principal repayment and Rs. 501.45 Crores towards interest repayment have occurred, and the related loan accounts have been classified as Non-Performing Assets (NPA) by the respective banks. The total outstanding amount in respect of such term loans is Rs.3,045.77 Crores. Further, overdraft facilities aggregating to Rs.6,217.49 Crores are also outstanding. Accordingly, the total amount outstanding in respect of such borrowing aggregates to Rs.9,262.53 Crores. Penal interest charged by few banks has been accounted for by the Company; however, penal interest, is not charged by other banks has not been accounted for by the company, as the same has not been ascertained and not quantified by the Company. The company has initiated with the lender banks for possible resolution and settlement of such items. Finance cost & corresponding interest liability is understated by the penal interest amount figure of which is not quantifiable in absence of bank statements.
- (xvii) (Refer note no. 24 to the standalone financial statements).
- (xviii) Till 30.06.2025, the Company followed the practice of recognizing Expected Credit Loss (ECL) only on Trade Receivables and not on other financial assets, specifically claim recoverable. This accounting treatment was not in compliance with Ind AS 109 – Financial Instruments, which mandates that ECL should be recognized on all financial assets measured at amortized cost or at fair value through other comprehensive income, including claim recoverable.

During the year, the company has recognized a provision of Rs. 200 Crores, on amount recoverable for more than three years; out of the total recoverable from IUC Operators and Others of Rs. 709.09 Crores. The ECL model adopted by the Company requires a comprehensive review to ensure full compliance with Ind AS 109.

- (xix) The Company has not complied with the requirements of Ind AS 116 – Leases, as working with adequate supporting documents and relevant records were not made available for our verification and accounting entries have been made based on old data which is not updated with new leases, old leases expired and revision on lease rent. Consequently, we were unable to ascertain and quantify the impact of such non-compliance on the financial statements as at 31 March 2026.
- (xx) As per Letter No. F.No. 6-2/2023-PSF issued by the Ministry of Telecommunications, Government of India, dated 09th September 2024, failure to pay Guarantee Fees by 30th April entails levy of Penal Guarantee Fees for the period of default on a pro-rata basis. While the Company has duly provided for the principal Guarantee Fees of Rs. 352.30 Crore, it has classified the resultant Penal Guarantee Fees of Rs. 352.30 Crore (Rupees Three Hundred and Fifty-Two Crore) merely as a Contingent Liability in the Notes to the Financial Statements, instead of recognizing a provision thereof.

In our opinion, since the due date of 30th April has elapsed without payment, the obligation to pay Penal Guarantee Fees has already crystallized by operation of an explicit Government directive, the outflow of economic resources is certain and non-discretionary, and the amount is reliably determinable on a pro-rata basis as prescribed — thereby satisfying all three recognition criteria under Ind AS 37 — Provisions, Contingent Liabilities and Contingent Assets.

Accordingly, the classification of Penal Guarantee Fees as a Contingent Liability is, in our opinion, incorrect, resulting in understatement of liabilities and expenses by Rs. 352.30 Crore and corresponding overstatement of profit by Rs. 352.30 Crore, which has a material bearing on the true and fair view presented by the financial statements.

- (xxi) The Company has been following the practice of manual billing on an average basis in certain units of Mumbai and Delhi due to downtime of software. The details of such units are as under:

Mumbai	Delhi
Wireless	IUC
IUC	-

In the absence of a system-driven, actual billing, we are unable to comment on the accuracy and completeness of revenue and related receivables of these units. Accordingly, the actual impact of the same on the standalone financial results for year ended 31st March 2026, have not been ascertained and quantified.

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), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) on the standalone financial result of the Company for the year ended March 31st 2026.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements 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 ethical requirements that are relevant to our audit of the standalone financial statements 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 adverse audit opinion on the standalone financial statements.

Emphasis of Matters:

We draw attention to the following notes on the standalone financial statements being matters pertaining to **Mahanagar Telephone Nigam Limited** requiring emphasis by us.

- (i) **Note no. 9** of standalone financial statements, The share certificates of the subsidiary companies, namely Millennium Telecom Limited and Mahanagar Telephone Mauritius Limited, have not been provided to us for verification. Additionally, there is a discrepancy between the number of shares of United Telecom Limited (referred as Associate Company) as per the share certificates and the number of shares recorded in the books.
- (ii) **Note no. 29** of standalone financial statements regarding Loan given by Government of India amounting to Rs. 2,980.92 crore for payment of Interest on Sovereign bonds does not stipulate terms regarding interest thereon. Therefore, the company has not provided any interest as aforesaid.
- (iii) **Note no. 63** of standalone financial statements regarding pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Company u/s 80IA of the Income Tax Act, 1961, the company has created the Contingency reserve of Rs. 243.22 Crores in this regard.
- (iv) **Note no. 78** pursuant to the service agreement entered on 22.11.2024 (superseding the earlier agreement dated 18.08.2021) with BSNL, the entire telecom operations of the company in Delhi and Mumbai shall be run by BSNL w.e.f 01.01.2025. BSNL shall also take care of CAPEX and OPEX for the smooth running of operations and ensure EBIDTA neutral operations of the company.
- (v) **Note no. 15 & 19** 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.
- (vi) **Note no. 70(d)** regarding the amount recoverable from Department of Telecommunications ("DOT") in respect of settlement of General Provident Fund (GPF) amounting to Rs. 6.52 crores of Combined Service Optees absorbed employees in MTNL and the matter is still

under review with DOT and the full amount of GPF including interest thereon, is continued to be shown as recoverable from DOT and payable to GPF.

- (vii) **Note no. 85** stating that 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) **Note no. 85** stating that 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 have 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) **Note 58(A)** 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 March 30, 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'.
- (x) **Note no. 80** Regarding amount payable to GPF trust is currently in the process of reconciling its liabilities to determine the provident fund payables to employees. The adjustment if any resulting from this re-computation/ reconciliation will be recognized once the reconciliation process is completed.
- (xi) **Note no. 60** 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 the books of accounts of the Company.
- (xii) Provisional income being booked under Revenue from Operations due to non-functioning of the billing software in some areas in the Delhi Unit and Mumbai Unit
- (xiii) In accordance with the requirement of section 149 of the Companies Act, the company does not have requisite number of independent directors.

Our opinion is not modified in respect of the aforesaid matters.

Material uncertainty related to going concern

We draw attention to Note no. 78 in the Ind-AS financial statements, which indicates that the Company has accumulated losses and its net worth has been fully 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 date. These events or conditions, along with other matters as set forth in Note 78, 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 implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for Rs.6,500 crore in FY 2020-21 in line with cabinet note.

As per F.NO.20-28/2022-PR dated August 2nd, 2022, the Union Cabinet in its meeting held on July 27th, 2022 had 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 with waiver of guarantee fee to repay its high-cost debt and restructure it with new sustainable loan.

Further, in view of unsustainable debts of MTNL, a Committee of Secretaries (COS) was constituted by Government of India to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for merger of MTNL and BSNL. However, COS is reviewing various options submitted to them for solution of various issues related to MTNL which is under process.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis of adverse opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
1	Revenue Recognition: There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.)	Our audit approach included control testing and substantive procedures covering in particular: Testing the IT environment (i.e., IT general controls) in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
	Refer Notes no. 57 to the standalone Ind- AS financial statements.	• Testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing includes validating material journals processed between the billing system and general ledger. • Performing tests on the accuracy of customer bill generation on sample basis and testing of a sample of the credits and discounts applied to customer bills; and testing receipts for a sample of customers back to customer invoice.
2	Uncertain Taxation Matters: The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Note no. 50 and 63 to the standalone financial statements.	We have obtained details of completed tax assessments and demand up to March 31st, 2026, from the management. We assessed the management's underlying assumptions in estimating the tax provisions and the possible out- come of the disputes. We also considered legal precedence and other rulings, including in the Company's own cases, in evaluating management's position on these uncertain tax positions.
3	The Company has significant receivables and payables balances, including long-outstanding balances government of India, Department of Telecom and other private telecom operators etc. The assessment of the recoverability of receivables and completeness of payables is considered a key audit matter due to: – The materiality of these balances to the financial statements. – Significant judgment involved in assessing the recoverability of receivables, especially those pending resolution due to contractual disputes, reconciliation issues, or administrative delays—common in dealings with government entities.	Our audit procedures included, among others: – Understanding the Company's processes and internal controls over the recording, monitoring, and reconciliation of receivables and payables. – Performing substantive testing on a sample of receivables and payables by examining underlying invoices, contracts, and correspondences. – Reviewing ageing reports and assessing subsequent receipts and settlements to evaluate recoverability and completeness. – Evaluating the methodology used by management in determining Expected Credit Loss (ECL) under Ind AS 109, including assumptions regarding risk of default, segmentation of customers, and historical loss experience.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
	Complexity in assessing the aging, confirmation status, and settlement patterns of receivables and payables, particularly where balances are netted off under bilateral arrangements or interconnect agreements. Application of Ind AS 109 Financial Instruments in determining Expected Credit Losses (ECL) requires management estimates around default risk, historical loss trends, and macroeconomic conditions.	- Assessing management's estimates for provisioning, particularly for receivables from government departments and inter-operator settlements. - Performing test regarding any claims lodged by any of the party and the disclosure thereof in the financial statement. Reviewing disclosures made in the financial statements to ensure compliance with Ind AS requirements.
4	Contingent liabilities There are numbers of litigations pending before various forums against the Company and the management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. (Refer to Note no. 50 of standalone Ind- AS Financial statements.)	We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures. - understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases. - discussed with the management any material developments and latest status of legal matters. - read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosures of contingent liabilities. - examined management's judgements and assessment whether provisions are required. - considered the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote. - reviewed the adequacy and completeness of disclosures.

Information Other than the Standalone financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's report, Management Discussion and analysis and report on Corporate Governance but does not include the standalone financial statements and our auditor's report there on. The above mentioned other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management and those charged with governance for the Standalone financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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 statements, 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 financial controls 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 an adequate internal financial controls system with reference to standalone 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 management.
- Conclude on the appropriateness of management's 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 standalone financial statements 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 statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in term of sub section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(5) of the Act, we give in "Annexure B" a statement on the matters specified by the Comptroller and Auditor General of India for the Company.
3. As per the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, reporting in accordance with the requirement of provisions of section 197(16) of the Act is not applicable on the Company.
4. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for the matters described in the Basis for Adverse Opinion Paragraph above.
 - b) Except for the possible effects of the matters described in the Basis for Adverse Opinion Paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, except for the matters described in the Basis of Adverse Opinion Paragraph above, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - e) Being the Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of section 164 of the Act, are not applicable to the Company.
 - f) The matters described in the Basis of Adverse Opinion Paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C" wherein we have expressed a modified opinion.

- h) The modification relating to the maintenance of accounts and other matter connected there with are as stated in the Basis of Adverse Opinion Paragraph above.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer note no. 50 of the Standalone financial statements).
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There is no amount which is required to be transferred to Investor Education and Protection Fund by the Company. Accordingly, reporting under this clause is not applicable.
 - iv.
 - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The company has not declared or paid any dividend during the year. Accordingly, the provision of Section 123 of the Act is not applicable.
- vi. Based on our examination, which included test checks, the Company has used accounting software/s for maintaining its books of account for the financial year ended March 31st, 2026 which has a feature of recording audit trail (Edit log) facility. However, The Audit Trail functionality within the WFMS has not been enabled uniformly across all functions and modules. The activation of audit trail features has been left to the discretion of management, resulting in selective and inconsistent logging of system activities. This is not in compliance with the requirements of the Companies Act, 2013 read with Rule 3 of the Companies (Accounts) Rules, 2014 (as amended), which mandates that accounting software used by companies shall have a feature of recording an audit trail of every transaction and creating an edit log of each change made in the books of account.

As Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention has been maintained by the company for the financial year ended March 31, 2026.

For O P Bagla & Co LLP

Chartered Accountants

Firm Registration No.: 000018N/N500091

For S.L. Chhajed & Co. LLP

Chartered Accountants

Firm Registration No.: 000709C/C400277

CA Nitin Jain

Partner

Membership No.: 510841

UDIN: 26510841BBUEQY2654

CA Vijit Baidmutha

Partner

Membership No.: 406044

UDIN: 26406044NGNRFC7902

Place: Delhi

Date: 21st May 2026

ANNEXURE-A

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in our Independent Auditor's Report of even date to the members our Independent Auditor's Report of even date to the members of Mahanagar Telephone Nigam Limited on the Standalone financial Statements for the year ended March 31st, 2026.

- (i) (a) (A) Delhi unit (Both basic and Wireless) has maintained records of Property, Plant and Equipment. However, identification numbers, cost of acquisition and location of the Property, Plant and Equipment are not mentioned.

In case of Mumbai units (both basic and WS), Property, Plant and Equipment Registers have been maintained w.e.f. 01.04.2002. However, location of property, Plant and Equipment has not been mentioned in the Property, Plant and Equipment Registers.

The Corporate office has maintained Property, Plant and Equipment; however, identification numbers and location of Property, Plant and Equipment are not mentioned.
- (B) The Company has maintained proper records showing particulars of intangible assets, however sufficient description of intangible assets, identification numbers and location of intangible assets are not maintained.
- (b) As per the policy of the Company, Property, Plant and Equipment are required to be physically verified by the management on rotation basis, once in three years, which in our opinion is reasonable and adequate in relation to the size of the Company and the nature of its business. Physical verification of Property, Plant and Equipment was conducted by the management during the year ended on March 31st, 2026, except corporate office and RF feeder cables in Delhi Wireless unit. As per Management, it is not practically feasible to verify/measure the length of RF feeder cables in wireless as the cables are underground. According to the information and explanation given to us, no material discrepancies were noticed in respect of Asset verified by the management. The accuracy, reliability and completeness of the fixed assets verification procedure could not be verified by us.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favor of the lessee) disclosed in the standalone Ind- AS financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

In respect of Delhi Units:

The value of the immovable properties as per title deeds are subject to reconciliation with books of accounts.

Amount in Crores

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
CGO Complex Lodhi Road	Leasehold	0.10	DOT	No			L&DO
Kidwai Bhawan (Janpath)	Leasehold	-	DOT	No			L&DO
Minto Road JLN Marg	Leasehold	0.12	DOT	No			L&DO
Idgah	Leasehold	0.01	DOT	No			L&DO
Lothian Road	Leasehold	0.08	DOT	No			(PWD) Delhi Admn.
Bhikaiji Cama Place (R. K. Puram)	Leasehold	0.66	DOT	No			DDA
Chankya Puri	Leasehold	0.00	DOT	No			L&DO
Hauz Khas	Leasehold	0.04	DOT	No			DDA
Nehru Place	Leasehold	0.18	DOT	No			DDA
Okhla	Leasehold	0.07	DOT	No			DDA
Laxmi Nagar/ Shahdara South	Leasehold	0.12	DOT	No			DDA
Shahdara/ Adjoining 21 Exch	Leasehold	0.04	DOT	No			DUSIB
Keshav Puram	Leasehold	0.02	DOT	No			DDA
Badli	Leasehold	0.01	DOT	No			Directorate of Industries (Delhi Administration)

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
Rohini Sect 3 Pocket 31	Leasehold	0.15	DOT	No			DDA
Rohini Sect 3 Pocket 4	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 5 Pocket 4	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 5 Pocket 10	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 3	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 6	Leasehold	0.18	DOT	No			DDA
Rohini Sect. 9	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 14	Leasehold	0.04	DOT	No			DDA
Shakti Nagar	Leasehold	0.02	DOT	No			DDA
Paschim Vihar G-17 TE	Leasehold	1.33	DOT	No			DDA
Rajouri Garden	Leasehold	0.03	DOT	No			MCD
Janakpuri	Leasehold	0.07	DOT	No			DDA
Pankha Road Plot I	Leasehold	0.30	DOT	No			DDA
Pankha Road Plot 2	Leasehold	0.10	DOT	No			DDA
Pankha Road Plot 3	Leasehold	-	DOT	No			DDA
Shadipur	Leasehold	0.19	DOT	No			DUSIB

In respect to the following properties no title deeds were made available to us:

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*
Jor Bagh	Leasehold	-	DOT	No		Documents not available
Delhi Gate	Leasehold	-	DOT	No		Documents not available
Karol Bagh	Leasehold	-	DOT	No		Documents not available
Tis Hazari	Leasehold	-	DOT	No		Documents not available
Delhi Cantt	Leasehold	-	DOT	No		Documents not available
Eastern Court	Leasehold	-	DOT	No		Documents not available
Shahdara	Leasehold	-	DOT	No		Documents not available
Tehkhand	Leasehold	-	DOT	No		Documents not available

According to the information and explanations given by the company in Note No. 58A (1) and 58A (3) of the notes to accounts of the standalone financial statement to us and on the basis of our examination of the records of the Company, we express no opinion on the validity of the title of the company of immovable properties disclosed in the financial statements and held as Property, Plant and Equipment or as investment property.

Further, according to the information and explanations given to us, in Delhi one leasehold property has been encroached.

In respect of Mumbai Units:

Description of Property	Type of properties	Gross carrying value (Amount in Cr)*	Held in the name of	Whether promoter, director or their relative or employee	Period held – Range (In Years)	Reason for not being held in name of company/ Remarks
Plot No. 11. Near Lokha- ndwala, Complex, Akurli Road, Kandivali (E), Mumbai-400 101	Leasehold Land	0.64	MHADA	No	More than 20 years	MHADA Allotment letter is available on records for allotment of land. No sale/ lease deed is available for verification.

Description of Property	Type of properties	Gross carrying value (Amount in Cr)*	Held in the name of	Whether promoter, director or their relative or employee	Period held – Range (In Years)	Reason for not being held in name of company/ Remarks
Plot -1, MIDC, Taloja, Navi Mumbai-400 218	Leasehold Land	0.02	President of India	Yes	More than 30 years	Lease Agreement executed by MTNL on behalf of President of India is available on record.
Panvel Tel Exchange, Plot No.- 229B, Panvel, Mumbai	Leasehold Land	Nil	President of India (P&T)	Yes	More than 30 years	Permission letter from Panvel Municipal Corporation is available on records. Lease agreement executed between president of india and City and Industrial development corporation of Maharashtra Limited is also available in records.
Juhu Danda Complex, Santa Cruz - West, Mumbai	Freehold Land	Nil	GOI/P&T	Yes	More than 20 years	Letter of DOT is available on records for use of plot in favour of MTNL. No sale deed is available for verification.
Bandra Reclamation, Oppo- site Leelavati Hospital, Bandra(W), Mumbai-400 050	Freehold Building	1.10	Bombay Housing and Area Development Board	No	More than 30 years	MHADA Allotment letter is available on records for allotment. No sale deed is available for verification.

Description of Property	Type of properties	Gross carrying value (Amount in Cr)*	Held in the name of	Whether promoter, director or their relative or employee	Period held – Range (In Years)	Reason for not being held in name of company/ Remarks
Magathane, Borivali(E), HIG Colony, Magathane, Borivali(E), Mumbai-400 066	Freehold Building	0.43	Bombay Housing and Area Development Board	No	More than 30 years	MHADA Allotment letter is available on records for allotment. No sale deed is available for verification
Andheri Tele Exch Bldg OPP. Lalubhai Park by 58	Freehold Building	0.01	Post and telegraph department	No		
Andheri Old Tele Exch Bldg CSNO 684 BY 58	Freehold Building	0.00	President of india	No		
Tele Bhavan Colaba	Leasehold	0.07	President of india	No		
Compensation on Cumbala Hill	Freehold	0.58	President of india (Bombay telephone)	No		
Curry Road CSNO 79 (PT) and 82	Freehold	0.39	President of India	No		
Fountain Tele Bldg CSNO 708	Freehold	0.06	Central Post and telegraph	No		
Gamdevi Tele Exchange bldg. by 7	Freehold	0.05	It is in the name of President of India	No		
Malbar Hill Tele Exch AG Bell Marg	Freehold	0.33	President of India	No		
Mandvi Tele Exch MA Road by BY 7 Plot no. to 12	Freehold	0.11	President of India	No		

Description of Property	Type of properties	Gross carrying value (Amount in Cr)*	Held in the name of	Whether promoter, director or their relative or employee	Period held – Range (In Years)	Reason for not being held in name of company/ Remarks
Matunga Tele Exch Bldg Plot no. 143 Ambedkar Marg by 14	Leasehold	0.01	it is in the name of President of INDIA it is under mutation		No	
Mazgaon Tele Bldg Seth Moti Shah Lane by 10	Freehold	0.05	President of India		No	
Parel tele Complex CSNO 85(PT)	Freehold	0.51	President of India		No	
Powai Tele Exch Bldg S.no 103/B1 Vikroli by 83	Freehold	0.00	Government of India		No	
PBD Tele Bldg CSNO 90,91 and 105 BY 28	Freehold	0.13	POI In-charge Bombay telephone exchange under mutation		No	
SPK Tele Exchange Bldg Plot No. 709 TPS IV/B by 28	Freehold	0.02	President of India		No	
Sion Tele Exch Bldg Plot No. 105A and 105 by 22	Freehold	0.16	President of India		No	
ST. George Hospital, PLNO.2	Leasehold	0.40	President of India		No	

Description of Property	Type of properties	Gross carrying value (Amount in Cr)*	Held in the name of	Whether promoter, director or their relative or employee	Period held – Range (In Years)	Reason for not being held in name of company/ Remarks
Ville Parle Tele Exch Bld Fp No. 330,308,309,310 by 57 All Land Cost for land at Vile Parle for Staff Quarters 76	Freehold	0.14	Bombay telephone post & telegraph limited		No	
Wadala Tele Exch. Plot No 40(PT) CS No 236 & 41(PT) By 14	Freehold	0.14	President of India		No	
Wadby Road HS Marg Bombay 1 Possession 30	Freehold	0.01	Central post and telegraph		No	
Worli Tele Exch Bldg CSNO 469, S.No 1624 by 18	Freehold	0.06	President of India (in-charge post master general)		No	
Byculla	Leasehold	-	President of India		No	
Cooperage	Leasehold	-	President of India		No	
South Colaba	Leasehold	-	President of India		No	
Naigaon	Freehold	-	Bombay Telephone		No	
Colaba	Leasehold	-	President of India, Bombay telephone		No	
Prabhadevi	Freehold	-	Bombay Telephone		No	

Description of Property	Type of properties	Gross carrying value (Amount in Cr)*	Held in the name of	Whether promoter, director or their relative or employee	Period held – Range (In Years)	Reason for not being held in name of company/ Remarks
Vashi Sec 15A	Leasehold	-	Bombay Telephone	No		
*Tilak Nagar, Tribhuvan CHS, Sahakar Nagar, Chembur, Mumbai	Leasehold	0.20	Details not available	No		

* Not reflected in the documents produced before us.

In Mumbai, the Title Deeds of 3 properties are not traceable.

The value of the immovable properties as per title deeds are subject to reconciliation with books of accounts.

Furthermore, in respect of 9 cases pertaining to freehold and leasehold land, encroachments by various persons have been identified, for which the matters are either pending before the courts or are being pursued with the relevant authorities for removal of such encroachments. (Refer Note 58 A (3)).

According to the information and explanations given by the company in Note No. 58 A (1) of the notes to accounts of the standalone financial statements to us and on the basis of our examination of the records of the Company, we do not express opinion on the validity of the title of the company of said immovable properties disclosed in the financial statements and held as Property, Plant and Equipment or as investment property.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its Property, Plant and Equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2026 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) In respect of Delhi Units:

In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals.

In respect of Mumbai Units:

In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals.

In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by management needs to be strengthened. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks which is not on the basis of security of current assets. Thus, clause 3(iii) of the Order is not applicable.
- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Thus 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Thus, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act, 2013 or rules framed there under. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) As per the information and explanation given to us, Company is required to maintain the cost records under Section 148(1) of the Companies Act 2013. As explained the Company has not yet maintained the required cost records for the year ended March 31st, 2026.
- (vii) a) According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues were in arrears as at March 31st 2026 for a period of more than six months from the date they became payable except the following.

(i) GST

Statute	Nature of dues	Amount (In crores)	Period to which the dues relate	Due Date	Date of payment	Remarks, if any
Central Goods & Service Act, 2017	Goods & Service Tax	1.76	2024-25	For the specified period	-	Bsnl, Afnet, MCS

Statute	Nature of dues	Amount (In crores)	Period to which the dues relate	Due Date	Date of payment	Remarks, if any
Central Goods & Service Act, 2017	Goods & Service Tax	15.14	2017 to 2023	For the specified period	-	BSNL
Central Goods & Service Act, 2017	Goods & Service Tax	0.54	2023-24	For the specified period	-	AFNET
Central Goods & Service Act, 2017	Goods & Service Tax	2.85	2023-24	For the specified period	-	BSNL
Central Goods & Service Act, 2017	Goods & Service Tax	2.12	2023-24	For the specified period	-	MCS

(ii) **License Fee & Spectrum Charges**

Statute	Nature of dues	Amount (In Crores)	Period to which the dues relate	Due Date	Date of payment	Remarks, if any
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	License Fee	143.98	2019-20	For FY 2019-20	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	License Fee	106.99	2020-21	For FY 2020-21	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	License Fee	95.88	2021-22	For FY 2021-22	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	License Fee	72.54	2022-23	For FY 2022-23	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	License Fee	57.85	2023-24	For FY 2023-24	-	

Statute	Nature of dues	Amount (In Crores)	Period to which the dues relate	Due Date	Date of payment	Remarks, if any
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	License Fee	53.46	2024-25	For FY 2024-25	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	Spectrum Charges	14.77	2019-20	For FY 2019-20	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	Spectrum Charges	10.97	2020-21	For FY 2020-21	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	Spectrum Charges	5.82	2021-22	For FY 2021-22	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	Spectrum Charges	4.92	2022-23	For FY 2022-23	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	Spectrum Charges	2.09	2023-24	For FY 2023-24	-	
Indian Telegraph Act, 1985 & Telecom Regulatory Authority of India	Spectrum Charges	2.61	2024-25	For FY 2024-25	-	

- b) According to the information and explanations given to us, there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess or other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except for the following dues:

In respect of Delhi Units:
i. Service Tax:

Name of the Statute	Total Liabilities (Rs. in Cr.)	Deposit Amount (Rs. in Cr.)	O/S Liabilities (Rs. in Cr.)	Period to which amount relates	Forum where the dispute is pending
Finance Act, 1994	66.71	5.00	61.71	2014-15 to June-17	Commissioner of Central Excise and Service Tax
Finance Act, 1994	4.22	0.32	3.90	2005-06	
Finance Act, 1994	0.08	0.04	0.04	2000-03	
Total	71.01	5.36	65.65		

ii. GST:

Name of the Statute	Total Liabilities (Rs. in Cr.)	Deposit Amount (Rs. in Cr.)	O/S Liabilities (Rs. in Cr.)	Period to which amount relates	Forum where the dispute is pending
Goods & Services Tax Act, 2017	30.30	1.52	20.78	2017-18	Special Commissioner of GST
	16.15	0.86	15.29	2018-19	
	152.92	6.95	145.96	2018-19	
	88.52	4.58	83.94	2019-20	
	0.63	-	0.63	2020-21	
Total	288.51	13.91	274.60		

iii. Labour Cess:

Name of the Statute	Total Liabilities (Rs. in Cr.)	Deposit Amount (Rs. in Cr.)	O/S Liabilities (Rs. in Cr.)	Period to which amount relates	Forum where the dispute is pending
Building and other Construction Workers Welfare Cess Act, 1996.	9.14	0.09	9.05	1996 to 2001	Deputy Labour Commissioner

In respect of Mumbai Basic Units-
i. Sales Tax:

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Bombay Sales Tax Act, 1959	5.32	1996-97	Hon'ble High Court of Bombay

Bombay Sales Tax Act, 1959	216.11	2003-04	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	101.57	2004-05	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	14.97	2009-10	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	6.11	2011-12	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	26.47	2012-13	Hon'ble High Court of Bombay
Bombay Sales Tax Act, 1959	2.40	2014-15	Deputy Commissioner of Sales tax
TOTAL	372.94		

ii. **Service Tax:**

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Finance Act, 1994	2.91	2012-13 to 2016-17	Custom Excise and Service Tax Appellate Tribunal
Total	2.91		

In respect of Corporate Office:

v. **Income Tax:**

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending	Remarks
Income Tax Act, 1961	Nil	A.Y 1998-99 to A.Y 2006-07	Hon'ble High Court of Delhi	Total disputed demand of Rs. 639.75 Crore either paid by the Company or deducted by the Income Tax Department from refund due to the Company
Income Tax Act, 1961	Nil	A.Y 2007-08 to A.Y 2009-10	Hon'ble Income Tax Appellant Tribunal and Commissioner of Income Tax (Appeal)	Total disputed demand of Rs. 19.90 Crore either paid by the Company or deducted by the Income Tax Department from refund due to the Company

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) (a) In our opinion and according to the information and explanations given to us, the

Company has defaulted in repayment of loans or other borrowings or in the payment of interest thereon to the following lenders during the year.

Nature of borrowing including debt securities	Name of lender	Amount not paid on due date (Rs. in Cr.)	Whether principal or interest	No. of days delay or unpaid	Remarks, if any
Term Loan and Overdraft	Union Bank of India	4,042.97	Principal and Interest	641	
Term Loan and Overdraft	Bank of India	1,216.37	Principal and Interest	641	
Term Loan and Overdraft	Punjab National Bank	508.53	Principal and Interest	641	
Term Loan	State Bank of India	378.74	Principal and Interest	641	
Term Loan	UCO Bank	291.51	Principal and Interest	641	
Overdraft	Indian Overseas Bank	2625.03	Principal and Interest	455	
Term Loan	Punjab and Sindh Bank	199.38	Principal and Interest	641	

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, term loans have been generally applied for the purposes for which they were raised.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have not been utilized for long-term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company or on the Company, noticed or reported during the year, nor have been informed of such case by the Management.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, a report under Section 143(12) of the Act, in Form ADT-4 as prescribed under Rule 13 of Companies (Audit & Auditors) Rules, 2014 was not required to be filed by us with the Central Government, during the year and up to the date of this Report. Further, as informed by the Company, the Cost Auditor as well as the Secretarial Auditor of the Company have not filed any report under Section 143(12) of the Act with the Central Government in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 during the year and up to the date of this Report. Accordingly, reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us, no whistle blower complaints has been received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and as per the information and explanation given to us, the Company has complied with the Provision of Section 177 of the Act and has not entered into any transaction requiring compliance with Section 188 of the Act.
- (xiv) (a) In our opinion, the Internal Audit System of the Company is not commensurate with the size of the Company and the nature of its business. Moreover, extent of coverage of the areas of operations, frequency/ quality of reporting/ timeliness of the reporting and the follow up of internal audit observations need to be strengthened.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit. However, the Internal Audit Reports of some of the units/zones of the Company were not provided.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the

Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has incurred cash losses of Rs. 2538.50 Crore and Rs. 2807.11 Crore in the current and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) 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 year and the company's current liabilities exceeded its current assets as at the balance sheet date. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumption in our opinion, these events or conditions, along with other matter, indicate that a material uncertainty exists as on the date of the audit report and the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(Also refer Adverse opinion paragraph (i) of our Independent Auditor's Report and Note no. 78 to the standalone financial statements.).

(xx) In our opinion and according to the information and explanations given to us, there is no amount required to be spent by the company in accordance with section 135 of the companies act 2013. Accordingly, clause 3 (xx) of the Order is not applicable to the Company.

(xxi) The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For O P Bagla & Co LLP

Chartered Accountants

Firm Registration No.: 000018N/N500091

CA Nitin Jain

Partner

Membership No.: 510841

UDIN: 26510841BBUEQY2654

For S.L. Chhajed & Co. LLP

Chartered Accountants

Firm Registration No.: 000709C/C400277

CA Vijit Baidmutha

Partner

Membership No.: 406044

UDIN: 26406044NGNRFC7902

Place: Delhi

Date: 21st May 2026

Place: Delhi

Date: 21st May 2026

ANNEXURE-B

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in our Independent Auditors' Report of even date to the members of Mahanagar Telephone Nigam Limited on the Standalone financial Statements for the year ended March 31st, 2026.

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **Mahanagar Telephone Nigam Limited (Standalone)** for the financial year 2025-26 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

Based on the information and explanations given to us we report as under:

Sr.No.	Areas Examined	Observation / Finding
1	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the company or through Trusts, for Post retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with IND AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability and compliance with applicable regulations, reporting any material deviations or misstatements.	The company has made investments only in equity instruments of Subsidiary, Associates and Joint Venture Companies. All such investments have been stated at cost in the financial statements (less provision for impairment wherever required) as per provisions of Ind AS-109 read with Ind AS -27. In addition, the investment made by Trusts (for Post retirement benefits of the employees) have been stated at Cost less provision for impairment. Valuation of investments is according to the provisions of accounting standards and accounting procedures. There are no deviations or misstatement.
2	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, Majority of the accounting transactions are done through the IT system. Although manual intervention is prevalent. Adequate security measures for manual intervention need to be strengthened with supervisory sanction only and properly documented. However, the billing of following services is not integrated with WFMS (accounting software): 1. GSM Billing 2. Lease Circuit 3. IN CRM 4. IUC 5. GSM Prepaid

Sr.No.	Areas Examined	Observation / Finding
3	Whether funds (grants/subsidy etc.) received/ receivable from the specific schemes from central/ state government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its terms and conditions? Whether accounting of interest earned on grant received has been done as per its terms and conditions of the Grant. List the cases of deviation.	The company has received the Swachh Action Plan contribution during FY 2017-18 is Rs. 0.21 Crore, FY 2018-19 is Rs. 0.35 Crore, FY 2019-20 is Rs. 0.35 Crore out of which Rs. 0.22 Crore is pending utilization with the Company. Further, the company has not received any contribution under Swachh Action Plan during FY 2020-21, 2021-2022, 2022-23, 2023-24, 2024-25 & 2025-26.
4	Whether the company has identified the key risk areas? If yes, whether the company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) Whether the company has identified its data assets and whether it has been valued appropriately?	We have inquired about risk areas and policy of the company to mitigate such risk. We have been informed that the company has identified key risk areas and formulated a policy to mitigate various risks. Also, we have read the Management and Discussion Analysis of the Report of Board of Directors related to risk areas and company's step to mitigate such risks. Major risks in our opinion are market and completion risk, regulatory risk, operational risk, service quality risk and significant risk of going concern. Considering the overall situation and adverse opinion on financial statement of the company due to numerous qualifications and emphasis of matter paras, we are not able to comment whether the Risk Management Policy of the company is in consonance with the best global practices. We are not aware of any data assets and valuation thereof in the company. Also, we have inquired about the same and was not provided any sort of detail in this regard.
5.	Whether the company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015 and other applicable rules and regulations of SEBI, Departments of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporations of	We draw attention to the audit report on financial statements of the company. The report contains adverse opinion and numerous qualifications/ emphasis of matter paras. We have broadly reviewed the compliance of various statutes to the extent information have been provided to us. We have inquired about compliance with these regulations. Regulations related to Public Sector enterprises, e.g. DIPAM/DPE guidelines, we have been informed that the same are complied with to the best possible extent.

Sr.No.	Areas Examined	Observation / Finding
	India whenever applicable? If not, the cases of deviation may be highlighted.	On our review We have not come across any significant non-compliance towards SEBI and Reserve Bank of India except that requirement of SEBI guidelines regarding minimum number of requisite independent directors has not been complied with. As regards other regulations i.e. CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporations of India we have been explained that the same are complied with wherever applicable. As regards TRAI regulations, we have been informed that the company is not complied with the parameters prescribed by TRAI and this has resulted in disincentive levied on the company. We have relied upon information/documents provided to us by the company.

II. Sub-Directions

Sr. No.	Areas Examined	Observation / Finding
1	Whether the amount of revenue share (License fees and Spectrum Usage charges) recognized in the financial statements is in accordance with the License conditions agreed by the company with DoT? If so, detailed statement & calculation sheet may be attached.	Yes, AGR Audit Report and Calculation sheet attached herewith.

We have conducted the audit of accounts of Mahanagar Telephone Nigam Limited for the year ended 2025-26 in accordance with the directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with the all directions issued to us.

For O P Bagla & Co LLP

Chartered Accountants

Firm Registration No.: 000018N/N500091

CA Nitin Jain

Partner

Membership No.: 510841

UDIN: 26510841BBUEQY2654

For S.L. Chhajed & Co. LLP

Chartered Accountants

Firm Registration No.: 000709C/C400277

CA Vijit Baidmutha

Partner

Membership No.: 406044

UDIN: 26406044NGNRFC7902

Place: Delhi

Date: 21st May 2026

Place: Delhi

Date: 21st May 2026

ANNEXURE C TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the standalone financial statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the standalone financial statements of **Mahanagar Telephone Nigam Limited ("the Company")** as of March 31st, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these standalone financial statements included obtaining an understanding of internal financial controls with

reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to these standalone financial statements.

Meaning of Internal Financial Controls with reference to these standalone financial statements.

A company's internal financial control with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial statements includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to the standalone financial statements

Because of the inherent limitations of internal financial controls with reference to the standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the standalone financial statements to future periods are subject to the risk that the internal financial control with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting with reference to the standalone financial statements as at March 31st, 2026:

- (i) The Company's billing software has not been operating properly in the Delhi Unit Mumbai Unit. Additionally, the Company has not implemented sufficient alternative or manual procedures to ensure billing accuracy or safeguard against errors and fraud during this period, indicating a lack of effective internal controls over the billing process.
- (ii) The Company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items or due to delay of inventory issue slip by stores. Hence, the date of capitalization is not reliable. This could potentially result into delayed capitalization and corresponding impact on the operational results due to lower charge of depreciation.
- (iii) The Company does not have an appropriate internal control system for ensuring de-commissioning and de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result into overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.
- (iv) The Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / contractors / operators / government departments at the financial year end are duly reversed when actual bills are received and accounted for. This could potentially result in the same being accounted twice.
- (v) The Company does not have an appropriate internal control system to track open purchase orders, work orders, agreements and contracts which have been entered with vendors / contractors / operators / government departments and are lying open. This could have a bearing on efficiency of operations and recording of financial liabilities and provisions pertaining to the same.
- (vi) The Company does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting. In Mumbai Unit, the Company does not have an appropriate internal control system for reconciliation of Debtors between Billing software and Accounts, which could potentially result in some changes in the standalone financial statements.
- (vii) The Company does not have an appropriate internal control system for reconciliation of vendors / contractors / operators / government departments, accounts which could potentially result in some changes in the standalone financial statements. The cases identified by us have been appropriately qualified at various places in our report.
- (viii) The Company does not have effective internal audit system so as to cover all major areas with extensive scope. The extent and depth of coverage, manner of conduct and reporting in respect of internal audit is very weak. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.

- (ix) The Company does not have an appropriate internal control system for reconciliation of items of unlinked debits and credits because of receipts from the subscriber and the amount debited by the banks. This could potentially lead unreported financial adjustments ultimately resulting into distorted financial reporting.
- (x) The Company does not have an appropriate internal control system for invoicing which are due and payable based on manual invoicing. The invoicing systems does not have reliability of measurement and reconciliation of items. This leads to multiple revisions and errors in invoicing. This could potentially lead errors in revenue recognition.
- (xi) The Company does not have appropriate internal control system for ensuring end use of issued inventory. The accounting is done based on the requisition statement of item and not actual installation or commission of item. This could potentially result into non-identification of pilferage and also early capitalization of equipment.
- (xii) The Company does not have an appropriate internal control system for ensuring billing and recovery of water and electricity charges from the lessee. This could potentially result in non-recovery and delayed recovery of such charges causing financial loss of the absolute expenses and finance cost on the delay in realization. This could also result in inaccurate expense values in the financial statements of the company.
- (xiii) The company does not have appropriate internal control system towards renewals of the expired Rent/Lease agreements. Even though in some of the cases where lease agreements have been expired, company is receiving rentals on the terms and conditions mentioned in the expired agreement with the parties.
- (xiv) The company does not have appropriate internal control towards the timely closure of workorders w.r.t landline & FTTH connections and creation of customer master for billing. This could potentially result in leakage and potential loss of revenue.
- (xv) The Company does not have appropriate internal control system for reconciliation of TDS refundable with form 26 AS and TDS certificate where applicable, which could potentially result in changes in standalone financial statement.
- (xvi) In some cases, company is recognizing rentals on the terms and conditions mentioned in the expired agreements with the parties and not receiving any amount from such parties for more than one year. However, the company has not provided provision for doubtful debts for all such cases.
- (xvii) The Internal Financial Controls (IFC) configured within the Credit/Collection & Sales Management System (CSMS) are editable by users without any corresponding edit log or change-tracking mechanism. Since no Edit Log is maintained for modifications made to these controls, it is not possible to verify or establish the integrity and accuracy of the data or configurations at any given point in time. The reliability of information generated from CSMS is therefore questionable.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to the standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls with reference to the standalone financial statements were operating effectively as of March 31st, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2026, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

For O P Bagla & Co LLP

Chartered Accountants

Firm Registration No.: 000018N/N500091

CA Nitin Jain

Partner

Membership No.: 510841

UDIN: 26510841BBUEQY2654

Place: Delhi

Date: 21st May 2026

For S.L. Chhajed & Co. LLP

Chartered Accountants

Firm Registration No.: 000709C/C400277

CA Vijit Baidmutha

Partner

Membership No.: 406044

UDIN: 26406044NGNRFC7902

Place: Delhi

Date: 21st May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED

Balance Sheet as at 31st March 2026

	Notes	31 March 2026 (Rs. in crores)	31 March 2025 (Rs. in crores)
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,089.78	2,293.49
Capital work-in-progress	5	12.53	31.97
Right-of-use assets	6	151.99	281.48
Investment property	7	58.12	60.42
Intangible assets	8	772.75	1,101.08
Financial assets			
(a) Investments	9	106.13	106.13
(b) Loans	10	1.41	2.11
(c) Other financial assets	11	727.84	500.83
Non Current Tax assets (Net)	12	493.69	500.98
Other non-current assets	13	18.59	24.98
Total non-current assets		4,432.83	4,903.47
Current assets			
Inventories	14	5.15	4.95
Financial assets			
(a) Trade receivables	15	305.85	544.77
(b) Cash and cash equivalents	16	120.67	163.57
(c) Other bank balances	17	612.70	0.00
(d) Loans	18	1.36	1.58
(e) Other financial assets	19	4,300.59	4,307.14
Other current assets	20	160.74	248.46
Total current assets		5,507.05	5,270.47
Non-current Assets held for sale	21	93.80	10.36
Total assets		10,033.68	10,184.31
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	22	630.00	630.00
Other equity	23	(30,604.84)	(27,565.64)
Total equity		(29,974.84)	(26,935.64)
Non-current liabilities			
Financial liabilities			
(a) Borrowings	24	23,181.08	23,481.93
(b) Lease liabilities	25	13.05	54.41
(c) Other financial liabilities	26	193.47	166.83
Provisions	27	401.87	401.66
Other non-current liabilities	28	6.37	41.24
Total non-current liabilities		23,795.84	24,146.07
Current liabilities			
Financial liabilities			
Borrowings	29	12,244.18	9,100.01
Lease liabilities	30	6.22	18.43
Trade payables	31		
(a) Total outstanding dues of Micro & Small Enterprises		101.96	111.59
(b) Total outstanding dues of creditors other than Micro & Small Enterprises		920.49	880.79
Other financial liabilities	32	1,929.52	1,920.36
Other current liabilities	33	767.17	865.07
Provisions	34	77.64	77.62
Total current liabilities		16,047.20	12,973.87
Liabilities directly associated with Assets held for Sale		165.48	-
Total liabilities		40,008.52	37,119.94
Total equity and liabilities		10,033.68	10,184.31

Summary of material accounting policies

The accompanying notes are integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For O P Bagla & Co LLP
Chartered Accountants
FRN No. 00018N/N500091
Sd/-
(CA Nitin Jain)
Partner
Membership No. 510841

For S.L.Chhahed & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277
Sd/-
(CA Vijit Baidmutha)
Partner
Membership No. 406044

Sd/-
(A. Robert J. Ravi)
Chairman and Managing Director
DIN 10095013
Sd/-
(Vasudev Singh)
Chief Financial Officer

For and on behalf of the Board of Directors
Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051
Sd/-
(Ratan Mani Sumit)
Company Secretary
Membership No. ACS 15193

Place: New Delhi
Date: 21 May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of Profit and Loss for the year ended 31st March 2026

	Notes	31 March 2026 (Rs. in crores)	31 March 2025 (Rs. in crores)
Income			
Revenue from operations	35	887.27	1,060.54
Other income	36	581.54	219.21
Total income		1,468.81	1,279.75
Expenses			
Purchases of stock-in-trade		0.00	0.00
License fees expense	37	33.41	56.20
Employee benefits expense	38	518.62	543.02
Finance costs	39	2,982.95	2,918.03
Revenue sharing expense		33.20	47.87
Depreciation and amortisation expense	40	556.92	600.32
Other expenses	41	446.66	437.81
Total expenses		4,571.76	4,603.26
Loss before tax		(3,102.94)	(3,323.51)
Tax expense	42	-	-
Net Loss for the year		(3,102.94)	(3,323.51)
Other comprehensive income	43		
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit plans		1.45	(17.85)
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income/(loss) for the year		1.45	(17.85)
Total comprehensive income/(loss) for the year		(3,101.50)	(3,341.36)
Loss per equity share:	44		
Basic (Rs.)		(49.25)	(52.75)
Diluted (Rs.)		(49.25)	(52.75)
Summary of material accounting policies	3		
The accompanying notes are integral part of the financial statements.			
This is the statement of profit and loss referred to in our report of even date.			

For and on behalf of the Board of Directors

For O P Bagla & Co LLP
Chartered Accountants

For S.L.Chhajer & Co. LLP
Chartered Accountants

Sd/-
(A. Robert J. Ravi)
Chairman and Managing
Director

Sd/-
(Rajiv Kumar)
Director (Finance)

FRN No. 000018N/N500091
Sd/-
(CA Nitin Jain)
Partner
Membership No. 510841

FRN No. 000709C/C400277
Sd/-
(CA Vijit Baidmutha)
Partner
Membership No. 406044

DIN 10095013
Sd/-
(Vasudev Singh)
Chief Financial Officer

DIN 09811051
Sd/-
(Ratan Mani Sumit)
Company Secretary
Membership No. ACS 15193

Place: New Delhi
Date: 21 May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of Cash Flows for the year ended 31st March 2026

Notes	31 March 2026 (Rs. in crores)	31 March 2025 (Rs. in crores)
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(3,102.94)	(3,323.51)
Adjustments for:		
Depreciation expense	228.59	271.87
Amortisation expense	328.34	328.45
(Gain)/ Loss on disposal of property, plant and equipment (net)	(410.95)	(6.19)
Dividend income	(0.82)	(1.86)
Interest income	(21.49)	(21.96)
Excess provisions written back	(132.41)	(128.49)
Provision for doubtful debts including discount	-	8.26
Provision for diminishing in value of Investment	-	-
Provision for obsolete inventory	2.36	0.26
Provision for doubtful claims	105.27	23.84
Provision for insurance claims	0.39	1.50
Loss on cancellation of Leases	13.75	-
Foreign Exchange Variation (Net)	0.02	-
Finance costs	2,982.95	2,918.03
Bad debts recovered	(0.01)	(0.02)
Bad debts written off	10.51	10.66
Operating loss before working capital changes	3.54	80.86
Movement in working capital		
(Increase)/ Decrease in loans	1.43	0.99
(Increase)/ Decrease in inventories	(2.56)	(0.08)
(Increase)/ Decrease in other financial assets	(387.30)	(163.13)
(Increase)/Decrease in other assets	94.11	5.75
(Increase)/Decrease in trade and other receivables	228.42	(67.23)
Increase/ (Decrease) in other financial liabilities	200.01	(32.06)
Increase/ (Decrease) in other liabilities	(132.78)	353.92
Increase/ (Decrease) in provisions, trade and other payables	164.01	44.26
Cash used in operating activities post working capital changes	168.89	223.28
Income tax (paid)/refunds (net)	7.28	98.91
Net cash used in operating activities (A)	176.17	322.18
B Cash Flows From Investing Activities		
Purchase of Property, plant and equipment, investment property and intangible assets (including capital work-in-progress)	(20.00)	(15.87)
Proceeds from sales of property, plant and equipment, investment property and intangible assets (including capital work-in-progress)	418.76	-
Movement in fixed deposits (net)	(612.69)	(0.00)
Dividend received	0.82	1.86
Interest received	13.01	9.64
Net cash used in investing activities (B)	(200.10)	(4.38)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds and repayment of long-term borrowings (net)	0.00	(258.32)
Proceeds and repayment of short-term borrowings (net)	1,829.73	2,507.39
Finance cost paid	(1,831.72)	(2,415.38)
Payment towards lease liability (including interest)	(16.99)	(48.76)
Net cash flows from financing activities (C)	(18.98)	(215.08)
Decrease in cash and cash equivalents (A+B+C)	(42.91)	102.73
Cash and cash equivalents at the beginning of the year	163.57	60.85
Cash and cash equivalents at the end of the year (as per Note 16)	120.67	163.57

Notes:

- Statement of Cash Flows has been prepared under Indirect method as set out in Ind AS 7 'Statement of Cash Flows'
- Previous year figures have been regrouped/reclassified wherever applicable
- Refer Note 24 for the Reconciliation of financial liabilities arising from financing activities

For and on behalf of the Board of Directors

For O P Bagla & Co LLP
Chartered Accountants
FRN No. 000018N/N500091
Sd/-
(CA Nitin Jain)
Partner
Membership No. 510841

For S.L.Chhajed & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277
Sd/-
(CA Vijit Baidmutha)
Partner
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Sd/-
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Chief Financial Officer

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051
Sd/-
(Ratan Mani Sumit)
Company Secretary
Membership No. ACS 15193

Place: New Delhi
Date: 21 May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of changes in equity for the year ended 31st March 2026

A. Equity share capital					(Rs. in crores)
Particulars	Balance as at 01 April 2024	Changes in equity share capital during the year	Promoter's Contribution*	Contingency reserve	Balance as at 31 March 2026
Equity share capital	630.00	-	-	-	630.00

B. Other equity						(Rs. in crores)
	Securities Premium	Promoter's Contribution*	Contingency reserve	Retained Earnings	Total	
Balance as at 01 April 2024	665.00	1,226.29	243.23	(26,427.32)	(24,292.80)	
Loss for the year	-		-	(3,323.51)	(3,323.51)	
Addition during the year		68.52		-	68.52	
Remeasurement of defined benefit obligation	-		-	(17.85)	(17.85)	
Transfer in/ (out)				-	-	
Balance as at 31 March 2025	665.00	1,294.81	243.23	(29,768.67)	(27,565.64)	
Loss for the year	-		-	(3,102.94)	(3,102.94)	
Addition during the year		62.30		-	62.30	
Remeasurement of defined benefit obligation	-		-	1.45	1.45	
Transfer in/ (out)				-	-	
Balance as at 31 March 2026	665.00	1,357.11	243.23	(32,870.17)	(30,604.84)	

For and on behalf of the Board of Directors

Sd/-

(A. Robert J. Ravi)
Chairman and Managing Director
DIN 10095013

Sd/-

(Rajiv Kumar)
Director (Finance)
DIN 09811051

For S.L. Chhajed & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277

Sd/-
(CA Vijit Baidmutha)
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Chartered Accountants
FRN No. 000018N/N500091

Sd/-
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Partner
Membership No. 510841

Sd/-
(Ratan Mani Sumit)
Company Secretary
Membership No. ACS15193

Sd/-
(Vasudev Singh)
Chief Financial Officer

Place: New Delhi
Date: 21 May 2026

1. Corporate information

Mahanagar Telephone Nigam Limited ('MTNL' or 'Company'), a public sector enterprise, is engaged in providing telecom services in the geographical area of Mumbai and Delhi. The registered office of the company is located at Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi – 110003. The company's shares are listed with Bombay Stock Exchange and National Stock Exchange.

2 Basis of preparation

a) Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2026 in accordance with Ind AS 110 and the Board of Directors approved the same for issue on 21 May 2026.

b) Basis of Measurement

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention except for the following –

- Certain financial assets and liabilities which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value; and
- Assets held for sale – measured at fair value less costs of disposal

c) Critical Accounting Estimates and Judgements:

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the company make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of financial statements and the reported amounts of income and expenses for the periods presented. Estimates and underlying assumptions are reviewed on an on-

going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The company uses the following critical accounting judgements, estimates and assumptions in preparation of its consolidated financial statements:

- **Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions
- **Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- **Assessment lease term** –Lease term includes non-cancellable periods of lease along with extension options reasonably certain to be exercised and termination options reasonably certain not to be exercised. The assessment of whether extension options and termination options are reasonably certain to be exercised or not to be exercised, involve significant management judgement based upon economic incentives to extend or terminate the lease.
- **Activation and installation fees** - The Company receives activation and installation fees from new customers. These fees together with directly attributable costs are amortised over the estimated duration of customer relationship period. The customer relationship period is reviewed periodically. The estimated relationship period principally reflects management's view of the average economic relationship period of the customer base and is assessed by reference to key performance indicators (KPIs) which are linked to establishment/ ascertainment of customer relationship period. A change in such KPIs may lead to a change in the estimated useful life and an increase/decrease in the amortisation income/charge. The Company believes that the change in such KPIs will not have any material effect on the financial statements.
- **Recoverability of advances/receivables** – At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factor.
- **Classification of assets and liabilities into current and non-current** – The management classifies the assets and liabilities into current and non-current categories based on management's expectation of the timing of realisation of the assets or timing of contractual settlement of liabilities. An asset is classified as current when it expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle or expected to be realized within 12 months after the reporting date. A liability is expected to be settled in the Company's normal operating cycle or is due to

be settled within 12 months after the reporting date. All other assets and liabilities are classified as non-current. Based on the nature of operations and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non-current.

- **Segment reporting** – The service offered as ‘Basic & Other Services’, ‘Cellular’ and ‘infrastructure leasing’ has been identified as three reportable segments for segment reporting.
- **Impairment of assets** - In assessing impairment, management estimates the recoverable amounts of each asset or cash-generating unit (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate.
- **Useful lives of depreciable/amortisable assets (tangible and intangible)** - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.
- **Inventories** – Management estimates the cost of inventories including cost of materials and overheads considered attributable to the production of such inventories, taking into account the most reliable evidence available including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.
- **Defined benefit obligation (DBO)** - Management’s estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses
- **Fair value measurements** - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

3) Material accounting policies information:

a) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. Revenue is recognized on accrual basis, including income from subscribers whose disputes are pending resolution, and closure of the subscribers' line.

- a) In the case of contracts involving single performance obligation, accounting for revenue is done on accrual basis and revenue is recognized over the period in which services are rendered.
- b) In case of contracts involving multiples promises, which involve delivery or performance of multiple products, services or right to use assets, evaluation is done for all deliverables in an arrangement to determine whether they represent separate performance obligations at the inception of arrangement. Total consideration related to the bundled contract is allocated among the different performance obligations based on their standalone selling prices. In case the relative value of different performance obligations cannot be determined on a reasonable basis, the total consideration is allocated to the different performance obligations based on residual value.
- c) For sale of prepaid products, processing fee on recharge coupons is recognized over the customer relationship period or coupon validity period, whichever is lower.
- d) Activation & installation revenue and related costs (including subscriber acquisition cost), not exceeding the respective revenue, are to be deferred and amortized over the estimated customer relationship period. The excess of costs over revenue, if any, are to be expensed as incurred.
- e) Income from sale of prepaid calling cards, virtual calling cards (VCC) and prepaid internet connection cards is recognised basis the usage or expiry of cards, whichever is earlier.
- f) Interest income/expenditure is to be recognized based on effective interest rate [EIR] i.e. the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs fees paid or received, premiums or discounts if any etc. The difference between the actual interest rate and effective interest rate will be routed through statement of profit or loss.
- g) Income from services includes income from leasing of infrastructure to other service providers. Cost of related stores and materials consumed in execution is charged to project or revenue job at the time of issue. However, spill over items at the end of the year lying at various stores are valued at weighted average cost.

- h) Sale proceeds of scrap arising from maintenance & project works are taken into miscellaneous income in the year of sale.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billing in excess of revenues or advances received from the customer.

b) Post-employment benefits

a) Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Company's defined contribution plans include provident fund, pension contribution and leave salary.

- (i) In respect of absorbed combined service pension optees in MTNL, provision for pension contribution is payable to the Govt. of India as per FR-116 as in Bharat Sanchar Nigam Limited ('BSNL') with equivalent BSNL pay scales and it is expensed off in the relevant year.
- (ii) In respect of officials who are on deemed deputation from Department of Telecommunications (DoT) and other Government department, the provision for pension contribution is payable to the Government of India at the rates specified in Appendix 2(A) to FR 116 and 117 of FR. & SR and it is expensed off in the relevant year. Further, provision for leave encashment is payable @ 11% of pay as specified in appendix 2(B) of F.R.116 and 117 of F.R. & S.R. and it is expensed off in the relevant year.

b) Defined benefit plan

The defined benefit plans sponsored by the Company defines the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company. The Company's defined benefit plans include amounts provided for gratuity.

- (i) For Absorbed CPF optees and direct recruits of MTNL, the Company made contribution to provident fund Trust administered by the Company, which was recognised by the income tax authorities. Following the withdrawal of the Company's exemption from the provident fund, all accumulations in the employees' accounts on the employer's accounts, as well as employee contribution and interest thereon, have been transferred to the Recognised Provident Fund, and with effect from July 2020 the Company has

no legal or constructive obligations to pay further contributions after paying the fixed contribution to Recognised Provident Fund.

- (ii) For Absorbed CPF optees and direct recruits of MTNL, the liability for gratuity is estimated using actuarial valuation as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.
- (iii) For absorbed combined service pension optee employees in MTNL, no provision is made for the pensionary benefits viz pension and gratuity.

c) *Other long-term employee benefits*

- (i) Liability for leave encashment for all employees of MTNL is accounted for on actuarial valuation basis, performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the standalone statement of profit and loss in the year in which such gains or losses arise.
- (ii) For post-retirement medical benefits, no provision is made since insurance policy is taken periodically and the premium is expensed off in the relevant year.

d) Short-term benefits comprise of employee costs such as salaries, bonus, ex-gratia, short-term compensated absences are accrued in the year in which the associated services are rendered by employees of the Company.

e) Bonus/Ex-gratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company.

c) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time, which is generally considered as one year, to get ready for its intended use or sale are capitalised as part of the cost of the asset. Further, projects with estimated cost up to Rs 30 crores generally take a year to complete. All other borrowing costs are expensed in the period in which they occur and reported in finance cost. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest rate.

d) **Property, plant and equipment**

Recognition and initial measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing

cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Assets are capitalized, as per the practices described below, to the extent completion certificates have been issued, wherever applicable.

- i.* Land is capitalized when possession of land is taken.
- ii.* Building is capitalized to the extent it is ready for use.
- iii.* Apparatus & plants principally consisting of telephone exchange equipment and air conditioning plants are capitalised on commissioning of the exchange. Subscriber's installations are capitalized as and when the exchange is commissioned and put to use either in full or in part. Identifiable components in Apparatus & plants having significant cost and/or separate useful life than the main asset i.e. ADSL, VDSL & MES CPES, UPS/Batteries and Subscriber Telephone Instruments are capitalised separately on commissioning and put to use.
- iv.* Lines & wires are capitalised as and when laid or erected to the extent completion certificates have been issued.
- v.* Cables are capitalised as and when ready for connection with the main system.
- vi.* Vehicles and other assets are capitalized as and when purchased.
 - (a) Property, plant and equipment are being verified by the management at reasonable intervals i.e. once in every three years by rotation. The physical verification of underground cables is done on the basis of working of network and based on records available together with a certificate from the technical officers.
 - (b) Expenditure on replacement of assets, equipment, instruments and rehabilitation work is capitalized if it is expected to generate future economic benefits for more than one year.
 - (c) Upon scrapping/decommissioning of assets, these continue to be classified in property, plant and equipment unless they are classified as 'held for sale' and carried at the lower of carrying value or fair value less costs of disposal. Resultant loss, if any, is charged to standalone statement of profit and loss.
 - (d) Cost of major inspection is recognized in the carrying amount of plant and equipment if it is expected to generate economic benefits and its life is more than one year.
 - (e) On replacement of significant components of plant and equipment, recognition is made for such replacement of components as individual assets with specific useful life and depreciated as if these components are initially recognised as separate asset.
 - (f) In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

- (g) The present value of expected cost for decommissioning of the asset on expiry of its useful life is included in the cost of respective asset. A provision for decommissioning is also created with equivalent amount.
- (h) Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss as 'other income' or 'other expenses', as the case may be, on the date of disposal.

Subsequent measurement

- (a) Depreciation is provided by the Company using straight-line method on the basis of the useful lives prescribed in Schedule II of the Companies Act, 2013 except in respect of Apparatus & Plant (including Towers, Transceivers, switching centres, transmission & other network equipment) and identifiable components in Apparatus & plant having significant cost and/or separate useful life than the main asset, mobile handsets for service connection, low cost aerial optical fibre cable and major structural repairs of the building which are depreciated at the rates based on technical evaluation of useful life of these assets, which are lower than the lives prescribed in Schedule II of the Companies Act 2013. The estimated useful lives and residual value are reviewed at the end of each reporting period.

For **Apparatus & plant** (including Towers, Transceivers, switching centres, transmission & other network equipment), Office equipment & Cable having useful life of 10 years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
1. UPS/Battery up to 300AH capacity	4
2. UPS/Battery more than 300AH capacity	7
3. ADSL, VDSL & MES CPES	5
4. Subscribers telephone instruments	5

For **Office Equipment** having useful life of 5 Years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
5. Mobile handset for service connection	3

For **Cable** having useful life of 18 years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
6. Low cost aerial optical fibre cable	3

For **Office Building & exchange** having useful life of 60 and 30 years respectively other than following assets/ components with shorter useful lives –

Name of assets	Useful life (years)
7. Others (Major structural repair of building)	7

- (b) 100 % depreciation is provided on assets immaterial in value up to Rs. 0.05 lakh, in the year of purchase itself, other than those forming part of project, the cost of which is below Rs. 0.10 lakh in case of Apparatus & plants, Training equipment & testing equipment and Rs. 2.00 lakh for partitions, which is not considered to be material.
- (c) Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed or replaced.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

e) Intangible assets

Intangible assets are stated at their cost of acquisition and/or development less accumulated amortisation. Intangible assets including application software are capitalised when ready for use. All intangible assets with definite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired.

- (a) Intangible assets represented by one-time upfront payment for 3G spectrum is amortized on straight-line basis over the period of license i.e. 20 years.
- (b) Application software is amortised on straight-line basis over the useful life of the assets which is considered as 10 years.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

f) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land, vehicles, BTS sites, towers and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

g) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs of disposal. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the standalone statement of profit and loss.

h) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of investment properties other than land.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its investment properties recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

i) Inventories

Inventories being stores and spares are stated at the lower of cost and net realisable value. However, inventories held for capital consumption are stated at cost.

Cost of inventories:

Cost of stores and spares is determined on weighted average basis.

Net realisable value:

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

j) Foreign currency translation

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is the functional currency of the Company, since substantially the entire funding of the Company and its operational income is denominated in Indian Rupee.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the statement of profit or loss.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

k) Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or

loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the statement profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within 'other expenses'.

➤ *Amortised cost*

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- a) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Company's cash and cash equivalents, trade and certain other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

- (i) **For debtors that are not past due** – In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

- (ii) **For debtors considered past due** – any enhancement in the accrual done for expected credit loss on individually significant receivables is made as follows –
- Provision is made for wrong billing, disputed claims from subscribers (Including operators covered under the agreements related to IUC/Roaming/MOU) and cases involving suspension of revenue realization due to proceedings in Court.
 - For landline services – provision is made on the basis of ECL for debtors (Including operators) outstanding for more than 1 year but up to 3 years and 100% in respect of for more than 3 years.
 - For closed connections, provision is made in respect of outstanding for more than 3 years along with spill over amount for up to 3 years.
 - For wireless services (GSM & CDMA) – 100% provision is made for debtors outstanding for more than 180 days.
- (iii) **For other financial assets** – In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

➤ *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in the statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

➤ *Financial assets at FVOCI*

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within FVOCI

reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statement of profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest rate, except for financial liabilities held for trading or designated as FVTPL, that are carried subsequently at fair value with gains or losses recognised in the statement of profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss and are included within finance costs or finance income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) Investment in subsidiaries, joint ventures and associates

Investment in equity instruments of subsidiaries, joint ventures and associates are stated at cost as per Ind AS 27 'Separate Financial Statements'.

m) Income taxes

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961 and in the overseas branches/companies as per the respective tax laws.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax asset ('DTA') is recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilised or to the extent of taxable temporary differences.

Minimum Alternate Tax (MAT) credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the standalone statement of profit and loss and classified under 'deferred tax asset'.

n) Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

For intangible assets with indefinite useful life that are tested at least annually. For other assets, the Company assesses at each balance sheet date whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the standalone statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factor reflects current market assessment of the time value of money and asset-specific risks factors.

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Contingent liabilities are disclosed in case of present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be estimated reliably.

Contingent assets are not recognised. However, when inflow of economic benefit is probable, related asset is disclosed.

p) Government grants

Government grants are recognised if it is sufficiently certain that the assistance will be granted and the conditions attached to assistance are satisfied. Where the grant relates to specified asset, it is recognised as deferred income, and amortized over the expected useful life of the asset. Other grants are recognised in the statement of profit and loss concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

r) Statement of Cash flow

Statement of cash flow is being prepare in accordance with the requirements of Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows". Cash flows from operating activities is reported using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

s) Adjustment pertaining to earlier years

Income from services and other income pertaining to prior years is not disclosed as prior period item for each individual transaction not exceeding ` 1.00 lakh and similarly items of expenditure for each individual transaction not exceeding ` 1.00 lakh are considered as expenditure of current year.

In respect of other items of income (including operating income and other income) and expenditure relating to prior periods, the net effect of which on retained earning does not exceed 1% of turnover is treated as income/expenditure of current year.

t) Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Share premium

includes any premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium account, net of any related income tax benefits.

Other components of equity include the following:

- Re-measurement of defined benefit liability – comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets
- Reserve for contingencies
- Promoter’s contribution – fair value of waiver of guarantee fee on debentures (NCD)
- General reserve
- Other transactions recorded directly in other comprehensive income.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Standards issued but not yet effective:

The Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules, as amended from time to time. During the year ended March 31, 2026, MCA notified certain amendments to existing Indian Accounting Standards, including amendments relating to classification of liabilities as current or non-current, supplier finance arrangements and International Tax Reform – Pillar Two Model Rules, which are applicable for annual reporting periods beginning on or after April 1, 2026.

The Company has evaluated the aforesaid amendments and, based on its preliminary assessment, does not expect any material impact on its standalone financial statements on adoption of the said amendments.

MAHANAGAR TELEPHONE NIGAM LIMITED
Notes forming part of financial statements for the year ended 31 March 2026

4. Property, plant and equipment

(Rs. in crores)

Description	Freehold land	Buildings	Lines & wires	Cables	Apparatus & plant	Furniture & fixtures	Vehicle	Computers	Office machinery & equipment	Electrical appliances	Asset scrapped/ decommissioned	Total
Gross carrying value												
As at 01 April 2024	18.25	2,016.59	180.11	7,954.79	10,282.87	154.63	11.97	247.69	36.82	159.02	56.63	21,119.38
Additions	-	15.39	0.87	7.64	52.38	-	-	0.63	0.00	2.28	0.72	79.92
Adjustments [^]	(0.00)	(11.16)	-	(0.00)	0.00	(0.03)	(0.11)	(0.00)	-	(0.36)	(1.73)	(13.39)
Disposals	-	(2.88)	-	(0.04)	(18.26)	(0.76)	(1.16)	(0.93)	(0.14)	(0.50)	(0.66)	(25.33)
As at 31 March 2025	18.25	2,017.94	180.97	7,962.39	10,317.00	153.84	10.70	247.39	36.68	160.45	54.97	21,160.58
Additions	-	3.25	0.75	7.49	11.29	0.00	-	(0.00)	0.00	0.07	17.46	40.31
Adjustments [^]	(0.01)	(7.10)	-	-	34.99	-	-	-	-	-	(34.87)	(6.99)
Disposals	(0.82)	(7.96)	-	(1.05)	(376.79)	(0.83)	(1.43)	(2.58)	(0.17)	(1.26)	(6.74)	(399.63)
As at 31 March 2026	17.42	2,006.13	181.72	7,968.83	9,986.49	153.01	9.27	244.81	36.51	159.26	30.82	20,794.27
Accumulated depreciation												
As at 01 April 2024	-	1,419.06	131.28	7,120.38	9,413.81	147.30	11.39	233.89	35.31	143.59	-	18,656.01
Charge for the year	-	51.47	5.15	65.85	111.65	0.50	0.00	0.89	0.01	1.55	-	237.06
Adjustments [^]	-	(5.73)	-	(0.04)	(16.36)	(0.77)	(1.21)	(0.89)	(0.17)	(0.83)	-	(25.98)
As at 31 March 2025	-	1,464.80	136.43	7,186.19	9,509.11	147.03	10.19	233.89	35.15	144.31	-	18,867.09
Charge for the year	-	44.53	5.28	61.42	93.82	0.44	(0.00)	0.71	0.01	1.55	-	207.75
Adjustments [^]	-	(7.07)	0.00	(0.53)	(356.77)	(0.81)	(1.36)	(2.45)	(0.17)	(1.19)	-	(370.35)
As at 31 March 2026	-	1,502.27	141.70	7,247.08	9,246.16	146.65	8.82	232.14	34.99	144.66	-	18,704.49
Net carrying value as at 31 March 2025	18.25	553.13	44.55	776.20	807.89	6.82	0.52	13.50	1.53	16.14	54.97	2,293.49
Net carrying value as at 31 March 2026	17.42	503.86	40.02	721.75	740.33	6.35	0.45	12.66	1.52	14.60	30.82	2,089.78

[^]Adjustments includes transfer to/from investment properties & Assets held for sale.

Notes:

(i) Contractual obligations

Refer note 51 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Depreciation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iii) Adjustment includes disposal, value difference, spill over etc. identified during the year.

(iv) The title deed of property having carrying value of Rs. 0.94 Crore deposited with bank as security. (Refer Note 24)

(v) The title deed of property having carrying value of Rs. 0.15 Crore deposited with bank as security. (Refer Note 64(a))

(vi) Refer Note 72 for impairment

(vii) **Title deeds of Properties** : Refer note 58 for disclosure of title deeds of Properties.

5. Capital work-in-progress

	31 March 2026	31 March 2025
Buildings	1.95	2.86
Apparatus & plants	0.03	11.02
Lines & wires	0.00	0.70
Cables	3.03	7.83
Subscribers' installations	0.09	1.89
Air conditioning plants	0.01	0.79
CWIP- Inventory	57.07	60.05
	62.19	85.15
Less: provision for :		
Abandoned work	-	(1.70)
CWIP- Inventory	(49.66)	(51.48)
	12.53	31.97

Movement in capital work in progress:

(Rs. in crores)

Particulars	Amount
Capital work-in-progress as at 01 April 2024	85.80
Add: additions during the year	23.21
Less: capitalisation during the year	(75.08)
Less: reversal/(provision) for abandoned work	-
Less: reversal/(provision) others	(1.96)
Capital work-in-progress as at 31 March 2025	31.97
Add: additions during the year	8.34
Less: capitalisation during the year	(22.21)
Less: reversal/(provision) for abandoned work	(1.70)
Less: reversal/(provision) others	(3.86)
Capital work-in-progress as at 31 March 2026	12.54

Notes:

(i) Contractual obligations

Refer note 51 for disclosure of contractual commitments.

(ii) Nature of expenses capitalised during the year

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Salaries and other employee costs	5.17	10.54
Administrative Cost	(0.22)	-
Total	4.95	10.54

(iii) Ageing schedule of capital work-in-progress

(Rs. in crores)

31 March 2026	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	4.92	2.30	4.42	50.56	62.19
Projects temporarily suspended	-	-	-	-	-
Total CWIP	4.92	2.30	4.42	50.56	62.19

(Rs. in crores)

31 March 2025	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	15.26	6.66	2.05	59.48	83.45
Projects temporarily suspended	-	-	-	1.70	1.70
Total CWIP	15.26	6.66	2.05	61.18	85.15

(iv) The overdue project exceeding its original timelines are being regularised in due course.

6. Right-of-use assets

(Rs. in crores)

Description	Leasehold land	Buildings	Towers	Total
Gross carrying value				
As at 01 April 2024	352.05	32.16	263.32	647.52
Additions/Transfer In				-
Adjustments^	0.25	(0.64)	(0.47)	(0.86)
Deletions/Transfer Out			-	-
As at 31 March 2025	352.30	31.52	262.85	646.67
Additions/Transfer In				-
Adjustments^	(135.35)	(7.53)	(0.01)	(142.89)
Deletions/Transfer Out				-
As at 31 March 2026	216.95	23.98	262.84	503.78
As at 01 April 2024	90.10	20.92	222.38	333.40
Charge for the year	3.28	2.66	26.33	32.28
Transferred to investment property				-
Adjustments during the year	0.27	(0.76)	-	(0.50)
As at 31 March 2025	93.65	22.82	248.71	365.18
Charge for the year	8.53	1.36	8.15	18.04
Transferred to investment property	-	-	-	-
Adjustments during the year	(25.19)	(6.24)	-	(31.43)
As at 31 March 2026	76.99	17.94	256.86	351.79
Net carrying value as at 31 March 2025	258.64	8.70	14.14	281.48
Net carrying value as at 31 March 2026	139.96	6.04	5.98	151.99

Adjustment includes disposal, value difference etc. identified during the year.

Refer note 52 and 58 for further details on leases.

7. Investment property

(Rs. in crores)

Description	Gross block				Accumulated depreciation			Net block	
	'01 April 2024	Additions	Disposals/ adjustments [^]	'31 March 2025	'01 April 2024	Charge	Disposals/ adjustments [^]	'31 March 2025	'31 March 2024
Freehold land	0.77	0.00	-	0.77	-	-	-	0.77	0.77
Leasehold land	17.25	-	0.02	17.27	5.41	0.58	(0.07)	11.35	11.84
Buildings	87.45	1.78	0.07	89.30	38.02	1.95	1.02	48.30	49.43
Total	105.48	1.78	0.09	107.34	43.44	2.53	0.95	60.42	62.04

Description	Gross block				Accumulated depreciation			Net block	
	'01 April 2025	Additions	Disposals/ adjustments [^]	'31 March 2026	'01 April 2025	Charge	Disposals/ adjustments [^]	'31 March 2026	'31 March 2025
Freehold land	0.77	0.01	-	0.78	-	-	-	0.78	0.77
Leasehold land	17.27	-	-	17.27	5.93	0.28	-	11.07	11.35
Buildings	89.30	0.27	-	89.57	41.00	2.06	0.22	46.28	48.30
Total	107.34	0.27	-	107.61	46.93	2.34	0.22	58.12	60.41

[^]Disposals/adjustments includes transfer from/to property, plant and equipment.

(i) Amount recognised in profit and loss for investment property

(Rs. in crores)

	31 March 2026	31 March 2025
Rental income	455.39	381.30
Direct operating expenses that generated rental income	100.33	113.11
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment property	355.06	268.19

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given, as required by Ind AS 116 "Leases".

(iii) Fair value of investment property

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Fair value	4,400.87	4,373.56

The Company reviews fair values annually. The following factors have been considered for determination of fair value -

- Leasehold properties - These land properties have been allotted to MTNL on perpetual lease from the government for carrying out operations in normal course of business. The Company constantly reviews the utilisation of its facilities and any surplus properties are considered for letting out to earn rental income. Being leasehold properties, the Company is restricted from selling them in an active market, however, such properties can be converted into freehold properties at circle rates at which the government (or other bodies representing the government) would sell such properties in an active market.
- Freehold land - The circle rates are considered to be a fair representation at which such properties can be sold in an active market.
- Buildings** - In case of constructed building, cost of construction adjusted with the present day price index (after considering depreciation thereon) has been taken as the basis of valuation.

8. Intangible assets

(Rs. in crores)

	Software	One time spectrum fees	Total
Gross carrying value			
At 01 April 2024	133.95	6,564.00	6,697.96
Additions	0.08	-	0.08
Disposals/adjustments	(0.45)	-	(0.45)
Balance as at 31 March 2025	133.59	6,564.00	6,697.59
Additions	-	-	-
Disposals/adjustments	-	-	-
Balance as at 31 March 2026	133.59	6,564.00	6,697.59
Accumulated amortisation			
At 01 April 2024	133.08	5,135.39	5,268.50
Amortisation charge for the year	0.25	328.20	328.45
Adjustments	(0.45)	-	(0.45)
Balance as at 31 March 2025	132.89	5,463.59	5,596.50
Amortisation charge for the year	0.14	328.20	328.34
Adjustments	-	-	-
Balance as at 31 March 2026	133.03	5,791.79	5,924.84
Net carrying value as at 31 March 2025	0.70	1,100.41	1,101.08
Net carrying value as at 31 March 2026	0.56	772.21	772.75

Notes:

(i) Contractual obligations

Refer note 51 for disclosure of contractual commitments for the acquisition of intangible assets.

- (ii) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.
- (iii) There was no expenditure incurred on research and development during the current and comparative year.
- (iv) The life of 3G Spectrum Licence will be expired on 07.08.2028.

9. Non-current investments

(Rs. in crores)

	Number of shares		Amount	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
In equity instruments (At Cost)				
In subsidiaries (unquoted)				
Millennium Telecom Limited (face value Rs. 10 each fully paid up)	2,875,880	2,875,880	2.88	2.88
Mahanagar Telephone Mauritius Limited (face value MUR Rs. 1 each fully paid up)	673,717,949	673,717,949	100.97	100.97
Sub total (A)			103.85	103.85
In Joint ventures (unquoted)				
MTNL STPI IT Services Limited (face value of Rs. 10 each fully paid up)	2,282,000	2,282,000	2.28	2.28
Sub total (B)			2.28	2.28
In Associates (unquoted)				
United Telecom Limited ('UTL') (face value of Nepali Rs. 100 each fully paid up) (Refer Note (b) below)	5,736,200	5,736,200	35.85	35.85
Less : Impairment			(35.85)	(35.85)
Sub total (C)			-	-
Total non-current investments (A+B+C)			106.13	106.13
Aggregate amount of unquoted investments			106.13	106.13

Notes:

- (a) Investments in subsidiaries, associates and joint venture are stated at cost as per Ind AS 27 'Separate Financial Statements'.
- (b) As per article 12.19 (b) of 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 prior consent of other Investors. Further, at any such point of time or otherwise also, as per 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 were valid up to 30 April 2018 and subsequent to 30 April 2018, the local partner had sought 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 SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on email on 17-6-21 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. In view of inordinate delay in closing the issue all the Indian partners met in May, 2023 and decided to explore legal option from local counsel of Nepal for enforcing the exit option. There is no further progress for giving effect to the exit clause from M/s NVPL. The net worth of the company is already negative and there is no cash flow to support the investment and the company has not been involved in revenue generating activities since long period and even has not paid duties and taxes for the past years. The repatriation of funds seems to be impossible unless clearance of dues of local government. Accordingly, the investment of Rs. 35.85 Crore was tested for impairment in line with Ind AS 28 and impaired to nil value. However, the efforts to recover the investment proceeds as per exit clause will continue, as is being done, and the same shall be accounted for in the year of receipt, in the event of successful recovery.
- (c) The physical share certificates of the subsidiary companies, namely Millennium Telecom Limited, Mahanagar Telephone Mauritius Limited and 30,68,200 shares of United Telecom Limited (Associate Company) are not traceable. Efforts are being made to trace the share certificates.

10. Loans

(Rs. in crores)

	31 March 2026 Non-current	31 March 2025 Non-current
Secured, considered good		
Loan to employees	1.45	2.15
Less: allowance for credit impaired loans	(0.04)	(0.04)
	1.41	2.11

Notes:

- No loans are due from director or other officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is partner, director or a member.
- Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 46 - Financial risk management for assessment of expected credit losses.

11. Other financial assets

(Rs. in crores)

	31 March 2026 Non-current	31 March 2025 Non-current
Bank deposits with more than 12 months maturity (refer note (i))	46.44	43.77
Unsecured, considered good		
Security deposits with other departments	223.48	221.87
Receivable from BSNL*	457.92	235.20
Credit impaired		
Security deposits with other departments	3.51	3.51
	731.35	504.34
Less: allowance for credit impaired loans	(3.51)	(3.51)
	727.84	500.83

Notes:

- Rs. 46.44 crores (31 March 2025 - Rs. 43.77 crores) pledged with the banks for issuing bank guarantees to third parties.
- Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 46 - Financial risk management for assessment of expected credit losses.
- *For details on settlement of receivable from BSNL, refer note 65.

12. Income tax assets (net)

(Rs. in crores)

	31 March 2026	31 March 2025
Advance income tax (net of provision)	493.69	500.98
	493.69	500.98

13. Other non-current assets

(Rs. in crores)

	31 March 2026	31 March 2025
Capital advances	9.38	2.87
Deferred lease income	10.70	20.78
Balances with statutory authorities	-	2.54
Prepaid expenses	0.54	0.82
	20.62	27.01
Less: Provision for Other Non- Current Assets	(2.03)	(2.03)
	18.59	24.98

14. Inventories

(Rs. in crores)

	31 March 2026	31 March 2025
(Valued at lower of cost or Net Realisable value, unless otherwise stated)		
Exchange equipments	28.08	29.41
Mobile handsets & sim cards	2.04	2.05
WLL equipments	0.08	0.08
Telephones & telex spares	0.09	0.09
	30.29	31.63
Less : provision for obsolete stores	(25.15)	(26.68)
	5.15	4.95

15. Trade receivables

(Rs. in crores)

	31 March 2026	31 March 2025
Trade receivables		
- Secured, considered good	132.57	90.08
- Unsecured, considered good	210.56	328.48
- Credit impaired	1,070.75	1,113.77
Unbilled receivables*	27.80	239.54
	1,441.68	1,771.87
Less: Allowance for impairment		
Unsecured considered good (expected credit loss)	(65.07)	(113.32)
Credit impaired**	(1,070.75)	(1,113.77)
	305.85	544.77

* Represents contract assets under Ind AS 115. Refer note 57 for details.

** Expected Credit Loss on unbilled revenue amounts to Rs. 4.28 Crore (31 March 2025 - Rs. 13.64 Crore)

Notes:

- (i) Trade receivables have been pledged as security for liabilities, for details refer note 54.
- (ii) No trade or other receivable are due from director or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is partner, director or a member.
- (iii) Trade receivables are secured to the extent of security deposits received from customers, with contractual amounts as at 31 March 2026 of Rs.132.57 crores (31 March 2025 - Rs.90.08) and related amortised cost as at 31 March 2026 of Rs.132.57 crores (31 March 2025 - Rs. 40.33 crores).
- (iv) The carrying values of trade receivables are considered to be a reasonable approximation of fair values.
- (v) Ageing schedule of trade receivables.

(Rs. in crores)

31 March 2026	Outstanding from the due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	2.41	0.49	0.36	0.41	128.89	132.57
Undisputed Trade Receivables – which have significant increase in credit risk	2.51	4.12	20.21	16.25	602.06	645.16
Undisputed trade receivables – credit impaired	-	2.22	3.77	4.41	625.75	636.15
Disputed trade receivables – considered good						-
Undisputed - unbilled revenue - considered good	27.80					27.80
Total	32.73	6.83	24.35	21.07	1,356.70	1,441.68
Less Provision for doubtful debts						(1,135.83)
Net Trade receivable						305.85

(Rs. in crores)

31 March 2025	Outstanding from the due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	55.52	79.53	24.45	21.99	235.49	416.98
Undisputed Trade Receivables – which have significant increase in credit risk	8.52	9.19	15.81	33.79	410.16	477.46
Undisputed trade receivables – credit impaired	0.58	2.97	3.77	4.41	626.16	637.88
Disputed trade receivables – considered good						-
Undisputed - unbilled revenue - considered good	239.54					239.54
Total	304.15	91.68	44.04	60.19	1,271.81	1,771.87
Less Provision for doubtful debts						(1,227.09)
Net Trade receivable						544.77

16. Cash and cash equivalents

(Rs. in crores)

	31 March 2026	31 March 2025
Balances with banks in current accounts	121.29	163.88
Cheques, drafts in hand	0.02	0.16
Cash on hand	0.06	0.09
Less: provision for doubtful bank balances	(0.70)	(0.56)
	120.67	163.57

The carrying values are a reasonable approximate of their fair values.

17. Other bank balances

(Rs. in crores)

	31 March 2026	31 March 2025
Bank deposits maturity for more than 3 months but less than 12 months	612.48	-
Balance with banks in escrow accounts	0.22	0.00 *
	612.70	0.00

*Rs. 21,216/-

18. Loans

(Rs. in crores)

	31 March 2026 Current	31 March 2025 Current
Secured, considered good		
Loan to employees	2.09	2.02
Unsecured, considered good		
Loan to employees	1.20	1.51
	3.29	3.52
Less: Allowance for credit impaired loans	(1.93)	(1.94)
	1.36	1.58

Notes:

Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

19. Other financial assets

(Rs. in crores)

	31 March 2026 Current	31 March 2025 Current
Amount recoverable		
IUC operators	324.11	394.00
DoT	129.71	232.76
Others	384.98	442.83
Security deposits with other departments	18.38	18.33
Receivable from BSNL	3,643.42	3,329.84
	4,500.59	4,417.76
Less: provision for credit impaired receivables	(200.00)	(110.63)
	4,300.59	4,307.14

- (i) Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.
- (ii) For details on settlement of receivable from BSNL, refer note 65.
- (iii) For details on settlement of receivable from DoT, refer note 70.
- (iv) Dues from the Operators being on account of revenue sharing agreements are not treated as debtors.

20. Other current assets

(Rs. in crores)

	31 March 2026	31 March 2025
Advances to suppliers	27.32	33.99
Deferred lease income	19.15	12.60
Balances with statutory authorities	95.68	213.27
Prepaid expenses	3.83	9.91
Other recoverables	48.90	0.01
	194.89	269.77
Less: provision for doubtful advances	(34.15)	(21.31)
	160.74	248.46

21. Assets held for sale

(Rs. in crores)

	31 March 2026	31 March 2025
Property, plant and equipment (refer note below)	93.80	10.36
	93.80	10.36

Notes:

As of March 31, 2026, fourteen properties in Mumbai unit and six in Delhi unit, have been classified as Non-Current Assets held for sale. The carrying values of these properties are Rs. 93.80 Crores (fair values Rs. 4272.54 Crores). By virtue of Union Cabinet approval vide OM dated 02.08.2022 for the monetization of land and buildings, management is actively engaged in the process of monetisation of eligible assets. The generated proceeds will be directed towards BSNL/MTNL to address debt, capital expenditures (CAPEX), and other financial obligations. The aim of these monetization endeavors is to strengthen MTNL's fiscal health, encompassing debt servicing, funding of capital expenditures, and provision for various financial needs to bolster the company's financial position.

22. Equity share capital

(Rs. in crores)

	31 March 2026	31 March 2025
Authorised capital		
3,500,000,000 (previous year 3,500,000,000) equity shares of Rs. 10 each	3,500.00	3,500.00
650,000,000 (previous year 650,000,000) preference shares of Rs. 100 each	6,500.00	6,500.00
	10,000.00	10,000.00

	31 March 2026	31 March 2025
Issued, subscribed and fully paid up		
630,000,000 (previous year 630,000,000) equity shares of Rs. 10 each fully paid up	630.00	630.00
	630.00	630.00

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

	31 March 2026		31 March 2025	
	No. of shares	(Rs. in crores)	No. of shares	(Rs. in crores)
Equity shares at the beginning of the year	63,00,00,000	630.00	63,00,00,000	630.00
Changes during the year	-	-	-	-
Equity shares at the end of the year	63,00,00,000	630.00	63,00,00,000	630.00

b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays

dividends in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

	31 March 2026		31 March 2025	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 10 each fully paid up				
President of India	354,378,740	56.25	354,378,740	56.25
LIC including LIC Fortune Plus secured Fund	82,659,957	13.12	82,659,957	13.12

d) Details of promoter shareholding

Name of promoter	31 March 2026			31 March 2025		
	Number of shares	% of total shares	% change during the period	Number of shares	% of total shares	% change during the period
Equity shares of Rs. 10 each fully paid up						
President of India	354,378,740	56.25	0.00%	354,378,740	56.25	0.00%

e) There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

f) There are no shares reserved for issue under options or other purpose.

23. Other equity

(Rs. in crores)

	31 March 2026	31 March 2025
Retained earnings		
As per last balance sheet	(29,768.68)	(26,427.32)
Add : Net loss for the year	(3,102.94)	(3,323.51)
Add: Remeasurements of employee benefit obligations	1.45	(17.85)
As at the end of the year	(32,870.17)	(29,768.68)

	31 March 2026	31 March 2025
Other reserves		
Securities premium		
As per last balance sheet	665.00	665.00
Addition/Deletion during the year	-	-
As at the end of the year	665.00	665.00

	31 March 2026	31 March 2025
Promoter's Contribution		
As per last balance sheet	1,294.81	1,226.29

Add: Movement in unmortised processing/guarantee fee (net)	62.30	68.52
As at the end of the year	1,357.11	1,294.81
	31 March 2026	31 March 2025
Contingency reserve		
As per last balance sheet	243.22	243.22
Addition/Deletion during the year	-	-
As at the end of the year	243.22	243.22
	2,265.34	2,203.04
	(30,604.84)	(27,565.64)

Nature and purpose of other reserves:

(i) Securities premium

Securities premium represents premium received on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act.

(ii) Contingency reserve

The Company created this reserve for unforeseen tax demands/disallowances by Income tax department under section 80IA of the Income Tax Act, 1961. (Refer Note 63)

(iii) Promoter's Contribution

During the previous financial years, MTNL had issued bonds 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. 62.30 Crores is accounted in Financial Year 2025-26 as promoter contribution received under other equity.

(iv) Other Comprehensive Income (OCI)

The Company has recognised remeasurements benefits on defined benefits plans through Other comprehensive income.

24. Borrowings

(Rs. in crores)

	31 March 2026 Non-current	31 March 2025 Non-current
Secured		
Term loans (net of current maturities)		
From banks	A -	398.20
Unsecured		
Debentures (net of current maturities)		
Debentures - Series 8D	524.60	521.65
[55599 number of 7.51% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each]		
Debentures - Series 8C	2,430.73	2,417.03
[257000 number of 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each]		
Debentures - Series 8B	999.24	993.54
[105500 number of 7.61% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each]		
Debentures - Series 8A	2,349.68	2,336.12
[248000 number of 7.59% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each]		
Debentures - Series 7E	60.21	59.86
[634 number of 7.75% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7D	343.50	341.51
[3,615 number of 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7C	1,537.05	1,528.05
[16,176 number of 7.78% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7B	2,623.50	2,607.97
[27,579 number of 7.87% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7A	5,814.95	5,780.90
[61,096 number of 8.00% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		

	31 March 2026 Non-current	31 March 2025 Non-current
Debtentures - Series 6 [21,386 number of 6.85 % Redeemable Non Convertible Debtentures (in the form of Bonds) of Rs. 0.10 crore each]	2,137.82	2,137.65
Debtentures - Series 5 [43,614 number of 7.05 % Redeemable Non Convertible Debtentures (in the form of Bonds) of Rs. 0.10 crore each]	4,359.80	4,359.45
	B	
	23,181.08	23,083.73
Total Long Term Borrowings (A + B)	23,181.08	23,481.93
Amount disclosed under other financial liabilities:		
Current maturities of long-term debt	3,045.77	2,146.16
Interest accrued (refer note 32)	587.27	800.87

Notes:

- (i) No loans have been guaranteed by the directors and others.
- (ii) Due to default in repayment of bank instalment/interest amounting Rs. 3045.77 crores, all loan accounts from banks have become Non-performing assets as on 31.03.2026. The company has initiated with the lender banks for possible resolution and settlement of such loans. The outstanding term loans of the lending banks, which have called for repayment, have been shown under current maturities in short-term current borrowings.
- (iii) These facilities are secured by floating first pari passu charge on all movable fixed assets (classified under property plant and equipment) and current assets except Leasehold land given as mortgage to Bank of India and Union Bank of India given below . Further, for securing the above term loans letter of comfort was issued by DoT was valid till 26.10.2022.
- (iv) Redeemable Non Convertible Debtentures are guaranteed by Government of India.
- (v) Refer note 45 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.
- (vi) **Leasehold given as mortgage to Bank of India and Union Bank of India:**
 - (a) Goregaon Telephone Exchange & Staff Quarters (carrying value Rs. 0.82 Crore) at CTS No-1387 Pt. & 1388 Pt. S V Road, Goregaon (West), Mumbai-400062 mortgage to UBI Bank.
 - (b) Malabar Telephone Exchange (carrying value Rs. 0.42 crore) at CTS No-256, Dr. A G Bell Road, Malabar Hills, Mumbai-400006 mortgage to BOI Bank.

(vii) Reconciliation of financial liabilities arising from financing activities: (Rs. in crores)

Particulars	Lease liabilities	Long term borrowings	Short-term borrowings	Total
Net debt as at 1 April 2024	112.99	26,382.52	4,232.86	30,728.38
Recognition of lease liabilities (net)	(0.27)	-	-	(0.27)
Cash flows:				
- Proceeds	-	-	2,507.39	2,507.39
- Repayment	(48.76)	(258.32)	-	(307.08)
Interest expense	8.88	2,366.61	531.05	2,906.54
Interest paid	-	(1,993.34)	(531.05)	(2,524.38)
Movement in unmortised processing/guarantee fee (net)	-	(68.52)	-	(68.52)
Net debt as at 31 March 2025	72.84	26,428.96	6,740.25	33,242.05
Recognition of lease liabilities (net)	(50.53)	-	-	(50.53)
Cash flows:				
- Proceeds	-	-	1,829.73	1,829.73
- Repayment	(6.50)	-	-	(6.50)
Interest expense	3.47	2,346.48	628.43	2,978.38
Interest paid	-	(1,829.48)	-	(1,829.48)
Movement in unmortised processing/guarantee fee (net)	-	(131.84)	-	(131.84)
Net debt as at 31 March 2026	19.27	26,814.12	9,198.41	36,031.80

(viii) For repayment terms of the outstanding long-term borrowings (including current maturities) refer the table below:
(a) As on 31 March 2026 (Rs. in crores)

Name of bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Installment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
State Bank of India	378.73		313.90	313.90	64.83	Overdue instalments of Rs 313.90 crore	28-09-2024	12.10%
Union Bank of India	104.52		88.45	88.45	16.07	Overdue instalments of Rs 88.45 crore	12-08-2024	10.45%
Union Bank of India (e-Andhra Bank)	93.45		77.11	77.11	16.34	Overdue instalments of Rs 77.11 crore	12-08-2024	10.62%
Union Bank of India (e-orporation Bank)	99.68		84.37	84.37	15.31	Overdue instalments of Rs 84.37 crore	12-08-2024	10.16%
Punjab & Sindh Bank	103.34		87.57	87.57	15.77	Overdue instalments of Rs 87.57 crore	08-10-2024	9.44%
Punjab National Bank (e-United Bank)	40.52		34.37	34.37	6.15	Overdue instalments of Rs 34.37 crore	09-09-2024	8.79%

Name of bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Installment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
Punjab National Bank (e-Oriental Bank of Commerce)	232.51		197.79	197.79	34.72	Overdue instalments of Rs 197.79 crore	09-09-2024	8.75%
Bank of India LCB	240.87		201.34	201.34	39.53	Overdue instalments of Rs 201.34 crore	04-09-2024	8.71%
UCO bank	291.50		245.83	245.83	45.67	Overdue instalments of Rs 245.83 crore	28-09-2024	9.93%
Union Bank of India (e-Andhra Bank)	127.85		106.54	106.54	21.31	Overdue instalments of Rs 106.54 crore	12-08-2024	10.45%
Punjab & Sindh Bank	96.04		80.78	80.78	15.26	Overdue instalments of Rs 80.78 crore	08-10-2024	9.30%
Union Bank of India (e-orporation Bank)	298.00		248.91	248.91	49.09	Overdue instalments of Rs 248.91 crore	12-08-2024	10.54%
Bank of India CGO	368.20		298.20	298.20	70.00	Overdue instalments of Rs 298.20 crore	04-09-2024	9.85%
Union Bank of India	570.56		479.20	479.20	91.36	Overdue instalments of Rs 479.20 crore	12-08-2024	10.46%
Total	3,045.77		2,544.35	2,544.36	501.41			
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	-							
Less: Current maturities of long term debt	(3,045.77)							
Long term borrowings	(0.00)							

Notes:

(i) Penal Interest is charged by UBI, PSB & IOB bank and the same is accounted as per bank balance certificate shared by the banks. Penal interest not charged by other banks is not provided for in the books.

(ii) For the settlement of loans against properties, Union Bank of India, UCO Bank, Punjab National Bank and Punjab & Sindh Bank have shown interest in properties of Mumbai and Delhi. The combined indicative value of properties in which banks have shown interest is Rs 941.21 Crore and EMD of Rs 4.64 Crore is deposited by Banks till 31.03.2026.

(iii) Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 10.60 % per annum calculated using the interest rate effective as on 31 March 2026.

(ix) For repayment terms of the outstanding long-term borrowings (including current maturities) refer the table below:

(a) As on 31 March 2025

(Rs. in crores)

Name of Bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Instalment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
State Bank of India	313.90		313.90	313.90	36.15	Over due instalments of Rs 313.90 crore	28-09-2024	12.10%
Union Bank of India	88.45		88.45	88.44	6.39	Over due instalments of Rs 88.45 crore	12-08-2024	10.45%
Union Bank of India (e-Andhra Bank)	77.11		77.11	77.11	7.40	Over due instalments of Rs 77.11 crore	12-08-2024	10.62%
Union Bank of India (e-orporation Bank)	84.37		84.37	84.36	6.08	Over due instalments of Rs 88.37 crore	12-08-2024	10.16%
Punjab & Sindh Bank	87.57		87.57	87.57	5.90	Over due instalments of Rs 87.57 crore	08-10-2024	9.44%
Punjab National Bank (e-United Bank)	34.37		34.37	34.37	2.66	Over due instalments of Rs 34.37 crore	10-09-2024	8.79%
Punjab National Bank (e-Oriental Bank of Commerce)	197.79		197.79	150.00	14.93	Over due instalments of Rs 150 crore and balance repayment due in 1 instalments of 47.49 Crores in Jun-25	10-09-2024	8.75%
Bank of India LCB	201.34		201.34	112.50	12.67	Over due instalments of Rs 112.5 crore and balance repayment due in 2 instalments of Rs 44.42 cr in Jun-25 and Sep-25	04-09-2024	8.71%
UCO bank	245.83		245.83	245.83	20.56	Over due instalments of Rs 245.83 crore	28-06-2024	9.93%
Union Bank of India (e-Andhra Bank)	106.54		106.54	67.50	9.64	Over due instalments of Rs 67.50 crore and balance repayment due in 2 instalments ,22.5 Crores in May-25 & Rs 16.54 cr in Aug-25	12-08-2024	10.45%
Punjab & Sindh Bank	80.78		80.78	45.00	6.05	Over due instalments of Rs 45 crore and balance repayment due in 2 instalments, 15 Crores in May 25 & Rs 20.78 crore in Aug-25	08-10-2024	9.30%
Union Bank of India (e-orporation Bank)	248.91		248.91	150.00	21.09	Over due instalments of Rs 150 crore and balance repayment due in 2 instalments 37.5 Crores in Jun-24 & 61.41 crore in Sep-25	12-08-2024	10.54%
Bank of India CGO	298.20	98.20	200.00	99.59	25.45	Over due instalments of Rs 99.59 crore and balance repayment due in 7 instalments, 25 Crores in each quarter from Jun-25 to Sep-26 & 48.61 crore in Dec-26	04-09-2024	9.85%
Union Bank of India	479.20	300.00	179.20	79.19	38.63	Over due instalments of Rs 79.20 crore and balance repayment due in 16 Instalments of Rs 25 crore From Apr-25 to Dec-28	12-08-2024	10.46%
Total	2,544.36	398.20	2,146.16	1,635.36	213.60			

Name of Bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Instalment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	-							
Less: Current maturities of long term debt	(2,146.16)							
Long term borrowings	398.20							

Rate of interest: Company's total borrowings from banks and others have a effective weighted average rate of 10.17% per annum calculated using the interest rate effective as on 31 March 2025.

*Debentures-Series 8D

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.51% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 06th March 2034. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 8C

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 07th November 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 8B

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.61% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th August 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 8A

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.59% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 20th July 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 7E

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.75% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th March 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 7D

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th February 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 7C

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.78% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 10th February 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 7B

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.87% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 01st December 2032. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 7A

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 8.00% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 15th November 2032. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 6

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 6.85 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 20th December 2030. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

*Debentures-Series 5

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.05 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 11th October 2030. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

25. Lease liabilities

(Rs. in crores)

	31 March 2026 Non-current	31 March 2025 Non-current
Lease liabilities	13.05	54.41
	13.05	54.41

26. Other financial liabilities**(Rs. in crores)**

	31 March 2026 Non-current	31 March 2025 Non-current
Security deposits	193.47	166.83
	193.47	166.83

Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

27. Long-term provisions**(Rs. in crores)**

	31 March 2026	31 March 2025
Provision for employee benefits		
Provision for leave encashment	238.60	238.39
Provision for pension	96.67	96.67
Provision for gratuity	48.92	48.92
Provision for asset retirement obligations	17.67	17.67
	401.87	401.66

(i) Information about individual provisions and significant estimates**(a) Provision for asset retirement obligations**

The Company as part of its business installs wireless telecommunication towers and other equipments for facilitating telecommunication services to its customers and is under an obligation to decommission the tower and replenish the site at end of useful life of the tower and other equipment. For the purpose of same Appendix A to Ind AS 16, "Property, Plant and Equipment" states measurement of Property, plant and equipment to include initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company has estimated the cost of dismantling based on independent bids received from open market and the same have been escalated using the expected inflation rate (6% per annum) and discounted at the rates prevailing at each period end date.

(b) For disclosures required related to provision for employee benefits, refer note 48-Employee benefit obligations**(ii) Movement in provision related to asset retirement obligations during the financial year:****(Rs. in crores)**

	31 March 2026	31 March 2025
As at beginning of reporting period	17.67	17.95
Additions during the year	0.08	-
Amounts used during the year on account of dismantled towers	(0.19)	(0.53)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	0.10	0.25
As at end of reporting period	-	-
	17.67	17.67

28. Other non-current liabilities*
(Rs. in crores)

	31 March 2026	31 March 2025
Deferred income	6.37	37.70
Deferred activation/ installation charges	0.00	3.55
	6.37	41.24

* Represents contract liabilities under Ind AS 115. Refer note 57 for details.

29. Short-term borrowings
(Rs. in crores)

	31 March 2026	31 March 2025
Secured		
Current maturities of long-term borrowings	3,045.77	2,359.76
Unsecured		
From banks		
Cash credit from banks	6,217.49	5,589.02
From others		
Short term loans*	2,980.92	1,151.23
	12,244.18	9,100.01

Notes:

- (i) *Loan of Rs 2,980.92 Crores have been provided by Government of India for payment of interest on Sovereign Guarantee Bonds issued by the company. Terms & conditions of the loan does not contain any stipulation regarding payment of interest. In absence thereof, no interest has been provided in the financial statements for the period.

(ii) Detail of Cash credit limit from banks
(Rs. in crores)

BANK NAME	Date of NPA	Outstanding Amount	Sanction Limit	Overdue	Interest Rate
Union Bank of India	12-08-2024	308.11	250	58.11	10.90%
Indian Overseas Bank	03-02-2025	2625.79	2300	325.03	9.90%
Union Bank of India	12-08-2024	2440.8	2000	440.8	10.90%
Punjab National Bank	10-09-2024	235.5	200	35.5	8.80%
Bank of India	04-09-2024	607.29	500	107.29	10.80%
		6217.49	5250	966.73	

- (iii) The carrying values of above are considered to be a reasonable approximation of their fair values.

30. Lease liabilities
(Rs. in crores)

	31 March 2026	31 March 2025
Current portion of lease liabilities	6.22	18.43
	6.22	18.43

31. Trade payables**(Rs. in crores)**

	31 March 2026	31 March 2025
Due to micro and small enterprises (refer note 55)	101.96	111.59
Due to enterprises other than micro & small enterprises*	807.63	773.61
Other accrued liabilities	112.86	107.18
	1,022.46	992.38

*includes related party balances

The carrying values of above are considered to be a reasonable approximation of their fair values.

Ageing schedule of trade payables

31 March 2026	Outstanding from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises - undisputed	42.72	21.39	10.12	24.14	98.37
Others- undisputed	198.09	177.68	121.48	342.72	839.97
Micro, small and medium enterprises- disputed	3.32	2.12	0.58	0.07	6.08
Others - disputed	0.17	1.23	1.06	29.41	31.86
Unbilled - undisputed	28.36	3.55	2.42	2.90	37.22
Unbilled - disputed	2.23	2.45	0.40	3.88	8.95
Total	274.88	208.42	136.05	403.11	1,022.46

31 March 2025	Outstanding from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises - undisputed	69.02	14.44	6.92	17.50	107.88
Others- undisputed	229.18	80.13	133.85	241.08	684.24
Micro, small and medium enterprises- disputed	1.27	1.50	1.54	0.03	4.35
Others - disputed	0.72	0.42	1.05	120.06	122.26
Unbilled - undisputed	23.79	2.54	1.43	5.03	32.78
Unbilled - disputed	6.41	12.41	5.33	16.72	40.87
Total	330.39	111.44	150.13	400.42	992.38

32. Other financial liabilities
(Rs. in crores)

	31 March 2026	31 March 2025
Interest accrued		
- Not due on bonds	587.27	587.27
Security deposits	169.82	127.41
Employee related payables to GPF Trust*	750.96	750.48
Amount payable to contractors other than goods and services	242.26	249.87
Amount payable to other operators	51.76	53.77
Other payables	127.45	151.56
	1,929.52	1,920.36

Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost.

**Refer Note 81 for details.*

33. Other current liabilities
(Rs. in crores)

	31 March 2026	31 March 2025
Advances received*	160.54	201.74
Statutory dues	603.27	652.34
Deferred income*	2.18	9.98
Deferred activation/ installation charges*	1.18	1.01
	767.17	865.07

**Represents contract liabilities under Ind AS 115. Refer note 57 for details.*

34. Short-term provisions
(Rs. in crores)

	31 March 2026	31 March 2025
Provision for employee benefits		
Provision for leave encashment - Company employees	24.33	22.36
Provision for leave encashment - Others	1.52	1.35
Provision for pension - Others	0.27	0.49
Provision Others		
Provision for Others	51.53	53.42
	77.64	77.62

For disclosures required related to provision for employee benefits, refer note 48- Employee benefit obligations

35. Revenue from operations**(Rs. in crores)**

		For the year ended 31 March 2026	For the year ended 31 March 2025
Fixed telephone income		185.83	277.34
Enterprise business		95.41	229.33
Mobile revenue		16.91	13.91
Others		61.09	79.27
Revenue - Access calls and other charges	A	359.24	599.86
Other operating revenues			
Other operating revenues- Infrastructure Leasing Income		507.14	431.59
Other operating revenues - Surcharge on delayed payment		0.62	1.78
Other operating revenues - Revenue from enterprise business		20.27	27.30
Other operating revenues - Revenue from sale of goods		-	0.02
	B	528.03	460.68
Total Revenue from operations (A+B)		887.27	1,060.54

36. Other income**(Rs. in crores)**

		For the year ended 31 March 2026	For the year ended 31 March 2025
Interest on:			
Interest from bank deposits		7.65	3.62
Interest on advance to employees		0.70	0.58
Interest on income tax refund		7.65	8.70
Other interest income		5.50	9.06
		21.49	21.96
Other income			
Sale of directories, pub. etc.		0.03	0.00
Gain on sale of property, plant and equipment (net)		410.95	6.19
Income from liquidated damages		-	0.10
Exchange variation (net)		-	0.04
Bad debts recovered		0.01	0.02
Credit balances written back		121.95	128.49
Reversal of provision for doubtful debts		10.46	-
Rental on quarters/ hostels etc.		8.71	10.74
Miscellaneous income		7.95	51.67
		560.05	197.25
Total Other income		581.54	219.21

37. License fees expense

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
License fees expenses	31.58	53.59
Spectrum charges	1.82	2.61
	33.41	56.20

38. Employee benefit expense

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Salaries, wages allowances & other benefits	442.57	464.25
Medical expenses and allowances	29.69	28.51
Pension contribution		
(a) Company employees	10.62	11.12
(b) Others	0.45	1.02
Leave encashment		
(a) Company employees	7.70	9.96
(b) Others	0.21	0.43
Contribution to gratuity fund	5.14	10.35
Contribution to provident & other funds	27.38	27.87
Staff welfare expenses	0.03	0.05
	523.79	553.56
Less : Allocation to CWIP	(5.17)	(10.54)
	518.62	543.02

For descriptive notes on disclosure of defined benefit obligation, refer note 48 - Employee benefit obligations.

39. Finance costs

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest on		
- term loans	287.81	270.72
- cash credit facility	628.43	531.05
- bonds	1,830.99	1,828.07
- customer deposits	0.00	0.00
- lease liability	4.38	8.88
- others	3.65	11.48
Other finance costs		
- commitment fees	227.68	267.83
	2,982.95	2,918.03
Less : Allocation to CWIP	-	-
	2,982.95	2,918.03

40. Depreciation and amortisation expense**(Rs. in crores)**

	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation on		
Property, plant and equipment	208.20	237.06
Investment properties	2.34	2.53
Right of use	18.04	32.28
Amortisation on		
Intangible assets	328.34	328.45
	556.92	600.32

41. Other expenses**(Rs. in crores)**

	For the year ended 31 March 2026	For the year ended 31 March 2025
Power, fuel and water	94.41	145.88
Rent	48.63	40.48
Repairs to buildings	4.11	9.04
Repairs to machinery	43.54	59.52
Repairs others	18.84	19.43
Insurance	0.05	0.05
Rates and taxes	49.85	55.24
Travelling and conveyance	0.09	0.28
Postage, telegram and telephones	0.37	2.13
Printing and stationery	0.26	0.98
Vehicle expenses	3.60	5.03
Advertisement and promotional expenses	0.07	0.08
Bad debts written off	10.51	10.66
Auditor's Remuneration*	0.85	0.85
Legal and professional expenses	4.18	4.06
Security service expenses	12.60	16.71
Internet charges	0.50	1.34
Provision for insurance claims	0.39	1.50
Net loss on foreign currency transactions and translations	0.02	-
Provision for doubtful debts	-	8.26
Provision for obsolete inventory	2.36	0.26
Provision for doubtful claims	105.27	23.84
Outsourcing expenditure	8.88	12.42
Loss on cancellation of leases	13.75	0.05
Interest on delay payment to MSME vendors & GST	12.32	10.05

	For the year ended 31 March 2026	For the year ended 31 March 2025
Penal interest	0.05	0.25
Miscellaneous expenses	10.96	9.41
Less: Allocation to CWIP	0.22	-
	446.66	437.81
*Remuneration As Auditor:		
Audit fee	0.65	0.65
Tax audit fee	0.08	0.08
For reimbursement of expenses	0.12	0.12
	0.85	0.85

42. Tax expense

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax (including taxes earlier years)	-	-
Deferred tax	-	-
	-	-

During the year, a long term capital gain amounting to Rs. 79.59 Crores has been work out on sale of land. This capital gain on account of this has been adjusted against the unabsorbed depreciation available as per Income Tax act. Hence there is no tax liability on account of this.

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 31.20 % and the reported tax expense in profit or loss are as follows:

	For the year ended 31 March 2026	For the year ended 31 March 2025
Accounting profit before income tax	(3,102.94)	(3,323.51)
At country's statutory income tax rate of 31.20 % (31 March 2025: 31.20%)	(968.12)	(1,161.37)
Adjustments in respect of taxes earlier years		
Difference in property, plant and equipment as per books and Income Tax Act, 1961	108.42	112.66
Non-deductible expenses for tax purposes	(197.44)	(107.43)
Employee benefits allowed on payment basis	(5.01)	3.71
Others	-	-
Deferred tax not created on losses for current year	1,062.15	1,152.42
	-	-

- (i) MTNL has unabsorbed depreciation and brought forward business losses amounting to Rs. 30555.11 crores as on 31 March 2026 on which no deferred tax asset has been recognised. Deferred tax asset shall be created in the year in which the Company will have reasonable certainty of future taxable income as required by Indian Accounting Standard 12 - "Income Taxes" as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

- (ii) The Company has not recognized tax expense/credit (current and deferred tax) in the statement of profit and loss (including other comprehensive income) as the Company is incurring losses and there is no reasonable certainty supported by convincing evidence that sufficient future taxable profits will be available against which unused tax losses can be utilized.

- (iii) Details of year wise expiry are given below: (Rs. in crores)

Particulars	Year of origination	Year of expiry	Amount
Brought forward losses	Assessment year 2019-20	Financial year 2026-27	2,825.57
Brought forward losses	Assessment year 2020-21	Financial year 2027-28	2,965.61
Brought forward losses	Assessment year 2021-22	Financial year 2028-29	2,853.22
Brought forward losses	Assessment year 2022-23	Financial year 2029-30	2,067.07
Brought forward losses	Assessment year 2023-24	Financial year 2030-31	2,516.32
Brought forward losses	Assessment year 2024-25	Financial year 2031-32	2,864.60
Brought forward losses	Assessment year 2025-26	Financial year 2032-33	2,788.51
Brought forward losses	Assessment year 2026-27	Financial year 2033-34	3,187.24
Unabsorbed depreciation	Multiple	Indefinite	8,486.97

43. Other Comprehensive Income (Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Items that will not be reclassified to profit or loss		
Re-measurement gains (losses) on defined benefit plans	1.45	(17.85)
Income tax effect	-	-
	1.45	(17.85)

44. Loss per equity share

The Company's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

	For the year ended 31 March 2026	For the year ended 31 March 2025
Net loss attributable to equity shareholders		
Continuing operations	(3,102.94)	(3,323.51)
Discontinued operation	-	-
Net Loss attributable to equity holders of the Company	(3,102.94)	(3,323.51)
Loss per equity share:		
Nominal value of equity share (Rs.)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	630,000,000	630,000,000
Basic and diluted loss per share (Rs.)	(49.25)	(52.75)

45 Fair value disclosures

i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are divided into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Financial assets and liabilities measured at fair value - recurring fair value measurements.

(iii) Fair value of instruments measured at amortised cost.

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

(Rs. in crores)

Particulars	Level	31 March 2026		31 March 2025	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans	Level 3	2.77	2.97	3.69	3.90
Other financial assets	Level 3	5,028.43	5,561.14	4,807.97	5,389.95
Total financial assets		5,031.20	5,564.10	4,811.66	5,393.85
Borrowings	Level 3	35,425.27	36,032.70	32,581.94	30,823.98
Other financial liabilities	Level 3	2,122.99	2,837.31	2,087.19	2,080.21
Total financial liabilities		37,548.26	38,870.01	34,669.13	32,904.19

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

- (ii) The fair values of the Company's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2026 was assessed to be insignificant.

46 Financial risk management

i) Financial instruments by category (Rs. in crores)

Particulars	31 March 2026			31 March 2025		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	-	-	-	-	-
Loans	-	-	2.77	-	-	3.69
Other financial assets	-	-	5,028.43	-	-	4,807.97
Trade receivables	-	-	305.85	-	-	544.77
Cash and cash equivalents	-	-	120.67	-	-	163.57
Other bank balances	-	-	612.70	-	-	0.00
Total	-	-	6,070.41	-	-	5,520.01
Financial liabilities						
Borrowings	-	-	35,425.27	-	-	32,581.94
Lease liabilities	-	-	19.27	-	-	72.84
Trade payables	-	-	1,022.46	-	-	992.38
Other financial liabilities	-	-	2,122.99	-	-	2,087.19
Total	-	-	38,589.98	-	-	35,734.35

*Investments in subsidiaries, associate and joint venture are carried at cost per Ind AS 27 – Separate financial statements and therefore, not presented here.

ii) Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Company presently does not make any investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions.

a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

Assets under credit risk –

(Rs. in crores)

Credit rating	Particulars	31 March 2026	31 March 2025
A: Low	Loans	2.77	3.69
	Other financial assets	5,028.43	4,807.97
	Bank deposits	659.13	43.77
	Cash and cash equivalents	120.67	163.57

Credit rating	Particulars	31 March 2026	31 March 2025
B: Medium	Trade receivables	305.85	544.77
C: High	Trade receivables	1,135.83	1,227.09
	Loans	1.97	1.98
	Other financial assets	203.51	114.14
	Cash and cash equivalents	0.70	0.56

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due in each business segment as follows:

- (i) Cellular: Six months past due
- (ii) Basic & other services: Three years past due

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

The Company provides for expected credit losses based on the following:

Trade receivables

- (i) The company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default relevant to each business segment based on the criteria defined above. And such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

(Rs. in crores)

Particulars	31 March 2026		31 March 2025	
	Basic & other services	Cellular	Basic & other services	Cellular
Gross amount of sales	555.18	2.48	2,151.28	5.32
Expected loss rate	11.59%	31.53%	5.23%	16.57%
Expected credit loss (loss allowance provision)	64.35	0.78	112.44	0.88
Receivables due from customers where specific default has occurred	810.24	260.52	864.13	249.64

(ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

(Rs. in crores)

Reconciliation of loss allowance	Trade receivables
Loss allowance on 01 April 2024	(1,258.73)
Add/ (Less): Changes in loss allowances due to write off/recovery	35.30
Add/ (Less): Changes in loss allowances due to assets originated or purchased	(3.66)
Loss allowance on 31 March 2025	(1,227.09)
Add/ (Less): Changes in loss allowances due to write off/recovery	32.86
Add/ (Less): Changes in loss allowances due to assets originated or purchased	58.35
Loss allowance on 31 March 2026	(1,135.88)

Other financial assets measured at amortised cost

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable

securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(Rs. in crores)

Particulars	31 March 2026			31 March 2025		
	Total facility	Drawn	Undrawn	Total facility	Drawn	Undrawn
0-1 year	12,244.18	12,244.18	-	8,886.41	8,886.41	-
1-2 years	-	-	-	198.20	198.20	-
More than 2 years	-	-	-	200.00	200.00	-
Total	12,244.18	12,244.18	-	9,284.61	9,284.61	-

b) 'Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity Comprising based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Rs. in crores)

31 March 2026	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	4,706.41	3,882.04	9,974.37	20,296.09	38,858.92
Lease liabilities	1.56	3.58	3.39	10.74	19.27
Short term borrowings	9,198.41	-	-	-	9,198.41
Trade payables	1,022.46	-	-	-	1,022.46
Other financial liabilities	710.75	3.96	31.69	238.22	984.62
Total	15,639.60	3,889.58	10,009.45	20,545.05	50,083.68

(Rs. in crores)

31 March 2025	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	4,161.58	4,001.15	3,769.60	28,440.99	40,373.31
Lease liabilities	20.39	19.07	6.52	102.98	148.96
Short term borrowings	6,740.25	-	-	-	6,740.25
Trade payables	992.38	-	-	-	992.38
Other financial liabilities	3,013.02	0.12	157.29	5.43	3,175.85
Total	14,927.62	4,020.34	3,933.41	28,549.40	51,430.76

C) Market Risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Company entities. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

(i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows:

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Financial assets	0.61	0.55
Financial liabilities	0.81	1.12
Net exposure to foreign currency risk (liabilities)	(0.20)	(0.57)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
USD sensitivity		
INR/USD- increase by 500 bps (31 March 2025 500 bps)*	(0.01)	(0.03)
INR/USD- decrease by 500 bps (31 March 2025 500 bps)*	0.01	0.03

*Holding all other variables constant

(ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Financial assets	0.23	0.20
Financial liabilities	0.03	0.01
Net exposure to foreign currency risk (liabilities)	0.19	0.19

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
EURO sensitivity		
INR/EURO- increase by 500 bps (31 March 2025 500 bps)*	0.01	0.01
INR/EURO- decrease by 500s bps (31 March 2025 500 bps)*	(0.01)	(0.01)

**Holding all other variables constant*

b) Interest rate risk**i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2026 and 31 March 2025, the Company is exposed to changes in interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Variable rate borrowing	12,244.18	9,498.21
Fixed rate borrowing	23,181.08	23,083.73
Total borrowings	35,425.27	32,581.94

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates. (Rs. in crores)

Particulars	31 March 2026	31 March 2025
Interest sensitivity*		
Interest rates – increase by 50 bps basis points	(61.22)	(47.49)
Interest rates – decrease by 50 bps basis points	61.22	47.49

**Holding all other variables constant*

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Company does not have any significant investments in equity instruments which create an exposure to price risk.

47 Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Net debt	35,425.27	32,581.94
Total equity	(29,974.84)	(26,935.64)
Net debt to equity ratio	(1.18)	(1.21)

The Company has not declared dividend in current year or previous year.

48. Employee benefit obligations

(Rs. in crores)

Particulars	31 March 2026		31 March 2025	
	Current	Non-current	Current	Non-current
Gratuity	12.98	161.07	13.65	163.07
Compensated absences	24.33	238.60	22.36	238.39
Total	37.30	399.68	36.01	401.46

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

For the funded plan, the Company makes contributions to recognised debt base funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected payments. The expected contribution to the plan for next annual reporting period amounts to Rs. 7.21 crores (previous year - Rs. 7.54 crores). The weighted average duration of the defined benefit obligation as at 31 March 2026 is 9 to 10 years (31 March 2025: 10 to 11 years).

A Disclosure of gratuity**(i) Amount recognised in the statement of profit and loss is as under: (Rs. in crores)**

Description	31 March 2026	31 March 2025
Current service cost	5.69	6.16
Interest cost		
Actuarial loss/(gain) recognised during the year	-	-
Expected return on planned assets		
Amount recognised in the statement of profit and loss	5.69	6.16

(ii) Movement in the liability recognised in the balance sheet is as under: (Rs. in crores)

Description	31 March 2026	31 March 2025
Present value of defined benefit obligation as at the start of the year	176.73	164.72
Current service cost	5.69	6.16
Past service cost including curtailment gains/losses	-	-
Interest cost	11.88	11.82
Actuarial loss recognised during the year	(5.67)	15.47
Benefits paid	(14.57)	(21.44)
Present value of defined benefit obligation as at the end of the year	174.06	176.73

(iii) Movement in the plan assets recognised in the balance sheet is as under: (Rs. in crores)

Description	31 March 2026	31 March 2025
Fair value of plan assets at beginning of year	178.39	214.27
Expected return on plan assets	11.88	11.83
Transfer to/from MTNL	5.95	3.95
Receivable from MTNL	(2.68)	12.01
Premium redemption reserve	0.63	0.36
Bad debts written back	(0.06)	(48.25)
Actuarial gain on plan assets	(4.22)	(2.38)
Benefits paid	(13.61)	(13.40)
Fair value of plan assets at the end of the year	176.28	178.39
Actual return on plan assets	7.66	9.45

(iv) Breakup of actuarial (gain)/loss: (Rs. in crores)

Description	31 March 2026	31 March 2025
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(4.74)	6.53
Actuarial (gain)/loss on arising from experience adjustment	(0.92)	8.93
Actuarial (gain)/loss on plan assets	4.22	2.38
Total actuarial (gain)/loss	(1.45)	17.84

(v) Actuarial assumptions (Rs. in crores)

Description	31 March 2026	31 March 2025
Discount rate	7.06%	6.72%
Future basic salary increase	3.50%	3.50%
Future DA increase	4.00%	4.00%

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vi) Sensitivity analysis for gratuity liability (Rs. in crores)

Description	31 March 2026	31 March 2025
Impact of the change in discount rate		
Present value of obligation at the end of the year	174.06	176.73

- Impact due to increase of 0.50 %	(6.64)	(7.08)
- Impact due to decrease of 0.50 %	7.04	7.54

Impact of the change in salary increase

Present value of obligation at the end of the year	174.06	176.73
- Impact due to increase of 0.50 %	2.20	3.00
- Impact due to decrease of 0.50 %	(2.64)	(3.40)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(vii) Maturity profile of defined benefit obligation

(Rs. in crores)		
Description	31 March 2026	31 March 2025
Within next 12 months	12.98	13.65
Between 1-5 years	38.40	38.57
Beyond 5 years	122.68	124.51

(viii) Category of investment in gratuity trust:

(Rs. in crores)		
Particulars	31 March 2026	31 March 2025
Government of India Securities	29.28	29.28
Corporate bonds	39.58	45.00
State government securities	11.53	11.95
Mutual funds/Others	-	-
Others	18.77	0.06
LIC	0.31	1.27
Total	99.48	87.56

B Compensated absences

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of Rs. 7.90 crores (previous year: Rs. 37.65 crores) has been recognised in the statement of profit and loss.

C Defined contribution plans

Contributions are made to the Government Provident Fund and Family Pension Fund which cover all regular employees eligible under applicable Acts. Both the eligible employees and the Company make pre-determined contributions to the Provident Fund. The contributions are normally based upon a proportion of the employee's salary.

The Company has recognized the following amounts in the statement of profit and loss :

Particulars	31 March 2026	31 March 2025
Employer contribution to provident fund*	27.38	27.87
Leave encashment contribution for DoT employees**	0.21	0.43
Pension contribution for DoT employees***	0.45	1.02
Pension contribution for company employees****	10.62	11.12

* Mentioned as contribution to CPF

** Mentioned as leave encashment - Others

*** Mentioned as pension contribution - Others

**** Mentioned as pension contribution - Company employees

- D** Gratuity and compensated absences is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used IALM (2012-14) Ultimate table for mortality in service and IALM (2012-14) table for mortality in retirement.
- E** Mortality in service is assumed on the basis of IALM (2012-14) Ultimate table for mortality in service and IALM (2012-14) table.
- F** The Company has taken an Insurance Policy for medical benefits in respect of its retired and working employees. The Insurance Policy is fully funded by the Company.

49. Related party disclosures

Related parties where control exists:

i Key Management Personnel

Name	Designation
Mr.A Robert J Ravi	CMD from 15 July 2024
Mr. Rajiv Kumar	Director (Finance) from 02 December 2022
Mr. Kalyan Sagar Nippani	Director (HR & EB) from 01 October 2024
Mr. Sudhakararao Papa	Director (Technical) from 09 May 2025
Mr. Sunil Kumar Ranjan	Government Nominee Director from 13 January 2026
Mr. Shivendu Gupta	Government Nominee Director from 05 January 2023 up to 13 January 2026
Mr. Alok Shukla	Government Nominee Director from 30 January 2025
Mr. Vishwas Pathak	Independent Director from 15 April 2025
Ms. Deepika Mahajan	Independent Director from 15 April 2025
Mr. Anirudh Prasad Singh	Chief Financial Officer (CFO) from 28 May 2025
Mr. Ratan Mani Sumit	Company Secretary from 01 March 2023
Mr. Mukesh Kumar Chauhan	Executive Director, Delhi from 01 June 2022 up to 22 July 2025
Mr. Sandeep Gupta	CGM Delhi from 22 July 2025 up to 04 October 2025
Mr. Raghvendra Gupta	CGM Delhi from 04 October 2025
Mr. Harsh Vardhan Singh	CGM Mumbai from 20 Feb 2025 up to 26 July 2025
Mr. M. L. Meghwal	CGM Mumbai from 26 July 2025 up to 11 August 2025
Mr. Shashank Malviya	CGM Mumbai from 11 August 2025

ii Subsidiaries

Mahanagar Telephone (Mauritius) Limited (MTML)

Millennium Telecom Limited

Step down subsidiaries

MTML International Limited (subsidiary of MTML)

MTML Data Limited (subsidiary of MTML)

iii Joint ventures

MTNL STPI IT Services Limited ('MSISL')

iv Associates

United Telecommunications Limited ('UTL')

v Other related parties

MTNL Leave encashment trust

MTNL Gratuity trust

vi Other government entity

Bharat Sanchar Nigam Limited ('BSNL')#

vii Summary of significant transactions with related parties:

(Rs. in crores)

Particulars	For the year ended	
	31 March 2026	31 March 2025
Remuneration to Key Managerial Personnel		
- Short-term employee benefits	1.35	1.36
- Post employment benefits	0.06	0.01
- Other long-term employee benefits	0.12	0.04
Amount received from MTML (Dividend)	-	-
Amount received from MSISL (Dividend)	0.57	2.85
Amount received from MTL (Dividend)	0.25	0.14
Claims write off made on MTL	-	0.48

viii Summary of significant outstanding balances with related parties:

(Rs. in crores)

Particulars	31 March 2026		31 March 2025	
	Advances	Investment in shares	Advances	Investment in shares
Mahanagar Telephone (Mauritius) Limited (MTML)	-	100.97	-	100.97
Millennium Telecom Limited	-	2.88	-	2.88
MTNL STPI IT Services Limited ('MSISL')	-	2.28	-	2.28
UTL (Net of Impairment) *	-	-	-	-
LIC of India (Invested through Leave Encashment Trust)	248.48	-	248.13	-
BSNL				

Refer Note 65 for outstanding with BSNL

ix The Company has certain transactions with respect to sale and purchase of services and receives reimbursement of expenses (vis-a-vis electricity and water charges) in relation to renting of immovable property from BSNL.

50. Details of contingent liabilities, pending litigations and other matters: (Rs. in crores)

Particulars	31 March 2026	31 March 2025
a Income Tax Demands disputed and under appeal ^	283.69	283.69
b Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	850.64	734.78
c (i) Interest to DDA on delayed payments/pending court cases/Tax cases	Amount Indeterminate	Amount Indeterminate
(ii) Stamp duty payable on land and buildings acquired by the company	Amount Presently Unascertainable	Amount Presently Unascertainable
d Claims against the company not acknowledged as debts	7,297.11	6,351.35
e Pending arbitration/court cases	1,816.32	2,581.06
f Bank guarantee & Letter of Credit	107.72	107.78
g Directory dispute	79.97	71.83
h Pending court cases against land acquisition	20.85	20.85
i License fee related contingent liability w.r.t. provisional assessment done by DOT	5,370.09	5,132.24
j BTS related penalty imposed by DoT	84.87	84.87

^Contingent Liability on account of Income Tax as shown in (a) above excludes various notices received from TDS department creating demand due to non-matching of their records with the returns filed.

51. Capital and other commitments
A Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows: (Rs. in crores)

	31 March 2026	31 March 2025
Property, plant and equipment	5.62	5.32
Other Repair & Maintenance	20.40	16.71

B In respect of incomplete contracts where the expenditure already incurred has exceeded the contract value, the additional expenditure required to complete the same cannot be quantified.
52. Ind AS 116 Leases

The Company has leases for office building, warehouses and related facilities and cars. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

(a) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March 2026
Variable and short-term lease payments	48.63

(b) Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the period

Particulars	31 March 2026
Opening balance	72.84
Additions	-
Deletions	(50.53)
Accretion of interest	3.47
Payments	(6.50)
Closing balance	19.27
Current	6.22
Non-current	13.05

(c) The Company had total cash outflows for leases of Rs. 55.13 Crores for the period ending 31 March 2026.

(d) Refer note 45 for the maturity profile of lease liability.

(e) Information about extension and termination options

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Towers	1,717	0.01 - 4.67 years	1.29 years	1,717	-	-
Buildings	36	0.22 to 4.58 years	2.89 years	36	-	21
Leasehold land	49	40.86 to 82.9 years	56.38 years	49	-	49

53 Segment information

The Company is in the business of providing telecommunication services in India and has three reportable segments viz. Basic , Cellular and Infrastructure Leasing. As per para 4 of Ind AS 108 'Operating Segments', if a financial report contains both the consolidated financial statements as well as the separate financial statements, segment information is required only in the consolidated financial statements.

54. Assets pledged as security

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Current		
<i>Pari-passu charge</i>		
Inventories	5.15	4.95
Trade receivables	305.85	544.77
Cash and cash equivalents	120.67	163.57
Other bank balances	612.70	0.00
Loans	1.36	1.58
Other financial assets	4,300.59	4,307.14
Other currents assets	160.74	248.46
Total current assets pledged as security	5,507.05	5,270.47
<i>Non-current</i>		
<i>Pari-passu charge</i>		
Apparatus & plant	740.33	869.07
Vehicle	0.45	0.58
Furniture & fixtures	6.35	7.33
Office machinery & equipment	1.52	1.50
Electrical appliances	14.60	15.43
Computers	12.66	13.81
Other Non Current Assets	1,391.01	1,152.41
Total non-currents assets pledged as security	2,166.92	2,060.14
Non-current Assets held for sale	93.80	10.36
Total assets pledged as security	7,767.77	7,340.97

55. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	101.96	72.36
(ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil

(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	52.23	34.39
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	Nil	Nil

The Company is in the process of seeking confirmation from its vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

56.A The Company is covered under Section 135 of the Companies Act, 2013 and accordingly constituted a Corporate Social Responsibility Committee of the Board. However, as the Company did not have average net profits based on the immediately preceding three financial years, the Company is not required to spend amounts towards Corporate Social Responsibility in terms of the 2013 Act.

56.B During the year the Company has made expenditure in foreign currency equivalent to Rs. Nil (previous year Rs.0.34 crores). Whereas earnings in foreign currency are Rs. 0.05 crores (previous year Rs. 1.30 crores).

57. Revenue from contracts with customers

(i) Disaggregation of revenue:

The Company earns revenue from multiple sources, including 'Basic & Other Services', 'Cellular' services and Infrastructure Leasing. In accordance with the requirements of Ind AS 115 – Revenue from Contracts with Customers, revenue is disaggregated based on the nature of services and customer categories to reflect how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

The disaggregated revenue for the year is as follows: (Rs. in crores)

Description	Amount
Revenue from:	
- Fixed telephone income	185.83
- Enterprise business	95.41
- Mobile services	16.91
- Infrastructure Leasing Income	507.14
- Others	81.98
	887.27

Further, revenue is also disaggregated based on the geographical location of operations, primarily comprising Mumbai and Delhi telecom circles.

(ii) Contract Balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

The following table provides information about receivables and contract liabilities for the contracts with the customers.

(Rs. in crores)

Particulars	Year ended 31 March 2026
Receivables, which are included in 'Trade and other receivables'	305.85
Contract Liabilities	170.28
Contract Assets	27.80

Changes in contract assets:

(Rs. in crores)

Description	Year ended 31 March 2026
Contract assets at the beginning of the year	239.54
Add: revenue recognised during the year	461.21
Less: invoices raised during the year	(672.96)
	27.80

Changes in contract liabilities:

(Rs. in crores)

Description	Year ended 31 March 2026
Contract liabilities at the beginning of the year	253.98
Less: performance obligations satisfied in current year	(575.23)
Add: advance received during the year	491.52
	170.28

(iii) Assets and liabilities related to contracts with customers
(Rs. in crores)

Description	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
Contract assets				
Unbilled receivables	-	27.80	-	239.54
Contract liabilities				
Advance from customers	-	160.54	-	201.74
Deferred income	6.37	2.18	37.70	9.98
Deferred activation/ installation charges	0.00	1.18	3.55	1.01

58. Additional disclosures as per the requirements of Division II of Schedule III to the Act

- A.** 1. The Company is in possession of multiple immovable properties (38 properties in Delhi & 53 properties in Mumbai amounting to Rs. 76.74 crore) which were either free hold properties with DOT or taken on lease by Department of Telecommunications ('DoT') prior to incorporation of MTNL. On 30 March 1987, both DoT and MTNL entered into a sale deed for transfer of several movable and immovable assets from DoT to MTNL. The said transfer included both the freehold and leasehold lands and buildings, which are in possession of MTNL since its inception as per the sale deed. These freehold and 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. Accordingly, in the light of above, it is deemed that the immovable properties both whether free hold or under lease, although not in the name of the MTNL and the unregistered sale deed dated 30 March 1987 is deemed execution of all such properties in favor of MTNL by Government and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per the sale deed.
2. For following properties in Mumbai, acquired by the company after 01-04-1986, the tile deed/lease agreements are not in the name of company and the title is vested with the issuing authority in case of freehold properties and lease agreement is executed on behalf of GOI/P&T/DOT/POI. In respect of Delhi for the properties acquired after 1-4-1986 (38 properties) are deemed to have been registered as conveyed by DDA.

Mumbai Properties

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
Plot No. 11. Near Lokha- ndwala, Complex, Akurli Road, Kandivali (E), Mumbai-400 101	Leasehold Land	0.64	MHADA	No	More than 20 years		MHADA Allotment letter is available on records for allotment of land. No sale/ lease deed is available for verification.
Plot -1, MIDC, Taloja, Navi Mumbai-400 218	Leasehold Land	0.02	President of India	No	More than 30 years		Lease Agreement executed by MTNL on behalf of President of India is available on record.
Panvel Tel Exchange, Plot No.-229B, Panvel, Mumbai	Leasehold Land	--	President of India (P&T)	No	More than 30 years		Permission letter from Panvel Municipal Corpora- tion is available on records. Lease agreement executed between president of India and City and Industrial development corporation of Maharashtra Limited is also available in records.
Juhu Danda Complex, Santa Cruz - West, Mumbai	Freehold Land	--	GOI/P&T	No	More than 20 years		Letter of DOT is available on records for use of plot in favour of MTNL. No sale deed is available for verification.

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
Bandra Reclamation, Oppo- site Leelavati Hospital, Bandra(W), Mumbai-400 050	Freehold Building	1.10	Bombay Housing and Area Development Board	No	More than 30 years		MHADA Allotment letter is available on records for allotment. No sale deed is available for verification.
Magathane, Borivali(E), HIG Colony, Magathane, Borivali(E), Mumbai-400 066	Freehold Building	0.43	Bombay Housing and Area Development Board	No	More than 30 years		MHADA Allotment letter is available on records for allotment. No sale deed is available for verification
Andheri Tele Exch Bldg OPP. Lalubhai Park by 58	Freehold	0.01	Post and telegraph department	No			
Andheri Old Tele Exch Bldg CSNO 684 BY 58	Freehold	0.00	President of india	No			
Tele Bhavan Colaba	Leasehold	0.07	President of india	No			
Compensation on Cumbala Hill	Freehold	0.58	President of india (Bombay telephone)	No			
Curry Road CSNO 79(PT) and 82	Freehold	0.39	President of India	No			
Fountain Tele Bldg CSNO 708	Freehold	0.06	Central Post and telegraph	No			
Gamdevi Tele Exchange bldg. by 7	Freehold	0.05	It is in the name of President of India	No			
Malbar Hill Tele Exch AG Bell Marg	Freehold	0.33	President of India	No			
Mandvi Tele Exch MA Road by BY 7 Plot no. to 12	Freehold	0.11	President of India	No			

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
Matunga Tele Exch Bldg Plot no. 143 Ambedkar Marg by 14	Leasehold	0.01	it is in the name of President of INDIA it is under mutation	No			
Mazgaon Tele Bldg Seth Moti Shah Lane by 10	Freehold	0.05	President of India	No			
Parel tele Complex CSNO 85(PT)	Freehold	0.51	President of India	No			
Powai Tele Exch Bldg S.no 103/B1 Vikroli by 83	Freehold	0.00	Government of India	No			
PBD Tele Bldg CSNO 90,91 and 105 BY 28	Freehold	0.13	POI In-charge Bombay telephone exchange under mutation	No			
SPK Tele Exchange Bldg Plot No. 709 TPS IV/B by 28	Freehold	0.02	President of India	No			
Sion Tele Exch Bldg Plot No. 105A and 105 by 22	Freehold	0.16	President of India	No			
ST. George Hospital, PLNO.2	Leasehold	0.40	President of India	No			
Vile Parle Tele Exch Bld Fp No. 330,308,309,310 by 57 All Land Cost for land at Vile Parle for Staff Quarters 76	Freehold	0.14	Bombay telephone post & telegraph limited	No			

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
Wadala Tele Exch. Plot No 40(PT) CS No 236 & 41(PT) By 14	Freehold	0.14	President of India	No			
Wadby Road HS Marg Bombay 1 Possession 30	Freehold	0.01	Central post and telegraph	No			
Worli Tele Exch Bldg CSNO 469, S.No 1624 by 18	Freehold	0.06	President of India (in-charge post master general)	No			
Byculla	Leasehold	--	President of India	No			
Cooperage	Leasehold	--	President of India	No			
South Colaba	Leasehold	--	President of India	No			
Naigaon	Freehold	--	Bombay Telephone	No			
Colaba	Leasehold	--	President of India, Bombay telephone	No			
Prabhadevi	Freehold	--	Bombay Telephone	No			
Vashi Sec 15A	Leasehold	--	Bombay Telephone	No			
*Tilak Nagar, Tribhuvan CHS, Sahakar Nagar, Chembur, Mumbai	Leasehold	0.20	Details not available	No			

Delhi Properties

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
CGO Complex Lodhi Road	Leasehold	0.10	DOT	No			L&DO
Jor Bagh	Leasehold	-	DOT	No			Documents not available
Kidwai Bhawan (Janpath)	Leasehold	-	DOT	No			L&DO
Minto Road JLN Marg	Leasehold	0.12	DOT	No			L&DO
Delhi Gate	Leasehold	-	DOT	No			Documents not available
Idgah	Leasehold	0.01	DOT	No			L&DO
Karol Bagh	Leasehold	-	DOT	No			Documents not available
Lothian Road	Leasehold	0.08	DOT	No			(PWD)Delhi Admn.
Tis Hazari	Leasehold	-	DOT	No			Documents not available
Bhikaiji Cama Place (R. K. Puram)	Leasehold	0.66	DOT	No			DDA
Chankya Puri	Leasehold	0.00	DOT	No			L&DO
Hauz Khas	Leasehold	0.04	DOT	No			DDA
Nehru Place	Leasehold	0.18	DOT	No			DDA
Okhla	Leasehold	0.07	DOT	No			DDA
Laxmi Nagar/ Shahdara South	Leasehold	0.12	DOT	No			DDA
Shahdara/ Adjoining 21 Exch	Leasehold	0.04	DOT	No			DUSIB
Keshav Puram	Leasehold	0.02	DOT	No			DDA
Shakti Nagar	Leasehold	0.02	DOT	No			DDA
Badli	Leasehold	0.01	DOT	No			Directorate of Industries (Delhi Administration)

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
Rohini Sect 3 Pocket 31	Leasehold	0.15	DOT	No			DDA
Rohini Sect 3 Pocket 4	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 5 Pocket 4	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 5 Pocket 10	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 3	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 6	Leasehold	0.18	DOT	No			DDA
Rohini Sect. 9	Leasehold	0.15	DOT	No			DDA
Paschim Vihar G-17 TE	Leasehold	1.33	DOT	No			DDA
Rohini Sect. 14	Leasehold	0.04	DOT	No			DDA
Rajouri Garden	Leasehold	0.03	DOT	No			MCD
Delhi Cantt	Leasehold	-	DOT	No			Documents not available
Janakpuri	Leasehold	0.07	DOT	No			DDA
Pankha Road Plot I	Leasehold	0.30	DOT	No			DDA
Pankha Road Plot 2	Leasehold	0.10	DOT	No			DDA
Pankha Road Plot 3	Leasehold	-	DOT	No			DDA
Shadipur	Leasehold	0.19	DOT	No			DUSIB
Eastern Court	Leasehold	-	DOT	No			Documents not available
Shahdara	Leasehold	-	DOT	No			Documents not available
Tehkhand	Leasehold	-	DOT	No			Documents not available

3. In Delhi one leasehold properties and in Mumbai Nine freehold and leasehold land properties have been encroached by the various persons in respect of which matter is either pending in court or perusing with the various authorities for clearing the encroachment.

4. In Mumbai, the title deed of 3 properties are not traceable. Efforts are being made to trace the property title deeds.
5. The company does not hold any benami property nor has it entered into any benami transactions during the financial year. Accordingly, no proceedings have been initiated or are pending against the company under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

B. The Company had transactions during the year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

Name of the Company	Nature of transactions with struck company	Balance outstanding	Relationship with struck off company
Bhisham Developers Pvt Ltd	Trade payables	1.03	Vendor
Aggarwal Associates Pvt. Ltd.	Trade payables	1.21	Vendor

59. Financial ratios

Ratio	Measurement unit	Numerator	Denominator	As at 31 March 2026	As at 31 March 2025	Change	Remarks
				Ratio	Ratio		
Current ratio	Times	Current assets	Current liabilities	0.34	0.41	-15.52%	Note A below
Debt-equity ratio	Times	Total debt [Non-current borrowings + Current borrowings]	Total equity	-1.18	-1.21	-2.30%	Note A below
Debt service coverage ratio	Times	Earnings before depreciation and amortisation and interest [Profit/loss after tax + Depreciation and amortisation expense + Finance costs]	Interest expense + Principal repayment of long-term debt	0.15	0.06	141.92%	Note C below
Return on equity ratio	Percentage	Profit after tax	Average of total equity	-10.90%	-13.14%	-16.99%	Note A below
Trade receivables turnover ratio	Times	Revenue from operations	Average trade receivables	2.09	2.04	2.41%	Note A below
Trade payables turnover ratio	Times	Purchases + other expenses	Average trade payables	0.31	0.42	-26.50%	Note D below

Ratio	Measurement unit	Numerator	Denominator	As at 31 March 2026	As at 31 March 2025	Change	Remarks
				Ratio	Ratio		
Net capital turnover ratio	Times	Revenue from operations	Working capital [Current assets - Current liabilities]	-0.08	-0.14	-38.85%	Note B below
Net profit ratio	Percentage	Profit after tax	Revenue from operations	-349.72%	-313.38%	11.60%	Note A below
Return on capital employed	Percentage	Earnings before depreciation and amortisation, interest and tax = Profit/loss before tax + Depreciation and amortisation expense + Finance costs	Capital employed [Total assets - Current liabilities + Current borrowings]	7.01%	3.09%	127.12%	Note B below
Return on investment	Percentage	Profit after tax	Equity share capital + Instruments entirely equity in nature + Securities premium	-239.61%	-256.64%	-6.64%	Note A below

Notes:

- A Since the change in ratio is less than 25%, no explanation is required to be furnished.
- B The variation is because the revenue from operation has declined significantly due to disconnections and the working capital employed has increased considering the lower cash inflows.
- C The variation is because the revenue from operation has declined significantly due to disconnections, resultant increase in losses and increase in borrowings & interest cost.
- D Due to delay in payment to trade payable and reduction in expenditure related to trade payables.
- E As the principal activities of the company are in the nature of services, so Inventory Turnover ratio is not relevant.
60. Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the company and the landed properties acquired from DOT have not been transferred in the name of the company and in the case of leasehold lands. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 01 April 1986, the documentation shall be contemplated at the time of sale or disposal as and when effected. 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.

61. Department of Telecommunications (DOT) vide letter No. P-11014/19/2008-PP(Pt.I) dt. 28/12/2012 has levied One Time Spectrum Charges (OTSC) for the GSM and CDMA spectrum on MTNL. The charges also include the spectrum given on trial basis to the extent of 4.4 MHz in 1800 MHz frequency. For the period from 01/07/2008 to 31/12/2012, initial 6.2 MHz spectrum was kept free and for the period from 01/01/2013 onwards, initial 4.4 MHz spectrum has been kept free. The calculations are further subject to change in accordance with the changes in the quantum of spectrum held by MTNL and the remaining valid period of license as per DOT. MTNL has surrendered some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 MHz spectrum in respect of CDMA. DOT has been apprised of the same and the matter is still under consideration. Apart from this, the issue of charges for spectrum given on trial basis is also to be decided. Further MTNL has finally surrendered CDMA spectrum w.e.f. 28 February 2016. DOT has demanded an amount of Rs. 3,205.71 crores from MTNL on account of OTSC.

Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by DOT on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability if any. Pending final outcome of the issue which itself is sub judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts as the amount is totally indeterminable. However the contingent liability of Rs. 3,205.71 crores is shown on the basis of the demand raised by DOT in respect of GSM which is very old and not insisted till date. As per industry related issue in litigation and TDSAT judgment there upon the estimated liability could not be more than Rs. 455.15 crore. As there is no further demand after the demand of Rs. 3,205.71 crores dated 08 January 2013 till now, the contingent liability aslo, if the same fructified, can not be more than Rs. 455.15 crore. As such the same is disclosed accordingly.

62. Certain claims in respect of damaged/lost fixed assets and inventory have been lodged with Insurance Companies by MTNL but the settlement of the claims is pending. Final adjustment in respect of difference between amount claimed and assets withdrawn will be made in the year of settlement of claim.
63. The Company had claimed benefit under section 80IA of the Income Tax Act, 1961 for the financial year from 1996-97 to 2005-06. The appellate authorities have allowed the claim to the extent of 75% of the amount claimed. The Company has preferred appeals for the remaining claim before the Hon'ble High Court of Delhi. The Company has retained the provision of Rs. 375.96 crores (previous year Rs. 375.96 crores) for this claim for the assessment years 1998-99, 1999-00 and 2000-2001, however, the demands on this account amounting to Rs. 243.22 crores (previous year Rs. 243.22 crores) for the assessment years 2001-02 to 2006-07 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80IA of Income Tax Act, 1961.

64. Litigations

- a) In the matter of settlement of bonds with Canara Bank and Canfina in earlier year, the arbitrator, Mr. A. P. Shah published the award on 03.03.2022 against the company for Rs. 160 crores with simple interest payable @6% P.A. from 21-10-1993 and Rs.0. 93 Crores was awarded as costs. MTNL filed Original Miscellaneous Petition (Commercial) (OMP) 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 the enforcement of said award dated 03.03.2022. The company submitted the title deed of one of the properties as security before the Hon'ble Delhi High Court in terms of an order dated 10.05.2024. The next hearing of MTNL's OMP (COMM) No.312 of 2022 along with Canara Bank's OMP and Canfina OMP is proposed on 09.07.2026. The amount of award along with interest to be the tune of Rs 472.60 crores (previous year Rs. 463.01 crore) therefore has been disclosed as contingent liability.
- b) MTNL entered into contracts with M/s. M & N Publications Limited for printing, publishing and supply of telephone directories for Delhi and Mumbai unit for a period of 5 years starting from 1993. After printing and issue of 1993 (main & supplementary) and 1994 main directory, M/s. M & N Publications Ltd terminated the contract prematurely on 04 April 1996. MTNL, Mumbai & Delhi invoked Bank Guarantees on 09 April 1996, issued Legal Notice on 22 July 1996 and terminated the contract. Sole Arbitrator has been appointed by CMD, MTNL. The Sole Arbitrator has since given his award on 09 April 2013 partly in favour of MTNL, Mumbai and on 31 July 2013 in favour of MTNL, Delhi. The claim and counter claim under arbitration will be accounted for in the year when the ultimate collection/payment of the same becomes reasonably certain. M/s. M & N Publications has approached the Bombay & Delhi High Courts against the arbitration awards and MTNL also approached the Bombay & Delhi High Courts for balance amount due. The claim of Rs. 77.06 crores (previous year Rs. 68.92 crore) on this account has been shown as contingent liability in Delhi unit.
- c) As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai Rs. 124.93 crores and Rs. 33.99 crores in 2004-05 and 2005-06 respectively against the claim of Rs. 158.92 crores. The Company has recognised the amount realized as revenue in the respective period. The UASL operator approached the Hon'ble TDSAT for rate discrepancies. The Hon'ble TDSAT has ordered for refund of Rs. 96.71 crores. MTNL has filed a Civil Appeal and application for stay of operation of the order of TDSAT in the Hon'ble Supreme Court of India in which Supreme Court directed on 08 May 2014 that TDSAT will review the impugned order on seeking of it by appellant. MTNL filed review application which had been disposed off by Hon'ble TDSAT vide order dated 27 May 2014 on which MTNL filed CWP no. 022764 dated 16 July 2014 in Hon'ble Supreme Court and the same is pending. Meanwhile UASL operator also filed appeal in Hon'ble Supreme Court. The claim of Rs. 96.71 crores (previous year Rs. 96.71 crore) on this account has been shown as contingent liability.

- d) MTNL Mumbai has received claims from M/s. BEST, Electricity supply provider categorizing MTNL at Commercial tariff instead of Industrial tariff. The claim has been made with retrospective effect for the period Feb-2007 to May-2009 in respect of HT connection and Jan-2002 to Apr-2011 in respect of LT connection. MTNL has represented to BEST for reconsideration which has not been accepted by BEST. Hence MTNL has approached Hon'ble Mumbai High Court and got a stay on the arrears claimed by BEST amounting to Rs. 20.82 crores (previous year Rs. Rs.20.82 crore). In the opinion of the management, there is remote possibility of the case being settled against MTNL.
- e) In respect of Mobile Services Delhi, a sum of Rs. 25.78 crores claimed by TCL towards ILD charges for the period Oct-09 to March-10 has not been paid due to heavy spurt in ILD traffic towards M/S TCL. On technical analysis it was found that these calls were made to some dubious and tiny destination. These destinations do not confirm to international numbering plan of the respective countries and are not approved destinations as per approved interconnect agreement. Further these calls have not got physically terminated to the destinations. The observations were shared with M/S TCL. M/S TCL has also been advised that the balance, which relates to fraudulent calls, is not payable and accordingly no provision has been made in the books of accounts. The matter was handed over to the committee for investigation. Subsequently M/S TCL filed a case in Hon'ble TDSAT for recovery of the amount, decision for which is awaited. The claim of Rs. 25.78 crores (previous year Rs. 25.78 crore) on this account has been shown as contingent liability. In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management perceives that these legal actions, when ultimately concluded and determined, will not have any material impact on the Company's financial statements.

65. Settlements with BSNL:

The amount recoverable from BSNL is Rs. 6,148.64 crores (previous year Rs. 5753.90 crore) and the amount payable is Rs.2,047.30 crores (previous year Rs. 2188.86 crore). The net recoverable of Rs. 4,101.34 crores (previous year Rs. 3565.04 crore) is subject to reconciliation and confirmation.

66. Subscribers' dues and deposits:

Other current liabilities include credits on account of receipts including service tax/GST from subscribers amounting to Rs. 52.56 crores (previous year Rs.77.29 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax/GST, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.

67. The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation. The recoverable and payable from operators are

under constant review and regular efforts are being taken for reconciliation and recovery of old outstanding dues. Dues from the Operators being on account of revenue sharing agreements are not treated as debtors.

68. The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods.

In MTNL Delhi unit, the collections received from the operators are matched in totality against the bills. The allocation of collection to individual operator's account is pending in the absence of detailed information which is being sought. Therefore although the roaming income and expenditure are booked on actual basis, the roaming debtors are reconciled in totality in the absence of detailed information and such reconciliation is being done on regular basis.

69. In case of Mumbai Unit, the balances with non-scheduled banks comprise of: **(Rs. in crores)**

Particulars	31 March 2026	31 March 2025
Indira Sahakari Bank Limited	0.56	0.56
(account closed, considered doubtful)	(0.56)	(0.56)

70. Settlements with DoT:

- Amount recoverable from DoT is Rs. 678.77 crores (previous year Rs. 667.31 crore) and amount payable is Rs. 1108.37 crores (previous year Rs. 434.55 crore). The net payable of Rs. 429.60 crores (previous year recoverable Rs. 232.76 crore) 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.
- Deposits from applicants and subscribers as on 31 March 1986 were Rs. 81.32 crores (previous year Rs. 81.32 crore) in Mumbai unit as intimated provisionally by DoT. At the year end, these deposits amounted to Rs. 103.28 crores (previous year Rs. 103.28 crores), the difference being attributable to connections/refunds granted in respect of deposits received prior to 31 March 1986. Balance on this account still recoverable from DoT is Rs. 43.49 crores (previous year Rs. 43.49 crores).
- The total provision for Leave encashment is Rs. 262.93 crores up to 31 March 2026 (previous year Rs. 260.75 crores). Out of this, an amount of Rs. 45.49 crores (previous year Rs. 45.49 crores) and Rs. 43.37 crores (previous year Rs. 43.37 crores) is recoverable from DOT in respect of Company C & D and Company B employees respectively for the period prior to their absorption in MTNL.
- An amount of Rs. 6.52 crores (previous year Rs. 6.52 crores) towards GPF contribution is recoverable from DOT as on 31 March 2026. The amount pertains to Company C &

D and Company B employees absorbed in MTNL w.e.f. 01 November 1998 and 01 October 2000 respectively.

71. As per gazette notification no.GSR 138(E) dated 3rd March 2014 pensionary benefits in respect of absorbed combined service pension optees are being paid by the Government of India on BSNL pay scales. Gratuity provision for other than combined service pension optee employees of MTNL, and Leave Encashment provision for all of the employees of MTNL has been made on the basis of actuarial valuation.
72. There is no indication of any impairment of assets of the Company, on the basis of the company as a whole as a CGU under Indian Accounting Standards - 36 "Impairment of assets" as specified under Section 133 of the Companies Act, 2013.
73. As per the accounting policy, Bonus/ Exgratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the Company. In view of losses, no provision for Bonus/ Exgratia has been made during the year.
74. Pursuant to the service level agreement (SLA) entered on 22.11.2024 (superseding the earlier agreement dated 18.08.2021) with BSNL, the entire telecom operations of the company in Delhi and Mumbai shall be run by BSNL w.e.f. 01.01.2025. BSNL shall also take care of CAPEX and OPEX for the smooth running of operations and ensure EBIDTA-neutral operations of the company. Further, towards the implementation of the SLA, certain customers in Delhi & Mumbai have been migrated to BSNL w.e.f. 01.01.2025 and billing and collection is done by BSNL for such customers. The revenue share of MTNL arising from such customers has been approved and agreed by both companies. Revenue share against the migrated customers to BSNL, amounting to Rs.156.51 Crore, has been recognised by MTNL during the current year.
75. There is no amount which is required to be transferred to Investor Education and Protection Fund by the Company.
76. The Company has no foreseeable losses, which requires provision under applicable laws or accounting standards on long-term contracts and not dealing into derivative contracts at all.
77. The Bank Reconciliation Statements as at 31 March 2026 include unmatched/unlinked credits amounting to Rs. 0.01 crore (previous year Rs. 4.25 crore) and unmatched/unlinked debits Rs. NIL crore (previous year Rs. 0.13 crore) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.
78. The Company has incurred a loss of Rs.3,102.94 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 view of various measures taken by Govt of India for revival of MTNL in the past such as VRS to reduce the employee cost, issue of Sovereign Guarantee backed bonds for MTNL with waiver of guarantee fee, monetization of the lands and buildings of the company in order the get rid of the huge debt burden on the company.

Besides, the Government approved the monetization of the lands and buildings of the company with assistance from DIPAM in order to get rid of the huge debt burden on the company. Being part of monetization of land and buildings of the company has realized a cash inflow of Rs. 418.76 crore from the sale of properties, resulting in positive EBITDA during the year.

The company will be able to manage the payment of interest due on Sovereign Guarantee-backed bonds with the support of the Government of India in the form of an additional soft loan of Rs 1829.69 crore during the year 2025-26. Also, in view of such unsustainable debts of MTNL, a committee of Secretaries was constituted by the Government to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for the merger of MTNL & BSNL. The government also allocated budgetary support of Rs. 1851 crores for the network upgradation of MTNL by BSNL as a precursor to operational integration. Also, BSNL has to provide all telecom services in Delhi & Mumbai through leasing of operational assets or other appropriate models. Further, pursuant to the service agreement entered on 22-11-2024 with BSNL, the entire telecom operations of the company in Delhi & Mumbai are being run by BSNL w.e.f. 01-01-2025. BSNL shall also take care of CAPEX & OPEX for the smooth running of operations and ensure EBITDA neutral operation of the company. For the issue of mounting debts as well as other to be referred to the Committee of Secretaries and the same are at present under review, and before COS recommends a way forward in case of MTNL, the case for further support to MTNL to manage its working capital is being contemplated.

In addition to this, Government approved providing 4G licenses to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license. As per the deliberations, the maintenance and running of MTNL wireless network has also been taken over by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams.

All of the above aspects are considered by the management while preparing the financial statements and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 "Presentation of Financial Statements" the company is continuously having support of Govt. in managing its issues.

79. The amount recoverable from Reliance Communication Ltd. is Rs. 80.14 crores (previous year Rs. 79.88 crores) and amount payable to Reliance Infratel Ltd. is Rs. 7.03 crores (previous year Rs. 7.03 crores). The companies are under insolvency proceedings before the Hon'ble NCLT under IBC, 2016. An amount of Rs 25.17 crores (previous year Rs. Nil crore) is provided for against the recoverable and further provision/write-off against the outstanding dues will be considered on the final decision in this matter.
80. The GPF Trust is currently in the process of reconciling and recomputing its liabilities to determine the provident funds payable to employees. The adjustments, if any, resulting

from this recomputation/reconciliation will be recognized in the financial statements in the year the reconciliation is finalized.

81. Revenue from operations includes an amount to Rs.5.43 crores (previous year Rs. 7.17 crore) booked on provisional basis due to technical glitch in the billing software in Delhi and Mumbai. The final impact of the same will be accounted for once the billing is done through the system.
82. The company has booked the liability towards the Sovereign Guarantee fee of Rs 352.30 Crore (previous year Rs. 282.76 crore) payable to Government of India("GOI") in the respective years (i.e.F.Y. 2022-23, 2023-24, 2024-25 & FY 2025-26) and paid the respective GST thereon under RCM. However, due to financial distress, the company was not able to make payment to DOT and requested DoT vide its letter dated 20.09.2024 that the pending liability of Rs 352.30 Crore (previous year Rs. 282.76 crore) on account of Sovereign Guarantee Fees, forthcoming Sovereign Guarantee fee liability in upcoming years, corresponding penal guarantee fee and GST there on shall be settled through equity infusion by the GoI. Since, the matter is under consideration of DoT for equity infusion along with penal Sovereign Guarantee Fee, the amount will be measured and accounting will be addressed accordingly at the later stage as per the decision of GoI.
83. During the current financial year, the Board has identified a new operating segment as "Infrastructure Leasing" with effect from FY 2025-26. This segment comprises income and expenses related to the leasing of land & building, towers/BTS assets. The reclassification has been carried out in accordance with applicable accounting standards to enhance transparency and ensure a more appropriate presentation of operating results. Comparative figures have been regrouped wherever necessary.
84. Effective 21 November 2025, Govt. of India has notified four Labour Codes, collectively referred to as New Labour Codes. Based on the available information as at the reporting date, no material liability is envisaged in this regard.
85. License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR, the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement.

The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of Rs. 140.36 crores on this account upto the year 2011-12 has been included in contingent liability. DOT has assessed the LF calculated on the basis of AGR of MTNL. 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. 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. Further, DOT has disallowed certain deductions claimed in the AGR e.g. PSTN charges, IUC payment to other operators etc. The deductions claimed in AGR were disallowed for want of documents from MTNL. MTNL has submitted the documents and the revision of assessment of LF is pending at the end of DOT. The provision assessment order of LF from 2006-07 to 2024-25 and SUC from 2011-12 to 2024-25 issued by DOT shows demand of Rs. 5370.09 crores. The assessment is under revision in view of documents submitted by MTNL to CCA/ DOT. However an amount of Rs. 5370.09 crores (previous year Rs. 5132.24 crores) is shown as contingent liability.

In respect of this Hon'ble Supreme Court judgement and final order dated 24.10.2019 disposing the AGR matter, it is submitted that MTNL was neither a party to Supreme Court case nor MTNL violated the AGR definition as per License Agreement. The same is also pointed out in supreme court judgement dt. 24/10/2019 that MTNL is not party to the litigation. MTNL is following the same definition of AGR as is given in license fee agreements. MTNL is calculating the LF/SUC accordingly since the inception of AGR based LF & SUC. MTNL's accounts are also verified by C&AG and all the LF related entries/ adjustments are verified with AGR statements submitted to CCA. Therefore, the Supreme Court's judgement on AGR is not applicable for MTNL.

DoT has sent a demand note for additional 1.4 MHz of reserved spectrum in 900 MHz Band in Mumbai and Delhi LSAs vide No. 1000/1/2023-WF dt. 27-01-2025 for Rs. 1155 crores. The additional 1.4 MHz spectrum allotted to MTNL is not utilized by MTNL and MTNL is requesting DoT for withdrawal of demand note no 1000/1/2023-WF dt. 27-01-2025 for Rs. 1155 crores.

Further a demand letter No. 1000/01/2023-WF dt 23/03/2023 for Rs. 4252.83 crore is also attached with the above demand in respect of spectrum allotment in the 900 MHz and 1800 MHz. The allotment of the captioned 5 MHz spectrum in 900/1800 Mhz band is made as per the OM No F.No. 20-28/2022-PR dated 02/08/2022. As per OM No F.No. 20-28/2022-PR dated 02/08/2022, the allotment of spectrum was decided to be given with budgetary support as equity infusion and the cost on pro-rata basis will be settled for spectrum held by MTNL till date of spectrum allotment to BSNL. However, the spectrum was regularized without budgetary support to MTNL or charging part demand and MTNL is requesting DoT for revision of demand note in accordance with OM dt. 02/08/2022. As the regularisation of 2G spectrum as well as demand of Rs 4252.83 crors is not as per OM issued w r t revival of MTNL /BSNL, the matter is being raised with DOT for withdraw of demand.

In view of above the demands are shown as contingent liability. the list of LF related contingent liability is shown hereafter.

MTNL Corporate Office
Detail of LF Contingent Liability of Licence Fee payable to DOT

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
1	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2006-07	-
2	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2006-07	132.17
3	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2007-08	20.45
4	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2007-08	2.41
5	17-14/2012/LF	03-Dec-12	2007-08	136.36
6	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2008-09	153.03
7	17-14/2013/LF	12-Mar-13	2008-09	22.52
8	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2009-10	180.29
9	17-18/2013/LF	19-Mar-13	2009-10	20.29
10	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2010-11	143.54
11	17-34/2013/LF II	20-Dec-16	2010-11	124.34
12	17-34/2013/LF II	20-Dec-16	2010-11	0.86
13	17-20/2016/LFA	27-Dec-16	2012-13	26.60
14	17-19/2016/LFA	06-Jan-17	2011-12	12.93
15	17-19/2016/LFA	06-Mar-17	2011-12	33.50
16	17-19/2016/LFA	06-Mar-17	2011-12	(0.00)
17	17-20/2016/LFA	27-Apr-17	2012-13	5.70
18	17-20/2016/LFA	27-Apr-17	2012-13	0.34
19	17-20/2016/LFA	28-Apr-17	2012-13	0.78
20	17-20/2016/LFA	20-Jul-17	2012-13	1.90
21	17-20/2016/LFA	20-Jul-17	2012-13	0.34
22	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	54.47
23	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	28.89
24	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.16
25	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.05
26	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	80.75

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
27	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	20.26
28	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.01
29	17-7/2017/LFA/MTNL	22-May-19	2014-15	197.66
30	17-7/2017/LFA/MTNL	22-May-19	2014-15	127.74
31	17-7/2017/LFA/MTNL	22-May-19	2014-15	5.80
32	17-7/2017/LFA/MTNL	22-May-19	2014-15	0.09
33	17-7/2017/LFA/MTNL	22-May-19	2014-15	337.08
34	17-7/2017/LFA/MTNL	22-May-19	2014-15	64.96
35	17-7/2017/LFA/MTNL	22-May-19	2014-15	7.16
36	17-43/2019/LFA/MTNL	28-May-19	2015-16	147.29
37	17-43/2019/LFA/MTNL	28-May-19	2015-16	134.41
38	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.73
39	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.06
40	17-43/2019/LFA/MTNL	28-May-19	2015-16	226.75
41	17-43/2019/LFA/MTNL	28-May-19	2015-16	77.51
42	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.52
43	17-50/2019/LFA/MTNL	31-May-23	2016-17	225.74
44	17-50/2019/LFA/MTNL	07-Oct-24	2016-17	147.42
45	17-50/2019/LFA/MTNL	31-May-23	2016-17	87.11
46	17-50/2019/LFA/MTNL	31-May-23	2016-17	284.83
47	17-50/2019/LFA/MTNL	31-May-23	2016-17	61.74
48	17-50/2019/LFA/MTNL	31-May-23	2016-17	122.44
49	17-50/2019/LFA/MTNL	31-May-23	2016-17	0.18
50	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	-
51	17-51/LFA/2019/MTNL	07-Oct-24	2017-18	30.99
52	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	46.84
53	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	-
54	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	8.88
55	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	82.14

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
56	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	0.01
57	17-51/LFA/2019/MTNL	22-May-24	2018-19	0.91
58	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2018-19	23.94
59	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2018-19	-
60	17-51/LFA/2019/MTNL	22-May-24	2018-19	44.30
61	17-51/LFA/2019/MTNL	22-May-24	2018-19	2.04
62	17-52/LFA/2019/MTNL	10-Oct-24	2018-19	5.18
63	17-51/LFA/2019/MTNL	22-May-24	2018-19	64.62
64	17-51/LFA/2019/MTNL	22-May-24	2018-19	0.00
65	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2019-20	-
66	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2019-20	-
67	17-53/LFA/2019/MTNL	10-Oct-24	2019-20	90.92
68	17-53/LFA/2019/MTNL	22-May-24	2019-20	115.20
69	17-53/LFA/2019/MTNL	22-May-24	2019-20	0.04
70	17-53/LFA/2019/MTNL	22-May-24	2019-20	47.07
71	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2020-21	7.33
72	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2020-21	2.08
73	17-54/LFA/2021/MTNL	03-Mar-23	2020-21	57.74
74	17-54/LFA/2021/MTNL	03-Mar-23	2020-21	28.52
75	17-54/LFA/2021/MTNL	03-Mar-23	2020-21	56.63
76	17-54/LFA/2021/MTNL	03-Mar-23	2020-21	0.02
77	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2021-22	3.74
78	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2021-22	0.75
79	17-55/LFA/2022/MTNL	03-Jul-23	2021-22	14.96
80	17-55/LFA/2022/MTNL	03-Jul-23	2021-22	6.25
81	17-55/LFA/2022/MTNL	03-Jul-23	2021-22	4.52
82	17-55/LFA/2022/MTNL	03-Jul-23	2021-22	0.00
83	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2022-23	1.08
84	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2022-23	0.22
85	1-56/LFA II/2023/MTNL	08-Mar-24	2022-23	8.07

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
86	1-56/LFA II/2023/MTNL	08-Mar-24	2022-23	2.64
87	1-56/LFA II/2023/MTNL	08-Mar-24	2022-23	(0.88)
88	1-56/LFA II/2023/MTNL	08-Mar-24	2022-23	0.00
89	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2023-24	0.45
90	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2023-24	0.09
91	1-56/LFAII/2024/MTNL/2023-24	24-Feb-25	2023-24	6.21
92	1-56/LFAII/2024/MTNL/2023-24	24-Feb-25	2023-24	2.10
93	1-56/LFAII/2024/MTNL/2023-24	24-Feb-25	2023-24	-
94	1-56/LFAII/2024/MTNL/2023-24	24-Feb-25	2023-24	0.00
95	1-56/LFAII/2025/MTNL/2024-25	23-Dec-25	2024-25	5.09
96	1-56/LFAII/2025/MTNL/2024-25	23-Dec-25	2024-25	0.25
97	1-56/LFAII/2025/MTNL/2024-25	23-Dec-25	2024-25	0.00
98	1-56/LFAII/2025/MTNL/2024-25	23-Dec-25	2024-25	1.37
99	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/2008-09/3631	01-Jul-24	2008-09	123.73
100	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/2009-10/3628	01-Jul-24	2009-10	145.80
101	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/2010-11/3675	09-Jul-24	2010-11	116.93
102	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2011-12	0.09
103	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2011-12	62.47
104	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2012-13	0.09
105	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2012-13	17.71
106	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2013-14	0.04
107	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2013-14	1.33
108	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2014-15	0.09

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
109	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2014-15	113.79
110	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2015-16	21.76
111	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2015-16	65.19
112	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2016-17	53.65
113	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2017-18	(1.52)
114	1-9/CCA/Rev/Spectrum/Assmt./ MTNL/2018-19,2019-20&2020-21/11915- 171864	17-Apr-23	2018-19	13.15
115	1-9/CCA/Rev/Spectrum/Assmt./ MTNL/2018-19,2019-20&2020-21/11915- 171864	17-Apr-23	2019-20	(11.01)
116	1-9/CCA/Rev/Spectrum/Assmt./ MTNL/2018-19,2019-20&2020-21/11915- 171864	17-Apr-23	2020-21	2.29
117	1-9/CCA/Rev/Spectrum/Assmt./ MTNL/2021-22/12325-27	19-Jul-23	2021-22	0.06
118	1-9/CCA-DL/Rev/SUC/MTNL/2022- 23/3031	12-Apr-24	2022-23	(2.67)
119	1-9/CCA-DL/Rev/SUC/MTNL/2023- 24/2285	03-Apr-25	2023-24	(0.89)
120	CCA/MUM/Comm/Spectrum/23	08-Nov-19	2010-11	51.09
121	CCA/MUM/Comm/Spectrum/	08-Nov-19	2011-12	45.65
122	CCA/MUM/Comm/Spectrum/	08-Nov-19	2012-13	27.28
123	CCA/MUM/Comm/Spectrum/62	13-Nov-19	2013-14	0.17
124	CCA/MUM/Comm/Spectrum/64	13-Nov-19	2014-15	7.99
125	CCA/MUM/Comm/Spectrum/	13-Nov-19	2015-16	0.10
126	CCA/MUM/Comm/Spectrum/	13-Nov-19	2016-17	30.96
127	CCA/MUM/Comm/Spectrum/	22-Aug-19	2017-18	-

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
128	1-9/CCA-DL/Rev/SUC/MTNL/2024-25/355	07-Jan-26	2024-25	(1.44)
129	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Jul-23	2006-07	-
130	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Jul-23	2007-08	-
131	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Jul-23	2008-09	118.85
132	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Jul-23	2009-10	60.72
133	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2018-19	-
134	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2018-19	7.21
135	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2019-20	51.61
136	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2019-20	10.61
137	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2020-21	1.50
138	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2020-21	1.14
139	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2021-22	1.11
140	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2021-22	0.70
141	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Mar-24	2022-23	(0.05)
142	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Mar-24	2022-23	0.22
143	Pr CCA/MBI/Comm/Spectrum/2024-25	08-Jul-25	2023-24	(0.03)
144	Pr CCA/MBI/Comm/Spectrum/2024-25	08-Jul-25	2023-24	0.13
Total				5,370.09

For and on behalf of the Board of Directors

Sd/-		Sd/-	
For O P Bagla & Co LLP	For S.L.Chhajed & Co. LLP	(A. Robert J. Ravi)	(Rajiv Kumar)
Chartered Accountants	Chartered Accountants	Chairman and Managing Director	Director (Finance)
FRN No. 000018N/N500091	FRN No. 000709C/C400277	DIN 10095013	DIN 09811051
Sd/-		Sd/-	
(CA Nitin Jain)	(CA Vijit Baidmutha)	(Vasudev Singh)	(Ratan Mani Sumit)
Partner	Partner	Chief Financial Officer	Company Secretary
Membership No. 510841	Membership No. 406044		Membership No. ACS 15193

Place: New Delhi

Date: 21 May 2026

O P Bagla & Co LLP
501, 5th Floor, B-225
Okhla Industrial Area,
Phase- 1, New Delhi 110020

S.L. Chhajed & Co. LLP
D1, B-38 D, Janakpuri,
West Delhi
New Delhi – 110058

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mahanagar Telephone Nigam Limited
Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of **MAHANAGAR TELEPHONE NIGAM LIMITED ("the Holding Company")** and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures and associates which comprise the Balance Sheet as at March 31st, 2026, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion because of the significance of the matters mentioned in the Basis for Adverse opinion paragraph hereunder, the aforesaid consolidated Ind- AS financial statements do not give the information required by the Companies Act, 2013 ("the Act") in the manner so required and do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind- AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2026, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Adverse Opinion

- (i) The Net Worth of the Holding Company has been fully eroded; The Company has incurred net cash loss during the year ended March 31st, 2026, as well as in the previous year and the current liabilities exceeded the current assets substantially. Further, during the year under audit, the Holding Company has also defaulted in repayment of bank installments/interest of term loan amounting to Rs. 9,262.53 crores.

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.

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 implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for Rs. 6,500 Crore in FY 2020-21 in line with cabinet note.

As per F.NO.20-28/2022-PR dated 2nd August 2022, the Union Cabinet in its meeting held on July 27, 2022 has approved the raising of Sovereign guaranteed bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores with waiver of guaranteed fee to repay its high-cost debt and restructure it with new sustainable loan.

Further, in view of unsustainable debts of MTNL, a Committee of Secretaries (COS) was constituted by Government of India to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for merger of MTNL and BSNL. However, COS is reviewing various options submitted to them for solution of various issues related to MTNL which is under process.

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

(ii) Service Level Agreement with BSNL (Refer Note 78)

Pursuant to the Service Level Agreement (SLA) dated 22 November 2024, between MTNL and Bharat Sanchar Nigam Limited ("BSNL"), certain revenue of the Holding company has been transferred to BSNL, the amount of which is not quantifiable. As a result of this transfer, MTNL has ceased to conduct direct billing and customer account management for its core telecom operations in these circles.

Pursuant to the Service Level Agreement (SLA) effective from 01st January 2025, revenue from telecom operations was being recognized by BSNL. Upon deliberation by the managements of both companies regarding the reasonableness and provisions of the SLA, a decision was taken to implement a revenue-sharing model on a mutually agreed basis. Consequent to the said decision, MTNL has recognized revenue computed on the basis of collections made by BSNL; however, the data and methodology underlying such computation are not independently verifiable by us. Further, revenue ought to be recognized by MTNL on accrual basis in accordance with applicable Ind AS, and requisite formalities pertaining to issuance of tax invoices and recognition of corresponding GST liability are also required to be complied with. Merely recognizing revenue on the basis of BSNL's collections cannot be considered as proper implementation of the revenue-sharing arrangement. Since operational costs continue to be borne by MTNL, we are unable to comment on the matching of revenues with costs in the absence of a properly documented and implemented revenue-sharing framework.

(iii) Dues to/Receivable from Bharat Sanchar Nigam Limited (BSNL):

The Company has certain balances receivable from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 4109.51 Crores are subject to reconciliation and confirmation. The said amount includes Service Tax recoverable amounting to Rs. 2.03 Crores which has been clubbed under BSNL receivable. In view of non-reconciliation and non-confirmation and in view of various pending disputes regarding claims and counter claims we are not in a position to ascertain and comment on the recoverability and the correctness of the outstanding balances and resultant impact of the same on the consolidated financial result for the year ended March 31st, 2026 of the Company. (Also refer note no. 69 to the consolidated financial statements)

- (iv) The Company has certain balances receivable from and payable to the Department of Telecommunication (DOT). The net amount payable of Rs. 430.24 Crores 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 recoverability and correctness of the outstanding balances and resultant impact of the same on the consolidated financial results for the year ended March 31st, 2026 of the Company. (Also refer point no. (a) of note no. 74 to the consolidated financial statements).
- (v) During audit, it was noted that the Company has recognised accrued income aggregating to Rs. 26.53 Crores comprising unbilled revenue under GSM services and amounts recoverable on account of Interconnect Usage Charges (IUC) from other telecom operators. The corresponding GST liability on the aforesaid accrued income has not been discharged as at the balance sheet date.
- (vi) Up to the financial year 2011-12, License Fee payable to the DOT on IUC charges to BSNL was worked out on an 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 the financial year 2012-13 onwards, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. (Refer note no. 87 to the consolidated financial statements).
- (vii) Apart from impairment losses previously recognized for CDMA assets, no further impairment has been accounted for under Ind AS 36 during the year ended 31st March 2026. Due to uncertainties in achieving the Company's future projections, we are unable to determine the adequacy of impairment provisions and their impact on the current year's loss. (Refer note no. 76 to the consolidated financial statements).
- (viii) The Company has developed 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 other parties and amount payable to trade payables, claim payable to operators and amount payable to other parties, however complete balance confirmations and reconciliations are not yet obtained.

Accordingly, certain amounts receivable from and payable to the various parties are still subject to confirmation and reconciliation. Pending such confirmation and reconciliation, the impact thereof on the consolidated financial results for the year ended 31st March 2026, are not ascertainable and quantifiable. (Refer note no. 71 to the consolidated financial statements).

- (ix) The company does not follow a system of reconciliation of the difference between TDS balance as per book and as per TDS certificate and form 26AS under Income-tax Act as applicable. Pending such reconciliation, the impact thereof if any on the consolidated IND AS financial statement is not ascertainable and quantifiable.
- (x) Unlinked credit of Rs. 52.56 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 consolidated financial results for the year ended 31st March 2026 are not ascertainable and quantifiable. (Also refer note no. 70 to the Consolidated Financial Statements).
- (xi) Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by the finance department in respect of bought out capital items or inventory issued from the Stores. Due to delay in issuance of the completion certificates/ receipt of the bills/ 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 financial year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the consolidated financial results for the financial year ended March 31st, 2026 by way of depreciation cannot be ascertained and quantified.
- (xii) 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 Holding 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 by the Management, the Holding Company is yet to finalise its position on surrender of a part of its allocated spectrum. The DOT demand on this account is contested by the Holding Company and other private operators and is sub-judice before the Hon'ble Court. Since the matter remains unresolved and the amount payable, if any, is indeterminate, no provision has been recognised. An amount of Rs.3,205.71 Crores stands disclosed as contingent liability up to FY 2018-19; no further demand has been raised by DOT thereafter. Further, the TDSAT, while setting aside the levy of One-Time Charge (OTC) on spectrum allotted beyond 6.2 MHz, directed the Government to review the demand for spectrum allotted after July 1, 2008, with such review applying from January 1, 2013 where the spectrum beyond 6.2 MHz was allotted prior to that date. No further demand has been raised pursuant to the said direction. Based on management's assessment, the demand, if any, shall not exceed Rs.455.15 Crores, which has accordingly been disclosed as a 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 consolidated financial results for the financial year ended March 31st, 2026 of the Company. (Also refer note no. 65 to the consolidated financial statements).

- (xiii) 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 have been recovered without installing sub-meter in some of the cases. The actual impact of the same on the consolidated financial results for the financial year ended March 31st, 2026 has not been ascertained and quantified.
- (xiv) 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 Ind-AS financial statement for the year ended March 31st, 2026, has not been ascertained and quantified.
- (xv) The Company is making the provision for interest for late/non-payment to MSME vendors, but such interest is not being paid to the vendors. The interest provision is further subject to deduction of tax under section 194A of Income Tax Act, 1961. The actual impact of the same on the consolidated financial statements for the year ended March 31st, 2026, has not been ascertained and quantified.
- (xvi) The Holding Company has defaulted in repayment of bank borrowings. In respect of term loans, defaults amounting to Rs.2,145.73 Crores towards principal repayment and Rs.501.45 Crores towards interest repayment have occurred, and the related loan accounts have been classified as Non-Performing Assets (NPA) by the respective banks. The total outstanding amount in respect of such term loans is Rs.3,045.77 Crores. Further, overdraft facilities aggregating to Rs.6,217.49 Crores are also outstanding. Accordingly, the total amount outstanding in respect of such borrowing aggregates to Rs.9,262.53 Crores. Penal interest charged by few banks has been accounted for by the Holding Company; however, penal interest, is not charged by other banks has not been accounted for by the company, as the same has not been ascertained and not quantified by the Holding Company. The holding company has initiated with the lender banks for possible resolution and settlement of such items. Finance cost & corresponding interest liability is understated by the penal interest amount figure of which is not quantifiable in absence of bank statements.
- (xvii) Till 30.06.2025, the Holding Company followed the practice of recognizing Expected Credit Loss (ECL) only on Trade Receivables and not on other financial assets, specifically claim recoverable. This accounting treatment was not in compliance with Ind AS 109 – Financial Instruments, which mandates that ECL should be recognized on all financial assets measured at amortized cost or at fair value through other comprehensive income, including claim recoverable.

During the year, the Holding company has recognized a provision of Rs. 200 Crores, on amount recoverable for more than three years; out of the total recoverable from IUC

Operators and Others of Rs. 709.09 Crores. The ECL model adopted by the Holding Company requires a comprehensive review to ensure full compliance with Ind AS 109.

- (xviii) The Holding Company has not complied with the requirements of Ind AS 116 – Leases, as working with adequate supporting documents and relevant records were not made available for our verification and accounting entries have been made based on old data which is not updated with new leases, old leases expired and revision on lease rent. Consequently, we were unable to ascertain and quantify the impact of such non-compliance on the financial statements as at 31 March 2026.
- (xix) As per Letter No. F.No. 6-2/2023-PSF issued by the Ministry of Telecommunications, Government of India, dated 09th September 2024, failure to pay Guarantee Fees by 30th April entails levy of Penal Guarantee Fees for the period of default on a pro-rata basis. While the Holding Company has duly provided for the principal Guarantee Fees of Rs. 352.30 Crore, it has classified the resultant Penal Guarantee Fees of Rs. 352.30 Crore (Rupees Three Hundred and Fifty-Two Crore) merely as a Contingent Liability in the Notes to the Financial Statements, instead of recognizing a provision therefor.

In our opinion, since the due date of 30th April has elapsed without payment, the obligation to pay Penal Guarantee Fees has already crystallized by operation of an explicit Government directive, the outflow of economic resources is certain and non-discretionary, and the amount is reliably determinable on a pro-rata basis as prescribed — thereby satisfying all three recognition criteria under Ind AS 37 — Provisions, Contingent Liabilities and Contingent Assets.

Accordingly, the classification of Penal Guarantee Fees as a Contingent Liability is, in our opinion, incorrect, resulting in understatement of liabilities and expenses by Rs. 352.30 Crore and corresponding overstatement of profit by Rs. 352.30 Crore, which has a material bearing on the true and fair view presented by the financial statements

- (xx) The Holding Company has been following the practice of manual billing on an average basis in certain units of Mumbai and Delhi due to downtime of software. The details of such units are as under

Mumbai	Delhi
Wireless	IUC
IUC	-

In the absence of a system-driven, actual billing, we are unable to comment on the accuracy and completeness of revenue and related receivables of these units. Accordingly, the actual impact of the same on the consolidated financial results for year ended 31st March 2026, have not been ascertained and quantified.

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), (iii), (iv), (v),

(vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) on the consolidated financial result of the Holding Company for the year ended March 31st 2026.

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group, its associate companies and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements 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 Consolidated Financial Statements.

Emphasis of Matters:

We draw attention to the following notes on the Consolidated Financial Statements being matters pertaining to Mahanagar Telephone Nigam Limited requiring emphasis by us.

- (i) Note no. 9 of consolidated financial statements, The share certificates of the subsidiary companies, namely Millennium Telecom Limited and Mahanagar Telephone Mauritius Limited, have not been provided to us for verification. Also, there is a discrepancy between the number of shares of United Telecom Limited (referred as Associate Company) as per the share certificates and the number of shares recorded in the books.
- (ii) Note no. 32 of consolidated financial statements regarding Loan given by Government of India amounting to Rs. 2980.92 crore for payment of Interest on Sovereign bonds does not stipulate terms regarding interest thereon. Therefore, the Holding company has not provided any interest as aforesaid.
- (iii) Note no. 67 of consolidated financial statements regarding pending dispute with the Income Tax Department before the Hon’ble Courts regarding deduction claimed by the Company u/s 80IA of the Income Tax Act, 1961, The Holding company has created the Contingency reserve of Rs. 243.22 Crores in this regard.
- (iv) Note No. 78 The service agreement entered on 22.11.2024 (superseding the earlier agreement dated 18.08.2021) with BSNL, the entire telecom operations of the Holding company in Delhi and Mumbai shall be run by BSNL w.e.f 01.01.2025. BSNL shall also take care of CAPEX and OPEX for the smooth running of operations and ensure EBIDTA neutral operations of the Holding company.
- (v) Note no. 16 & 20 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.

- (vi) Note No.74(d) regarding the amount recoverable from Department of Telecommunications (“DOT”) in respect of settlement of General Provident Fund (GPF) amounting to Rs. 6.52 crores of Combined Service Optees absorbed employees in MTNL and the matter is still under review with DOT and the full amount of GPF including interest thereon, is continued to be shown as recoverable from DOT and payable to GPF.
- (vii) Note No. 87 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 Holding Company and DOT.
- (viii) Note No. 87 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) Note 62(A) 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 March 30, 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’.
- (x) Note No. 84 Regarding amount payable to GPF trust is currently in the process of reconciling its liabilities to determine the provident fund payables to employees. The adjustment if any resulting from this re-computation/ reconciliation will be recognized once the reconciliation process is completed.
- (xi) Note No. 64 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 the books of accounts of the Holding Company.
- (xii) Provisional income being booked under Revenue from Operations due to non-functioning of the billing software in some areas in the Delhi Unit and Mumbai Unit.

(xiii) In accordance with the requirement of section 149 of the Companies Act, the Holding company does not have requisite number of independent directors and women directors.

Our opinion is not modified in respect of the aforesaid matters.

Material uncertainty related to going concern

We draw attention to Note 82 of the financial statements, which indicates that the Holding Company has accumulated losses and its net worth has been fully 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 date. These events or conditions, along with other matters as set forth in Note 82, 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 Holding Company implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for Rs.6,500 crore in FY 2020-21 in line with cabinet note.

As per F.NO.20-28/2022-PR dated August 2nd, 2022, the Union Cabinet in its meeting held on July 27th, 2022 had 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 with waiver of guarantee fee to repay its high-cost debt and restructure it with new sustainable loan.

Further, in view of unsustainable debts of MTNL, a Committee of Secretaries (COS) was constituted by Government of India to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for merger of MTNL and BSNL. However, COS is reviewing various options submitted to them for solution of various issues related to MTNL which is under process.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis of qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
1	Revenue Recognition: There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.) Refer Notes no. 61 to the consolidated financial statements..	Our audit approach included control testing and substantive procedures covering in particular: Testing the IT environment (i.e., IT general controls) in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams. Testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing includes validating material journals processed between the billing system and general ledger. Performing tests on the accuracy of customer bill generation on sample basis and testing of a sample of the credits and discounts applied to customer bills: and testing receipts for a sample of customers back to customer invoice.
2	Uncertain Taxation Matters: The Holding Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Note no. 54 and 67 to the consolidated financial statements.	We have obtained details of completed tax assessments and demands up to March 31, 2026, from the management. We assessed the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We also considered legal precedence and other rulings, including in the Holding Company's own cases, in evaluating management's position on these uncertain tax positions.
3	Contingent liabilities There are numbers of litigations pending before various forums against the Holding Company and the management's judgement is required for estimating the amount to be disclosed as contingent liability.	We have obtained an understanding of the Holding Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
	We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. (Refer to Note no. 54 of consolidated financial statements.)	- understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases. - discussed with the management any material developments and latest status of legal matters. - read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosures of contingent liabilities. - examined management's judgements and assessment whether provisions are required. - considered the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote. - reviewed the adequacy and completeness of disclosures.
4	The Holding Company has significant receivables and payables balances, including long-outstanding balances government of India, Department of Telecom and other private telecom operators etc. The assessment of the recoverability of receivables and completeness of payables is considered a key audit matter due to: - The materiality of these balances to the financial statements.	Our audit procedures included, among others: - Understanding the Holding Company's processes and internal controls over the recording, monitoring, and reconciliation of receivables and payables. - Performing substantive testing on a sample of receivables and payables by examining underlying invoices, contracts, and correspondences. - Reviewing ageing reports and assessing subsequent receipts and settlements to evaluate recoverability and completeness.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
	- Significant judgment involved in assessing the recoverability of receivables, especially those pending resolution due to contractual disputes, reconciliation issues, or administrative delays—common in dealings with government entities. - Complexity in assessing the aging, confirmation status, and settlement patterns of receivables and payables, particularly where balances are netted off under bilateral arrangements or interconnect agreements. - Application of Ind AS 109 Financial Instruments in determining Expected Credit Losses (ECL) requires management estimates around default risk, historical loss trends, and macroeconomic conditions.	- Evaluating the methodology used by management in determining Expected Credit Loss (ECL) under Ind AS 109, including assumptions regarding risk of default, segmentation of customers, and historical loss experience. - Assessing management's estimates for provisioning, particularly for receivables from government departments and inter-operator settlements. - Performing test regarding any claims lodged by any of the party and the disclosure thereof in the financial statement. - Reviewing disclosures made in the financial statements to ensure compliance with Ind AS requirements.

Other Matters

- a) We did not audit the financial statements of Mahanagar Telephone Mauritius Limited one of the subsidiary, whose financial statements/ financial information reflect total assets of Rs.134.72 Crores, net assets of Rs.109.91 Crores as at 31st March, 2026, total revenues of Rs.72.04 Crores, net (loss) after tax of Rs.(5.64) Crores, total comprehensive Income of Rs.2.64 Crores and net cash flow of Rs.(3.00) Crores for the year ended on that date, as considered in the Consolidated Financial Statements. The above financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

The above subsidiary is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their country and which have been audited by other auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted these financial statements of such subsidiary located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- b) The accompanying Consolidated Financial Statements also includes audited financial statements and other audited financial information in respect of Millennium Telecom Limited , one of the subsidiary whose audited financial statements and other financial information reflects total assets of Rs.8.82 Crores, net assets of Rs.6.76 Crores as at March 31, 2026 and total revenue of Rs.1.06 Crores, net profit of Rs.0.74 Crores, total comprehensive income of nil and net cash flow amounting to Rs.0.74 Crores for the year ended on that date, as considered in consolidated financial statements.
- c) The accompanying Consolidated Financial Statements also includes audited financial statements and other audited financial information in respect of STPI, One Joint Venture, whose financial statements reflect the Group's share of net profit of Rs.1.42 Crores for the year ended March 31, 2026, as considered in the Consolidated Financial Statements whose financial statements and other financial information have not been audited by their auditors.
- d) The accompanying Consolidated Financial Statements also includes unaudited financial statements and other unaudited financial information in respect of One associate, whose financial statements reflect the Group's share of net loss of NIL the year ended March 31, 2026, as considered in the Consolidated Financial Statements whose financial statements and other financial information have not been audited by their auditors.
- e) The unaudited financial statements referred to (c) and (d) above 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 and Joint Venture is based solely on such audited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
- f) Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's report, Management Discussion and analysis and report on Corporate Governance but does not include the Consolidated Financial Statements and our auditor's report there on. The abovementioned other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management and those charged with governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including total comprehensive loss, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind-AS and other accounting principles generally accepted in India. The respective Management and 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 the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 statements 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 statements by the Management and Board of Directors of the company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, 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 their respective entities 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 are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements 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 Statements.

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 Consolidated Financial Statements, 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 financial controls 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 Holding Company has adequate internal financial controls system 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 management.
- Conclude on the appropriateness of management's 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 Holding 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 Consolidated Financial Statements 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 Holding Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, based on our audit and consideration of the reports of other auditors on separate financial statements of the subsidiaries, associates and joint venture company incorporated in India, as noted in the other matters section we give in the "Annexure A" a statement on the matters specified in paragraphs 3 (xxi) of the Order.
2. As per the Notification No. GSR 463 (E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government

Companies. Accordingly, reporting in accordance with the requirement of the provisions of section 197 (16) of the Act is not applicable to the Holding Company.

3. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for the matters described in the Basis for Adverse Opinion Paragraph above.
 - b) Except for the possible effects of the matters described in the Basis for Adverse Opinion Paragraph above, in our opinion, proper books of account as required by law have been kept by the Holding Company so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Loss, Consolidated Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, except for the matters described in the basis of adverse opinion section above, the aforesaid Consolidated Financial Statements comply with the IND AS specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - e) Being the Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of section 164 of the Act, are not applicable to the Holding Company.
 - f) The matters described in the Basis of Adverse Opinion Paragraph above, in our opinion, may have an adverse effect on the functioning of the Holding Company.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Group, its associate and joint venture companies with reference to Consolidated Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" wherein we have expressed a modified opinion.
 - h) The qualifications relating to the maintenance of accounts and other matters connected there with are as stated in the Basis of Adverse Opinion Paragraph above.
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements. (Refer to note no. 54 of Consolidated Ind- AS Financial statements.)

- b) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- c) There is no amount which is required to be transferred to Investor Education and Protection Fund by the Company. Accordingly, reporting under this clause is not applicable.
- d)
 - (i) The respective Managements of the Holding Company, its subsidiaries and Joint venture which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") and Joint Venture Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The respective Managements of the Holding Company, its subsidiaries and Joint Venture which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries or Joint Venture Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and Joint Venture Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company, its subsidiaries and Joint Venture Company which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e) The Holding company has not declared or paid any dividend during the year. Accordingly, the provisions of Section 123 of the Act is not applicable. Further, auditor of a subsidiary company which is incorporated in India and whose financial statements have been audited under the Act has not reported about the compliance of the Section 123 of the Act.
- f) Based on our examination, which included test checks, the Holding Company has used accounting software/s for maintaining its books of account for the financial year ended March 31, 2026 which has a feature of recording audit trail (Edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software/s.

Further, as represented by the management the edit log is maintained through a "Database trigger" maintained in the system. The database trigger can only be altered by super user/DBA. However, as confirmed by the management there are no instance of the audit trail feature being tampered with during the year ended March 31, 2026.

However, in the holding company, the Audit Trail functionality within the WFMS has not been enabled uniformly across all functions and modules. The activation of audit trail features has been left to the discretion of management, resulting in selective and inconsistent logging of system activities. This is not in compliance with the requirements of the Companies Act, 2013 read with Rule 3 of the Companies (Accounts) Rules, 2014 (as amended), which mandates that accounting software used by companies shall have a feature of recording an audit trail of every transaction and creating an edit log of each change made in the books of account.

As Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention has been maintained by the company for the financial year ended March 31st, 2026.

For O P Bagla & Co LLP
Chartered Accountants
FRN No. 000018N/N500091

Sd/-
(Nitin Jain)
Partner
Membership No. 510841
UDIN: 26510841AXORUR7007

For S.L.Chhajed & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277

Sd/-
(Vijit Baidmutha)
Partner
Membership No. 406044
UDIN: 26406044GAGVSE5350

Place: New Delhi
Date: 21 May 2026

Annexure – A
Annexure A to The Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) According to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have certain remarks included in their reports under Companies (Auditor's Report) Order, 2020 ("CARO"), which have been reproduced as under:

S. No.	Name of Entities	CIN	Holding Company/ Subsidiary Company/Joint Venture	Clause Number of CARO Report
1.	Mahanagar Telephone Nigam Limited	L32101DL1986GOI023501	Holding Company	Clause 3(i)(a) Clause 3(i)(b) Clause 3 (i)(c) Clause 3(vi) Clause 3(vii)(a) Clause 3(vii)(b) Clause 3(ix)(a) Clause 3(xiv)(a) Clause 3(xiv)(b) Clause 3(xix)
2.	Millenium Telecom Limited	U64200MH2000GOI124302	Wholly Owned Subsidiary	Clause 3(i)(a) Clause 3 (i)(c) Clause 3(vii)(b) Clause 3(vii)(c) Clause 3(vii)(d) Clause 3(vii)(e) Clause 3(xiii)

For O P Bagla & Co LLP
Chartered Accountants
FRN No. 000018N/N500091

Sd/-
(Nitin Jain)
Partner
Membership No. 510841
UDIN: 26510841AXORUR7007

For S.L.Chhajed & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277

Sd/-
(Vijit Baidmutha)
Partner
Membership No. 406044
UDIN: 26406044GAGVSE5350

Place: New Delhi
Date: 21 May 2026

Annexure – B

Annexure B to The Independent Auditors' Report

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the Consolidated Financial Statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of Mahanagar Telephone Nigam Limited as of and for the year ended March 31, 2026, we have audited the internal financial controls with reference to Mahanagar Telephone Nigam Limited (hereinafter referred to as the "Holding Company") and its subsidiary and joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company, its subsidiary and joint venture, which are companies incorporated in India, internal financial controls over financial reporting with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to these Consolidated Financial Statements includes obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to these Consolidated Financial Statements

Meaning of Internal Financial Controls Over Financial Reporting

A Holding company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles.

A Holding company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding company are being made only in accordance with authorizations of management and directors of the Holding company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to these Consolidated Ind-AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods

are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the following material weaknesses have been identified in the operating effectiveness in internal financial controls over financial reporting as at March 31st, 2026:

- (i) The Holding Company's billing software has not been operating properly in the Delhi Unit and Mumbai Unit. Additionally, the Holding Company has not implemented sufficient alternative or manual procedures to ensure billing accuracy or safeguard against errors and fraud during this period, indicating a lack of effective internal controls over the billing process.
- (ii) The Holding Company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items or due to delay of inventory issue slip by stores. Hence, the date of capitalization is not reliable. This could potentially result into delayed capitalization and corresponding impact on the operational results due to lower charge of depreciation.
- (iii) The Holding Company does not have an appropriate internal control system for ensuring de-commissioning and de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result into overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.
- (iv) The Holding Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / contractors / operators / government departments at the quarter end and year end are duly reversed when actual bills are received and accounted for. This could potentially result in the same being accounted twice.
- (v) The Holding Company does not have an appropriate internal control system to track open purchase orders, work orders, agreements and contracts which have been entered with vendors / contractors / operators / government departments and are lying open. This could have a bearing on efficiency of operations and recording of financial liabilities and provisions pertaining to the same.
- (vi) The Holding Company does not have an integrated ERP system. Different software packages used by the Holding company are interfaced through software links or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting. In Mumbai Unit the Holding Company does not have an appropriate internal control

system for reconciliation of Debtors between Billing software and Accounts, which could potentially result in some changes in the consolidated financial statements.

- (vii) The Holding Company does not have an appropriate internal control system for reconciliation of vendors / contractors / operators / government departments, accounts which could potentially result in some changes in the consolidated financial statements. The cases identified by us have been appropriately qualified at various places in our report.
- (viii) The Holding Company does not have effective internal audit system so as to cover all major areas with extensive scope. The extent and depth of coverage, manner of conduct and reporting in respect of internal audit is very weak. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.
- (ix) The Holding Company does not have an appropriate internal control system for reconciliation of items of unlinked debits and credits because of receipts from the subscriber and the amount debited by the banks. This could potentially lead unreported financial adjustments ultimately resulting into distorted financial reporting.
- (x) The Holding Company does not have an appropriate internal control system for invoicing which are due and payable based on manual invoicing. The invoicing systems does not have reliability of measurement and reconciliation of items. This leads to multiple revisions and errors in invoicing. This could potentially lead errors in revenue recognition.
- (xi) The Holding Company does not have appropriate internal control system for ensuring end use of issued inventory. The accounting is done based on the requisition statement of item and not actual installation or commission of item. This could potentially result into non-identification of pilferage and also early capitalization of equipment.
- (xii) The Holding Company does not have an appropriate internal control system for ensuring billing and recovery of water and electricity charges from the lessee. This could potentially result in non-recovery and delayed recovery of such charges causing financial loss of the absolute expenses and finance cost on the delay in realization. This could also result in inaccurate expense values in the financial statements of the company.
- (xiii) The Holding company does not have appropriate internal control system towards renewals of the expired Rent/Lease agreements. Even though in some of the cases where lease agreements have been expired, company is receiving rentals on the terms and conditions mentioned in the expired agreement with the parties.
- (xiv) The Holding company does not have appropriate internal control towards the timely closure of workorders w.r.t landline & FTTH connections and creation of customer master for billing. This could potentially result in leakage and potential loss of revenue.
- (xv) The Holding Company does not have appropriate internal control system for reconciliation of TDS refundable with form 26 AS and TDS certificate where applicable, which could potentially result in changes in consolidated financial statement.

(xvi) In some cases, company is recognizing rentals on the terms and conditions mentioned in the expired agreements with the parties and not receiving any amount from such parties for more than one year. However, the company has not provided provision for doubtful debts for all such cases.

(xvii) In Holding Company the Internal Financial Controls (IFC) configured within the Credit/ Collection & Sales Management System (CSMS) are editable by users without any corresponding edit log or change-tracking mechanism. Since no Edit Log is maintained for modifications made to these controls, it is not possible to verify or establish the integrity and accuracy of the data or configurations at any given point in time. The reliability of information generated from CSMS is therefore questionable.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to the consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls with reference to the consolidated financial statements were operating effectively as of March 31st, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Holding Company for the year ended March 31, 2026, and these material weaknesses do not affect our opinion on the consolidated financial statements of the Holding Company.

For O P Bagla & Co LLP
Chartered Accountants
FRN No. 000018N/N500091

Sd/-
(Nitin Jain)
Partner
Membership No. 510841
UDIN: 26510841AXORUR7007

For S.L. Chhajed & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277

Sd/-
(Vijit Baidmutha)
Partner
Membership No. 406044
UDIN: 26406044GAGVSE5350

Place: New Delhi

Date: 21 May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED

Consolidated Balance Sheet as at 31st March 2026

	Notes	31 March 2026 (Rs. in crores)	31 March 2025 (Rs. in crores)
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,149.86	2,359.86
Capital work-in-progress	5	12.53	31.97
Right-of-use assets	6	152.16	281.72
Investment property	7	63.19	65.77
Intangible assets	8	772.75	1,101.09
Investments accounted for using the equity method	9	4.55	3.62
Financial assets			
a) Loans	10	1.41	2.11
b) Other financial assets	11	727.84	500.83
Deferred tax assets (net)	12	0.00*	0.00
Non Current tax assets (net)	13	494.14	501.41
Other non-current assets	14	18.59	24.98
Total non-current assets		4,397.03	4,873.37
Current assets			
Inventories	15	6.59	5.94
Financial assets			
a) Trade receivables	16	329.88	559.79
b) Cash and cash equivalents	17	137.40	180.76
c) Other bank balances	18	638.49	29.16
d) Loans	19	1.36	1.58
e) Other financial assets	20	4,301.16	4,307.65
Other current assets	22	169.93	257.72
Current Tax Asset		0.01	0.00
Total current assets		5,584.82	5,342.60
Assets held for sale	23	93.80	10.36
Total assets		10,075.65	10,226.33
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	24	630.00	630.00
Other equity	25	(30,589.74)	(27,548.97)
Total equity		(29,959.74)	(26,918.97)
Non-current liabilities			
Financial liabilities			
a) Borrowings	26	23,181.08	23,481.93
b) Lease liabilities	27	13.05	54.42
c) Other financial liabilities	28	193.47	166.83
Long-term provisions	29	401.87	401.66
Deferred tax liabilities (net)	30	4.95	5.60
Other non-current liabilities	31	6.37	41.24
Total non-current liabilities		23,800.79	24,151.68
Current liabilities			
Financial liabilities			
Borrowings	32	12,244.18	9,100.01
a) Lease liabilities	33	6.26	18.64
Trade payables	34		
(a) Total outstanding dues of micro and small enterprises		101.96	111.59
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		930.73	888.57
c) Other financial liabilities	35	1,939.58	1,931.07
Other current liabilities	36	767.72	865.79
Short-term provisions	37	77.97	77.95
Current tax liabilities	21	0.70	-
Total current liabilities		16,069.11	12,993.62
Liability directly associated with Non-Current Assets held for sale		165.48	-
Total liabilities		40,035.39	37,145.30
Total equity and liabilities		10,075.65	10,226.33

Summary of material accounting policies 3

The accompanying notes are integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

* Rs.15463/-

For O P Bagla & Co LLP
Chartered Accountants
FRN No. 000018N/N500091
Sd/-
(CA Nitin Jain)
Partner
Membership No. 510841

For S.L.Chhajer & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277
Sd/-
(CA Vijit Baidmutha)
Partner
Membership No. 406044

For and on behalf of the Board of Directors

Sd/-	Sd/-
(A. Robert J. Ravi) Chairman and Managing Director DIN 10095013 Sd/- (Vasudev Singh) Chief Financial Officer	(Rajiv Kumar) Director (Finance) DIN 09811051 Sd/- (Ratan Mani Sumit) Company Secretary Membership No. ACS 15193

Place: New Delhi
Date: 21 May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED

Consolidated Statement of Profit and Loss for the year ended 31st March 2026

	Notes	31 March 2026 (Rs. in crores)	31 March 2025 (Rs. in crores)
Income			
Revenue from operations	38	956.37	1,129.61
Other income	39	584.72	221.64
Total income		1,541.09	1,351.25
Expenses			
Purchases of stock-in-trade		3.44	4.63
License fees expense	40	44.41	66.87
Employee benefits expense	41	522.93	547.94
Finance costs	42	2,983.07	2,918.15
Revenue sharing expense		44.02	59.51
Depreciation and amortisation expense	43	568.49	612.15
Other expenses	44	483.27	472.12
Total expenses		4,649.63	4,681.38
Profit/(loss) before share of net profits of investments accounted for using equity method and tax		(3,108.54)	(3,330.13)
Share of profit/(loss) in investments accounted for using equity method		1.42	1.82
Profit/(loss) before tax		(3,107.12)	(3,328.31)
Tax expense	45	0.12	(0.62)
Net profit/(loss) for the year		(3,107.24)	(3,327.69)
Discontinued operations			
Profit from discontinued operations before and after tax		-	-
Profit/ (loss) from discontinued operations		-	-
Net profit/ (loss) for the year		(3,107.24)	(3,327.69)
Other comprehensive income			
Items that will not be reclassified to profit and loss	46		
Re-measurements of defined benefit plans		1.45	(17.85)
Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit and loss			
Exchange difference on translation of foreign operations		2.64	2.15
Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income/ (loss) for the year		4.09	(15.70)
Total comprehensive income/ (loss) for the year		(3,103.16)	(3,343.39)
Profit/ (loss) is attributable to :			
Owners of Mahanagar Telephone Nigam Limited		(3,107.24)	(3,327.69)
		(3,107.24)	(3,327.69)
Total comprehensive income/ (loss) is attributable to :			
Owners of Mahanagar Telephone Nigam Limited		(3,103.16)	(3,343.39)
		(3,103.16)	(3,343.39)
Loss per equity share:	47		
Basic (Rs.)		(49.32)	(52.82)
Diluted (Rs.)		(49.32)	(52.82)

Summary of material accounting policies

The accompanying notes are integral part of the financial statements.

This is the statement of profit and loss referred to in our report of even date.

For and on behalf of the Board of Directors

For O P Bagla & Co LLP
Chartered Accountants
FRN No. 000018N/N500091

For S.L.Chhajed & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277

Sd/-
(A. Robert J. Ravi)
Chairman and Managing Director
DIN 10095013

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051

Sd/-
(CA Nitin Jain)
Partner
Membership No. 510841

Sd/-
(CA Vijit Baidmutha)
Partner
Membership No. 406044

Sd/-
(Vasudev Singh)
Chief Financial Officer

Sd/-
(Ratan Mani Sumit)
Company Secretary
Membership No. ACS 15193

Place: New Delhi
Date: 21 May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED

Consolidated Statement of Cash Flows for the year ended 31st March 2026

	31 March 2026 (Rs. in crores)	31 March 2025 (Rs. in crores)
A CASH FLOW FROM OPERATING ACTIVITIES	(3,107.12)	(3,328.31)
Profit/(loss) before tax		
Adjustments for:		
Depreciation expense	240.15	283.70
Amortisation expense	328.34	328.45
Loss on disposal of property, plant and equipment (net)	(410.95)	(6.19)
Share of profit from associates and joint ventures	(1.42)	(1.82)
Interest income	(22.88)	(23.47)
Excess provisions written back	(132.41)	(129.96)
Provision of Insurance Claim	0.39	1.50
Provision for doubtful debts	(0.29)	8.26
Provision for obsolete inventory	2.36	0.26
Provision for doubtful claims	105.30	23.86
Provision for abandoned work capital work in progress	13.75	-
Foreign exchange variation (net)	0.02	-
Finance costs	2,983.07	2,918.15
Bad debts recovered	(0.01)	(0.02)
Bad debts written off	10.51	11.79
Operating loss before working capital changes	8.82	86.21
Movement in working capital		
Increase in loans	1.44	0.99
(Increase)/decrease in inventories	(3.00)	(0.41)
Decrease/(increase) in other financial assets	(386.31)	(162.66)
(Increase)/decrease in other assets	94.29	10.18
Increase in trade and other receivables	219.96	(67.18)
(Decrease)/increase in other financial liabilities	200.21	(26.42)
Decrease in other liabilities	(132.79)	354.55
Decrease in provisions, trade and other payables	166.65	45.71
Cash used in operating activities post working capital changes	169.25	240.97
Income tax (paid)/refunds (net)	7.19	98.88
Net cash used in operating activities (A)	176.43	339.85
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)	(24.90)	(35.77)
Proceeds from sales of property, plant and equipment, investment property and intangible assets (including capital work-in-progress)	418.76	-
Movement in fixed deposits (net)	(609.33)	(5.79)
Dividend received	0.57	1.71
Interest received	14.40	11.15
Net cash used in investing activities (B)	(200.51)	(28.70)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds and repayment of long-term borrowings (net)	0.00	(258.32)
Proceeds and repayment of short-term borrowings (net)	1,829.73	2,507.39
Finance cost paid	(1,831.72)	(2,415.38)
Payment towards lease liability (including interest)	(17.29)	(49.13)
Net cash flows from financing activities (C)	(19.29)	(215.45)
Decrease in cash and cash equivalents (A+B+C)	(43.36)	95.70
Cash and cash equivalents at the beginning of the year	180.76	85.07
Cash and cash equivalents at the end of the year (As per Note 17)	137.40	180.76

Notes:

- Statement of Cash Flows has been prepared under Indirect method as set out in Ind AS 7 'Statement of Cash Flows'
- Previous year figures have been regrouped/reclassified wherever applicable
- Refer Note 26 for Reconciliation of financial liabilities arising from financing activities

For and on behalf of the Board of Directors

For O P Bagla & Co LLP
Chartered Accountants
FRN No. 000018N/N500091

Sd/-
(CA Nitin Jain)
Partner
Membership No. 510841

For S.L.Chhajed & Co. LLP
Chartered Accountants
FRN No. 000709C/C400277

Sd/-
(CA Vijit Baidmutha)
Partner
Membership No. 406044

Sd/-
(A. Robert J. Ravi)
Chairman and Managing Director
DIN 10095013

Sd/-
(Vasudev Singh)
Chief Financial Officer

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051

Sd/-
(Ratan Mani Sumit)
Company Secretary
Membership No. ACS 15193

Place: New Delhi
Date: 21 May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Statement of changes in equity for the year ended 31st March 2026

A. Equity share capital (Rs. in crores)

Particulars	Balance as at 01 April 2024	Changes in equity share capital during the year	Balance as at 31 March 2025	Changes in equity share capital during the year	Balance as at 31 March 2026
Equity share capital	630.00	-	630.00	-	630.00

B. Other equity (₹ in crores)

	Securities Premium	Promoter's Contribution	General reserve	Contingency reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	Total
Balance as at 01 April 2024	665.00	1,226.29	0.07	243.22	(26,402.71)	(5.97)	(24,274.10)
Profit/(loss) for the year	-	-	-	-	(3,327.69)	-	(3,327.69)
Dividend paid		-					-
Transfer from other comprehensive income to retained earnings	-		-	-	-	-	-
Addition during the year		68.52		-	-	-	68.52
Other comprehensive income for the year	-		-	-	(17.85)	2.15	(15.70)
Balance as at 31 March 2025	665.00	1,294.81	0.07	243.22	(29,748.25)	(3.82)	(27,548.97)
Profit/(loss) for the year	-		-	-	(3,107.24)	-	(3,107.24)
Addition during the year		62.30					62.30
Transfer in/ (out)	-		-	-	0.08	-	0.08
Other comprehensive income for the year	-		-	-	1.45	2.64	4.09
Balance as at 31 March 2026	665.00	1,357.11	0.07	243.22	(32,853.97)	(1.18)	(30,589.74)

For and on behalf of the Board of Directors

Sd/-

(A. Robert J. Ravi)

Chairman and Managing Director

DIN 10095013

For S.L.Chhajed & Co. LLP

Chartered Accountants

FRN No. 000709C/C400277

For O P Bagla & Co LLP

Chartered Accountants

FRN No. 000018N/N500091

Sd/-

(Rajiv Kumar)

Director (Finance)

DIN 09811051

Sd/-

(Vasudev Singh)

Chief Financial Officer

Sd/-

(CA Vijit Baidmutha)

Partner

Membership No. 406044

Sd/-

(CA Nitin Jain)

Partner

Membership No. 510841

Place: New Delhi

Date: 21 May 2026

Membership No. ACS 15193

1. Corporate information

Mahanagar Telephone Nigam Limited ('MTNL' or 'Parent') along with its subsidiaries, associates and joint venture (collectively referred to as 'Group'), a public sector enterprise, is engaged in providing telecom services in the geographical area of Mumbai and Delhi. The registered office of the Parent is located at Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi – 110003. The company's shares are listed with Bombay Stock Exchange and National Stock Exchange.

2. Basis of preparation

a) Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2026 in accordance with Ind AS 110 and the Board of Directors approved the same for issue on 21 May 2026.

b) Basis of Measurement

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention except for the following –

- Certain financial assets and liabilities which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value; and
- Assets held for sale – measured at fair value less costs of disposal

c) Critical Accounting Estimates and Judgements:

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the group make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of consolidated financial statements and the reported amounts of income and expenses for the periods presented. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting

estimates are recognised in the period in which the estimates are revised and future periods are affected. The group uses the following critical accounting judgements, estimates and assumptions in preparation of its consolidated financial statements:

- **Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.
- **Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- **Assessment lease term** – Lease term includes non-cancellable periods of lease along with extension options reasonably certain to be exercised and termination options reasonably certain not to be exercised. The assessment of whether extension options and termination options are reasonably certain to be exercised or not to be exercised, involve significant management judgement based upon economic incentives to extend or terminate the lease.
- **Activation and installation fees** - The Company receives activation and installation fees from new customers. These fees together with directly attributable costs are amortised over the estimated duration of customer relationship period. The customer relationship period is reviewed periodically. The estimated relationship period principally reflects management's view of the average economic relationship period of the customer base and is assessed by reference to key performance indicators (KPIs) which are linked to establishment/ascertainment of customer relationship period. A change in such KPIs may lead to a change in the estimated useful life and an increase/ decrease in the amortisation income/charge. The Company believes that the change in such KPIs will not have any material effect on the financial statements.
- **Recoverability of advances/receivables** – At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factor.
- **Classification of assets and liabilities into current and non-current** – The management classifies the assets and liabilities into current and non-current categories based on management's expectation of the timing of realisation of the assets or timing of contractual settlement of liabilities. An asset is classified as current when it expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle or expected to be realized within

12 months after the reporting date. A liability is expected to be settled in the Company's normal operating cycle or is due to be settled within 12 months after the reporting date. All other assets and liabilities are classified as non-current. Based on the nature of operations and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non-current.

- **Segment reporting** – The service offered as 'Basic & Other Services', 'Cellular' and 'infrastructure leasing' has been identified as three reportable segments for segment reporting.
- **Impairment of assets** - In assessing impairment, management estimates the recoverable amounts of each asset or cash-generating unit (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate.
- **Useful lives of depreciable/amortisable assets (tangible and intangible)** - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.
- **Inventories** – Management estimates the cost of inventories including cost of materials and overheads considered attributable to the production of such inventories, taking into account the most reliable evidence available including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.
- **Defined benefit obligation (DBO)** - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.
- **Fair value measurements** - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best

information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

3. Material accounting policies information:

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, joint ventures and associates as at 31 March 2024. Control is achieved when the Group is exposed or has rights to variable returns from its involvement through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Subsidiaries

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Profit/(loss) and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Associates and joint ventures

Associates

Investment in entities in which there exists significant influence but not a controlling

interest are accounted for under the equity method i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from associate ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities.

Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement.

- **Joint ventures** – Interest in joint venture are accounted for using the equity method, after initially being recognised at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities.
- **Joint operations** – The Group recognises its direct right to the assets, liabilities, revenue and expenses of Joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. These have been incorporated in the financial statement under the appropriate heading.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

b) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. Revenue is recognized on accrual

basis, including income from subscribers whose disputes are pending resolution, and closure of the subscribers' line.

- a) In the case of contracts involving single performance obligation, accounting for revenue is done on accrual basis and revenue is recognized over the period in which services are rendered.
- b) In case of contracts involving multiples promises, which involve delivery or performance of multiple products, services or right to use assets, evaluation is done for all deliverables in an arrangement to determine whether they represent separate performance obligations at the inception of arrangement. Total consideration related to the bundled contract is allocated among the different performance obligations based on their standalone selling prices. In case the relative fair value of different performance obligations cannot be determined on a reasonable basis, the total consideration is allocated to the different performance obligations based on residual value.
- c) For sale of prepaid products, processing fee on recharge coupons is recognized over the customer relationship period or coupon validity period, whichever is lower.
- d) Activation & installation revenue and related costs, not exceeding the respective revenue, are to be deferred and amortized over the estimated customer relationship period. The excess of costs over revenue, if any, are to be expensed as incurred. Subscriber acquisition costs are to be expensed as incurred.
- e) Income from sale of prepaid calling cards, virtual calling cards (VCC) and prepaid internet connection cards is recognised basis the usage or expiry of cards, whichever is earlier.
- f) Interest income/expenditure is to be recognized based on effective interest rate [EIR] i.e. the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs fees paid or received, premiums or discounts if any etc. The difference between the actual interest rate and effective interest rate will be routed through statement of profit or loss.
- g) Income from services includes income from leasing of infrastructure to other service providers. Cost of related stores and materials consumed in execution is charged to project or revenue job at the time of issue. However, spill over items at the end of the year lying at various stores are valued at weighted average cost.
- h) Sale proceeds of scrap arising from maintenance & project works are taken into miscellaneous income in the year of sale.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash,

and only passage of time is required, as per contractual terms. Unearned and deferred revenue (“contract liability”) is recognised when there is billing in excess of revenues or advances received from the customer.

c) **Post-employment benefits**

a) *Defined contribution plan*

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Group’s defined contribution plans include provident fund, pension contribution and leave salary.

- (i) In respect of absorbed combined service pension optees in MTNL, provision for pension contribution is payable to the Govt. of India as per FR-116 as in Bharat Sanchar Nigam Limited (‘BSNL’) with equivalent BSNL pay scales and it is expensed off in the relevant year.
- (ii) In respect of officials who are on deemed deputation from Department of Telecommunications (DoT) and other Government departments, the provision for pension contribution is payable to the Government of India at the rates specified in Appendix 2(A) to FR 116 and 117 of FR. & SR and it is expensed off in the relevant year. Further, provision for leave encashment is payable @ 11% of pay as specified in appendix 2(B) of F.R.116 and 117 of F.R. & S.R. and it is expensed off in the relevant year.

b) *Defined benefit plan*

The defined benefit plans sponsored by the Group defines the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group. The Group’s defined benefit plans include amounts provided for gratuity and provident fund.

- (i) For Absorbed CPF optees and direct recruits of MTNL, the Parent made contribution to provident fund Trust administered by the Parent, which was recognised by the income tax authorities. Following the withdrawal of the Parent’s exemption from the provident fund, all accumulations in the employees’ accounts on the employer’s accounts, as well as employee contribution and interest thereon, have been transferred to the Recognised Provident Fund, and with effect from July 2020 the Parent has no legal or constructive obligations to pay further contributions after paying the fixed contribution to Recognised Provident Fund.
- (ii) For Absorbed CPF optees and direct recruits of MTNL, the liability for gratuity is estimated using actuarial valuation as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains

or losses and past service costs. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

- (iii) For absorbed combined service pension optee employees in MTNL, no provision is made for the pensionary benefits viz pension and gratuity.
- c) *Other long-term employee benefits*
 - (i) Liability for leave encashment for all employees of MTNL is accounted for on actuarial valuation basis, performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the consolidated statement of profit and loss in the year in which such gains or losses arise.
 - (ii) For post-retirement medical benefits, no provision is made since insurance policy is taken periodically and the premium is expensed off in the relevant year.
- d) Short-term benefits comprise of employee costs such as salaries, bonus, ex-gratia, short-term compensated absences are accrued in the year in which the associated services are rendered by employees of the Group.
- e) Bonus/Ex-gratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company.

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time, which is generally considered as one year, to get ready for its intended use or sale are capitalised as part of the cost of the asset. Further, projects with estimated cost up to Rs 30 crores generally take a year to complete. All other borrowing costs are expensed in the period in which they occur and reported in finance cost. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest rate.

e) Property, plant and equipment

Recognition and initial measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Assets are capitalized, as per the practices described below, to the extent completion certificates have been issued, wherever applicable.

- i. Land is capitalized when possession of land is taken.
- ii. Building is capitalized to the extent it is ready for use.
- iii. Apparatus & plants principally consisting of telephone exchange equipment and air conditioning plants are capitalised on commissioning of the exchange. Subscriber's installations are capitalized as and when the exchange is commissioned and put to use either in full or in part. Identifiable components in Apparatus & plants having significant cost and/or separate useful life than the main asset i.e. ADSL, VDSL & MES CPES, UPS/Batteries and Subscriber Telephone Instruments are capitalised separately on commissioning and put to use.
- iv. Lines & wires are capitalised as and when laid or erected to the extent completion certificates have been issued.
- v. Cables are capitalised as and when ready for connection with the main system.
- vi. Vehicles and other assets are capitalized as and when purchased.
 - (a) Property, plant and equipment are being verified by the management at reasonable intervals i.e. once in every three years by rotation. The physical verification of underground cables is done on the basis of working of network and based on records available together with a certificate from the technical officers.
 - (b) Expenditure on replacement of assets, equipment, instruments and rehabilitation work is capitalized if it is expected to generate future economic benefits for more than one year.
 - (c) Upon scrapping/decommissioning of assets, these continue to be classified in property, plant and equipment unless they are classified as 'held for sale' and carried at the lower of carrying value or fair value less costs of disposal. Resultant loss, if any, is charged to consolidated statement of profit and loss.
 - (d) Cost of major inspection is recognized in the carrying amount of plant and equipment if it is expected to generate economic benefits and its life is more than one year.
 - (e) On replacement of significant components of plant and equipment, recognition is made for such replacement of components as individual assets with specific useful life and depreciated as if these components are initially recognised as separate asset.
 - (f) In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.
 - (g) The present value of expected cost for decommissioning of the asset on expiry of its useful life is included in the cost of respective asset. A provision for decommissioning is also created with equivalent amount.

- (h) Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss as 'other income' or 'other expenses', as the case may be, on the date of disposal.

Subsequent measurement

- (a) Depreciation is provided by Parent using straight-line method on the basis of the useful lives prescribed in Schedule II of the Companies Act, 2013 except in respect of Apparatus & Plant (including Towers, Transceivers, switching centers, transmission & other network equipment) and identifiable components in Apparatus & plant having significant cost and/or separate useful life than the main asset, mobile handsets for service connection, low cost aerial optical fibre cable and major structural repairs of the building which are depreciated at the rates based on technical evaluation of useful life of these assets, which are lower than the lives prescribed in Schedule II of the Companies Act 2013. Depreciation is provided by foreign subsidiary on Straight line basis over the useful lives of each part of an item of property plant and equipments. The estimated useful lives and residual value are reviewed at the end of each reporting period.

For **Apparatus & plant** (including Towers, Transceivers, switching centres, transmission & other network equipment), Office equipment & Cable having useful life of 10 Years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
1. UPS/Battery up to 300AH capacity	4
2. UPS/Battery more than 300AH capacity	7
3. ADSL, VDSL & MES CPES	5
4. Subscribers telephone instruments	5

For **Office Equipments** having useful life of 5 Years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
5. Mobile handset for service connection	3

For **Cable** having useful life of 18 years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
6. Low cost aerial optical fibre cable	3

For **Office Building & exchange** having useful life of 60 and 30 years respectively other than following assets/ components with shorter useful lives –

Name of assets	Useful life (years)
7. Others (Major structural repair of building)	7

For **Foreign Subsidiary** depreciation rates used are as follows:

Name of assets	Depreciation rate
8. Buildings	4.75%
9. Computer equipments	31.67%
10. Furniture, Fixtures and fittings	11.87%
11. Office equipments	19.00%
12. Motor vehicles	11.88%
13. Plant & equipments (Outdoor)	10.00%
14. Plant & equipments (Indoor)	13.57%

- (b) 100 % depreciation is provided on assets immaterial in value up to Rs 0.05 lakh, in the year of purchase itself, other than those forming part of project, the cost of which is below Rs 0.10 lakh in case of Apparatus & plants, Training equipment & testing equipment and Rs 2.00 lakh for partitions, which is not considered to be material.
- (c) Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed or replaced.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

f) Intangible assets

Intangible assets are stated at their cost of acquisition and/or development less accumulated amortisation. Intangible assets including application software are capitalised when ready for use. All intangible assets with definite useful life are amortized on a straight-line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired.

- (a) Intangible assets represented by one-time upfront payment for 3G spectrum is amortized on straight-line basis over the period of license i.e. 20 years.

- (b) Application software is amortised on straight-line basis over the useful life of the assets which is considered as 10 years.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

g) Leases

Group as a lessee

The Group's lease asset classes primarily consist of leases for BTS sites, towers and building. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with

a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option

Group as a lessor

A lease for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

h) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs of disposal. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit and loss.

i) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of investment properties other than land.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property

(calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognized.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its investment properties recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

j) Inventories

Inventories being stores and spares are stated at the lower of cost and net realisable value. However, inventories held for capital consumption are stated at cost.

Cost of inventories:

Cost of stores and spares is determined on weighted average basis.

Net realisable value:

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

k) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Company, since substantially the entire funding of the Company and its operational income is denominated in Indian Rupee. The functional currency of the subsidiaries, associate and joint venture is local currency applicable in respective jurisdictions.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the statement of profit or loss.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

1) Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the statement profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within 'other expenses'.

➤ *Amortised cost*

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- a) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Group's cash and cash equivalents, trade and certain other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

- (i) **For debtors that are not past due** – In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.
- (ii) **For debtors considered past due** – any enhancement in the accrual done for expected credit loss on individually significant receivables is made as follows –
 - Provision is made for wrong billing, disputed claims from subscribers (Including operators covered under the agreements related to IUC/ Roaming/MOU) and cases involving suspension of revenue realization due to proceedings in Court.
 - For landline services – provision is made on the basis of ECL for debtors (Including operators) outstanding for more than 1 year but up to 3 years and 100% in respect of for more than 3 years.
 - For closed connections, provision is made in respect of outstanding for more than 3 years along with spill over amount for up to 3 years.
 - For wireless services (GSM & CDMA) – 100% provision is made for debtors outstanding for more than 180 days.
- (iii) **For other financial assets** – In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the

Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

➤ *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in the statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

➤ *Financial assets at FVOCI*

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within FVOCI reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statement of profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest rate, except for financial liabilities held for trading or designated as FVTPL, that are carried subsequently at fair value with gains or losses recognised in the statement of profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss and are included within finance costs or finance income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Income taxes

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961 and in the overseas branches/companies as per the respective tax laws.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Parent and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax asset ('DTA') is recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilised or to the extent of taxable temporary differences.

In respect of deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that the temporary difference will reverse in the foreseeable future; and taxable profit will be available against which the temporary difference can be utilised.

Minimum Alternate Tax (MAT) credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the consolidated statement of profit and loss and classified under 'deferred tax asset'.

n) Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

For intangible assets with indefinite useful life that are tested at least annually. For other assets, the Group assesses at each balance sheet date whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the consolidated statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, which is the higher of fair

value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factor reflects current market assessment of the time value of money and asset-specific risks factors.

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Contingent liabilities are disclosed in case of present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be estimated reliably.

Contingent assets are not recognised. However, when inflow of economic benefit is probable, related asset is disclosed.

p) Government grants

Government grants are recognised if it is sufficiently certain that the assistance will be granted and the conditions attached to assistance are satisfied. Where the grant relates to specified asset, it is recognised as deferred income, and amortized over the expected useful life of the asset. Other grants are recognised in the consolidated statement of comprehensive income concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the consolidated statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

r) Statement of Cash flow

Statement of cash flow is being prepared in accordance with the requirements of Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows". Cash flows from operating activities is reported using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

s) Adjustment pertaining to earlier years

Income from services and other income pertaining to prior years is not disclosed as prior period item for each individual transaction not exceeding Rs. 1.00 lakh and similarly items of expenditure for each individual transaction not exceeding Rs. 1.00 lakh are considered as expenditure of current year.

In respect of other items of income (including operating income and other income) and expenditure relating to prior periods, the net effect of which on retained earnings does not exceed 1% of turnover is treated as income/expenditure of current year.

t) Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium account, net of any related income tax benefits.

Other components of equity include the following:

- Re-measurement of defined benefit liability – comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets
- Reserve for contingencies
- Promoter's contribution – fair value of waiver of guarantee fee on debentures (NCD)
- General reserve
- Other transactions recorded directly in other comprehensive income.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Standards issued but not yet effective:

The Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules, as amended from time to time. During the year ended March 31, 2026, MCA notified certain amendments to existing Indian Accounting Standards, including amendments relating to classification of liabilities as current or non-current, supplier finance arrangements and International Tax Reform – Pillar Two Model Rules, which are applicable for annual reporting periods beginning on or after April 1, 2026.

The Company has evaluated the aforesaid amendments and, based on its preliminary assessment, does not expect any material impact on its standalone financial statements on adoption of the said amendments.

MAHANAGAR TELEPHONE NIGAM LIMITED
Notes forming part of consolidated financial statements for the year ended 31 March 2026

4. Property, plant and equipment

(Rs. in crores)

Description	Freehold land	Buildings	Lines & wires	Cables	Apparatus & plant	Furniture & fixtures	Vehicle	Computers	Office machinery & equipment	Electrical appliances	Asset scrapped/ decommissioned	Total
Gross carrying value												
As at 01 April 2024	18.25	2,029.53	180.11	7,954.79	10,518.19	156.75	248.09	12.93	37.13	159.03	56.63	21,371.41
Additions	-	15.39	0.87	7.64	70.97	-	0.65	-	0.03	2.28	0.72	98.55
Adjustments ^a	(0.00)	(11.16)	-	(0.00)	0.00	(0.04)	(0.00)	(0.11)	(0.00)	(0.36)	(1.73)	(13.39)
Exchange differences	-	0.25	-	-	4.66	0.04	0.01	0.02	0.01	-	-	4.98
Disposals	-	(2.88)	-	(0.04)	(18.26)	(0.76)	(0.93)	(1.16)	(0.14)	(0.50)	(0.66)	(25.33)
As at 31 March 2025	18.25	2,031.13	180.97	7,962.39	10,575.56	156.00	247.81	11.68	37.03	160.45	54.97	21,436.21
Additions	-	3.25	0.75	7.49	13.46	0.00	0.03	-	0.05	0.07	17.46	42.55
Adjustments ^a	(0.01)	(7.10)	-	-	34.99	-	-	-	-	-	(34.87)	(6.99)
Exchange differences	-	0.52	-	-	10.29	0.09	0.02	0.04	0.01	-	-	10.97
Disposals	(0.82)	(7.96)	-	(1.05)	(376.79)	(0.83)	(2.58)	(1.43)	(0.17)	(1.26)	(6.74)	(399.63)
As at 31 March 2026	17.42	2,019.84	181.72	7,968.83	10,257.50	155.25	245.26	10.28	36.91	159.26	30.82	21,083.12
Accumulated depreciation												
As at 01 April 2024	-	1,424.86	131.27	7,120.38	9,598.83	149.25	234.22	12.26	35.58	143.59	-	18,850.24
Charge for the year	-	52.06	5.15	65.85	122.19	0.52	0.92	0.03	0.02	1.55	-	248.28
Assets held for sale	-	(5.73)	-	(0.04)	(16.36)	(0.77)	(0.89)	(1.21)	(0.17)	(0.83)	-	(25.98)
Adjustments ^a	-	0.12	-	-	3.63	0.04	0.01	0.02	0.01	-	-	3.81
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2025	-	1,471.30	136.42	7,186.19	9,708.29	149.04	234.25	11.10	35.44	144.31	-	19,076.35
Charge for the year	-	45.14	5.28	61.42	104.15	0.46	0.72	0.01	0.02	1.55	-	218.76
Adjustments ^a	-	(7.07)	0.00	(0.53)	(356.77)	(0.81)	(2.45)	(1.36)	(0.17)	(1.19)	-	(370.35)
Exchange differences	-	0.27	-	-	8.10	0.08	0.01	0.04	0.01	-	-	8.51
Impairment loss	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2026	-	1,509.65	141.69	7,247.08	9,463.78	148.77	232.54	9.78	35.30	144.66	-	18,933.26
Net block as at 31 March 2025	18.25	559.82	44.56	776.20	867.26	6.95	13.55	0.58	1.59	16.15	54.97	2,359.86
Net block as at 31 March 2026	17.42	510.20	40.03	721.75	793.72	6.47	12.73	0.50	1.61	14.60	30.82	2,149.86

^aAdjustments includes transfer to/from investment properties.

Notes:

(i) Contractual obligations

Refer note 55 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Depreciation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iii) Adjustment includes disposal, value difference, spill over etc. identified during the year.

(iv) The title deed of property having carrying value of Rs. 1.24 Crore deposited with bank as security. (Refer Note 26)

(v) The title deed of property having carrying value of Rs. 0.22 Crore deposited with bank as security. (Refer Note 68(a))

(vi) Refer Note/6 for impairment

(vii) Title deeds of Properties : Refer note 62 for disclosure of title deeds of Properties.

5. Capital work-in-progress

(Rs. in crores)

	31 March 2026	31 March 2025
Buildings	1.95	2.86
Apparatus & plants	0.03	11.02
Lines & wires	0.00	0.70
Cables	3.03	7.83
Subscribers' installations	0.09	1.89
Air conditioning plants	0.01	0.79
CWIP- Inventory	57.07	60.05
	62.19	85.15
Less: provision for :		
Abandoned work	-	(1.70)
CWIP- Inventory	(49.66)	(51.48)
	12.53	31.97

Movement in capital work in progress:

(Rs. in crores)

Particulars	Amount
Capital work-in-progress as at 01 April 2024	85.80
Add: additions during the year	23.21
Less: capitalisation during the year	(75.08)
Less: reversal/(provision) for abandoned work	-
Less: reversal/(provision) others	(1.96)
Capital work-in-progress as at 31 March 2025	31.97
Add: additions during the year	8.34
Less: capitalisation during the year	(22.21)
Less: reversal/(provision) for abandoned work	(1.70)
Less: reversal/(provision) others	(3.86)
Capital work-in-progress as at 31 March 2026	12.54

Notes:

(i) Contractual obligations

Refer note 55 for disclosure of contractual commitments.

(ii) Nature of expenses capitalised during the year

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Salaries and other employee costs	5.17	10.54
Finance cost	-	-
Administrative costs	(0.22)	-
Total	4.95	10.54

(iii) Capital work in progress ageing

(Rs. in crores)

31 March 2026	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	4.92	2.30	4.42	50.56	62.19
Projects temporarily suspended	-	-	-	-	-
Total CWIP	4.92	2.30	4.42	50.56	62.19

(Rs. in crores)

31 March 2025	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	15.26	6.66	2.05	59.48	83.45
Projects temporarily suspended	-	-	-	1.70	1.70
Total CWIP	15.26	6.66	2.05	61.18	85.15

(iv) The overdue project exceeding its original timelines are being regularised in due course.

6. Right-of-use assets

(Rs. in crores)

Description	Leasehold land	Buildings	Towers	Vehicle	Total
Gross carrying value					
As at 01 April 2024	352.45	33.18	263.32	0.00	648.95
Additions/Transfer In	-	-	-	-	-
Adjustments during the year	0.25	(0.64)	(0.47)	-	(0.86)
Exchange difference	0.01	0.02	-	-	0.03
Deletions/Transfer Out	-	-	-	-	-
As at 31 March 2025	352.71	32.56	262.85	0.00	648.12
Additions/Transfer In	-	-	-	-	-
Adjustments during the year	(135.35)	(7.53)	(0.01)	-	(142.89)
Exchange difference/adjustments	0.02	0.04	-	-	0.06
Deletions/Transfer Out	-	-	-	-	-
As at 31 March 2026	217.38	25.07	262.84	0.00	505.29
Accumulated depreciation					
As at 01 April 2024	90.32	21.78	222.38	0.00	334.48
Charge for the year	3.30	2.78	26.33	-	32.41
Assets held for sale	-	-	-	-	-
Transferred to investment property	-	-	-	-	-
Adjustments during the year	0.27	(0.77)	-	-	(0.50)
Exchange difference	-	0.02	-	-	0.02
As at 31 March 2025	93.89	23.81	248.71	0.00	366.41
Charge for the year	8.54	1.42	8.15	-	18.11
Assets held for sale	-	-	-	-	-
Adjustments during the year	(25.19)	(6.24)	-	-	(31.43)
Exchange difference	0.01	0.04	-	-	0.05
As at 31 March 2026	77.25	19.03	256.85	0.00	353.13
Net carrying value as at 31 March 2025	258.82	8.75	14.14	0.00	281.72
Net carrying value as at 31 March 2026	140.13	6.04	5.98	0.00	152.16

Adjustment includes disposal, value difference etc. identified during the year.

Refer note 57 for further details on leases.

7. Investment property

(Rs. in crores)

Description	Gross block				Accumulated depreciation				Net block	Net block
	01 April 2024	Additions	Disposals/ adjustments [^]	Exchange differences	31 March 2025	01 April 2024	Charge	Disposals/ adjustments [^]	Exchange differences	31 March 2025
Freehold land	0.77	0.00	-	-	0.77	-	-	-	-	0.77
Leasehold land	17.25	-	0.02	-	17.27	5.41	0.58	(0.07)	-	11.33
Buildings	97.81	1.78	0.07	0.20	99.85	42.66	2.42	1.02	0.09	53.66
Total	115.83	1.78	0.09	0.20	117.89	48.07	3.01	0.95	0.09	65.77

(Rs. in crores)

Description	Gross block				Accumulated depreciation				Net block	Net block
	01 April 2025	Additions	Disposals/ adjustments [^]	Exchange differences	31 March 2026	01 April 2025	Charge	Disposals/ adjustments [^]	Exchange differences	31 March 2026
Freehold land	0.77	0.01	-	-	0.78	-	-	-	-	0.78
Leasehold land	17.27	-	-	-	17.27	5.93	0.28	-	-	11.05
Buildings	99.85	0.27	-	0.42	100.54	46.19	2.55	0.22	0.22	51.36
Total	117.89	0.27	-	0.42	118.59	52.12	2.83	0.22	0.22	63.19

[^]Disposals/adjustments includes transfer from/to property, plant and equipment.

(i) Amount recognised in profit and loss for investment property

(Rs. in crores)

	31 March 2026	31 March 2025
Rental income	455.39	382.30
Direct operating expenses that generated rental income*	100.33	-
Direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property	355.06	382.30

(ii) Leasing arrangements

(Rs. in crores)

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given, as required by Ind AS 116 "Leases".

(iii) Fair value of investment property

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Fair value	4,401.80	4,350.75

The Group reviews fair values annually. The following factor have been considered for determination of fair value -

- (a) **Leasehold properties** - These land properties have been allotted to Group on perpetual lease from the government for carrying out operations in normal course of business. The Group constantly reviews the utilisation of its facilities and any surplus properties are considered for letting out to earn rental income. Being leasehold properties, the Group is restricted from selling them in an active market, however, such properties can be converted into freehold properties at circle rates at which the government (or other bodies representing the government) would sell such properties in an active market. This is considered to be representative of the fair value of properties as at reporting date.
- (b) **Freehold land** - The circle rates are considered to be a fair representation at which such properties can be sold in an active market.
- (c) **Buildings** - In case of constructed building, cost of construction adjusted with the present day price index (after considering depreciation thereon) has been taken as the basis of valuation.

8. Intangible assets

(Rs. in crores)

	Software	One time spectrum fees	Total
Gross carrying value			
At 01 April 2024	133.96	6,564.00	6,697.96
Additions	0.08	-	0.08
Disposals/adjustments	(0.45)	-	(0.45)
Balance as at 31 March 2025	133.59	6,564.00	6,697.59
Additions	-	-	-
Disposals/adjustments	-	-	-
Balance as at 31 March 2026	133.59	6,564.00	6,697.59
Accumulated amortisation			
At 01 April 2024	133.08	5,135.40	5,268.49
Amortisation charge for the year	0.25	328.20	328.45
Adjustments	(0.45)	-	(0.45)
Balance as at 31 March 2025	132.89	5,463.60	5,596.50
Amortisation charge for the year	0.14	328.20	328.34
Adjustments	-	-	-
Balance as at 31 March 2026	133.02	5,791.80	5,924.84
Net carrying value as at 31 March 2025	0.69	1,100.40	1,101.09
Net carrying value as at 31 March 2026	0.56	772.20	772.75

Notes:

(i) Contractual obligations

Refer note 55 for disclosure of contractual commitments for the acquisition of intangible assets.

- (ii) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.
- (iii) There was no expenditure incurred on research and development during the current and comparative year.
- (iv) The life of 3G Spectrum Licence will be expired on 07.08.2028.

9. Investments accounted for using the equity method

(Rs. in crores)

	Number of shares		Amount	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
In equity instruments (At Cost)				
In Joint ventures (unquoted)				
MTNL STPI IT Services Limited (face value of Rs. 10 each fully paid up)	22,82,000	22,82,000	3.62	3.51
			3.62	3.51
Add: share of from joint ventures accounted through equity method			0.93	0.11
Investments accounted for using the equity method			4.55	3.62

Notes:

- (a) Refer note 51 for detailed information on interests in associates and joint ventures.
- (b) As per article 12.19 (b) of 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 prior consent of other Investors. Further, at any such point of time or otherwise also, as per 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 were valid up to 30 April 2018 and subsequent to 30 April 2018, the local partner had sought 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 SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on email on 17-6-21 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. In view of inordinate delay in closing the issue all the Indian partners met in May, 2023 and decided to explore legal option from local counsel of Nepal for enforcing the exit option. There is no further progress for giving effect to the exit clause from M/s NVPL. The net worth of the company is already negative and there is no cash flow to support the investment and the company has not been involved in revenue generating activities since long period and even has not paid duties and taxes for the past years. The repatriation of funds seems to be impossible unless clearance of dues of local government. Accordingly, the investment of Rs. 35.85 Crore was tested for impairment in line with Ind AS 28 and impaired to nil value. However, the efforts to recover the investment proceeds as per exit clause will continue, as is being done, and the same shall be accounted for in the year of receipt, in the event of successful recovery.
- (c) The physical share certificates of the subsidiary companies, namely Millennium Telecom Limited, Mahanagar Telephone Mauritius Limited and 30,68,200 shares of United Telecom Limited (Associate Company) are not traceable. Efforts are being made to trace the share certificates.

10. Loans

(Rs. in crores)

	'31 March 2026 Non-current	'31 March 2025 Non-current
Secured, considered good		
Loan to employees	1.45	2.15
Unsecured, considered good		
Security deposits with other departments		
Receivable from DoT	-	-
Receivable from BSNL	-	-
	1.45	2.15
Less: allowance for credit impaired loans	(0.04)	(0.04)
	1.41	2.11

Notes:

- No loans are due from director or other officers of the Group either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is partner, director or a member.
- Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 49 - Financial risk management for assessment of expected credit losses.

11. Other financial assets

(Rs. in crores)

	'31 March 2026 Non-current	'31 March 2025 Non-current
Bank deposits with more than 12 months maturity	46.44	43.77
Unsecured, considered good		
Security deposits with other departments	223.26	221.65
Receivable from BSNL	457.92	235.20
Credit impaired		
Security deposits with other departments	3.73	3.73
	731.35	504.34
Less: allowance for credit impaired loans	(3.51)	(3.51)
Bank Balance under Court Lien	-	-
	727.84	500.83

Notes:

- Rs. 46.44 crores (31 March 2025 - Rs. 43.77 crores) pledged with the banks for issuing bank guarantees to third parties.
- Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 49 - Financial risk management for assessment of expected credit losses.

12. Deferred tax assets (net)

(Rs. in crores)

	31 March 2026	31 March 2025
Deferred tax assets arising on account of :		
Property plant and equipment	0.00	0.00
	0.00	0.00

(i) Movement in deferred tax assets for year ended 31 March 2025:

Particulars	'01 April 2025	Recognised in other comprehensive income	Recognised in statement of profit and loss	'31 March 2026
Non-current assets				*
Property plant and equipment	0.00	0	0	0.00
Total	0.00	-	(0.00)	0.00

* Rs.15463/-

13. Income tax assets (net)

(Rs. in crores)

	31 March 2026	31 March 2025
Advance income tax (net of provision)	494.14	501.41
	494.14	501.41

14. Other non-current assets

(Rs. in crores)

	31 March 2026	31 March 2025
Capital advances (net of provision)	9.38	2.87
Deferred lease income	10.70	20.78
Balances with statutory authorities	-	2.54
Prepaid expenses	0.54	0.82
	20.62	27.01
Less: Provision for Other Non- Current Assets	(2.03)	(2.03)
	18.59	24.98

15. Inventories

(Rs. in crores)

	31 March 2026	31 March 2025
(Valued at lower of cost or Net Realisable value, unless otherwise stated)		
Exchange equipments	28.08	29.41
Mobile handsets & sim cards	3.48	3.04
WLL equipments	0.08	0.08
Telephones & telex spares	0.09	0.09
	31.73	32.61
Less : provision for obsolete stores	(25.15)	(26.68)
	6.59	5.94

16. Trade receivables

(Rs. in crores)

	31 March 2026	31 March 2025
Trade receivables		
- Secured, considered good	132.57	90.08
- Unsecured, considered good	282.83	343.49
- Credit impaired	1,025.35	1,116.48
Unbilled receivables*	27.80	239.54
	1,468.55	1,789.59
<i>Less: Allowance for impairment</i>		
Unsecured considered good (expected credit loss)	(113.32)	(113.32)
Credit impaired **	(1,025.35)	(1,116.48)
	329.88	559.79

* Represents contract assets under Ind AS 115. Refer note 57 for details.

** Expected Credit Loss on unbilled revenue amounts to Rs. 4.28 Crore (31 March 2025 - Rs. 13.64 Crore)

Notes:

- Trade receivables have been pledged as security for liabilities, for details refer note 59.
- No trade or other receivable are due from director or other officers of the Group either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is partner, director or a member.
- Trade receivables are secured to the extent of security deposits received from customers, with contractual amounts as at 31 March 2026 of Rs.132.57 crores (31 March 2025 - Rs.90.08) and related amortised cost as at 31 March 2026 of Rs.132.57 crores (31 March 2025 - Rs. 40.33 crores).
- The carrying values of trade receivables are considered to be a reasonable approximation of fair values.

(v) Ageing schedule of trade receivables

(Rs. in crores)

31 March 2026	Outstanding from the transaction date					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	26.17	11.97	12.56	9.06	203.98	263.73
Undisputed Trade Receivables – which have significant increase in credit risk	2.51	4.12	21.44	16.31	496.54	540.92
Undisputed Trade Receivables – credit impaired	-	2.22	3.77	4.41	625.76	636.16
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Undisputed - unbilled revenue - considered good	27.80	-	-	-	0.00	27.80
Total	56.47	18.31	37.78	29.77	1,326.28	1,468.61
Less Provision for doubtful debts						-1,138.73
Net Trade receivable						329.88

31 March 2025	Outstanding from the transaction date					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	66.87	82.40	24.94	21.99	235.78	431.99
Undisputed Trade Receivables – which have significant increase in credit risk	8.52	9.19	16.24	33.79	412.43	480.17
Undisputed Trade Receivables – credit impaired	0.58	2.97	3.77	4.41	626.16	637.88
Disputed Trade Receivables–considered good	-	-	-	-	-	-
Undisputed - unbilled revenue - considered good	239.54	-	-	-	0.00	239.54
Total	315.51	94.56	44.96	60.19	1,274.38	1,789.59
Less Provision for doubtful debts						-1,229.80
Net Trade receivable						559.79

17. Cash and cash equivalents

(Rs. in crores)

	31 March 2026	31 March 2025
Balances with banks in current accounts	138.02	181.07
Cheques, drafts in hand	0.02	0.16
Cash on hand	0.06	0.09
Less: provision for doubtful bank balances	(0.70)	(0.56)
	137.40	180.76

The carrying values are a reasonable approximate of their fair values.

18. Other bank balances

(Rs. in crores)

	31 March 2026	31 March 2025
Bank deposits maturity for more than 3 months but less than 12 months	638.27	29.15
Balance with banks in escrow accounts	0.22*	0.00
	638.49	29.16

* Rs. 21,216/-

19. Loans

(Rs. in crores)

	31 March 2026 Current	31 March 2025 Current
Secured, considered good		
Loan to employees	2.09	2.02
Unsecured, considered good		
Loan to employees	1.20	1.51
	3.29	3.52
Less: Allowance for credit impaired loans	(1.93)	(1.94)
	1.36	1.58

Notes:

- (i) Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

20. Other financial assets

(Rs. in crores)

	31 March 2026 Current	31 March 2025 Current
Amount recoverable		
IUC operators	324.11	394.00
DoT	129.71	232.76
Others	385.09	442.95
Receivable from BSNL	3,643.42	3,329.84
Security deposits with other departments	18.83	18.73
	4,501.17	4,418.28
Less: provision for credit impaired receivables	(200.00)	(110.63)
	4,301.16	4,307.65

Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

- (ii) For details on settlement of receivable from BSNL, refer note 69.
(iii) For details on settlement of receivable from DoT, refer note 74.
(iv) Dues from the Operators being on account of revenue sharing agreements are not treated as debtors.

21. Current tax liabilities (net)

(Rs. in crores)

	31 March 2026	31 March 2025
Current tax liabilities (net of advance income tax)	0.70	-
	0.70	-

22. Other current assets

(Rs. in crores)

	31 March 2026	31 March 2025
Advances to suppliers	27.66	34.33
Deferred lease income	19.15	12.60
Advance against future settlements towards DoT		
Balances with statutory authorities	97.00	214.89
Prepaid expenses	9.48	15.09
Other recoverables	50.79	2.12
	204.08	279.03
Less: provision for doubtful advances	(34.15)	(21.31)
	169.93	257.72

23. Assets held for sale

(Rs. in crores)

	31 March 2026	31 March 2025
Property, plant and equipment (refer note (a))	93.80	10.36
Investment in equity method accounted investee		
Investments in United Telecom Limited (refer note (b))	35.85	35.85
Less: share of loss share from associates accounted using equity method	(35.85)	(35.85)
	93.80	10.36

Notes:

As of March 31, 2026, eight properties, two in Mumbai unit and six in Delhi unit, have been classified as Non-Current Assets held for sale. The carrying values of these properties are Rs. 93.80 Crores (fair values Rs. 4272.54 Crores). By virtue of Union Cabinet approval vide OM dated 02.08.2022 for the monetization of land and buildings, management is actively engaged in the process of monetisation of eligible assets. The generated proceeds will be directed towards BSNL/MTNL to address debt, capital expenditures (CAPEX), and other financial obligations. The aim of these monetization endeavors is to strengthen MTNL's fiscal health, encompassing debt servicing, funding of capital expenditures, and provision for various financial needs to bolster the company's financial position. In Mumbai unit, the tender to sell the scrapped assets (switches, BTS batteries etc.) having net the carrying value of Rs. 1.55 Crore is under process for auction at the year March 31, 2026 and favourable resolution is expected. Therefore, such assets continue to classify as held for sale.

24. Equity share capital

(Rs. in crores)

	31 March 2026	31 March 2025
Authorised capital		
3,500,000,000 (previous year 3,500,000,000) equity shares of Rs. 10 each	3,500.00	3,500.00
650,000,000 (previous year 650,000,000) preference shares of Rs. 100 each	6,500.00	6,500.00
	10,000.00	10,000.00

Issued, subscribed and fully paid up

630,000,000 (previous year 630,000,000) equity shares of Rs. 10 each fully paid up	630.00	630.00
	630.00	630.00

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

	31 March 2026		31 March 2025	
	No. of shares	(₹ in crores)	No. of shares	(₹ in crores)
Equity shares at the beginning of the year	63,00,00,000	630.00	63,00,00,000	630.00
Changes during the year	-	-	-	-
Equity shares at the end of the year	63,00,00,000	630.00	63,00,00,000	630.00

b) Rights/preferences/restrictions attached to equity shares

The Parent has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Parent declares and pays dividends in Indian rupees. In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the Parent, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Parent

	As on 31 March 2026		As on 31 March 2025	
	No. of shares	(% in crores)	No. of shares	(% in crores)
Equity shares of Rs. 10 each fully paid up				
President of India	354,378,740	56.25	354,378,740	56.25
LIC including LIC Fortune Plus secured Fund	82,659,957	13.12	82,659,957	13.12

d) Details of promoter shareholding

Name of promoter	As on 31 March 2026			As on 31 March 2025		
	Number of shares	% of total shares	% change during the period	Number of shares	% of total shares	% change during the period
President of India	354,378,740	56.25	0.00%	354,378,740	56.25	0.00%

e) There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

f) There are no shares reserved for issue under options or other purpose.

25. Other equity**(Rs. in crores)**

	31 March 2026	31 March 2025
Retained earnings		
As per last balance sheet	(29,748.26)	(26,402.72)
Add : Net profit/ (loss) for the year	(3,107.16)	(3,327.69)
Add: Remeasurements of employee benefit obligations	1.45	(17.85)
	(32,853.97)	(29,748.26)
Other reserves		
General reserve		
As per last balance sheet	0.07	0.07
Addition/Deletion during the year	-	-
As at the end of the year	0.07	0.07
Securities premium		
As per last balance sheet	665.00	665.00
Addition/Deletion during the year	-	-
As at the end of the year	665.00	665.00
Contingency reserve		
As per last balance sheet	243.22	243.22
Addition/Deletion during the year	-	-
As at the end of the year	243.22	243.22

Promoter's Contribution

As per last balance sheet	1,294.81	1,226.29
Addition/Deletion during the year	62.30	68.52
As at the end of the year	1,357.11	1,294.81
	2,265.41	2,203.11

Other comprehensive income

As per last balance sheet	(3.82)	(5.98)
Foreign currency translation for current year	2.64	2.15
	(1.18)	(3.82)
	2,264.23	2,199.29
	(30,589.74)	(27,548.97)

Nature and purpose of other reserves:
(i) Securities premium

Securities premium represents premium received on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act.

(ii) Contingency reserve

The Company created this reserve for unforeseen tax demands/disallowances by Income tax department under section 80IA of the Income Tax Act, 1961.

(iii) Promoter's Contribution

During the previous financial years, MTNL had issued bonds 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. 62.30 Crores is accounted in Financial Year 2025-26 as promoter contribution received under other equity.

(iv) Other Comprehensive Income (OCI)

The Group has recognised remeasurements benefits on defined benefits plans through Other comprehensive income.

(v) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.

26. Borrowings

(Rs. in crores)

	31 March 2026 Non-current	31 March 2025 Non-current
Secured		
Term loans (net of current maturities)		
From banks	-	398.20
A	-	398.20
Unsecured		
Debentures		
Debentures - Series 8D [55599 number of 7.51% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each]	524.60	521.65
Debentures - Series 8C [257000 number of 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each]	2,430.73	2,417
Debentures - Series 8B [105500 number of 7.61% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each]	999.24	994
Debentures - Series 8A [248000 number of 7.59% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each]	2,349.68	2,336
Debentures - Series 7E [634 number of 7.75% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]	60.21	59.86
Debentures - Series 7D [3,615 number of 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]	343.50	341.51
Debentures - Series 7C [16,176 number of 7.78% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]	1,537.05	1,528.05
Debentures - Series 7B [27,579 number of 7.87% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]	2,623.50	2,607.97
Debentures - Series 7A [61,096 number of 8.00% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]	5,814.95	5,780.90

Total Long Term Borrowings (A + B)

Current maturities of long-term debt

Interest accrued (refer note 35)

(a) Goregaon Telephone Exchange & Staff Quarters (carrying value Rs. 0.82 Crore) at CTS No-1387 Pt. & 1388 Pt. S V Road, Goregaon (West), Mumbai-400062 mortgage to UBI Bank

(b) Malabar Telephone Exchange (carrying value Rs. 0.42 crore) at CTS No-256, Dr. A G Bell Road, Malabar Hills, Mumbai-400006 mortgage to BOI Bank.

(vii) Reconciliation of financial liabilities arising from financing activities: (Rs. in crores)

Particulars	Lease liabilities	Long term borrowings	Short-term borrowings	Total
Net debt as at 1 April 2025	113.46	26,382.52	4,232.86	30,728.85
Recognition of lease liabilities	(0.27)	-	-	(0.27)
Cash flows:				-
- Proceeds	-	-	2,507.39	2,507.39
- Repayment	(48.76)	(258.32)	-	(307.08)
Interest expense	8.88	2,366.61	531.05	2,906.54
Interest paid	-	(1,993.34)	(531.05)	(2,524.38)
Exchange difference	-	-	-	-
Interest accrued (including unmortised processing fee)	-	(68.52)	-	(68.52)
Net debt as at 31 March 2026	73.31	26,428.96	6,740.25	33,242.52
Recognition of lease liabilities	(50.53)	-	-	(50.53)
Cash flows:				
- Proceeds	-	-	1,829.73	1,829.73
- Repayment	(6.50)	(258.32)	-	(264.82)
Interest expense	3.47	2,346.48	628.43	2,978.38
Interest paid	-	(1,829.48)	-	(1,829.48)
Exchange difference	-	-	-	-
Interest accrued (including unmortised processing fee)	-	(131.84)	-	(131.84)
Net debt as at 31 March 2026	19.74	26,555.80	9,198.41	35,773.95

{viii) For repayment terms of the outstanding long-term borrowings (including current maturities) refer the table below:

(A) As on 31 March 2026 (Rs. in crores)

Name of bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Instalment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
State Bank of India	378.73		313.90	313.90	64.83	Overdue instalments of Rs 313.90 crore	28-09-2024	12.10%
Union Bank of India	104.52		88.45	88.45	16.07	Overdue instalments of Rs 88.45 crore	12-08-2024	10.45%
Union Bank of India (e-Andhra Bank)	93.45		77.11	77.11	16.34	Overdue instalments of Rs 77.11 crore	12-08-2024	10.62%

Name of bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Instalment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
Union Bank of India (e-orporation Bank)	99.68		84.37	84.37	15.31	Overdue instalments of Rs 84.37 crore	12-08-2024	10.16%
Punjab & Sindh Bank	103.34		87.57	87.57	15.77	Overdue instalments of Rs 87.57 crore	08-10-2024	9.44%
Punjab National Bank (e-United Bank)	40.52		34.37	34.37	6.15	Overdue instalments of Rs 34.37 crore	09-09-2024	8.79%
Punjab National Bank (e-Oriental Bank of Commerce)	232.51		197.79	197.79	34.72	Overdue instalments of Rs 197.79 crore	09-09-2024	8.75%
Bank of India LCB	240.87		201.34	201.34	39.53	Overdue instalments of Rs 201.34 crore	04-09-2024	8.71%
UCO bank	291.50		245.83	245.83	45.67	Overdue instalments of Rs 245.83 crore	28-09-2024	9.93%
Union Bank of India (e-Andhra Bank)	127.85		106.54	106.54	21.31	Overdue instalments of Rs 106.54 crore	12-08-2024	10.45%
Punjab & Sindh Bank	96.04		80.78	80.78	15.26	Overdue instalments of Rs 80.78 crore	08-10-2024	9.30%
Union Bank of India (e-orporation Bank)	298.00		248.91	248.91	49.09	Overdue instalments of Rs 248.91 crore	12-08-2024	10.54%
Bank of India CGO	368.20		298.20	298.20	70.00	Overdue instalments of Rs 298.20 crore	04-09-2024	9.85%
Union Bank of India	570.56		479.20	479.20	91.36	Overdue instalments of Rs 479.20 crore	12-08-2024	10.46%

Name of bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Instalment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
Total	3,045.77		2,544.35	2,544.36	501.41			
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	–				–			
Less: Current maturities of long term debt	(3,045.77)							
Long term borrowings	(0.00)							

Penal Interest is charged by UBI, PSB & IOB bank and the same is accounted as per bank balance certificate shared by the banks. Penal interest not charged by other banks is not provided for in the books.

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 10.60% per annum calculated using the interest rate effective as on 31 March 2026.

(b) As on 31 March 2025

(Rs. in crores)

Name of Bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Instalment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
State Bank of India	313.90		313.90	313.90	36.15	Over due instalments of Rs 313.90 crore	28-09-2024	12.10%
Union Bank of India	88.45		88.45	88.44	6.39	Over due instalments of Rs 88.45 crore	12-08-2024	10.45%
Union Bank of India (e-Andhra Bank)	77.11		77.11	77.11	7.40	Over due instalments of Rs 77.11 crore	12-08-2024	10.62%
Union Bank of India (e-orporation Bank)	84.37		84.37	84.36	6.08	Over due instalments of Rs 88.37 crore	12-08-2024	10.16%
Punjab & Sindh Bank	87.57		87.57	87.57	5.90	Over due instalments of Rs 87.57 crore	08-10-2024	9.44%
Punjab National Bank (e-United Bank)	34.37		34.37	34.37	2.66	Over due instalments of Rs 34.37 crore	10-09-2024	8.79%
Punjab National Bank (e-Oriental Bank of Commerce)	197.79		197.79	150.00	14.93	Over due instalments of Rs 150 crore and balance repayment due in 1 instalments of 47.49 Crores in Jun-25	10-09-2024	8.75%
Bank of India LCB	201.34		201.34	112.50	12.67	Over due instalments of Rs 112.5 crore and balance repayment due in 2 instalments of Rs 44.42 cr in Jun-25 and Sep-25	04-09-2024	8.71%
UCO bank	245.83		245.83	245.83	20.56	Over due instalments of Rs 245.83 crore	28-06-2024	9.93%

Name of Bank	Amount outstanding	Non-Current Maturities	Current Maturities	Overdue Instalment	Overdue Interest	No. of instalments	Date of NPA	Rate of interest
Union Bank of India (e-Andhra Bank)	106.54		106.54	67.50	9.64	Over due instalments of Rs 67.50 crore and balance repayment due in 2 instalments ,22.5 Crores in May-25 & Rs 16.54 cr in Aug-25	12-08-2024	10.45%
Punjab & Sindh Bank	80.78		80.78	45.00	6.05	Over due instalments of Rs 45 crore and balance repayment due in 2 instalments, 15 Crores in May 25 & Rs 20.78 crore in Aug-25	08-10-2024	9.30%
Union Bank of India (e-orporation Bank)	248.91		248.91	150.00	21.09	Over due instalments of Rs 150 crore and balance repayment due in 2 instalments 37.5 Crores in Jun-24 & 61.41 crore in Sep-25	12-08-2024	10.54%
Bank of India CGO	298.20	98.20	200.00	99.59	25.45	Over due instalments of Rs 99.59 crore and balance repayment due in 7 instalments, 25 Crores in each quarter from Jun-25 to Sep-26 & 48.61 crore in Dec-26	04-09-2024	9.85%
Union Bank of India	479.20	300.00	179.20	79.19	38.63	Over due instalments of Rs 79.20 crore and balance repayment due in 16 Instalments of Rs 25 crore From Apr-25 to Dec-28	12-08-2024	10.46%
Total	2,544.36	398.20	2,146.16	1,635.36	213.60			
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	-							
Less: Current maturities of long term debt	(2,146.16)							
Long term borrowings	398.20							

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 10.17% per annum calculated using the interest rate effective as on 31 March 2025.

***Debentures-Series 8D**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.51% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 06th March 2034. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 8C**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 07th November 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 8B**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.61% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th August 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 8A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.59% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 20th July 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7E**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.75% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th March 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7D**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th February 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7C**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.78% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 10th February 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7B**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.87% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 01st December 2032. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 8.00%

Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 15th November 2032. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 6**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 6.85 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 20th December 2030. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 5**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.05 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 11th October 2030. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

- (ix) Government of India approved the financial support to the Company in the year 2014 and on surrender of Broadband Wireless Access (BWA) Spectrum by MTNL, upfront charges paid by the Company in the year 2011 for such spectrum amounting to Rs. 4,533.97 crores were agreed to be funded by way of issuance of debentures by the Company on behalf of Government of India (GOI) and for which GOI provided sovereign guarantee with attendant condition for repayment of principal on maturity as well as the interest payments through DOT. Accordingly, the Company does not have any liability towards repayment of principal and interest on the bonds issued and has been offset against the amount recoverable from DoT of equivalent amount. Out of Rs. 4,533.97 crores, Non Convertible Debentures of Rs. 3,668.97 crores were redeemed during the current financial year and Rs. 865 Crores were redeemed previous year.

27. Lease liabilities**(Rs. in crores)**

	31 March 2026 Non-current	31 March 2025 Non-current
Lease liabilities	13.05	54.42
	13.05	54.42

28. Other financial liabilities**(Rs. in crores)**

	31 March 2026 Non-current	31 March 2025 Non-current
Security deposits	193.47	166.83
	193.47	166.83

Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

29. Long-term provisions**(Rs. in crores)**

	31 March 2026	31 March 2025
Provision for employee benefits		
Provision for leave encashment	238.60	238.39
Provision for pension	96.67	96.67
Provision for gratuity	48.92	48.92
Provision for asset retirement obligations	17.67	17.67
	401.87	401.66

(i) Information about individual provisions and significant estimates

- (a) **Provision for asset retirement obligations:** The Group as part of its business installs wireless telecommunication towers and other equipments for facilitating telecommunication services to its customers and is under an obligation to decommission the tower and replenish the site at end of useful life of the tower and other equipment. For the purpose of same Appendix A to Ind AS 16, "Property, Plant and Equipment" states measurement of Property, plant and equipment to include initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Group has estimated the cost of dismantling based on independent bids received from open market and the same have been escalated using the expected inflation rate (6% per annum) and discounted at the rates prevailing at each period end date.
- (b) For disclosures required related to provision for employee benefits, refer note 52 - Employee benefit obligations.

(ii) Movement in provision related to asset retirement obligations during the financial year:

(Rs. in crores)

	31 March 2026	31 March 2025
As at beginning of reporting period	17.68	17.95
Additions during the year	0.08	0.37
Amounts used during the year on account of dismantled towers	(0.19)	(0.90)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	0.10	0.25
	-	-
As at end of reporting period	17.68	17.68

30. Deferred tax liabilities (net)

(Rs. in crores)

	31 March 2026	31 March 2025
Deferred tax liability arising on account of :		
Difference in carrying value of property, plant & equipment between accounts and tax	4.95	5.60
	4.95	5.60

Notes:

(i) Movement in deferred tax liabilities for year ended 31 March 2026:

Particulars	1 April 2025	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2026
Non-current assets				
Property plant and equipment	6.24	(1.37)	0.08	4.95
Total	6.24	(1.36)	0.08	4.95

(ii) Movement in deferred tax liabilities for year ended 31 March 2025:

Particulars	1 April 2024	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2025
Non-current assets				
Property plant and equipment	6.24	(0.72)	0.08	5.60
Total	6.24	(0.70)	0.08	5.60

(iii) The Group does not recognise deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve of subsidiaries and joint venture wherever it controls the timing of the distribution of profits and it is probable that the subsidiaries, joint venture and associate will not distribute the profits in the foreseeable future. Also, the Group does not recognise deferred tax liability on the unremitted earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution.

- (iv) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

31. Other non-current liabilities*

(Rs. in crores)

	31 March 2026	31 March 2025
Deferred income	6.37	37.70
Deferred activation/ installation charges	0.00	3.55
	6.37	41.24

* Represents contract liabilities under Ind AS 115. Refer note 61 for details.

32. Short-term borrowings

(Rs. in crores)

	31 March 2026	31 March 2025
Secured		
Current maturities of long-term borrowings	3,045.77	2,359.76
Unsecured		
From banks		
Cash credit from banks	6,217.49	5,589.02
Short term loans	2,980.92	1,151.23
	12,244.18	9,100.01

Notes:

- (i) *Loan of Rs 2980.92 Crores have been provided by Government of India for payment of interest on Sovereign Guarantee Bonds issued by the company. Terms & conditions of the loan does not contain any stipulation regarding payment of interest. In absence thereof, no interest has been provided in the financial statements for the period.

- (ii) Detail of Cash credit limit from banks

(Rs. in crores)

BANK NAME	Date of NPA	Outstanding Amount	Sanction Limit	Overdue	Interest Rate
Union Bank of India	12-08-2024	308.11	250	58.11	10.90%
Indian Overseas Bank	03-02-2025	2625.79	2300	325.03	9.90%
Union Bank of India	12-08-2024	2440.8	2000	440.8	10.90%
Punjab National Bank	10-09-2024	235.5	200	35.5	8.80%
Bank of India	04-09-2024	607.29	500	107.29	10.80%
		6217.49	5250	966.73	

- (iii) The carrying values of above are considered to be a reasonable approximation of their fair values.

33. Lease liabilities

(Rs. in crores)

	31 March 2026	31 March 2025
Current portion of lease liabilities	6.26	18.64
	6.26	18.64

34. Trade payables

(Rs. in crores)

	31 March 2026	31 March 2025
Due to micro and small enterprises (refer note 60)	101.96	111.59
Due to others	817.87	781.39
Other accrued liabilities	112.86	107.18
	1,032.69	1,000.16

The carrying values of above are considered to be a reasonable approximation of their fair values.

Ageing schedule of trade payables

31 March 2026	Outstanding from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises - undisputed	40.85	20.93	9.92	24.11	95.82
Others- undisputed	206.10	178.14	121.68	346.84	852.76
Micro, small and medium enterprises- disputed	3.32	2.12	0.58	0.07	6.08
Others - disputed	0.17	1.23	1.06	29.41	31.86
Unbilled - undisputed	28.36	3.55	2.42	2.90	37.22
Unbilled - disputed	2.23	2.45	0.40	3.88	8.95
Total	281.02	208.42	136.05	407.20	1,032.69

31 March 2025	Outstanding from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises - undisputed	69.02	14.44	6.92	17.50	107.88
Others- undisputed	232.69	80.13	133.85	245.35	692.02
Micro, small and medium enterprises- disputed	1.27	1.50	1.54	0.03	4.35
Others - disputed	0.72	0.42	1.05	120.06	122.26
Unbilled - undisputed	23.79	2.54	1.43	5.03	32.78
Unbilled - disputed	6.41	12.41	5.33	16.72	40.87
Total	333.90	111.44	150.13	404.68	1,000.16

35. Other financial liabilities

(Rs. in crores)

	31 March 2026	31 March 2025
Interest accrued		
- Not due on bonds	587.27	587.27
Security deposits	172.76	130.77
Employee related payables to GPF Trust*	750.96	750.48
Amount payable to contractors other than goods and services	242.26	249.87
Payable to DoT **	0.00	(0.00)
Amount payable to other operators	51.76	53.77
Other payables	134.57	158.91
	1,939.58	1,931.07

Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost.

* Refer Note 85

36. Other current liabilities

(Rs. in crores)

	31 March 2026	31 March 2025
Advances received	160.54	201.74
Statutory dues	603.81	653.06
Deferred income	2.18	9.98
Deferred activation/ installation charges	1.18	1.01
	767.72	865.79

37. Short-term provisions

(Rs. in crores)

	31 March 2026	31 March 2025
Provision for employee benefits		
Provision for leave encashment - Company employees	24.33	22.36
Provision for leave encashment - Others	1.52	1.35
Provision for pension - Company employees	-	-
Provision for pension - Others	0.27	0.49
Provision for gratuity - Company employees	-	-
Provision - others		
Provision for others	51.85	53.75
	77.97	77.95

(i) Movement in provision related to others during the financial year: (Rs. in crores)

	31 March 2026	31 March 2025
As at beginning of reporting period	51.93	54.39
Additions during the year	(1.90)	(2.46)
As at end of reporting period	50.03	51.93

(ii) For disclosures required related to provision for employee benefits, refer note 52 - Employee benefit obligations

38. Revenue from operations

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Fixed telephone income	185.83	277.34
Enterprise business	95.41	229.33
Mobile revenue	81.52	76.70
Others	61.83	80.06
A	424.59	663.43
Other operating revenues		
Other operating revenues- Infrastructure Leasing Income	507.14	431.59
Other operating revenues - Surcharge on delayed payment	0.62	1.78
Other operating revenues - Revenue from enterprise business	20.27	27.30
Other operating revenues - Revenue from sale of goods	3.75	5.50
Other operating revenues - Sale of Inventory/Store/Spare Sold	-	0.02
B	531.78	466.18
Total Revenue from operations (A+B)	956.37	1,129.61

* Refer Note 78

39. Other income

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest on:		
Interest from bank	9.03	5.13
Interest on advance to employees	0.70	0.58
Interest on income tax refund	7.65	8.70
Other interest income	5.50	9.06
	22.88	23.47
Other income		
Sale of directories, pub. etc.	0.03	0.00
Gain on sale of property, plant and equipment (net)	410.95	6.19
Income from liquidated damages	-	0.10
Exchange variation (net)	0.51	0.12
Bad debts recovered	0.01	0.02
Credit balances written back	121.95	129.96
Reversal of provision for doubtful debts	10.46	-
Rental on quarters/ hostels etc.	8.71	10.74
Rental income from properties	1.05	1.00
Miscellaneous income	8.18	50.04
	561.85	198.17
Total Other income	584.72	221.64

40. License fees expense

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
License fees expenses	42.59	64.27
Spectrum charges	1.82	2.61
	44.41	66.87

41. Employee benefit expense

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Salaries, wages allowances & other benefits	446.88	469.17
Bonus/ex-gratia	-	-
Medical expenses and allowances	29.69	28.51
Pension contribution		
(a) Group employees	10.62	11.12
(a) Others	0.45	1.02
Leave encashment		
(a) Group employees	7.70	9.96
(a) Others	0.21	0.43
Contribution to gratuity fund	5.14	10.35
Contribution to provident & other funds	27.38	27.87
Staff welfare expenses	0.03	0.05
	528.10	558.48
Less : Allocation to CWIP	(5.17)	(10.54)
	522.93	547.94

For descriptive notes on disclosure of defined benefit obligation, refer note 52 - Employee benefit obligations.

42. Finance costs

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest on		
- term loans	287.81	270.72
- cash credit facility	628.43	531.05
- short-term loan facility	-	-
- bonds	1,830.99	1,828.07
- customer deposits	0.00	0.00
- lease liability	4.38	8.88
- others	3.78	11.61
Other finance costs		
- commitment fees	227.68	267.83
	2,983.07	2,918.15

43. Depreciation and amortisation expense

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation on		
Property, plant and equipment	219.21	248.28
Investment properties	2.83	3.01
Right-of-use assets	18.11	32.41
Amortisation on		
Intangible assets	328.34	328.45
	568.49	612.15

44. Other expenses

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Power, fuel and water	107.02	158.01
Rent	59.06	47.28
Repairs to buildings	4.11	9.04
Repairs to machinery	46.97	62.97
Repairs others	18.84	19.43
Insurance	0.21	0.18
Rates and taxes	50.78	56.19
Travelling and conveyance	0.32	0.49
Postage, telegram and telephones	0.37	2.13
Printing and stationery	0.31	1.01
Vehicle expenses	3.72	5.20
Advertisement and promotional expenses	1.54	1.84
Bad debts written off	10.51	11.79
Auditor's Remuneration*	0.85	0.85
Legal and professional expenses	4.23	4.12
Seminar and training charges	0.01	0.01
Security service expenses	12.60	16.71
Loss on sale of property, plant and equipment (net)	(0.00)	(0.00)
Internet charges	0.50	1.34
Provision for insurance claims	0.39	1.50
Commission	2.27	3.04
Provision for doubtful debts including discount	(0.29)	8.26
Provision for obsolete inventory	2.36	0.26
Provision for doubtful claims	105.30	23.86
Outsourcing expenditure	8.88	12.42
Loss on cancellation of leases	13.75	0.05
Interest on delay payment to MSME vendors & GST	12.32	10.05
Penal interest	0.05	0.25
Miscellaneous expenses	16.04	13.80
Less: Allocation to CWIP	0.22	-
	483.27	472.12

*Remuneration As Auditor:

Audit fee	0.65	0.65
Tax audit fee	0.08	0.08
For reimbursement of expenses	0.12	0.12
	0.85	0.85

45. Tax expense

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax (including taxes earlier years)	0.98	0.13
Deferred tax	(0.85)	(0.75)
	(0.62)	(0.62)

During the year, a long term capital gain amounting to Rs. 79.59 Crores has been work out on sale of land. This capital gain on account of this has been adjusted against the unabsorbed depreciation available as per Income ax act. Hence there is no tax liability on account of this.

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 31.20 % and the reported tax expense in profit or loss are as follows:

	(Rs. in crores)	
	For the year ended 31 March 2026	For the year ended 31 March 2025
Accounting profit/(loss) before income tax		
- From continuing operations	(3,107.12)	(3,328.31)
- From discontinued operations	-	-
Total accounting loss before tax	(3,107.12)	(3,328.31)
At country's statutory income tax rate of 34.944% (31 March 2024: 34.944%)	(1,085.75)	(1,141.87)
Adjustments in respect of taxes earlier years	-	-
Difference in property, plant and equipment as per books and Income Tax Act, 1961	125.49	125.49
Non-deductible expenses for tax purposes	(94.57)	(94.57)
Employee benefits allowed on payment basis	7.17	7.17
Others	-	-
Deferred tax not created on losses for current year	1,047.66	1,103.78
Tax rate differential	-	-
	-	-

- (i) The Parent company has unabsorbed depreciation and brought forward business losses amounting to Rs. 30555.1 crores as on 31 March 2025 on which no deferred tax asset has been recognised. Deferred tax asset shall be created in the year in which the Company will have reasonable certainty of future taxable income as required by Indian Accounting Standard 12 - "Income Taxes" as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- (ii) The Parent has not recognized tax expense/credit (current and deferred tax) in the statement of profit and loss (including other comprehensive income) as the Company is incurring losses and there is no reasonable certainty supported by convincing evidence that sufficient future taxable profits will be available against which unused tax losses can be utilized.

(iii) Details of year wise expiry are given below:

(Rs. in crores)

Particulars	Year of origination	Year of expiry	Amount
Brought forward losses	Assessment year 2019-20	Financial year 2025-26	2,825.57
Brought forward losses	Assessment year 2020-21	Financial year 2026-27	2,965.61
Brought forward losses	Assessment year 2021-22	Financial year 2027-28	2,853.22
Brought forward losses	Assessment year 2022-23	Financial year 2028-29	2,067.07
Brought forward losses	Assessment year 2023-24	Financial year 2029-30	2,516.32
Brought forward losses	Assessment year 2024-25	Financial year 2030-31	2,864.60
Brought forward losses	Assessment year 2025-26	Financial year 2031-32	2,788.51
Brought forward losses	Assessment year 2026-27	Financial year 2032-33	3,187.24
Unabsorbed depreciation	Multiple	Indefinite	8,486.97

46. Other Comprehensive Income

(Rs. in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Items that will not be reclassified to profit or loss		
Re-measurement gains (losses) on defined benefit plans	1.45	(17.85)
Income tax effect	-	-
	1.45	(17.85)
Items that will be reclassified to profit or loss		
Foreign currency translation of foreign operations	2.64	2.15
Income tax effect	-	-
	2.64	2.15
Other comprehensive loss for the year	4.09	(15.70)

47. Earnings per equity share

The Parent's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Parent. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

(₹ in crores)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Net loss attributable to equity shareholders	(3,107.24)	(3,327.69)
Discontinued operation	-	-
	(3,107.24)	(3,327.69)
Loss per equity share:		
Nominal value of equity share (Rs.)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	630,000,000	630,000,000
Basic and diluted loss per share (Rs.)	(49.32)	(52.82)

48. Fair value disclosures

i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are divided into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Financial assets and liabilities measured at fair value - recurring fair value measurements.

iii) Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

(Rs. in crores)

Particulars	Level	31 March 2026		31 March 2025	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans	Level 3	2.77	2.97	3.69	3.90
Other financial assets	Level 3	5,029.00	5,561.71	4,808.49	5,390.53
Total financial assets		5,031.77	5,564.68	4,812.18	5,394.43
Borrowings	Level 3	35,425.27	36,032.70	32,368.34	30,823.98
Other financial liabilities	Level 3	2,133.05	2,837.31	2,311.50	2,085.36
Total financial liabilities		37,558.31	38,870.01	34,679.84	32,909.34

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair values of the Group's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2026 was assessed to be insignificant.

49. Financial risk management

i) Financial instruments by category

(Rs. in crores)

Particulars	31 March 2026			31 March 2025		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	-	-	-	-	-
Loans	-	-	2.77	-	-	3.69
Other financial assets	-	-	5,029.00	-	-	4,808.49
Trade receivables	-	-	329.88	-	-	559.79
Cash and cash equivalents	-	-	137.40	-	-	180.76
Other bank balances	-	-	638.49	-	-	29.16
Total	-	-	6,137.54	-	-	5,581.88
Financial liabilities						
Borrowings	-	-	35,425.27	-	-	32,581.94
Trade payables	-	-	1,032.69	-	-	1,000.16
Other financial liabilities	-	-	2,133.05	-	-	2,097.90
Total	-	-	38,591.01	-	-	35,680.00

*Investment in equity instrument of joint ventures and associates have been accounted using equity method of accounting and hence, not presented here.

ii) Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Group presently does not make any investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Group's risk management is carried out by a central treasury department (of the Parent) under policies approved by the board of directors. The board of directors provides written principles for overall risk

management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions.

a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

'Assets under credit risk –

(Rs. in crores)

Credit rating	Particulars	31 March 2026	31 March 2025
A: Low	Loans	2.77	3.69
	Other financial assets	5,029.00	4,808.49
	Bank deposits	684.93	72.92
	Cash and cash equivalents	137.40	180.76
B: Medium	Trade receivables	329.88	559.79
C: High	Trade receivables	1,138.68	1,229.80
	Loans	1.97	1.98
	Other financial assets	203.51	114.14
	Cash and cash equivalents	0.70	0.56

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due in each business segment as follows:

- (i) **Cellular:** Six months past due
- (i) **Basic & other services:** Three years past due

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

The Group provides for expected credit losses based on the following:

Trade receivables

- (i) 'The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by 'analysing historical trend of default relevant to each business segment based on the criteria defined above. And such provision percentage determined have been 'considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

(Rs. in crores)

Particulars	31 March 2026		31 March 2025	
	Basic & other services	Cellular	Basic & other services	Cellular
Gross amount of sales	555.18	2.48	2,151.28	5.32
Expected loss rate	11.59%	31.53%	5.23%	16.57%
Expected credit loss (loss allowance provision)	64.35	0.78	112.44	0.88
Receivables due from customers where specific default has occurred	810.24	260.52	864.13	249.64

- (ii) 'Reconciliation of loss allowance provision from beginning to end of reporting period:

(Rs. in crores)

Reconciliation of loss allowance	Trade receivables
Loss allowance on 31 March 2024	(1,261.52)
Add/ (Less): Changes in loss allowances due to write off/recovery	104.33
Add/ (Less): Changes in loss allowances due to assets originated or purchased	(72.61)
Loss allowance on 31 March 2025	(1,229.80)
Add/ (Less): Changes in loss allowances due to write off/recovery	163.73
Add/ (Less): Changes in loss allowances due to assets originated or purchased	(72.61)
Loss allowance on 31 March 2026	(1,138.68)

Other financial assets measured at amortised cost

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group's policy is to provide for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period: (Rs. in crores)

Particulars	31 March 2026			31 March 2025		
	Total facility	Drawn	Undrawn	Total facility	Drawn	Undrawn
0-1 year	12,244.18	12,244.18	-	7,039.23	6,022.09	1,017.14
1-2 years	-	-	-	640.24	640.24	0
More than 2 years	-	-	-	373.22	373.22	0
Total	12,244.18	12,244.18	-	8,052.69	7,035.55	1,017.14

b) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Rs. in crores)

31 March 2026	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	4,706.41	3,882.04	9,974.37	20,296.09	38,858.92
Lease liabilities	1.56	3.58	3.39	10.74	19.27
Short term borrowings	9,198.41	-	-	-	9,198.41
Trade payable	1,022.46	-	-	-	1,022.46
Other financial liabilities	710.75	3.96	31.69	238.22	984.62
Total	15,639.60	3,889.58	10,009.45	20,545.05	50,083.68

(Rs. in crores)

31 March 2025	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	3,787.49	4,587.67	3,852.06	30,270.47	42,497.69
Lease liabilities	90.33	40.54	13.83	106.32	251.01
Short term borrowings	4,232.86	-	-	-	4,232.86
Trade payable	1,077.98	-	-	-	1,077.98
Other financial liabilities	1,819.21	0.16	0.01	293.06	2,112.44
Total	11,007.87	4,628.36	3,865.90	30,669.84	50,171.98

C) Market Risk

a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Group entities. Considering the low volume of foreign currency transactions, the Group's exposure to foreign currency risk is limited and the Group hence does not use any derivative instruments to manage its exposure. Also, the Group does not use forward contracts and swaps for speculative purposes.

(i) Foreign currency risk exposure in USD:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Financial assets	0.61	0.53
Financial liabilities	0.81	0.94
Net exposure to foreign currency risk (liabilities)	(0.20)	(0.42)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
USD sensitivity		
'INR/USD- increase by 500 bps (31 March 2025 500 bps)*	(0.01)	(0.02)
'INR/USD- decrease by 500 bps (31 March 2025 500 bps)*	0.01	0.02

**Holding all other variables constant*

(ii) Foreign currency risk exposure in EURO:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows:

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Financial assets	0.23	0.01
Financial liabilities	0.03	0.22
Net exposure to foreign currency risk (liabilities)	0.19	(0.21)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. (Rs. in crores)

Particulars	31 March 2026	31 March 2025
EURO sensitivity		
INR/EURO- increase by 500 bps (31 March 2025 500 bps)*	0.01	(0.01)
INR/EURO- decrease by 500s bps (31 March 2025 500 bps)*	(0.01)	0.01

**Holding all other variables constant*

b) Interest rate risk

i) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2026 and 31 March 2025, the Group is exposed to changes in interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk: (Rs. in crores)

Particulars	31 March 2026	31 March 2025
Variable rate borrowing	12,244.18	9,498.21
Fixed rate borrowing	23,181.08	23,083.73
Total borrowings	35,425.27	32,581.94

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates. (Rs. in crores)

Particulars	31 March 2026	31 March 2025
Interest sensitivity*		
Interest rates – increase by 50 bps basis points	(61.22)	(46.42)
Interest rates – decrease by 50 bps basis points	61.22	46.42

**Holding all other variables constant*

ii) Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Group does not have any significant investments in equity instruments which create an exposure to price risk.

50 Capital management

The Group's capital management objectives are

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. (Rs. in crores)

Particulars	31 March 2026	31 March 2025
Net debt	35,425.27	32,581.94
Total equity	(29,959.74)	(26,918.97)
Net debt to equity ratio	(1.18)	(1.21)

The Group has not declared dividend in current year or previous year.

51 Group information

(a) Information about subsidiaries

The Parent's subsidiaries at 31 March 2026 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Parent, and the proportion of ownership interests held equals the voting rights held by the Parent. The country of incorporation or registration is also their principal place of business.

Name of the entity	Principal activities	Country of incorporation	% equity interest	
			31 March 2026	31 March 2025
Millenium Telecom Limited	Information technology/data	India	100	100
Mahanagar Telephone (Mauritius) Limited	Telecommunication service	Mauritius	100	100
MTML Data Limited*	Telecommunication service	Mauritius	100	100
MTML International Limited*	Telecommunication service	Mauritius	100	100

*These companies are step down subsidiaries of the Mahanagar Telephone (Mauritius) Limited.

(b) Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Parent as at 31 March 2026 which, in the opinion of the directors, are material to the Parent. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Parent. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% equity Interest	Relationship	Accounting method
United Telecommunications Limited*	Nepal	26.68	Associate	Equity method
MTNL STPI IT Services Limited*	India	50.00	Joint Venture	Equity method

- (1) UTL provides basic, mobile, NLD, ILD and data services in Nepal.
- (2) MSITS aims to provide exclusive data center services, messaging services, business application services to the identified sectors of economic activity and thereby also popularizing the .in domain in the networked community across the world.

*Unlisted entity - no quoted price available.

**In the current year, the Parent has made a proposal to UTL for sale of its stake and such investment has been classified as 'held for sale'. Refer note 23 for details.

(i) There are no commitments and contingent liabilities in respect of associates and joint ventures for which the Parent is liable.

(ii) Summarised financial information for associate and joint venture

The tables below provide summarised financial information for those joint ventures and associates that are material to the Parent. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not Mahanagar Telephone Nigam Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(Rs. in crores)

Summarised balance sheet	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Current assets				
Cash and cash equivalents	-	-	6.95	5.38
Other assets	-	-	1.75	0.33
Total current assets	-	-	8.70	5.71
Total non-current assets	-	-	2.26	2.63

Summarised balance sheet	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Current liabilities				
Trade payables	-	-	0.15	0.13
Financial liabilities(excluding trade payables)	-	-	-	-
Other liabilities	-	-	1.71	0.97
Total current liabilities	-	-	1.86	1.10
Non-current liabilities				
Financial liabilities(excluding trade payables)	-	-	-	-
Other liabilities	-	-	0.00	0.00
Total non-current liabilities	-	-	0.00	0.00
Net assets	-	-	9.11	7.24

Reconciliation to carrying amounts

(Rs. in crores)

Particulars	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Opening net assets	(341.66)	(341.66)	15.89	12.25
Profit/ (loss) for the year	-	-	2.84	3.64
Other comprehensive income	-	-	-	-
Dividends paid	-	-	-	-
Other equity - Convertible loan (not forming of equity method)	-	-	-	-
Closing net assets	(341.66)	(341.66)	18.73	15.89
Parent's share in %	26.68%	26.68%	50.00%	50.00%
Parent's share in Indian Rupees	(91.16)	(91.16)	9.36	7.95
Less: Contribution from other shareholders not adjusted in equity method	53.79	53.79	-	-
Add: Share of loss limited to carrying value of investment	36.95	36.95	-	-
Carrying amount	-	-	9.36	7.95

Summarised statement of profit and loss

(Rs. in crores)

Particulars	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Revenue	-	-	9.55	10.00
Interest income	-	-	0.26	0.52
Depreciation and amortisation	-	-	0.50	0.55
Income tax expense	-	-	1.02	1.25
Profit from continuing operations	-	-	2.84	3.64
Profit from discontinued operations	-	-	-	-
Profit for the year	-	-	2.84	3.64
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2.84	3.64
Dividends received	-	-	1.42	1.82

52. Employee benefit obligations

(Rs. in crores)

Particulars	31 March 2026		31 March 2025	
	Current	Non-current	Current	Non-current
Gratuity	12.98	161.07	13.65	163.07
Compensated absences	24.33	238.60	22.36	238.39
Total	37.30	399.68	36.01	401.46

Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

For the funded plan, the Company makes contributions to recognised debt base funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected payments. The expected contribution to the plan for next annual reporting period amounts to Rs. 7.21 crores (previous year - Rs. 7.54 crores). The weighted average duration of the defined benefit obligation as at 31 March 2026 is 9 to 10 years (31 March 2025: 10 to 11 years).

A Disclosure of gratuity

(i) Amount recognised in the statement of profit and loss is as under: (Rs. in crores)

Description	31 March 2026	31 March 2025
Current service cost	5.69	6.16
Interest cost	-	-
Actuarial loss/(gain) recognised during the year	-	-
Expected return on planned assets	-	-
Amount recognised in the statement of profit and loss	5.69	6.16

(ii) Movement in the liability recognised in the balance sheet is as under: (Rs. in crores)

Description	31 March 2026	31 March 2025
Present value of defined benefit obligation as at the start of the year	176.73	164.72
Current service cost	5.69	6.16
Past service cost including curtailment gains/losses	-	-
Interest cost	11.88	11.82
Actuarial loss recognised during the year	(5.67)	15.47
Benefits paid	(14.57)	(21.44)
Present value of defined benefit obligation as at the end of the year	174.06	176.73

(iii) Movement in the plan assets recognised in the balance sheet is as under: (Rs. in crores)

Description	31 March 2026	31 March 2025
Fair value of plan assets at beginning of year	178.39	214.27
Expected return on plan assets	11.88	11.83
Transfer to/from MTNL	5.95	3.95
Receivable from MTNL	(2.68)	12.01
Premium redemption reserve	0.63	0.36
Advance income	(0.06)	(48.25)
Actuarial gain on plan assets	(4.22)	(2.38)
Benefits paid	(13.61)	(13.40)
Fair value of plan assets at the end of the year	176.28	178.39
Actual return on plan assets	7.66	9.45

(iv) Breakup of actuarial (gain)/loss: (Rs. in crores)

Description	31 March 2026	31 March 2025
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(4.74)	6.53
Actuarial (gain)/loss on arising from experience adjustment	(0.92)	8.93
Actuarial (gain)/loss on plan assets	4.22	2.38
Total actuarial (gain)/loss	(1.45)	17.84

(v) Actuarial assumptions
(Rs. in crores)

Description	31 March 2026	31 March 2025
Discount rate	7.06%	6.72%
Future basic salary increase	3.50%	3.50%
Future DA increase	4.00%	4.00%

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vi) Sensitivity analysis for gratuity liability
(Rs. in crores)

Description	31 March 2026	31 March 2025
Impact of the change in discount rate		
Present value of obligation at the end of the year	174.06	176.73
- Impact due to increase of 0.50 %	(6.64)	(7.08)
- Impact due to decrease of 0.50 %	7.04	7.54
Impact of the change in salary increase		
Present value of obligation at the end of the year	174.06	176.73
- Impact due to increase of 0.50 %	2.20	3.00
- Impact due to decrease of 0.50 %	(2.64)	(3.40)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(vii) Maturity profile of defined benefit obligation
(Rs. in crores)

Description	31 March 2026	31 March 2025
Within next 12 months	12.98	13.65
Between 1-5 years	38.40	38.57
Between 5-10 years	122.68	124.51

(viii) Category of investment in gratuity trust:
(₹ in crores)

Particulars	31 March 2026	31 March 2025
Government of India Securities	29.28	29.28
Corporate bonds	39.58	45.00
State government securities	11.53	11.95
Mutual funds	-	-
Others	18.77	0.06
LIC	0.31	1.27
Total	99.48	87.56

B Compensated absences

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of Rs. 7.90 crores (previous year: Rs. 37.65 crores) has been recognised in the statement of profit and loss.

C Defined contribution plans

Contributions are made to the Government Provident Fund and Family Pension Fund which cover all regular employees eligible under applicable Acts. Both the eligible employees and the Group make pre-determined contributions to the Provident Fund. The contributions are normally based upon a proportion of the employee's salary.

The Group has recognized the following amounts in the statement of profit and loss :

Particulars	31 March 2026	31 March 2025
Employer contribution to provident fund*	27.38	27.87
Leave encashment contribution for DoT employees**	0.21	0.43
Pension contribution for DoT employees***	0.45	1.02
Pension contribution for company employees****	10.62	11.12

* Mentioned as contribution to CPF

** Mentioned as leave encashment - Others

*** Mentioned as pension contribution - Others

**** Mentioned as pension contribution - Company employees

D. Gratuity and compensated absences is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used IALM (2012-14) Ultimate table for mortality in service and IALM (2012-14) table for mortality in retirement.

E. Mortality in service is assumed on the basis of IALM (2012-14) Ultimate table for mortality in service and IALM (2012-14) table.

F. The Group has taken an Insurance Policy for medical benefits in respect of its retired and working employees. The Insurance Policy is fully funded by the Group.

53. Related party disclosures

Related parties where control exists:

i. Key Management Personnel

Name	Designation
Mr.A Robert J Ravi	CMD from 15 July 2024
Mr. Rajiv Kumar	Director (Finance) from 02 December 2022
Mr. Kalyan Sagar Nippani	Director (HR & EB) from 01 October 2024

Name	Designation
Mr. Sudhakararao Papa	Director (Technical) from 09 May 2025
Mr. Sunil Kumar Ranjan	Government Nominee Director from 13 January 2026
Mr. Shivendu Gupta	Government Nominee Director from 05 January 2023 up to 13 January 2026
Mr. Alok Shukla	Government Nominee Director from 30 January 2025
Mr. Vishwas Pathak	Independent Director from 15 April 2025
Ms. Deepika Mahajan	Independent Director from 15 April 2025
Mr. Anirudh Prasad Singh	Chief Financial Officer (CFO) from 28 May 2025
Mr. Ratan Mani Sumit	Company Secretary from 01 March 2023
Mr. Mukesh Kumar Chauhan	Executive Director, Delhi from 01 June 2022 up to 22 July 2025
Mr. Sandeep Gupta	CGM Delhi from 22 July 2025 up to 04 October 2025
Mr. Raghvendra Gupta	CGM Delhi from 04 October 2025
Mr. Harsh Vardhan Singh	CGM Mumbai from 20 Feb 2025 up to 26 July 2025
Mr. M. L. Meghwal	CGM Mumbai from 26 July 2025 up to 11 August 2025
Mr. Shashank Malviya	CGM Mumbai from 11 August 2025

ii Joint ventures

MTNL STPI IT Services Limited ('MSISL')

iii Associates

United Telecommunications Limited ('UTL')*

iv Other related parties

MTNL Leave encashment trust

MTNL Gratuity trust

v Other government entity

Bharat Sanchar Nigam Limited ('BSNL')#

vi Summary of significant transactions with related parties:

(Rs. in crores)

Particulars	For the year ended	
	31 March 2026	31 March 2025
Remuneration to Key Managerial Personnel		
Short-term employee benefits	1.35	1.36
Post employment benefits	0.06	0.01
Other long-term employee benefits	0.12	0.04
Amount received from MSISL	0.57	2.85

vii Summary of significant outstanding balances with related parties:

(Rs. in crores)

Particulars	For the year ended	
	31 March 2026	31 March 2025
MSISL	2.28	2.28
UTL	-	-
BSNL*		

*Refer Note 69 for detail of transactions with BSNL

viii. The Group has certain transactions with respect to sale and purchase of services and receives reimbursement of expenses (vis-a-vis electricity and water charges) in relation to renting of immovable property from BSNL.

54. Details of contingent liabilities, pending litigations and other matters: (Rs. in crores)

Particulars		31 March 2026	31 March 2025
a	Income Tax Demands disputed and under appeal ^	283.69	283.69
b	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	850.64	732.39
c	(i) Interest to DDA on delayed payments/pending court cases/Tax cases	Amount Indeterminate	Amount Indeterminate
	(ii) Stamp duty payable on land and buildings acquired by the Parent	Amount Indeterminate	Amount Indeterminate
d	Claims against the Parent not acknowledged as debts	7,297.11	6,351.35
e	Pending arbitration/court cases	1,816.91	2,581.06
f	Bank guarantee & Letter of Credit	109.81	107.78
g	Directory dispute	79.97	71.83
h	Pending court cases against land acquisition	84.87	84.87
i	License fee related contingent liability w.r.t. provisional assessment done by DOT	20.85	20.85
j	BTS related penalty imposed by DoT	5,370.09	5,132.24

^Contingent Liability on account of Income Tax as shown in (a) above excludes various notices received from TDS department creating demand due to non-matching of their records with the returns filed.

55. Capital and other commitments

A) Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows: (Rs. in crores)

Description	31 March 2026	31 March 2025
Property, plant and equipment	5.62	5.32
Other Repair & Maintenance	20.40	16.71

B) In respect of incomplete contracts where the expenditure already incurred has exceeded the contract value, the additional expenditure required to complete the same cannot be quantified.

56. Segment information

The Group's management examines the group's performance on services offered basis and has identified two reportable segments:

- Basic and other services
- Cellular services

A) Segment revenue and results
(Rs. in crores)

Particulars	31 March 2026						31 March 2025					
	Basic & other Services	Cellular	Infra-structure Leasing	Unal-locable	Inter segment adjust-ment	Total	Basic & other Services	Cellular	Infra-structure Leasing	Unal-locable	Inter segment adjust-ment	Total
Revenue from operations	364.37	86.01	507.14	-	(1.14)	956.37	616.18	82.98	431.59	-	(1.14)	1,129.61
Segment result before interest income, exceptional items, finance cost and tax	(110.04)	(500.77)	406.81	55.66	-	(148.34)	(304.03)	(460.33)	318.48	10.43	-	(435.45)
Add: Interest income						22.88						23.47
Less: Finance cost						(2,983.07)						(2,918.15)
Add: Share of profit or loss from joint venture and associate						1.42						1.82
Loss before tax						(3,107.11)						(3,328.30)
Less: Tax expense						0.12						(0.62)
Loss after tax						(3,107.24)						(3,327.68)
Other comprehensive income/ (loss)						4.09						(15.70)
Total other comprehensive loss						(3,103.15)						(3,343.38)

B) Capital employed
(Rs. in crores)

Particulars	31 March 2026					31 March 2025				
	Basic & other Services	Cellular	Infra-structure Leasing	Unal-locable/ eliminations	Total	Basic & other Services	Cellular	Infra-structure Leasing	Unal-locable/ eliminations	Total
Segment assets (A)	6,135.54	2,346.89	58.12	1,535.10	10,075.65	6,302.18	2,780.20	60.41	1,083.54	10,226.33
Segment liabilities (B)	2,436.07	35,057.89	-	2,541.43	40,035.39	2,500.43	32,505.92	-	2,138.95	37,145.30
Capital employed (A-B)	3,699.47	(32,711.00)	58.12	(1,006.33)	(29,959.74)	3,801.75	(29,725.71)	60.41	(1,055.41)	(26,918.97)

Notes:

- Operating segments have been identified by the Group taking into account nature of services, associated risks and returns and internal reporting system that reflects the manner in which operating results are regularly reviewed by the Chief Operating Decision Maker for purpose of making decisions on resources to be allocated to such segments and assess their performance.
- The Group caters to the needs of mainly two metro cities viz. Delhi and Mumbai, wherein the risk and return are not different to each other. As such there are no reportable geographical segments.
- Segment revenue, segment results, segment assets and segment liabilities include the respective amount identifiable for each operating segment. Items which are not directly elatable to the business segment are shown as unallocable.

57. Ind AS 116 Leases

The Group has leases for office building, warehouses and related facilities and cars. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group is required to pay maintenance fees in accordance with the lease contracts.

(a) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows: (Rs. in crores)

Particulars	'31 March 2026
Variable lease payments	59.06

(b) Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the period

Particulars	31 March 2026
Opening balance	73.31
Additions	-
Deletions	(50.53)
Accretion of interest	3.47
Exchange difference	-
Payments	(6.50)
Closing balance	19.74
Current	6.26
Non-current	13.05

(c) The Group had total cash outflows for leases of Rs. 55.13 for the period ending 31 March 2026.

(d) Refer note 49(B)(b) for the maturity profile of lease liability.

(e) Information about extension and termination options

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Towers	1,717	0.01 - 4.67 years	1.29 years	1,717	-	-
Buildings	37	0.22 to 4.58 years	2.89 years	37	-	21
Leasehold land	50	40.86 to 82.9 years	56.38 years	50	-	49

58. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets*	Amount (Rs.)	As % of consolidated net assets*	Amount (Rs.)	As % of consolidated net assets*	Amount (Rs.)	As % of consolidated net assets*	Amount (Rs.)
Parent								
Mahanagar Telephone Nigam Limited	100.05%	(29,974.84)	99.86%	(3,102.94)	35.35%	1.45	99.95%	(3,101.50)
Indian subsidiaries								
Millenium Telecom Limited	-0.02%	6.76	-0.02%	0.74	0.00%	-	-0.02%	0.74
Foreign subsidiaries								
Mahagar Telephone (Mauritius) Limited	-0.37%	109.91	0.18%	(5.64)	64.65%	2.64	0.10%	(3.00)
MTML Data Limited	0.00%	-	0.00%	0.00	0.00%	-	0.00%	0.00
MTML International Limited	0.00%	-	0.00%	0.00	0.00%	-	0.00%	0.00
Associates (Investment as per the equity method)								
Foreign								
United Telecom Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Joint venture (Investment as per the equity method)								
Indian								
MTNL STPI IT Services Limited	-0.04%	10.97	-0.09%	2.84	0.00%	-	-0.09%	2.84
Less: Inter-company adjustments/eliminations	0.38%	(112.54)	0.07%	(2.24)	0.00%	-	0.07%	(2.24)
Total	100.00%	(29,959.74)	100.00%	(3,107.24)	100.00%	4.09	100.00%	(3,103.16)

*The above amounts / percentage of net assets and net profit or (loss) in respect of Mahanagar Telephone Nigam Limited and its subsidiaries are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

59. Assets pledged as security

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Current		
<i>Pari-passu charge</i>		
Inventories	5.15	5.13
Trade receivables	305.85	496.45
Cash and cash equivalents	120.67	60.85
Other bank balances	612.70	-
Loans	1.36	2.04
Other financial assets	4,300.59	4,498.46
Other currents assets	160.74	245.46
Total current assets pledged as security	5,507.05	5,308.38
Non-current		
<i>Pari-passu charge</i>		
Apparatus & plant	740.33	869.07
Vehicle	(0.32)	0.58
Furniture & fixtures	6.35	7.33
Office machinery & equipment	1.52	1.50
Electrical appliances	14.60	15.43
Computers	13.43	13.81
Other Non Current Assets	1,391.01	1,152.41
Total non-currents assets pledged as security	2,166.92	2,060.14
Non-current Assets held for sale	93.80	10.36
Total assets pledged as security	7,767.77	7,378.88

60 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(Rs. in crores)

	Particulars	31 March 2026	31 March 2025
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	101.96	72.36
(ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	52.23	34.39
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	Nil	Nil

The Group is in the process of seeking confirmation from its vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Group.

60.A The Group is covered under Section 135 of the Companies Act, 2013 and accordingly constituted a Corporate Social Responsibility Committee of the Board. However, as the Group did not have average net profits based on the immediately preceding three financial years, the Group is not required to spend amounts towards Corporate Social Responsibility in terms of the 2013 Act.

60.B During the year the Group has made expenditure in foreign currency equivalent to Rs. Nil (previous year Rs. 0.34 crores). Whereas earnings in foreign currency are Rs. 0.05 crores (previous year Rs. 1.30 crores).

61. Revenue from Contracts with Customers

(i) Disaggregation of revenue:

The Group earns revenue from multiple sources, including 'Basic & Other Services', 'Cellular' services and Infrastructure Leasing. In accordance with the requirements of Ind AS 115 – Revenue from Contracts with Customers, revenue is disaggregated based on the nature of services and customer categories to reflect how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

The disaggregated revenue for the year is as follows:

(Rs. in crores)

Description	Amount
Revenue from:	
- Fixed telephone income	185.83
- Enterprise business	95.41
- Mobile services	81.52
- Infrastructure Leasing Income	507.14
- Others	86.47
	956.37

Further, revenue is also disaggregated based on the geographical location of operations, primarily comprising Mumbai and Delhi telecom circles.

(ii) Contract Balances

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

The following table provides information about receivables and contract liabilities for the contracts with the customers.

(Rs. in crores)

Particulars	Year ended 31 March 2026
Receivables, which are included in 'Trade and other receivables'	329.88
Contract Liabilities	170.28
Contract Assets	27.80

Changes in contract assets:

(Rs. in crores)

Description	Year ended 31 March 2026
Contract assets at the beginning of the year	239.54
Add: revenue recognised during the year	461.21
Less: invoices raised during the year	(672.96)
	27.80

Changes in contract liabilities:

(Rs. in crores)

Description	Year ended 31 March 2026
Contract liabilities at the beginning of the year	253.98
Less: performance obligations satisfied in current year	(575.23)
Add: advance received during the year	491.52
	170.28

(iii) Assets and liabilities related to contracts with customers

(Rs. in crores)

Description	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
Contract assets				
Unbilled receivables	-	27.80	-	239.54
Contract liabilities				
Advance from customers	-	160.54	-	201.74
Deferred income	6.37	2.18	37.70	9.98
Deferred activation/ installation charges	0.00	1.18	3.55	1.01

62. Additional disclosures as per the requirements of Division II of Schedule III to the Act

- A. 1. The Group is in possession of multiple immovable properties (38 properties in Delhi & 53 properties in Mumbai amounting to Rs. 76.74 crore) which were either free hold properties with DOT or taken on lease by Department of Telecommunications ('DoT') prior to incorporation of MTNL. On 30 March 1987, both DoT and MTNL entered into a sale deed for transfer of several movable and immovable assets from DoT to MTNL. The said transfer included both the freehold and leasehold lands and buildings, which are in possession of MTNL since its inception as per the sale deed . These freehold and 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. Accordingly, in the light of above, it is deemed that the immovable properties both whether free hold or under lease, although not in the name of the MTNL and the unregistered sale deed dated 30 March 1987 is deemed execution of all such properties in favor of MTNL by Government and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per the sale deed.
2. For following properties in Mumbai, acquired by the Group after 01-04-1986, the tile deed/lease agreements are not in the name of Group and the title is vested with the issuing authority in case of freehold properties and lease agreement is executed on behalf of GOI/P&T/DOT/POI. In respect of Delhi for the properties acquired after 1-4-1986 (38 properties) are deemed to have been registered as conveyed by DDA .

Mumbai Properties

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of Group*	Remarks
Plot No. 11. Near Lokhandwala, Complex, Akurli Road, Kandivali (E), Mumbai-400 101	Leasehold Land	0.64	MHADA	No	More than 20 years		MHADA Allotment letter is available on records for allotment of land. No sale/ lease deed is available for verification.
Plot -1, MIDC, Taloja, Navi Mumbai-400 218	Leasehold Land	0.02	President of India	No	More than 30 years		Lease Agreement executed by MTNL on behalf of President of India is available on record.

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of Group*	Remarks
Panvel Tel Exchange, Plot No.- 229B, Panvel, Mumbai	Leasehold Land	--	President of India (P&T)	No	More than 30 years		Permission letter from Panvel Municipal Corporation is available on records. Lease agreement executed between president of india and City and Industrial development corporation of Maharashtra Limited is also available in records.
Juhu Danda Complex, Santa Cruz - West, Mumbai	Freehold Land	--	GOI/P&T	No	More than 20 years		Letter of DOT is available on records for use of plot in favour of MTNL. No sale deed is available for verification.
Bandra Reclamation, Oppo- site Leelavati Hospital, Bandra(W), Mumbai-400 050	Freehold Building	1.10	Bombay Housing and Area Development Board	No	More than 30 years		MHADA Allotment letter is available on records for allotment. No sale deed is available for verification.
Magathane, Borivali(E), HIG Colony, Magathane, Borivali(E), Mumbai-400 066	Freehold Building	0.43	Bombay Housing and Area Development Board	No	More than 30 years		MHADA Allotment letter is available on records for allotment. No sale deed is available for verification
Andheri Tele Exch Bldg OPP. Lalubhai Park by 58	Freehold	0.01	Post and telegraph department	No			

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of Group*	Remarks
Andheri Old Tele Exch Bldg CSNO 684 BY 58	Freehold	0.00	President of india	No			
Tele Bhavan Colaba	Leasehold	0.07	President of india	No			
Compensation on Cumbala Hill	Freehold	0.58	President of india (Bombay telephone)	No			
Curry Road CSNO 79(PT) and 82	Freehold	0.39	President of India	No			
Fountain Tele Bldg CSNO 708	Freehold	0.06	Central Post and telegraph	No			
Gamdevi Tele Exchange bldg. by 7	Freehold	0.05	It is in the name of President of India	No			
Malbar Hill Tele Exch AG Bell Marg	Freehold	0.33	President of India	No			
Mandvi Tele Exch MA Road by BY 7 Plot no. to 12	Freehold	0.11	President of India	No			
Matunga Tele Exch Bldg Plot no. 143 Ambedkar Marg by 14	Leasehold	0.01	it is in the name of President of INDIA it is under mutation	No			
Mazgaon Tele Bldg Seth Moti Shah Lane by 10	Freehold	0.05	President of India	No			
Parel tele Complex CSNO 85(PT)	Freehold	0.51	President of India	No			
Powai Tele Exch Bldg S.no 103/B1 Vikroli by 83	Freehold	0.00	Government of India	No			
PBD Tele Bldg CSNO 90,91 and 105 BY 28	Freehold	0.13	POI In-charge Bombay telephone exchange under mutation	No			

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of Group*	Remarks
SPK Tele Exchange Bldg Plot No. 709 TPS IV/B by 28	Freehold	0.02	President of India	No			
Sion Tele Exch Bldg Plot No. 105A and 105 by 22	Freehold	0.16	President of India	No			
ST. George Hospital, PLNO.2	Leasehold	0.40	President of India	No			
Vile Parle Tele Exch Bld Fp No. 330,308, 309,310 by 57 All Land Cost for land at Vile Parle for Staff Quarters 76	Freehold	0.14	Bombay telephone post & telegraph limited	No			
Wadala Tele Exch. Plot No 40(PT) CS No 236 & 41(PT) By 14	Freehold	0.14	President of India	No			
Wadby Road HS Marg Bombay 1 Possession 30	Freehold	0.01	Central post and telegraph	No			
Worli Tele Exch Bldg CSNO 469, S.No 1624 by 18	Freehold	0.06	President of India (in-charge post master general)	No			
Byculla	Leasehold	--	President of India	No			
Cooperage	Leasehold	--	President of India	No			
South Colaba	Leasehold	--	President of India	No			
Naigaon	Freehold	--	Bombay Telephone	No			
Colaba	Leasehold	--	President of India, Bombay telephone	No			
Prabhadevi	Freehold	--	Bombay Telephone	No			

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of Group*	Remarks
Vashi Sec 15A	Leasehold	--	Bombay Telephone	No			
*Tilak Nagar, Tribhuvan CHS, Sahakar Nagar, Chembur, Mumbai	Leasehold	0.20	Details not available	No			

Delhi Properties

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of Group*	Remarks
CGO Complex Lodhi Road	Leasehold	0.10	DOT	No			L&DO
Jor Bagh	Leasehold	-	DOT	No			Documents not available
Kidwai Bhawan (Janpath)	Leasehold	-	DOT	No			L&DO
Minto Road JLN Marg	Leasehold	0.12	DOT	No			L&DO
Delhi Gate	Leasehold	-	DOT	No			Documents not available
Idgah	Leasehold	0.01	DOT	No			L&DO
Karol Bagh	Leasehold	-	DOT	No			Documents not available
Lothian Road	Leasehold	0.08	DOT	No			(PWD)Delhi Admn.
Tis Hazari	Leasehold	-	DOT	No			Documents not available
Bhikaiji Cama Place (R. K. Puram)	Leasehold	0.66	DOT	No			DDA
Chankya Puri	Leasehold	0.00	DOT	No			L&DO
Hauz Khas	Leasehold	0.04	DOT	No			DDA
Nehru Place	Leasehold	0.18	DOT	No			DDA
Okhla	Leasehold	0.07	DOT	No			DDA
Laxmi Nagar/ Shahdara South	Leasehold	0.12	DOT	No			DDA

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of Group*	Remarks
Shahdara/ Adjoining 21 Exch	Leasehold	0.04	DOT	No			DUSIB
Keshav Puram	Leasehold	0.02	DOT	No			DDA
Shakti Nagar	Leasehold	-	DOT	No			Documents not available
Badli	Leasehold	0.01	DOT	No			Directorate of Industries (Delhi Administration)
Rohini Sect 3 Pocket 31	Leasehold	0.15	DOT	No			DDA
Rohini Sect 3 Pocket 4	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 5 Pocket 4	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 5 Pocket 10	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 3	Leasehold	0.15	DOT	No			DDA
Rohini Sect. 6	Leasehold	0.18	DOT	No			DDA
Rohini Sect. 9	Leasehold	0.15	DOT	No			DDA
Paschim Vihar G-17 TE	Leasehold	1.33	DOT	No			DDA
Hari Nagar/ Mayapuri	Leasehold	3.87	DOT	No			DDA
Rajouri Garden	Leasehold	0.03	DOT	No			MCD
Delhi Cantt	Leasehold	-	DOT	No			Documents not available
Janakpuri	Leasehold	0.07	DOT	No			DDA
Pankha Road Plot I	Leasehold	0.30	DOT	No			DDA
Pankha Road Plot 2	Leasehold	0.10	DOT	No			DDA
Pankha Road Plot 3	Leasehold	-	DOT	No			DDA
Shadipur	Leasehold	0.19	DOT	No			DUSIB
Eastern Court	Leasehold	-	DOT	No			Documents not available

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of Group*	Remarks
Shahdara	Leasehold	-	DOT	No			Documents not available
Tehkhand	Leasehold	-	DOT	No			Documents not available

3. In Delhi one leasehold properites and in Mumbai Nine freehold and leasehold land properites have been encroached by the various persons in respect of which matter is either pending in court or perusing with the various authorities for clearing the encroachment.
4. In Mumbai, the title deed of 3 properties are not traceable. Efforts are being made to trace the property tittle deeds.
5. The Group does not hold any benami property nor has it entered into any benami transactions during the financial year. Accordingly, no proceedings have been initiated or are pending against the Group under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

B. The Group had transactions during the year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

Name of the Company	Nature of transactions with struck company	Balance outstanding	Relationship with struck off company
Bhisham Developers Pvt Ltd	Trade payables	1.03	Vendor
Aggarwal Associates Pvt. Ltd.	Trade payables	1.21	Vendor

63. Financial Ratios

This requirement is not relevant at this CFS level and hence not disclosed here.

64. Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of The Group and the landed properties acquired from DOT have not been transferred in the name of The Group and in the case of leasehold lands. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 01 April 1986, the documentation shall be contemplated at the time of sale or disposal as and when effected. In certain cases of freehold and leasehold land, The Group is having title deeds which are in the name of The Group but the value of which are not lying in books of accounts.
65. Department of Telecommunications (DOT) vide letter No. P-11014/19/2008-PP(Pt.I) dt. 28/12/2012 has levied One Time Spectrum Charges (OTSC) for the GSM and CDMA spectrum on MTNL. The charges also include the spectrum given on trial basis to the extent

of 4.4 MHz in 1800 MHz frequency. For the period from 01/07/2008 to 31/12/2012, initial 6.2 MHz spectrum was kept free and for the period from 01/01/2013 onwards, initial 4.4 MHz spectrum has been kept free. The calculations are further subject to change in accordance with the changes in the quantum of spectrum held by MTNL and the remaining valid period of license as per DOT. MTNL has surrendered some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 MHz spectrum in respect of CDMA. DOT has been apprised of the same and the matter is still under consideration. Apart from this, the issue of charges for spectrum given on trial basis is also to be decided. Further MTNL has finally surrendered CDMA spectrum w.e.f. 28 February 2016. DOT has demanded an amount of Rs. 3,205.71 crores from MTNL on account of OTSC.

Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by DOT on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability if any. Pending final outcome of the issue which itself is sub judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts as the amount is totally indeterminable. However the contingent liability of Rs. 3,205.71 crores is shown on the basis of the demand raised by DOT in respect of GSM which is very old and not insisted till date. As per industry related issue in litigation and TDSAT judgment there upon the estimated liability could not be more than Rs. 455.15 crore. As there is no further demand after the demand of Rs. 3,205.71 crores dated 08 January 2013 till now, the contingent liability also, if the same fructified, can not be more than Rs. 455.15 crore. As such the same is disclosed accordingly.

66. Certain claims in respect of damaged/lost fixed assets and inventory have been lodged with Insurance Companies by MTNL but the settlement of the claims is pending. Final adjustment in respect of difference between amount claimed and assets withdrawn will be made in the year of settlement of claim.
67. The Group had claimed benefit under section 80IA of the Income Tax Act, 1961 for the financial year from 1996-97 to 2005-06. The appellate authorities have allowed the claim to the extent of 75% of the amount claimed. The Group has preferred appeals for the remaining claim before the Hon'ble High Court of Delhi. The Group has retained the provision of Rs. 375.96 crores (previous year Rs. 375.96 crores) for this claim for the assessment years 1998-99, 1999-00 and 2000-2001, however, the demands on this account amounting to Rs. 243.22 crores (previous year Rs. 243.22 crores) for the assessment years 2001-02 to 2006-07 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80IA of Income Tax Act, 1961.

68. Litigations

- a) In the matter of settlement of bonds with Canara Bank and Canfina in earlier year, the arbitrator, Mr. A. P. Shah published the award on 03.03.2022 against The Group for Rs. 160 crores with simple interest payable @6% P.A. from 21-10-1993 and Rs.0. 93 Crores was awarded as costs. MTNL filed Original Miscellaneous Petition (Commercial) (OMP) 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 the enforcement of said award dated 03.03.2022. The Group submitted the title deed of one of the properties as security before the Hon'ble Delhi High Court in terms of an order dated 10.05.2024. The next hearing of MTNL's OMP (COMM) No.312 of 2022 along with Canara Bank's OMP and Canfina OMP is proposed on 09.07.2026. The amount of award along with interest to be the tune of Rs 472.60 crores (previous year Rs. 463.01 crore) therefore has been disclosed as contingent liability.
- b) MTNL entered into contracts with M/s. M & N Publications Limited for printing, publishing and supply of telephone directories for Delhi and Mumbai unit for a period of 5 years starting from 1993. After printing and issue of 1993 (main & supplementary) and 1994 main directory, M/s. M & N Publications Ltd terminated the contract prematurely on 04 April 1996. MTNL, Mumbai & Delhi invoked Bank Guarantees on 09 April 1996, issued Legal Notice on 22 July 1996 and terminated the contract. Sole Arbitrator has been appointed by CMD, MTNL. The Sole Arbitrator has since given his award on 09 April 2013 partly in favour of MTNL, Mumbai and on 31 July 2013 in favour of MTNL, Delhi. The claim and counter claim under arbitration will be accounted for in the year when the ultimate collection/payment of the same becomes reasonably certain. M/s. M & N Publications has approached the Bombay & Delhi High Courts against the arbitration awards and MTNL also approached the Bombay & Delhi High Courts for balance amount due. The claim of Rs. 77.06 crores on this account has been shown as contingent liability in Delhi unit.
- c) As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai Rs. 124.93 crores and Rs. 33.99 crores in 2004-05 and 2005-06 respectively against the claim of Rs. 158.92 crores. The Group has recognised the amount realized as revenue in the respective period. The UASL operator approached the Hon'ble TDSAT for rate discrepancies. The Hon'ble TDSAT has ordered for refund of Rs. 96.71 crores. MTNL has filed a Civil Appeal and application for stay of operation of the order of TDSAT in the Hon'ble Supreme Court of India in which Supreme Court directed on 08 May 2014 that TDSAT will review the impugned order on seeking of it by appellant. MTNL filed review application which had been disposed off by Hon'ble TDSAT vide order dated 27 May 2014 on which MTNL filed CWP no.022764 dated 16 July 2014 in Hon'ble Supreme Court and the same is pending. Meanwhile UASL operator also filed appeal in Hon'ble Supreme Court. The claim of Rs. 96.71 crores (previous year Rs. 96.71 crore) on this account has been shown as contingent liability.

- d) MTNL Mumbai has received claims from M/s. BEST, Electricity supply provider categorizing MTNL at Commercial tariff instead of Industrial tariff. The claim has been made with retrospective effect for the period Feb-2007 to May-2009 in respect of HT connection and Jan-2002 to Apr-2011 in respect of LT connection. MTNL has represented to BEST for reconsideration which has not been accepted by BEST. Hence MTNL has approached Hon'ble Mumbai High Court and got a stay on the arrears claimed by BEST amounting to Rs. 20.82 crores (previous year Rs. 20.82 crore). In the opinion of the management, there is remote possibility of the case being settled against MTNL.
- e) In respect of Mobile Services Delhi, a sum of Rs. 25.78 crores claimed by TCL towards ILD charges for the period Oct-09 to March-10 has not been paid due to heavy spurt in ILD traffic towards M/S TCL. On technical analysis it was found that these calls were made to some dubious and tiny destination. These destinations do not confirm to international numbering plan of the respective countries and are not approved destinations as per approved interconnect agreement. Further these calls have not got physically terminated to the destinations. The observations were shared with M/S TCL. M/S TCL has also been advised that the balance, which relates to fraudulent calls, is not payable and accordingly no provision has been made in the books of accounts. The matter was handed over to the committee for investigation. Subsequently M/S TCL filed a case in Hon'ble TDSAT for recovery of the amount, decision for which is awaited. The claim of Rs. 25.78 crores (previous year Rs. 25.78 crore) on this account has been shown as contingent liability. In addition, The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management perceives that these legal actions, when ultimately concluded and determined, will not have any material impact on The Group's financial statements.

69. Settlements with BSNL:

The amount recoverable from BSNL is Rs. 6,148.64 crores (previous year Rs. 5753.90 crore) and the amount payable is Rs. 2,047.30 crores (previous year Rs. 2188.86 crore). The net recoverable of Rs. 4,101.34 crores (previous year Rs. 3565.04 crore) is subject to reconciliation and confirmation.

70. Subscribers' dues and deposits:

Other current liabilities include credits on account of receipts including service tax/GST from subscribers amounting to Rs. 52.56 crores (previous year Rs. 77.29 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax/GST, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.

71. The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation. The recoverable and payable from operators are under constant review and regular efforts are being taken for reconciliation and recovery

of old outstanding dues. Dues from the Operators being on account of revenue sharing agreements are not treated as debtors.

72. The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods.

In MTNL Delhi unit, the collections received from the operators are matched in totality against the bills. The allocation of collection to individual operator's account is pending in the absence of detailed information which is being sought. Therefore although the roaming income and expenditure are booked on actual basis, the roaming debtors are reconciled in totality in the absence of detailed information and such reconciliation is being done on regular basis.

73. In case of Mumbai unit of the Parent, the balances with non-scheduled banks comprise of:

(Rs. in crores)

Particulars	31 March 2026	31 March 2025
Indira Sahakari Bank Limited	0.56	0.56
(account closed, considered doubtful)	(0.56)	(0.56)

74. Settlements with DoT:

- Amount recoverable from DoT is Rs. 678.77 crores (previous year Rs. 667.31 crore) and amount payable is Rs. 1108.37 crores (previous year Rs. 434.55 crore). The net payable of Rs. 429.60 crores (previous year recoverable Rs. 232.76 crore) 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.
- Deposits from applicants and subscribers as on 31 March 1986 were Rs. 81.32 crores (previous year Rs. 81.32 crore) in Mumbai unit as intimated provisionally by DoT. At the year end, these deposits amounted to Rs. 103.28 crores (previous year Rs. 103.28 crores), the difference being attributable to connections/refunds granted in respect of deposits received prior to 31 March 1986. Balance on this account still recoverable from DoT is Rs. 43.49 crores (previous year Rs. 43.49 crores).
- The total provision for Leave encashment is Rs. 262.93 crores up to 31 March 2026 (previous year Rs. 260.75 crores). Out of this, an amount of Rs. 45.49 crores (previous year Rs. 45.49 crores) and Rs. 43.37 crores (previous year Rs. 43.37 crores) is recoverable from DOT in respect of Company C & D and Company B employees respectively for the period prior to their absorption in MTNL.
- An amount of Rs. 6.52 crores (previous year Rs. 6.52 crores) towards GPF contribution is recoverable from DOT as on 31 March 2026. The amount pertains to Company C&

D and Company B employees absorbed in MTNL w.e.f. 01 November 1998 and 01 October 2000 respectively.

75. As per gazette notification no. GSR 138(E) dated 3rd March 2014 pensionary benefits in respect of absorbed combined service pension optees are being paid by the Government of India on BSNL pay scales. Gratuity provision for other than combined service pension optee employees of MTNL, and Leave Encashment provision for all of the employees of MTNL has been made on the basis of actuarial valuation.
76. There is no indication of any impairment of assets of The Group, on the basis of The Group as a whole as a CGU under Indian Accounting Standards - 36 "Impairment of assets" as specified under Section 133 of the Companies Act, 2013.
77. As per the accounting policy, Bonus/ Exgratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of The Group. In view of losses, no provision for Bonus/ Exgratia has been made during the year.
78. Pursuant to the service level agreement (SLA) entered on 22.11.2024 (superseding the earlier agreement dated 18.08.2021) with BSNL, the entire telecom operations of The Group in Delhi and Mumbai shall be run by BSNL w.e.f. 01.01.2025. BSNL shall also take care of CAPEX and OPEX for the smooth running of operations and ensure EBIDTA-neutral operations of The Group. Further, towards the implementation of the SLA, certain customers in Delhi & Mumbai have been migrated to BSNL w.e.f. 01.01.2025 and billing and collection is done by BSNL for such customers. The revenue share of MTNL arising from such customers has been approved and agreed by both companies. Revenue share against the migrated customers to BSNL, amounting to Rs. 156.51 Crore, has been recognised by MTNL during the current year.
79. There is no amount which is required to be transferred to Investor Education and Protection Fund by The Group.
80. The Group has no foreseeable losses, which requires provision under applicable laws or accounting standards on long-term contracts and not dealing into derivative contracts at all.
81. The Bank Reconciliation Statements as at 31 March 2026 include unmatched/unlinked credits amounting to Rs. 0.01 crore (previous year Rs. 4.25 crore) and unmatched/unlinked debits Rs. NIL crore (previous year Rs. 0.13 crore) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.
82. The Group has incurred a loss of Rs. 3,107.24 crores during the period under report. The Group 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 view of various measures taken by Govt. of India for revival of MTNL in the past such as VRS to reduce the employee cost, issue of Sovereign Guarantee backed bonds for MTNL with waiver of guarantee fee, monetization of the lands and

buildings of The Group in order to get rid of the huge debt burden on The Group. Besides, the Government approved the monetization of the lands and buildings of The Group with assistance from DIPAM in order to get rid of the huge debt burden on The Group. Being part of monetization of land and buildings of The Group has realized a cash inflow of Rs. 418.76 crore from the sale of properties, resulting in positive EBIDTA during the year.

The Group will be able to manage the payment of interest due on Sovereign Guarantee-backed bonds with the support of the Government of India in the form of an additional soft loan of Rs. 1829.69 crore during the year 2025-26. Also, in view of such unsustainable debts of MTNL, a committee of Secretaries was constituted by the Government to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for the merger of MTNL & BSNL. The government also allocated budgetary support of Rs. 1851 crores for the network upgradation of MTNL by BSNL as a precursor to operational integration. Also, BSNL has to provide all telecom services in Delhi & Mumbai through leasing of operational assets or other appropriate models. Further, pursuant to the service agreement entered on 22-11-2024 with BSNL, the entire telecom operations of The Group in Delhi & Mumbai are being run by BSNL w.e.f. 01-01-2025. BSNL shall also take care of CAPEX & OPEX for the smooth running of operations and ensure EBIDTA neutral operation of The Group. For the issue of mounting debts as well as other to be referred to the Committee of Secretaries and the same are at present under review, and before COS recommends a way forward in case of MTNL, the case for further support to MTNL to manage its working capital is being contemplated.

In addition to this, Government approved providing 4G licenses to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license. As per the deliberations, the maintenance and running of MTNL wireless network has also been taken over by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams.

All of the above aspects are considered by the management while preparing the financial statements and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 "Presentation of Financial Statements". The Group is continuously having support of Govt. in managing its issues.

83. The amount recoverable from Reliance Communication Ltd. is Rs. 80.14 crores (previous year Rs. 79.88 crores) and amount payable to Reliance Infratel Ltd. is Rs. 7.03 crores (previous year Rs. 7.03 crores). The companies are under insolvency proceedings before the Hon'ble NCLT under IBC, 2016. An amount of Rs 25.17 crores (previous year Rs. Nil crore) is provided for against the recoverable and further provision/write-off against the outstanding dues will be considered on the final decision in this matter.
84. The GPF Trust is currently in the process of reconciling and recomputing its liabilities to determine the provident funds payable to employees. The adjustments, if any, resulting

from this recomputation/reconciliation will be recognized in the financial statements in the year the reconciliation is finalized.

85. Revenue from operations includes an amount to Rs. 5.43 crores (previous year Rs. 7.17 crore) booked on provisional basis due to technical glitch in the billing software in Delhi and Mumbai. The final impact of the same will be accounted for once the billing is done through the system.
86. The Group has booked the liability towards the Sovereign Guarantee fee of Rs. 352.30 Crore (previous year Rs. 282.76 crore) payable to Government of India("GOI") in the respective years (i.e. F.Y. 2022-23, 2023-24, 2024-25 & FY 2025-26) and paid the respective GST thereon under RCM. However, due to financial distress, The Group was not able to make payment to DOT and requested DoT vide its letter dated 20.09.2024 that the pending liability of Rs. 352.30 Crore (previous year Rs. 282.76 crore) on account of Sovereign Guarantee Fees, forthcoming Sovereign Guarantee fee liability in upcoming years, corresponding penal guarantee fee and GST there on shall be settled through equity infusion by the GoI. Since, the matter is under consideration of DoT for equity infusion along with penal Sovereign Guarantee Fee, the amount will be measured and accounting will be addressed accordingly at the later stage as per the decision of GoI.

During the current financial year, the Board has identified a new operating segment as "Infrastructure Leasing" with effect from FY 2025-26. This segment comprises income and expenses related to the leasing of land & building, towers/BTS assets. The reclassification has been carried out in accordance with applicable accounting standards to enhance transparency and ensure a more appropriate presentation of operating results. Comparative figures have been regrouped wherever necessary.

Effective 21 November 2025, Govt. of India has notified four Labour Codes, collectively referred to as New Labour Codes. Based on the available information as at the reporting date, no material liability is envisaged in this regard.

87. License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR, the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement. The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of Rs. 140.36 crores on this account upto the year 2011-12 has been included in contingent liability. DOT has assessed the LF calculated on the basis of AGR of MTNL. 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 Group and DOT. The License agreement between Group 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. Further, DOT has disallowed certain deductions claimed in the AGR e.g. PSTN charges, IUC payment to other operators etc. The deductions claimed in AGR were disallowed for want of documents from MTNL. MTNL has submitted the documents and the revision of assessment of LF is pending at the end of DOT. The provision assessment order of LF from 2006-07 to 2024-25 and SUC from 2011-12 to 2024-25 issued by DOT shows demand of Rs. 5370.09 crores. The assessment is under revision in view of documents submitted by MTNL to CCA/ DOT. However an amount of Rs. 5370.09 crores is shown as contingent liability.

In respect of this Hon'ble Supreme Court judgement and final order dated 24.10.2019 disposing the AGR matter, it is submitted that MTNL was neither a party to Supreme Court case nor MTNL violated the AGR definition as per License Agreement. The same is also pointed out in supreme court judgement dt. 24/10/2019 that MTNL is not party to the litigation. MTNL is following the same definition of AGR as is given in license fee agreements. MTNL is calculating the LF/SUC accordingly since the inception of AGR based LF & SUC. MTNL's accounts are also verified by C&AG and all the LF related entries/ adjustments are verified with AGR statements submitted to CCA. Therefore, the Supreme Court's judgement on AGR is not applicable for MTNL.

DoT has sent a demand note for additional 1.4 MHz of reserved spectrum in 900 MHz Band in Mumbai and Delhi LSAs vide No. 1000/1/2023-WF dt. 27-01-2025 for Rs. 1155 crores. The additional 1.4 MHz spectrum allotted to MTNL is not utilized by MTNL and MTNL is requesting DoT for withdrawal of demand note no 1000/1/2023-WF dt. 27-01-2025 for Rs. 1155 crores.

Further a demand letter No. 1000/01/2023-WF dt 23/03/2023 for Rs. 4252.83 crore is also attached with the above demand in respect of spectrum allotment in the 900 MHz and 1800 MHz. The allotment of the captioned 5 MHz spectrum in 900/1800 Mhz band is made as per the OM No F.No. 20-28/2022-PR dated 02/08/2022. As per OM No F.No. 20-28/2022-PR dated 02/08/2022, the allotment of spectrum was decided to be given with budgetary support as equity infusion and the cost on pro-rata basis will be settled for spectrum held by MTNL till date of spectrum allotment to BSNL. However, the spectrum was regularized without budgetary support to MTNL or charging part demand and MTNL is requesting DoT for revision of demand note in accordance with OM dt. 02/08/2022. As the regularisation of 2G spectrum as well as demand of Rs 4252.83 crors is not as per OM issued w r t revival of MTNL /BSNL, the matter is being raised with DOT for withdraw of demand.

In view of above the demands are shown as contingent liability. the list of LF related contingent liability is shown hereafter.

MTNL Corporate Office
Detail of LF Contingent Liability of Licence Fee payable to DOT

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
1	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2006-07	-
2	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2006-07	132.17
3	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2007-08	20.45
4	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2007-08	2.41
5	17-14/2012/LF	03-Dec-12	2007-08	136.36
6	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2008-09	153.03
7	17-14/2013/LF	12-Mar-13	2008-09	22.52
8	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2009-10	180.29
9	17-18/2013/LF	19-Mar-13	2009-10	20.29
10	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2010-11	143.54
11	17-34/2013/LF II	20-Dec-16	2010-11	124.34
12	17-34/2013/LF II	20-Dec-16	2010-11	0.86
13	17-20/2016/LFA	27-Dec-16	2012-13	26.60
14	17-19/2016/LFA	06-Jan-17	2011-12	12.93
15	17-19/2016/LFA	06-Mar-17	2011-12	33.50
16	17-19/2016/LFA	06-Mar-17	2011-12	(0.00)
17	17-20/2016/LFA	27-Apr-17	2012-13	5.70
18	17-20/2016/LFA	27-Apr-17	2012-13	0.34
19	17-20/2016/LFA	28-Apr-17	2012-13	0.78
20	17-20/2016/LFA	20-Jul-17	2012-13	1.90
21	17-20/2016/LFA	20-Jul-17	2012-13	0.34
22	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	54.47
23	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	28.89
24	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.16
25	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.05
26	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	80.75
27	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	20.26
28	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.01
29	17-7/2017/LFA/MTNL	22-May-19	2014-15	197.66
30	17-7/2017/LFA/MTNL	22-May-19	2014-15	127.74
31	17-7/2017/LFA/MTNL	22-May-19	2014-15	5.80
32	17-7/2017/LFA/MTNL	22-May-19	2014-15	0.09

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
33	17-7/2017/LFA/MTNL	22-May-19	2014-15	337.08
34	17-7/2017/LFA/MTNL	22-May-19	2014-15	64.96
35	17-7/2017/LFA/MTNL	22-May-19	2014-15	7.16
36	17-43/2019/LFA/MTNL	28-May-19	2015-16	147.29
37	17-43/2019/LFA/MTNL	28-May-19	2015-16	134.41
38	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.73
39	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.06
40	17-43/2019/LFA/MTNL	28-May-19	2015-16	226.75
41	17-43/2019/LFA/MTNL	28-May-19	2015-16	77.51
42	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.52
43	17-50/2019/LFA/MTNL	31-May-23	2016-17	225.74
44	17-50/2019/LFA/MTNL	07-Oct-24	2016-17	147.42
45	17-50/2019/LFA/MTNL	31-May-23	2016-17	87.11
46	17-50/2019/LFA/MTNL	31-May-23	2016-17	284.83
47	17-50/2019/LFA/MTNL	31-May-23	2016-17	61.74
48	17-50/2019/LFA/MTNL	31-May-23	2016-17	122.44
49	17-50/2019/LFA/MTNL	31-May-23	2016-17	0.18
50	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	-
51	17-51/LFA/2019/MTNL	07-Oct-24	2017-18	30.99
52	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	46.84
53	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	-
54	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	8.88
55	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	82.14
56	17-51/LFA/2019/MTNL	17-Jul-23	2017-18	0.01
57	17-51/LFA/2019/MTNL	22-May-24	2018-19	0.91
58	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2018-19	23.94
59	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2018-19	-
60	17-51/LFA/2019/MTNL	22-May-24	2018-19	44.30
61	17-51/LFA/2019/MTNL	22-May-24	2018-19	2.04
62	17-52/LFA/2019/MTNL	10-Oct-24	2018-19	5.18
63	17-51/LFA/2019/MTNL	22-May-24	2018-19	64.62
64	17-51/LFA/2019/MTNL	22-May-24	2018-19	0.00
65	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2019-20	-
66	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2019-20	-
67	17-53/LFA/2019/MTNL	10-Oct-24	2019-20	90.92

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
68	17-53/LFA/2019/MTNL	22-May-24	2019-20	115.20
69	17-53/LFA/2019/MTNL	22-May-24	2019-20	0.04
70	17-53/LFA/2019/MTNL	22-May-24	2019-20	47.07
71	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2020-21	7.33
72	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2020-21	2.08
73	17-54/LFA/2021/MTNL	03-Mar-23	2020-21	57.74
74	17-54/LFA/2021/MTNL	03-Mar-23	2020-21	28.52
75	17-54/LFA/2021/MTNL	03-Mar-23	2020-21	56.63
76	17-54/LFA/2021/MTNL	03-Mar-23	2020-21	0.02
77	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2021-22	3.74
78	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2021-22	0.75
79	17-55/LFA/2022/MTNL	03-Jul-23	2021-22	14.96
80	17-55/LFA/2022/MTNL	03-Jul-23	2021-22	6.25
81	17-55/LFA/2022/MTNL	03-Jul-23	2021-22	4.52
82	17-55/LFA/2022/MTNL	03-Jul-23	2021-22	0.00
83	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2022-23	1.08
84	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2022-23	0.22
85	1-56/LFA II/2023/MTNL	08-Mar-24	2022-23	8.07
86	1-56/LFA II/2023/MTNL	08-Mar-24	2022-23	2.64
87	1-56/LFA II/2023/MTNL	08-Mar-24	2022-23	(0.88)
88	1-56/LFA II/2023/MTNL	08-Mar-24	2022-23	0.00
89	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2023-24	0.45
90	1-9/CCA-DL/Rev/SUC/MTNL/2024-25	19-Feb-26	2023-24	0.09
91	1-56/LFAII/2024/MTNL/2023-24	24-Feb-25	2023-24	6.21
92	1-56/LFAII/2024/MTNL/2023-24	24-Feb-25	2023-24	2.10
93	1-56/LFAII/2024/MTNL/2023-24	24-Feb-25	2023-24	-
94	1-56/LFAII/2024/MTNL/2023-24	24-Feb-25	2023-24	0.00
95	1-56/LFAII/2025/MTNL/2024-25	23-Dec-25	2024-25	5.09
96	1-56/LFAII/2025/MTNL/2024-25	23-Dec-25	2024-25	0.25
97	1-56/LFAII/2025/MTNL/2024-25	23-Dec-25	2024-25	0.00
98	1-56/LFAII/2025/MTNL/2024-25	23-Dec-25	2024-25	1.37
99	1-9/CCA/Rev/Spectrum/Assmt/MTNL/2008-09/3631	01-Jul-24	2008-09	123.73
100	1-9/CCA/Rev/Spectrum/Assmt/MTNL/2009-10/3628	01-Jul-24	2009-10	145.80

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
101	1-9/CCA/Rev/Spectrum/Assmt/MTNL/2010-11/3675	09-Jul-24	2010-11	116.93
102	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	0.09
103	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	62.47
104	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	0.09
105	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	17.71
106	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	0.04
107	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	1.33
108	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	0.09
109	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	113.79
110	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	21.76
111	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	65.19
112	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2016-17	53.65
113	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2017-18	(1.52)
114	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2018-19	13.15
115	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2019-20	(11.01)
116	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2020-21	2.29
117	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2021-22/12325-27	19-Jul-23	2021-22	0.06
118	1-9/CCA-DL/Rev/SUC/MTNL/2022-23/3031	12-Apr-24	2022-23	(2.67)
119	1-9/CCA-DL/Rev/SUC/MTNL/2023-24/2285	03-Apr-25	2023-24	(0.89)
120	CCA/MUM/Comm/Spectrum/23	08-Nov-19	2010-11	51.09
121	CCA/MUM/Comm/Spectrum/	08-Nov-19	2011-12	45.65
122	CCA/MUM/Comm/Spectrum/	08-Nov-19	2012-13	27.28
123	CCA/MUM/Comm/Spectrum/62	13-Nov-19	2013-14	0.17
124	CCA/MUM/Comm/Spectrum/64	13-Nov-19	2014-15	7.99
125	CCA/MUM/Comm/Spectrum/	13-Nov-19	2015-16	0.10
126	CCA/MUM/Comm/Spectrum/	13-Nov-19	2016-17	30.96
127	CCA/MUM/Comm/Spectrum/	22-Aug-19	2017-18	-
128	1-9/CCA-DL/Rev/SUC/MTNL/2024-25/355	07-Jan-26	2024-25	(1.44)
129	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Jul-23	2006-07	-
130	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Jul-23	2007-08	-
131	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Jul-23	2008-09	118.85

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
132	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Jul-23	2009-10	60.72
133	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2018-19	-
134	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2018-19	7.21
135	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2019-20	51.61
136	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2019-20	10.61
137	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2020-21	1.50
138	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2020-21	1.14
139	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2021-22	1.11
140	CCA/MBI/Comm/Spectrum/2024-25	13-Jan-25	2021-22	0.70
141	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Mar-24	2022-23	(0.05)
142	Pr CCA/MBI/Comm/Spectrum/2023-24	01-Mar-24	2022-23	0.22
143	Pr CCA/MBI/Comm/Spectrum/2024-25	08-Jul-25	2023-24	(0.03)
144	Pr CCA/MBI/Comm/Spectrum/2024-25	08-Jul-25	2023-24	0.13
	Total			5,370.09

For and on behalf of the Board of Directors

Sd/-

Sd/-

For O P Bagla & Co LLP**For S.L.Chhajed & Co. LLP****(A. Robert J. Ravi)****(Rajiv Kumar)**Chartered Accountants
FRN No. 000018N/N500091Chartered Accountants
FRN No. 000709C/C400277Chairman and Managing Director
DIN 10095013Director (Finance)
DIN 09811051

Sd/-

Sd/-

Sd/-

Sd/-

(CA Nitin Jain)**(CA Vijit Baidmutha)****(Vasudev Singh)****(Ratan Mani Sumit)**

Partner

Partner

Chief Financial Officer

Company Secretary

Membership No. 510841

Membership No. 406044

Membership No. ACS 15193

Place: New Delhi**Date:** 21 May 2026

Annexure to Directors' Report - Comments of Statutory Auditors & Management Replies thereto on the Standalone Financial Statements of MTNL for FY 2025-26

Sr.No.	Qualification	Management Reply
i	The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the year ended March 31st, 2026, as well as in the previous year and the current liabilities exceeded the current assets substantially. Further, during the year under audit, the Company has also defaulted in repayment of bank installments/interest of term loan amounting to Rs. 9,262.53 crores. 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. 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 implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for Rs. 6,500 Crore in FY 2020-21 in line with cabinet note. As per F.NO.20-28/2022-PR dated 2nd August 2022, the Union Cabinet in its meeting held on July 27, 2022 has approved the raising of Sovereign guaranteed bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores with waiver of guaranteed fee to repay its high-cost debt and restructure it with new sustainable loan.	The Company has incurred a loss of Rs. 3,101.50 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 view of various measures taken by Govt of India for revival of MTNL in the past such as VRS to reduce the employee cost, issue of Sovereign Guarantee backed bonds for MTNL with waiver of guarantee fee, monetization of the lands and buildings of the company in order to get rid of the huge debt burden on the company. Besides, the Government approved the monetization of the lands and buildings of the company with assistance from DIPAM in order to get rid of the huge debt burden on the company. Being part of monetization of land and buildings of the company has realized a cash inflow of Rs. 418 crores from sale of properties during the year. In addition to this, Government approved providing 4G licenses to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license. As per the deliberations, the maintenance and running of MTNL wireless network has also been taken over by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams.

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	Further, in view of unsustainable debts of MTNL, a Committee of Secretaries (COS) was constituted by Government of India to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for merger of MTNL and BSNL. However, COS is reviewing various options submitted to them for solution of various issues related to MTNL which is under process. However, the standalone financial statements of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India.	Further as per service agreement signed between MTNL & BSNL, BSNL shall run MTNL's telecom services in Delhi & Mumbai w e f 01-01-2025 and also take care of CAPEX and OPAX for smooth running of entire telecom operations in Delhi & Mumbai to ensure EBIDTA neutral operation of MTNL. As per said service agreement the customers of MTNL started migrating to BSNL w.e.f. 01-04-2025 and billing and collection is done by BSNL for such customers. The revenue share of MTNL arising from such customers has been approved and agreed by both the company. Accordingly, an amount of Rs 156 Crs has been accounted in operating revenue of MTNL as revenue share recoverable from BSNL during the year. All of the above aspects are considered by the management while preparing the financial statements and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 "Presentation of Financial Statements" the company is continuously having support of Govt. in managing its issues.
ii	Service Level Agreement with BSNL (Refer Note 74) Pursuant to the Service Level Agreement (SLA) dated 22 November 2024, between MTNL and Bharat Sanchar Nigam Limited ("BSNL"), certain revenue of the company has been transferred to BSNL, the amount of which is not quantifiable. As a result of this transfer, MTNL has ceased to conduct direct billing and customer account management for its core telecom operations in these circles. Pursuant to the Service Level Agreement (SLA) effective from 01st January 2025, revenue from telecom operations was being recognized by BSNL. Upon deliberation by the	DoT vide clause 2.5 of DoT O.M. dated 02.08.2022 has conveyed that as per Union Cabinet decision dated 27.07.2022, "BSNL will provide all telecom services in Delhi and Mumbai through leasing of operational assets or other appropriate model. MTNL will be left with land/ building Assets which it will continue to monetize to discharge its Loan liabilities It was also recommended to constitute a Committee of Secretaries (CoS) vide para no. 2.7 for further detailed examination to resolve matters relating to MTNL. In accordance with the above direction, a meeting of CoS was held under the chairmanship of Cabinet Secretary on 03.05.2024 wherein it was recommended that "DoT may ensure expeditious transfer of MTNL's operational activities to BSNL".

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	managements of both companies regarding the reasonableness and provisions of the SLA, a decision was taken to implement a revenue-sharing model on a mutually agreed basis. Consequent to the said decision, MTNL has recognized revenue computed on the basis of collections made by BSNL; however, the data and methodology underlying such computation are not independently verifiable by us. Further, revenue ought to be recognized by MTNL on accrual basis in accordance with applicable Ind AS, and requisite formalities pertaining to issuance of tax invoices and recognition of corresponding GST liability are also required to be complied with. Merely recognizing revenue on the basis of BSNL's collections cannot be considered as proper implementation of the revenue-sharing arrangement. Since operational costs continue to be borne by MTNL, we are unable to comment on the matching of revenues with costs in the absence of a properly documented and implemented revenue-sharing framework.	Besides, DoT vide letter No. 19-5/2023-SU-II dated 12-11-2024, has conveyed the decision of Alternate Mechanism to execute a suitable arrangement between MTNL and BSNL, agreeing in principle to run MTNL's telecom services by taking over maintenance and running activities of MTNL completely in EBITDA neutral basis including meeting the HR cost as per the agreement vetted by the Ministry of Corporate Affairs. Accordingly, DoT vide letter No. 19-04/2024-SU-II (FTS No. 192020) dated 09-09-2024 has shared the draft service agreement duly vetted by Ministry of Corporate Affairs. The Board of Directors of BSNL and MTNL approved the proposal to enter into service agreement to give effect to directions of CoS. Both organizations signed a service agreement on 22.11.2024 which is made effective from 01.01.2025. To implement the service agreement, migration of MTNL's services has started for Landline, Broadband, FTTH and Leased Line services to BSNL. Besides CAPEX support and utilization / use of its network equipment, BSNL has also started providing Operation & Maintenance assistance, including common management / support of billing, collection & customer services for the customers migrated from MTNL. MTNL Services, Billing, corresponding Revenue and Collection for the Delhi and Mumbai circle are being gradually migrated to BSNL. The assets of MTNL (active & passive network elements, IT/HR support) and BSNL (active network elements including core elements, HR/IT support) are being used for providing Telecom services in Delhi & Mumbai. MTNL Assets viz. Telecom Buildings, Exchange/Power infra, Transmission Equipment, OFC Network, External plant of copper network, IT Systems and Manpower are being used for Telecom operations. MTNL select manpower

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		are continued for the management of customer base & TR Collection of the respective area BSNL has provided basic training and access to its IT systems to these select human resources. BSNL has also provided the assets to assist operation & maintenance in Delhi & Mumbai area. Accordingly, a committee has been constituted in both Delhi & Mumbai unit with Technical & Finance expert to elaborate and recommend the appropriate revenue share percentage with detailed break up of different cost items. Delhi and Mumbai Units of MTNL were requested to submit the same. Both Units i.e. MTNL Delhi and MTNL Mumbai have submitted their respective committee reports as per approval the revenue from MTNL has been booked in the financials of MTNL of FY 2025-26. As such all due claims of MTNL from BSNL w r t migrated customers up to 30-03-2026 has been recognised by MTNL as revenue as on 31-03-2026.
iii	Dues to/Receivable from Bharat Sanchar Nigam Limited (BSNL): The Company has balances receivable from and payable to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable aggregating to Rs. 4,109.51 Crores is subject to reconciliation and confirmation. The aforesaid balance includes Service Tax recoverable amounting to Rs. 2.03 Crores, which has been included under receivables from BSNL. Further, owing to non-reconciliation and non-confirmation of balances and pending disputes relating to claims and counterclaims between the parties, we are unable to comment upon the recoverability, completeness and accuracy of the said balances and the consequential	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. As such, in the past BSNL settled the service connection issues and also certain other claims of telecom revenue. 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 process for settlement, since both being PSUs under DOT, and management of both is common and also BSNL has to provide all telecom services in Delhi & Mumbai through leasing of operational assets or

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	impact thereof, if any, on the standalone financial results of the Company for the year ended March 31, 2026. (Also refer Note No. 65 to the standalone financial statements.)	other appropriate models. Further pursuant to the service agreement entered on 22-11-2024 with BSNL, the entire telecom operations of company in Delhi & Mumbai are being run by BSNL w.e.f. 01-01-2025. BSNL shall also take care of CAPEX & OPEX for the smooth running of operation and ensure EBIDTA neutral operation. A Joint committee between MTNL and BSNL has been formed to settle the long pending issue of reconciliation between MTNL & BSNL. The committee reports is still under finalisation .
iv	The Company has certain balances receivable from and payable to the Department of Telecommunication (DOT). The net amount payable of Rs. 430.24 Crores 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 recoverability and correctness of the outstanding balances and resultant impact of the same on the standalone financial results for the year ended March 31st, 2026 of the Company. (Also refer note no. 70 to the standalone financial statements).	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. DoT has settled MTNL claims including service connections, CGESIS etc . in the past 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 have been striving extraordinarily for revival of MTNL and settlement its issues. Therefore due to all these acts, the reconciliation being an on-going process which is on and accordingly the management does not perceive any impact on this count.
v	During audit, it was noted that the Company has recognised accrued income aggregating to Rs 26.53 Crores comprising unbilled revenue under GSM services and amounts recoverable on account of Interconnect Usage Charges (IUC) from other telecom operators. The corresponding GST liability on the aforesaid accrued income has not been discharged as at the balance sheet date.	Instructions are being issued to units to review the accrued income for reversal/provision and take in accounts for compliance of audit qualifications Units to ensured that the accrued revenue shall be reviewed regularly and ensured that the invoices are being issue within due period for accrued revenue as per the provisions of GST Act.

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vi	Up to the financial year 2011-12, License Fee payable to the DOT on IUC charges to BSNL was worked out on an 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 the financial year 2012-13 onwards, the license fee payable to the DOT has been worked out strictly in terms of the license agreements	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. As such there is no scope for quantification without actual known liability.
vii	Apart from impairment losses previously recognized for CDMA assets, no further impairment has been accounted for under Ind AS 36 during the year ended 31st March 2026. Due to uncertainties in achieving the Company's future projections, we are unable to determine the adequacy of impairment provisions and their impact on the current year's loss.	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 31.3.2025, 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 as the losses are primarily due to extraneous reasons viz. not having 4-G to render effective and sought after mobile services and also dwindling wire-line revenues due to quantum shift of subscriber calling pattern from wire-line to wireless 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.
viii	The Company has developed 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 other parties and amount payable to trade payables, claim payable to operators and amount payable to other parties, however complete balance confirmations and reconciliations are not yet obtained.	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. However, to mitigate the said issue a system of balance confirmation has been introduced from FY 2025-26 for getting balance confirmation for balance exceeding certain limit and confirmation of active vendors during the quarter.

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	Accordingly, certain amounts receivable from and payable to the various parties are still subject to confirmation and reconciliation. Pending such confirmation and reconciliation, the impact thereof on the standalone financial results for the year ended 31st March 2026, are not ascertainable and quantifiable.	As the system of balance confirmation is in place and confirmation letters are being send to parties as per process in place, hence the general qualification may please be removed for all balance unless for specific cases.
ix	The Company has not carried out reconciliation of TDS balances appearing in the books of account with TDS certificates and Form 26AS under the applicable provisions of the Income-tax Act. Pending such reconciliation, the consequential impact, if any, on the standalone Ind AS financial statements is not ascertainable or quantifiable.	The reconciliation of income tax refund w r t TDS balance as per books and as per TDS certificate and form 26AS is a continuous process. Reconciliation of income tax refund w r t TDS balance as per books and as per TDS certificate and form 26AS for the period up to 2024-25 has already been completed and remaining period it is under process. As the reconciliation is a continuous process there may not be any impact on this count.
x	Unlinked credit of Rs. 52.56 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 for the year ended 31st March 2026 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.
xi	Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by the finance department in respect of bought out capital items or inventory issued from the Stores. Due to delay in issuance of the completion certificates/ receipt of the	Necessary instructions are being reiterated from time to time 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.

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	bills/ 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 financial year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone financial results for the financial year ended March 31st, 2026 by way of depreciation cannot be ascertained and quantified.	In view of above and also the on-going 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.
xii	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 by the Management, the Company is yet to finalize its position on surrender of a part of its allocated spectrum. The DOT demand on this account is contested by the Company and other private operators and is sub-judice before the Hon'ble Court. Since the matter remains unresolved and the amount payable, if any, is indeterminate, no provision has been recognised. An amount of Rs. 3,205.71 Crores stands disclosed as contingent liability up to FY 2018-19; no further demand has been raised by DOT thereafter. Further, the TDSAT, while setting aside the levy of One-Time	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 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

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	Charge (OTC) on spectrum allotted beyond 6.2 MHz, directed the Government to review the demand for spectrum allotted after July 1, 2008, with such review applying from January 1, 2013 where the spectrum beyond 6.2 MHz was allotted prior to that date. No further demand has been raised pursuant to the said direction. Based on management's assessment, the demand, if any, shall not exceed Rs.455.15 Crores, which has accordingly been disclosed as a 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 for the financial year ended March 31st, 2026 of the Company.	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.
xiii	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 have been recovered without installing sub-meter in some of the cases. The actual impact of the same on the standalone financial results for the financial year ended March 31st, 2026 has not been ascertained and quantified.	It is already instructed to charge GST vide IM 36 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 neutralizing and nil effect. Further, the sub-meter has already been installed except in few cases, which is left out due to non-feasibility and instructions is being reiterated to units for compliance and efforts are being made for installation of sub-meter.
xiv	The Company is making the provision for interest 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 Ind-AS financial statement for the year	TDS is being deducted on vendors bills as and when credited when invoice is 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

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	ended March 31st, 2026, has not been ascertained and quantified.	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.
xv	The Company is making the provision for interest late/non-payment to MSME vendors, but such interest is not being paid to the vendors. The interest provision is further subject to deduction of tax under section 194A of Income Tax Act, 1961. The actual impact of the same on the consolidated financial statements for the year ended March 31, 2026, has not been 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.
xvi	The Company has defaulted in repayment of bank borrowings. In respect of term loans, defaults amounting to Rs. 2,145.73 Crores towards principal repayment and Rs. 501.45 Crores towards interest repayment have occurred, and the related loan accounts have been classified as Non-Performing Assets (NPA) by the respective banks. The total outstanding amount in respect of such term loans is Rs. 3,045.77 Crores. Further, overdraft facilities	Penal interest is accounted as and when charged by the bank. Statement of each loan account since the date of NPA and calculations of interest and penal interest thereof, is called from all the banks. Necessary action will be taken on receipt of detailed information from banks. As such no impact is anticipated at this stage.

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	aggregating to Rs. 6,217.49 Crores are also outstanding. Accordingly, the total amount outstanding in respect of such borrowing aggregates to Rs. 9,262.53 Crores. Penal interest charged by few banks has been accounted for by the Company; however, penal interest, is not charged by other banks has not been accounted for by the company, as the same has not been ascertained and not quantified by the Company. The company has initiated with the lender banks for possible resolution and settlement of such items. Finance cost & corresponding interest liability is understated by the penal interest amount figure of which is not quantifiable in absence of bank statements.	
xvii	Till 30.06.2025, the Company followed the practice of recognizing Expected Credit Loss (ECL) only on Trade Receivables and not on other financial assets, specifically claim recoverable. This accounting treatment was not in compliance with Ind AS 109 – Financial Instruments, which mandates that ECL should be recognized on all financial assets measured at amortized cost or at fair value through other comprehensive income, including claim recoverable. During the year, the company has recognized a provision of Rs. 200 Crores, on amount recoverable for more than three years; out of the total recoverable from IUC Operators and Others of Rs. 709.09 Crores. The ECL model adopted by the Company requires a comprehensive review to ensure full compliance with Ind AS 109.	The Company reviewed and revised its estimates relating to the Expected Credit Loss (ECL) provisioning on receivables from Interconnect Usage Charges (IUC) and other operators as well as on other financial assets. Earlier, in accordance with the Company's accounting policy, provision for doubtful debts was not being made in respect of inter-operator balances and certain other financial assets, as these were considered recoverable based on continuous business relationships and ongoing settlements governed by regulatory and contractual arrangements and the provisions for such outstanding dues are provided on case-to-case basis, only when there is conclusive evidence of non-recoverability. However, considering the prolonged outstanding balances, delays in payments, reconciliation and settlement, the Company has revised its estimate based on updated information and historical recovery experience, reconciliation and settlement and reassessed the recoverability of

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		such receivables and determined that all balance outstanding from IUC and other operators and other financial assets which are outstanding for a period more than 3 years are to be considered for ECL making provisions unless there is constructive evidence of recovery for the same in current operating cycle. The impact of this revision has been recognized in the Statement of Profit and Loss for the current period. The Company will continue to review these estimates periodically in light of updated information and settlement progress.
xviii	The Company has not complied with the requirements of Ind AS 116 – Leases, as working with adequate supporting documents and relevant records were not made available for our verification and accounting entries have been made based on old data which is not updated with new leases, old leases expired and revision on lease rent. Consequently, we were unable to ascertain and quantify the impact of such non-compliance on the financial statements as at 31 March 2026.	Necessary instructions will be issued to all concerned for review of Ind AS related adjustment and to take necessary action in the current year.
xix	As per Letter No. F.No. 6-2/2023-PSF issued by the Ministry of Telecommunications, Government of India, dated 09th September 2024, failure to pay Guarantee Fees by 30th April entails levy of Penal Guarantee Fees for the period of default on a pro-rata basis. While the Company has duly provided for the principal Guarantee Fees of Rs. 352.30 Crore, it has classified the resultant Penal Guarantee Fees of Rs. 352.30 Crore (Rupees Three Hundred and Fifty-Two Crore) merely as a Contingent Liability in the Notes to the Financial Statements, instead of recognizing a provision therefor.	With the ongoing financial distress in MTNL, the cash inflows are insufficient even to manage the statutory and critical operational expenses. Therefore, MTNL has requested DoT that pending SG Fee liability and penal Guarantee fee be settled through equity infusion by GoI. The matter is under active consideration at DoT. The amount will be measured and accounting will be addressed accordingly as per decision of GoI.

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	In our opinion, since the due date of 30th April has elapsed without payment, the obligation to pay Penal Guarantee Fees has already crystallized by operation of an explicit Government directive, the outflow of economic resources is certain and non-discretionary, and the amount is reliably determinable on a pro-rata basis as prescribed – thereby satisfying all three recognition criteria under Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets. Accordingly, the classification of Penal Guarantee Fees as a Contingent Liability is, in our opinion, incorrect, resulting in understatement of liabilities and expenses by Rs. 352.30 Crore and corresponding overstatement of profit by Rs. 352.30 Crore, which has a material bearing on the true and fair view presented by the financial statements.							
xx	The Company has been following the practice of manual billing on an average basis in certain units of Mumbai and Delhi due to downtime of software. The details of such units are as under: <table><tr><th>Mumbai</th><th>Delhi</th></tr><tr><td>Wireless</td><td>IUC</td></tr><tr><td>IUC</td><td>-</td></tr></table> In the absence of a system-driven, actual billing, we are unable to comment on the accuracy and completeness of revenue and related receivables of these units. Accordingly, the actual impact of the same on the standalone financial results for year ended 31st March 2026, have not been ascertained and quantified	Mumbai	Delhi	Wireless	IUC	IUC	-	Efforts are being made to restore the billing systems and impact of provisional & actual billing will be accounted for accordingly. Hence no impact is identified at this stage.
Mumbai	Delhi							
Wireless	IUC							
IUC	-							

Annexure to Directors' Report - Comments of Statutory Auditors & Management Replies thereto on the Consolidated Financial Statements of MTNL for FY 2025-26

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i	The Net Worth of the Holding Company has been fully eroded; The Company has incurred net cash loss during the year ended March 31st, 2026, as well as in the previous year and the current liabilities exceeded the current assets substantially. Further, during the year under audit, the Company has also defaulted in repayment of bank installments/interest of term loan amounting to Rs. 9,262.53 crores. 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. 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 implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for Rs. 6,500 Crore in FY 2020-21 in line with cabinet note. As per F.NO.20-28/2022-PR dated 2nd August 2022, the Union Cabinet in its meeting held on July 27, 2022 has approved the raising of Sovereign guaranteed bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores with waiver of guaranteed fee to repay its high-cost debt and restructure it with new sustainable loan.	The Company has incurred a loss of Rs. 3,101.50 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 view of various measures taken by Govt. of India for revival of MTNL in the past such as VRS to reduce the employee cost, issue of Sovereign Guarantee backed bonds for MTNL with waiver of guarantee fee, monetization of the lands and buildings of the company in order to get rid of the huge debt burden on the company. Besides, the Government approved the monetization of the lands and buildings of the company with assistance from DIPAM in order to get rid of the huge debt burden on the company. Being part of monetization of land and buildings of the company has realized a cash inflow of Rs. 418 crores from sale of properties during the year. In addition to this, Government approved providing 4G licenses to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license. As per the deliberations, the maintenance and running of MTNL wireless network has also been taken over by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams. Further as per service agreement signed between MTNL & BSNL, BSNL shall run MTNL's telecom services in Delhi & Mumbai w e f 01-01-2025 and also take care of CAPEX and OPAX for smooth running of entire telecom operations in Delhi & Mumbai to ensure EBIDTA neutral operation of MTNL. As per said service agreement the customers of MTNL

Sr.No.	Qualification	Management Reply
	Further, in view of unsustainable debts of MTNL, a Committee of Secretaries (COS) was constituted by Government of India to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for merger of MTNL and BSNL. However, COS is reviewing various options submitted to them for solution of various issues related to MTNL which is under process. However, the standalone financial statements of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India	started migrating to BSNL w.e.f. 01-04-2025 and billing and collection is done by BSNL for such customers. The revenue share of MTNL arising from such customers has been approved and agreed by both the company. Accordingly, an amount of Rs. 156 Crs has been accounted in operating revenue of MTNL as revenue share recoverable from BSNL during the year. All of the above aspects are considered by the management while preparing the financial statements and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 "Presentation of Financial Statements" the company is continuously having support of Govt. in managing its issues.
ii	Service Level Agreement with BSNL (Refer Note 74) Pursuant to the Service Level Agreement (SLA) dated 22 November 2024, between MTNL and Bharat Sanchar Nigam Limited ("BSNL"), certain revenue of the Holding company has been transferred to BSNL, the amount of which is not quantifiable. As a result of this transfer, MTNL has ceased to conduct direct billing and customer account management for its core telecom operations in these circles. Pursuant to the Service Level Agreement (SLA) effective from 01st January 2025, revenue from telecom operations was being recognized by BSNL. Upon deliberation by the managements of both companies regarding the reasonableness and provisions of the SLA, a decision was taken to implement a revenue-sharing model on a mutually agreed basis. Consequent to the said decision, MTNL has recognized revenue computed on the basis of collections made by BSNL; however, the data and methodology underlying such computation are not independently verifiable by us. Further, revenue ought to be recognized by MTNL	DoT vide clause 2.5 of DoT O.M. dated 02.08.2022 has conveyed that as per Union Cabinet decision dated 27.07.2022, "BSNL will provide all telecom services in Delhi and Mumbai through leasing of operational assets or other appropriate model. MTNL will be left with land/ building Assets which it will continue to monetize to discharge its Loan liabilities. It was also recommended to constitute a Committee of Secretaries (CoS) vide para no. 2.7 for further detailed examination to resolve matters relating to MTNL. In accordance with the above direction, a meeting of CoS was held under the chairmanship of Cabinet Secretary on 03.05.2024 wherein it was recommended that "DoT may ensure expeditious transfer of MTNL's operational activities to BSNL". Besides, DoT vide letter No. 19-5/2023-SU-II dated 12-11-2024, has conveyed the decision of Alternate Mechanism to execute a suitable arrangement between MTNL and BSNL, agreeing in principle to run MTNL's telecom services by taking over maintenance and

Sr.No.	Qualification	Management Reply
	on accrual basis in accordance with applicable Ind AS, and requisite formalities pertaining to issuance of tax invoices and recognition of corresponding GST liability are also required to be complied with. Merely recognizing revenue on the basis of BSNL's collections cannot be considered as proper implementation of the revenue-sharing arrangement. Since operational costs continue to be borne by MTNL, we are unable to comment on the matching of revenues with costs in the absence of a properly documented and implemented revenue-sharing framework.	running activities of MTNL completely in EBITDA neutral basis including meeting the HR cost as per the agreement vetted by the Ministry of Corporate Affairs. Accordingly, DoT vide letter No. 19-04/2024-SU-II (FTS No. 192020) dated 09-09-2024 has shared the draft service agreement duly vetted by Ministry of Corporate Affairs. The Board of Directors of BSNL and MTNL approved the proposal to enter into service agreement to give effect to directions of CoS. Both organizations signed a service agreement on 22.11.2024 which is made effective from 01.01.2025. To implement the service agreement, migration of MTNL's services has started for Landline, Broadband, FTTH and Leased Line services to BSNL. Besides CAPEX support and utilization / use of its network equipment, BSNL has also started providing Operation & Maintenance assistance, including common management / support of billing, collection & customer services for the customers migrated from MTNL. MTNL Services, Billing, corresponding Revenue and Collection for the Delhi and Mumbai circle are being gradually migrated to BSNL. The assets of MTNL (active & passive network elements, IT/HR support) and BSNL (active network elements including core elements, HR/IT support) are being used for providing Telecom services in Delhi & Mumbai. MTNL Assets viz. Telecom Buildings, Exchange/ Power infra, Transmission Equipment, OFC Network, External plant of copper network, IT Systems and Manpower are being used for Telecom operations. MTNL select manpower are continued for the management of customer base & TR Collection of the respective area BSNL has provided basic training and access to its IT systems to these select human resources.

Sr.No.	Qualification	Management Reply
		BSNL has also provided the assets to assist operation & maintenance in Delhi & Mumbai area. Accordingly, a committee has been constituted in both Delhi & Mumbai unit with Technical & Finance expert to elaborate and recommend the appropriate revenue share percentage with detailed break up of different cost items. Delhi and Mumbai Units of MTNL were requested to submit the same. Both Units i.e. MTNL Delhi and MTNL Mumbai have submitted their respective committee reports as per approval the revenue from MTNL has been booked in the financials of MTNL of FY 2025-26. As such all due claims of MTNL from BSNL w r t migrated customers up to 30-03-2026 has been recognised by MTNL as revenue as on 31-03-2026.
iii	Dues to/Receivable from Bharat Sanchar Nigam Limited (BSNL): The Holding Company has balances receivable from and payable to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable aggregating to Rs. 4,109.51 Crores is subject to reconciliation and confirmation. The aforesaid balance includes Service Tax recoverable amounting to Rs. 2.03 Crores, which has been included under receivables from BSNL. Further, owing to non-reconciliation and non-confirmation of balances and pending disputes relating to claims and counterclaims between the parties, we are unable to comment upon the recoverability, completeness and accuracy of the said balances and the consequential impact thereof, if any, on the standalone financial results of the Company for the year ended March 31, 2026. (Also refer Note No. 65 to the standalone financial statements.)	Management has taken up the matter of reconciliation of receivables from and payables to BSNL through a standing committee constituted by D.O.T. and also with DOT. In addition to the request to DOT to intervene, the matter has been taken up directly with BSNL also for reconciliation and confirmation of all such claims. As such, in the past BSNL settled the service connection issues and also certain other claims of tele-com revenue. 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 process for settlement, since both being PSUs under DOT, and management of both is common and also BSNL has to provide all telecom services in Delhi & Mumbai through leasing of operational assets or other appropriate models. Further pursuant to the service agreement entered on 22-11-2024 with BSNL, the entire telecom operations of company in Delhi & Mumbai are being run by BSNL w.e.f. 01-01-2025. BSNL shall also take care of CAPEX & OPEX for the smooth running of operation and ensure EBIDTA neutral operation.

Sr.No.	Qualification	Management Reply
		A Joint committee between MTNL and BSNL has been formed to settle the long pending issue of reconciliation between MTNL & BSNL. The committee reports is still under finalisation .
iv	The Holding Company has certain balances receivable from and payable to the Department of Telecommunication (DOT). The net amount payable of Rs. 430.24 Crores 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 recoverability and correctness of the outstanding balances and resultant impact of the same on the standalone financial results for the year ended March 31st, 2026 of the Company. (Also refer note no. 70 to the standalone financial statements).	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. DoT has settled MTNL claims including service connections, CGESIS etc . in the past 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 have been striving extraordinarily for revival of MTNL and settlement its issues. Therefore due to all these acts, the reconciliation being an on-going process which is on and accordingly the management does not perceive any impact on this count.
v	During audit, it was noted that the Holding Company has recognised accrued income aggregating to Rs 26.53 Crores comprising unbilled revenue under GSM services and amounts recoverable on account of Interconnect Usage Charges (IUC) from other telecom operators. The corresponding GST liability on the aforesaid accrued income has not been discharged as at the balance sheet date.	Instructions are being issued to units to review the accrued income for reversal/provision and take in accounts for compliance of audit qualifications Units to ensured that the accrued revenue shall be reviewed regularly and ensured that the invoices are being issue within due period for accrued revenue as per the provisions of GST Act.

Sr.No.	Qualification	Management Reply
vi	Up to the financial year 2011-12, License Fee payable to the DOT on IUC charges to BSNL was worked out on an 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 the financial year 2012-13 onwards, the license fee payable to the DOT has been worked out strictly in terms of the license agreements	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. As such there is no scope for quantification without actual known liability.
vii	Apart from impairment losses previously recognized for CDMA assets, no further impairment has been accounted for under Ind AS 36 during the year ended 31st March 2026. Due to uncertainties in achieving the Company's future projections, we are unable to determine the adequacy of impairment provisions and their impact on the current year's loss.	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 31.3.2025, 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 as the losses are primarily due to extraneous reasons viz. not having 4-G to render effective and sought after mobile services and also dwindling wire-line revenues due to quantum shift of subscriber calling pattern from wire-line to wireless 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.
viii	The Holding Company has developed 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 other parties and amount payable to trade payables, claim payable to operators and amount payable to other parties, however complete balance confirmations and reconciliations are not yet obtained.	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. However, to mitigate the said issue a system of balance confirmation has been introduced from FY 2025-26 for getting balance confirmation for balance exceeding certain limit and confirmation of active vendors during the quarter.

Sr.No.	Qualification	Management Reply
	Accordingly, certain amounts receivable from and payable to the various parties are still subject to confirmation and reconciliation. Pending such confirmation and reconciliation, the impact thereof on the standalone financial results for the year ended 31st March 2026, are not ascertainable and quantifiable.	As the system of balance confirmation is in place and confirmation letters are being send to parties as per process in place, hence the general qualification may please be removed for all balance unless for specific cases.
ix	The Holding Company has not carried out reconciliation of TDS balances appearing in the books of account with TDS certificates and Form 26AS under the applicable provisions of the Income-tax Act. Pending such reconciliation, the consequential impact, if any, on the standalone Ind AS financial statements is not ascertainable or quantifiable.	The reconciliation of income tax refund w r t TDS balance as per books and as per TDS certificate and form 26AS is a continuous process. Reconciliation of income tax refund w r t TDS balance as per books and as per TDS certificate and form 26AS for the period up to 2024-25 has already been completed and remaining period it is under process. As the reconciliation is a continuous process there may not be any impact on this count.
x	Unlinked credit of Rs. 52.56 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 for the year ended 31st March 2026 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.
xi	Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by the finance department in respect of bought out capital items or inventory issued from the Stores. Due to delay in issuance of the completion certificates/ receipt of the bills/ receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and	Necessary instructions are being reiterated from time to time 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. In view of above and also the on-going 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.

Sr.No.	Qualification	Management Reply
	Equipment gets deferred to next year. We are unable to comment whether the Capital Work- in-progress (CWIP) shown in books in the current financial year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone financial results for the financial year ended March 31st, 2026 by way of depreciation cannot be ascertained and quantified.	
xii	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 by the Management, the Company is yet to finalize its position on surrender of a part of its allocated spectrum. The DOT demand on this account is contested by the Company and other private operators and is sub-judice before the Hon'ble Court. Since the matter remains unresolved and the amount payable, if any, is indeterminate, no provision has been recognised. An amount of Rs.3,205.71 Crores stands disclosed as contingent liability up to FY 2018-19; no further demand has been raised by DOT thereafter. Further, the TDSAT, while setting aside the levy of One-Time Charge (OTC) on spectrum allotted beyond 6.2 MHz, directed the Government to review the demand for spectrum allotted after July 1, 2008, with such review applying from January 1, 2013 where the spectrum beyond 6.2 MHz was allotted prior to that date. No further demand has been raised	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 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

Sr.No.	Qualification	Management Reply
	pursuant to the said direction. Based on management's assessment, the demand, if any, shall not exceed Rs.455.15 Crores, which has accordingly been disclosed as a 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 for the financial year ended March 31st, 2026 of the Company.	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.
xiii	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 have been recovered without installing sub-meter in some of the cases. The actual impact of the same on the standalone financial results for the financial year ended March 31st, 2026 has not been ascertained and quantified.	It is already instructed to charge GST vide IM 36 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 neutralizing and nil effect. Further, the sub-meter has already been installed except in few cases, which is left out due to non-feasibility and instructions is being reiterated to units for compliance and efforts are being made for installation of sub-meter.
xiv	The Holding Company is making the provision for interest 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 Ind-AS financial statement for the year ended March 31st, 2026, has not been ascertained and quantified.	TDS is being deducted on vendors bills as and when credited when invoice is 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.

Sr.No.	Qualification	Management Reply
xv	The Holding Company is making the provision for interest late/non-payment to MSME vendors, but such interest is not being paid to the vendors. The interest provision is further subject to deduction of tax under section 194A of Income Tax Act, 1961. The actual impact of the same on the consolidated financial statements for the year ended March 31, 2026, has not been 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.
xvi	The Holding Company has defaulted in repayment of bank borrowings. In respect of term loans, defaults amounting to Rs. 2,145.73 Crores towards principal repayment and Rs. 501.45 Crores towards interest repayment have occurred, and the related loan accounts have been classified as Non-Performing Assets (NPA) by the respective banks. The total outstanding amount in respect of such term loans is Rs.3,045.77 Crores. Further, overdraft facilities aggregating to Rs.6,217.49 Crores are also outstanding. Accordingly, the total amount outstanding in respect of such borrowing aggregates to Rs.9,262.53 Crores. Penal interest charged by few banks has been accounted for by the Company; however, penal interest, is not charged by other banks has not been accounted for by the company, as the same has not been ascertained and not quantified by the Company. The company has initiated with the lender banks for possible resolution and settlement of such items. Finance cost & corresponding interest liability is understated by the penal interest amount figure of which is not quantifiable in absence of bank statements	Penal interest is accounted as and when charged by the bank. Statement of each loan account since the date of NPA and calculations of interest and penal interest thereof, is called from all the banks. Necessary action will be taken on receipt of detailed information from banks. As such no impact is anticipated at this stage.

Sr.No.	Qualification	Management Reply
xvii	Till 30.06.2025, the Company followed the practice of recognizing Expected Credit Loss (ECL) only on Trade Receivables and not on other financial assets, specifically claim recoverable. This accounting treatment was not in compliance with Ind AS 109 – Financial Instruments, which mandates that ECL should be recognized on all financial assets measured at amortized cost or at fair value through other comprehensive income, including claim recoverable. During the year, the company has recognized a provision of Rs. 200 Crores, on amount recoverable for more than three years; out of the total recoverable from IUC Operators and Others of Rs. 709.09 Crores. The ECL model adopted by the Company requires a comprehensive review to ensure full compliance with Ind AS 109.	The Company reviewed and revised its estimates relating to the Expected Credit Loss (ECL provisioning) on receivables from Interconnect Usage Charges (IUC) and other operators as well as on other financial assets. Earlier, in accordance with the Company's accounting policy, provision for doubtful debts was not being made in respect of inter-operator balances and certain other financial assets, as these were considered recoverable based on continuous business relationships and ongoing settlements governed by regulatory and contractual arrangements and the provisions for such outstanding dues are provided on case-to-case basis, only when there is conclusive evidence of non-recoverability. However, considering the prolonged outstanding balances, delays in payments, reconciliation and settlement, the Company has revised its estimate based on updated information and historical recovery experience, reconciliation and settlement and reassessed the recoverability of such receivables and determined that all balance outstanding from IUC and other operators and other financial assets which are outstanding for a period more than 3 years are to be considered for ECL making provisions unless there is constructive evidence of recovery for the same in current operating cycle. The impact of this revision has been recognized in the Statement of Profit and Loss for the current period. The Company will continue to review these estimates periodically in light of updated information and settlement progress.
xviii	The Holding Company has not complied with the requirements of Ind AS 116 – Leases, as working with adequate supporting documents and relevant records were not made available for our verification and accounting entries have been made based on old data which is not updated with new leases, old leases expired and revision on lease rent. Consequently, we were unable to ascertain and quantify the impact of such non-compliance on the financial statements as at 31 March 2026.	Necessary instructions will be issued to all concerned for review of Ind AS related adjustment and to take necessary action in the current year.

Sr.No.	Qualification	Management Reply
xix	As per Letter No. F.No. 6-2/2023-PSF issued by the Ministry of Telecommunications, Government of India, dated 09th September 2024, failure to pay Guarantee Fees by 30th April entails levy of Penal Guarantee Fees for the period of default on a pro-rata basis. While the Company has duly provided for the principal Guarantee Fees of Rs. 352.30 Crore, it has classified the resultant Penal Guarantee Fees of Rs. 352.30 Crore (Rupees Three Hundred and Fifty-Two Crore) merely as a Contingent Liability in the Notes to the Financial Statements, instead of recognizing a provision therefor. In our opinion, since the due date of 30th April has elapsed without payment, the obligation to pay Penal Guarantee Fees has already crystallized by operation of an explicit Government directive, the outflow of economic resources is certain and non-discretionary, and the amount is reliably determinable on a pro-rata basis as prescribed — thereby satisfying all three recognition criteria under Ind AS 37 — Provisions, Contingent Liabilities and Contingent Assets. Accordingly, the classification of Penal Guarantee Fees as a Contingent Liability is, in our opinion, incorrect, resulting in understatement of liabilities and expenses by Rs. 352.30 Crore and corresponding overstatement of profit by Rs. 352.30 Crore, which has a material bearing on the true and fair view presented by the financial statements.	With the ongoing financial distress in MTNL, the cash inflows are insufficient even to manage the statutory and critical operational expenses. Therefore, MTNL has requested DoT that pending SG Fee liability and penal Guarantee fee be settled through equity infusion by GoI. The matter is under active consideration at DoT. The amount will be measured and accounting will be addressed accordingly as per decision of GoI.

Sr.No.	Qualification	Management Reply						
xx	The Holding Company has been following the practice of manual billing on an average basis in certain units of Mumbai and Delhi due to downtime of software. The details of such units are as under: <table><tr><th>Mumbai</th><th>Delhi</th></tr><tr><td>Wireless</td><td>IUC</td></tr><tr><td>IUC</td><td>-</td></tr></table> In the absence of a system-driven, actual billing, we are unable to comment on the accuracy and completeness of revenue and related receivables of these units. Accordingly, the actual impact of the same on the standalone financial results for year ended 31st March 2026, have not been ascertained and quantified	Mumbai	Delhi	Wireless	IUC	IUC	-	Efforts are being made to restore the billing systems and impact of provisional & actual billing will be accounted for accordingly. Hence no impact is identified at this stage.
Mumbai	Delhi							
Wireless	IUC							
IUC	-							



No. F&C/AMG-III/MTNL/A/cs/2025-26/F-249/221

OFFICE OF THE
DIRECTOR GENERAL OF AUDIT, FINANCE & COMMUNICATION
SHAMNATH MARG, (NEAR OLD SECRETARIAT), DELHI-110054

Date: 02-09-2026

To

The Chairman and Managing Director,
Mahanagar Telephone Nigam Limited.
Delhi

Subject: Comments of the Comptroller & Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the Annual Accounts of MTNL (Consolidated & Standalone) for year 2025-26

Sir,

I am forwarding herewith the comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the Annual Accounts of MTNL (Consolidated & Standalone) for the Year 2025-26 for information and necessary Action.

Yours faithfully,

Encl: As above.

Sd-/
(Khalid Bin Jamal)
Director General of Audit
(Finance & Communication)

Telephone :
011-23814747 / 4623 / 2666

E-mail :
pdafincom@cag.gov.in

Fax :
+91-011-23813822

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2026

The preparation of Financial Statements of Mahanagar Telephone Nigam Limited (MTNL), for the year ended 31 March 2026 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May 2026.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of **Mahanagar Telephone Nigam Limited**, for the year ended 31 March 2026 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the Financial Statements and the related audit report:

A. COMMENTS ON PROFITABILITY

Expenses

License fees expenses - (Note No. 37)

Spectrum Charges - ₹ 1.82 Crore

The above does not include an amount of Rs.671.56 crore, on account of demand raised by Department of Telecommunication (DoT) vide Notice dated 19.02.2026, with respect to outstanding Spectrum Usage Charges (SUC) for the years 2006-07 to 2023-24.

As per para 10 of Ind AS 37, a liability is present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Since the demand has been raised by the DOT in respect of past obligations, the liability should have been recognized in the financial statements.

Non booking of the above has resulted into understatement of expenses and liabilities and overstatement of contingent liabilities by Rs.671.56 Crores. Consequently, losses for the year is also understated by the same amount.

B. DISCLOSURE**B1 Details of Contingent Liabilities, pending litigations and other matters – Note 50**

MTNL has discontinued the operation of its 2G/3G Base Transceiver stations (BTSs) at various customer premises. However, the corresponding BTS sites have neither been dismantled nor vacated, and the company continues to remain in possession of these premises. Consequently, the landlords/customers have raised claims for rent/occupation charges for the period of continued occupation and in several instances, legal notices demanding payment of such due have also been served on the company. Audit observed that the company has neither assessed the financial impact of these claims nor disclosed the potential liability as a Contingent Liability in the Notes to Accounts.

This has rendered the disclosure under contingent liabilities deficient to that extent.

B2 Financial ratios – Note 59

Pursuant to schedule III to the Companies Act, 2013, Companies are required to disclose the specified financial ratios and provide explanations for any variations exceeding 25 per cent compared to the immediately preceding financial year.

Audit observed that the percentage change disclosed in respect of certain financial ratios in Note No. 59 – *Financial Ratios* for the Financial Year 2025-26 was incorrectly calculated thereby rendering the Note deficient to that extent.

C. COMMENTS ON AUDITORS' REPORT**Material uncertainty related to going concern**

Para 22 of SA 570 (Revised) Going Concern, states that if adequate disclosure about the material uncertainty is made in the financial statements, the auditors shall express an unmodified opinion, and the Auditor's report shall include a separate section under the heading "Material Uncertainty Related to Going Concern".

Though the Statutory Auditor complied with above provision, he should not have considered 'going concern status' of the company as one of the bases for expressing adverse opinion.

**For and on behalf of the
Comptroller & Auditor General of India**

Sd-/
(Khalid Bin Jamal)
Director General of Audit
(Finance & Communication)

Place: Delhi

Date: 02-09-2026

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2026

The preparation of consolidated financial statements of Mahanagar Telephone Nigam Limited, for the year ended 31 March 2026 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May 2026.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of Consolidated Financial Statements of Mahanagar Telephone Nigam Limited, for the year ended 31 March 2026 under section 143(6)(a) read with section 129(4) of the Act. We conducted the supplementary audit of financial statements of Mahanagar Telephone Nigam Limited, but did not conduct a supplementary audit of the financial statements of Millennium Telecom Limited and MAHANAGAR TELEPHONE MAURITIUS LIMITED (wholly owned subsidiary of the company), MTML DATA LIMITED & MTML International Limited (Step down subsidiaries), United Telecommunication Limited & MTNL STPI IT Services Ltd. (jointly controlled entities) for the year ended on that date. Further, section 139(5) and 143(6) of the Act are not applicable to MAHANAGAR TELEPHONE MAURITIUS LIMITED, MTML DATA LIMITED, MTML International Limited, United Telecommunications Limited & MTNL STPI IT Services Limited being private entities/entities incorporated in Foreign Countries under the respective Laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. COMMENTS ON PROFITABILITY

Expenses

License fees expenses - (Note No. 40)

Spectrum Charges - ₹ 1.82 Crore

The above does not include an amount of Rs.671.56 crore, on account of demand raised by Department of Telecommunication (DoT) vide Notice dated 19.02.2026, with respect to outstanding Spectrum Usage Charges (SUC) for the years 2006-07 to 2023-24.

As per para 10 of Ind AS 37, a *liability* is present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Since the demand has been raised by the DoT in respect of past obligations, the liability should have been recognized in the financial statements.

Non booking of the above has resulted into understatement of expenses and liabilities and overstatement of contingent liabilities by Rs.671.56 Crores. Consequently, losses for the year is also understated by the same amount.

B. DISCLOSURE

B1 Details of Contingent Liabilities, pending litigations and other matters – Note 54

MTNL has discontinued the operation of its 2G/3G Base Transceiver stations (BTSs) at various customer premises. However, the corresponding BTS sites have neither been dismantled nor vacated, and the company continues to remain in possession of these premises. Consequently, the landlords/customers have raised claims for rent/occupation charges for the period of continued occupation and in several instances, legal notice demanding payment of such due have also been served on the company. Audit observed that the company has neither assessed the financial impact of these claims nor disclosed the potential liability as a Contingent Liability in the Notes to Accounts.

This has rendered the disclosure under contingent liabilities deficient to that extent.

B2 Financial ratios – Note 63

Disclosure of financial ratio is a mandatory requirement as per Ministry of Corporate Affairs. Notification No. G.S.R.207 dated 24 March 2021, effective from 1 April 2021.

In this regard, Note No. 63 forming part of the Financial Statements state that “this requirement is not relevant at this CFS level and hence not disclosed here.” Since the notification does not provide any exemption from this requirement for consolidated financial statements, non-disclosure of the same has rendered the Notes to account deficient to that extent.

C. COMMENTS ON AUDITORS' REPORT

Material uncertainty related to going concern

Para 22 of SA 570 (Revised) Going Concern, states that if adequate disclosure about the material uncertainty is made in the financial statements, the auditors shall express an unmodified opinion and the Auditor's report shall include a separate section under the heading "Material Uncertainty Related to Going Concern".

Though the Statutory Auditor complied with above provision, he should not have considered 'going concern status' of the company as one of the bases for expressing adverse opinion.

**For and on behalf of the
Comptroller & Auditor General of India**

**Sd-/
(Khalid Bin Jamal)
Director General of Audit
(Finance & Communication)**

Place: Delhi

Date: 02-09-2026

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2026

Comments of CAG	Reply of MTNL Management
The preparation of Financial Statements of Mahanagar Telephone Nigam Limited (MTNL), for the year ended 31 March 2026 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May 2026. I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of Mahanagar Telephone Nigam Limited, for the year ended 31 March 2026 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the Financial Statements and the related audit report:	

Comments of CAG	Reply of MTNL Management
A. COMMENTS ON PROFITABILITY Expenses License fees expenses - (Note No. 37) Spectrum Charges - Rs.1.82 Crore The above does not include an amount of Rs.671.56 crore, on account of demand raised by Department of Telecommunication (DoT) vide Notice dt. 19.02.2026, with respect to outstanding Spectrum Usage Charges (SUC) for the years 2006-07 to 2023-24. As per para 10 of Ind AS 37, a liability is present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources. Embodying economic benefits. Since the demand has been raised by the DOT in respect of past obligations, the liability should have been recognized in the financial statements. Non booking of the above has resulted into understatement of expenses and liabilities and overstatement of contingent liabilities by Rs.671.56 Crores. Consequently, losses for the year is also understated by the same amount.	As per show cause and demand notice vide its letter dated 1-9/CCA-DL/Rev/ SUC/ MTNL/2024-25 dated 19-02-2026, units have been instructed to review and check the demand which is under progress. As the matter is being taken up by the respective units with DOT / CCA for reconciliation of deduction claim and disallowance in show cause notice. The demand raised by DoT/CCA is mostly on accounts of interest and penalties for nonpayment of license fee/SUC charges and also on accounts of disallowance of certain deductions due to non-submission of certain documents. Both Delhi & Mumbai units have already been instructed to approach concerned CCA to submit their representations to respective CCA's and get the deduction allowed. Further MTNL has also written to that MTNL is not in a position to remit LF/SUC from 2019-20 onwards due to severe financial distress. The amount of LF/SUC is being booked in the accounts on accrual basis, however, the same remains unpaid in the AGR and attracts demand of unpaid amount along with interest and penalty in assessment of LF/SUC. As such the amount of LF/SUC included in the demand has already been booked as confirmed liability in the financials and the demand of interest & penalty is not yet confirmed/ finalized as the AGR issue of MTNL is still to be decided by CoS/DOT/GoI Vide OM F No. 20-28/2022/PR dated 02-08-2022.

Comments of CAG	Reply of MTNL Management
	Therefore, the AGR related issue of MTNL is still be decided by the CoS and there is no acknowledged debt as at this stage, hence no liability other than that already booked in financials can be booked as per the procedure. However, the amount of all demand notes issued by DOT on the basis of provisional assessment included in the contingent liabilities in the financial statement of 2025-26 to the extent of Rs 5370.09 crs.
B. DISCLOSURE B1 Details of Contingent Liabilities, pending litigations and other matters – Note 50 MTNL has discontinued the operation of its 2G/3G Base Transceiver stations (BTSs) at various customer premises. However, the corresponding BTS sites have neither been dismantled nor vacated, and the company continues to remain in possession of these premises. Consequently, the landlords/customers have raised claims for rent/occupation charges for the period of continued occupation and in several instances, legal notices demanding payment of such due have also been served on the company. Audit observed that the company has neither assessed the financial impact of these claims nor disclosed the potential liability as a Contingent Liability in the Notes to Accounts. This has rendered the disclosure under contingent liabilities deficient to that extent.	The 2G/3G sites are being upgraded to 4G and as per decision of management, other non-functional sites were given exit notices to avoid expenditures for tower rent, electricity bills and other related expenses. Accordingly rent and electricity bills etc. are payable till cut-off date. Most of the vendor accepted the offer and accordingly the liability has been booked in accounts till the date of exit. For others case liability is uncertain at this stage and cannot be assessed and even though the claims are not admissible to MTNL after the exit option. This will be reviewed on case-to-case basis in the current year for assessment of actual or contingent liability. In view of the above, there is no case of non-compliance of IndAS-37.

Comments of CAG	Reply of MTNL Management
B2 Financial ratios – Note 59 Pursuant to schedule III to the Companies Act, 2013, Companies are required to disclose the specified financial ratios and provide explanations for any variations exceeding 25 per cent compared to the immediately preceding financial year. Audit observed that the percentage change disclosed in respect of certain financial ratios in Note No. 59 – Financial Ratios for the Financial Year 2025-26 was incorrectly calculated thereby rendering the Note deficient to that extent.	The differences in the percentage change of the ratios arise because the ratio movement has been calculated using the underlying full-precision figures, whereas the ratios disclosed in the financial statements are presented after rounding off to two decimal places. Accordingly, when the percentage change is recalculated using the rounded ratios appearing in the notes, minor variations are observed. The percentage changes disclosed in the notes have been computed based on the actual unrounded ratio values and therefore represent the accurate movement between the two reporting periods. The differences are solely attributable to rounding and do not impact the underlying calculations or conclusions drawn from the ratios.
C. COMMENTS ON AUDITORS' REPORT Material uncertainty related to going concern Para 22 of SA 570 (Revised) Going Concern, states that if adequate disclosure about the material uncertainty is made in the financial statements, the auditors shall express an unmodified opinion, and the Auditor's report shall include a separate section under the heading "Material Uncertainty Related to Going Concern". Though the Statutory Auditor complied with above provision, he should not have considered 'going concern status' of the company as one of the bases for expressing adverse opinion.	♦ The Company has incurred a loss of Rs.3,096.74 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 view of various measures taken by Govt of India for revival of MTNL in the past such as VRS to reduce the employee cost, issue of Sovereign Guarantee backed bonds for MTNL with waiver of guarantee fee, monetization of the lands and buildings of the company in order to get rid of the huge debt burden on the company. Besides, the Government approved the monetization of the lands and buildings of the company with assistance from

Comments of CAG	Reply of MTNL Management
	DIPAM in order to get rid of the huge debt burden on the company. Being part of monetization of land and buildings of the company has realized a cash inflow from sale of properties resulting positive EBIDTA on accounts of profit on sale of properties during the year. ♦ In addition to this, Government approved providing 4G licenses to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license. As per the deliberations, the maintenance and running of MTNL wireless network has also been taken over by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams. ♦ Further as per service agreement signed between MTNL & BSNL, BSNL shall run MTNL's telecom services in Delhi & Mumbai w e f 01-01-2025 and also take care of CAPEX and OPAX for smooth running of entire telecom operations in Delhi & Mumbai to ensure EBIDTA neutral operation of MTNL. As per said service agreement the customers of MTNL started migrating to BSNL w.e.f. 01-04-2025 and billing and collection is done by BSNL for such customers. The revenue share of MTNL arising from such customers has been approved and agreed by both the company. Accordingly, an amount of Rs 164.97/- Crs has been accounted in operating revenue of MTNL as revenue share recoverable from BSNL during the year.

Comments of CAG	Reply of MTNL Management
	♦ All of the above aspects are considered by the management while preparing the financial statements and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 “Presentation of Financial Statements” the company is continuously having support of Govt. in managing its issues.

Sd/-
(Vasudev Singh)
CFO & GM (Finance)
MTNL CO

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2026

Comments of CAG	Reply of MTNL Management
The preparation of consolidated financial statements of Mahanagar Telephone Nigam Limited, for the year ended 31 March 2026 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May 2026. I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of Consolidated Financial Statements of Mahanagar Telephone Nigam Limited, for the year ended 31 March 2026 under section 143(6)(a) read with section 129(4) of the Act. We conducted the supplementary audit of financial statements of Mahanagar Telephone Nigam Limited, but did not conduct a supplementary audit of the financial statements of Millennium Telecom Limited and MAHANAGAR TELEPHONE MAURITIUS LIMITED (wholly owned subsidiary of the company), MTML DATA LIMITED & MTML International Limited (Step down subsidiaries), United Telecommunications Limited & MTNL STPI IT Services Ltd. (jointly controlled entities) for the year ended on that date. Further, section 139(5) and 143(6) of the Act are not applicable to MAHANAGAR TELEPHONE MAURITIUS LIMITED, MTML DATA LIMITED, MTML International Limited, United Telecommunications Limited & MTNL	

Comments of CAG	Reply of MTNL Management
STPI IT Services Limited being private entities/entities incorporated in Foreign Countries under the respective Laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:	
A. COMMENTS ON PROFITABILITY Expenses License fees expenses - (Note No. 40) Spectrum Charges - Rs.1.82 Crore The above does not include an amount of Rs.671.56 crore, on account of demand raised by Department of Telecommunication (DoT) vide Notice dated 19.02.2026, with respect to outstanding Spectrum Usage Charges (SUC) for the years 2006-07 to 2023-24. As per para 10 of Ind AS 37, a liability is present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Since the demand has been raised by the DoT in respect of past obligations, the liability should have been recognized in the financial statements.	As per show cause and demand notice vide its letter dated 1-9/CCA-DL/Rev/SUC/MTNL/2024-25 dated 19-02-2026, units have been instructed to review and check the demand which is under progress. As the matter is being taken up by the respective units with DOT / CCA for reconciliation of deduction claim and disallowance in show cause notice. The demand raised by DoT/CCA is mostly on accounts of interest and penalties for nonpayment of license fee/SUC charges and also on accounts of disallowance of certain deductions due to non-submission of certain documents. Both Delhi & Mumbai units have already been instructed to approach concerned CCA to submit their representations to respective CCA's and get the deduction allowed.

Comments of CAG	Reply of MTNL Management
Non booking of the above has resulted into understatement of expenses and liabilities and overstatement of contingent liabilities by Rs.671.56 Crores. Consequently, losses for the year is also understated by the same amount.	Further MTNL has also written to DOT that MTNL is not in a position to remit LF/SUC from 2019-20 onwards due to severe financial distress. The amount of LF/SUC is being booked in the accounts on accrual basis, however, the same remains unpaid in the AGR and attracts demand of unpaid amount along with interest and penalty in assessment of LF/SUC. As such the amount of LF/SUC included in the demand has already been booked as confirmed liability in the financials and the demand of interest & penalty is not yet confirmed/finalized as the AGR issue of MTNL is still to be decided by CoS/DOT/GoI Vide OM F No. 20-28/2022/PR dated 02-08-2022. Therefore, the AGR related issue of MTNL is still be decided by the CoS and there is no acknowledged debt as at this stage, hence no liability other than that already booked in financials can be booked as per the procedure. However, the amount of all demand notes issued by DOT on the basis of provisional assessment included in the contingent liabilities in the financial statement of 2025-26 to the extent of Rs 5370.09 crs.
B. DISCLOSURE B1 Details of Contingent Liabilities, pending litigations and other matters – Note 54 MTNL has discontinued the operation of its 2G/3G Base Transceiver stations (BTSs) at various customer premises. However, the corresponding BTS sites have neither been dismantled nor vacated, and the company continues to remain in possession of these premises. Consequently, the landlords/customers have raised claims for rent/occupation charges for the period of continued occupation and in several instances, legal notice demanding payment of such	The 2G/3G sites are being upgraded to 4G and as per decision of management, other non-functional sites were given exit notices to avoid expenditures for tower rent, electricity bills and other related expenses. Accordingly rent and electricity bills etc. are payable till cut-off date. Most of the vendor accepted the offer and accordingly the liability has been booked in accounts till the date of exit. For others case liability is uncertain at this stage and

Comments of CAG	Reply of MTNL Management
due have also been served on the company. Audit observed that the company has neither assessed the financial impact of these claims nor disclosed the potential liability as a Contingent Liability in the Notes to Accounts. This has rendered the disclosure under contingent liabilities deficient to that extent.	cannot be assessed and even though the claims are not admissible to MTNL after the exit option. This will be reviewed on case-to-case basis in the current year for assessment of actual or contingent liability. In view of the above, there is no case of non-compliance of IndAS-37.
B2 Financial ratios – Note 63 Disclosure of financial ratio is a mandatory requirement as per Ministry of Corporate Affairs. Notification No. G.S.R.207 dated 24 March 2021, effective from 1 April 2021. In this regard, Note No. 63 forming part of the Financial Statements state that “this requirement is not relevant at this CFS level and hence not disclosed here.” Since the notification does not provide any exemption from this requirement for consolidated financial statements, non-disclosure of the same has rendered the Notes to account deficient to that extent.	The Ministry of Corporate Affairs (MCA) introduced the financial ratio disclosure requirements in Schedule III with effect from 1 April 2021. The ICAI Guidance Note states that reporting requirements should generally be presented on an aggregated basis for the group in the consolidated financial statements (CFS), except where a particular disclosure is not relevant in the context of CFS. Accordingly, the analytical ratios prescribed under Schedule III were primarily intended for standalone financial statements. Several of these ratios—such as Return on Equity, Debt-Equity Ratio, and Net Capital Turnover Ratio—are based on metrics that may not be directly comparable or meaningful at the consolidated level due to the impact of consolidation adjustments, including elimination entries, non-controlling interests, goodwill, acquisition accounting, and group financing arrangements. Consequently, ratios computed at the consolidated level may not be directly comparable with their standalone counterparts and, in certain cases, may not provide decision-useful information consistent with the objective of the disclosure.

Comments of CAG	Reply of MTNL Management
	Accordingly, based on the above interpretation and considering that certain prescribed ratios may not have been relevant or meaningful in the context of the financial statements, we disclosed the Schedule III ratios only in the standalone financial statements and did not present them in the CFS, and this has been followed consistently since FY 2021-22. However, we acknowledge that this interpretation can be revisited. We will therefore reassess our position by considering the requirements of Schedule III, the ICAI Guidance Note, evolving market practice, and discussions with the statutory auditors. Based on the outcome of this assessment, we will make any necessary revisions to our disclosure approach prospectively from the next financial year, where considered appropriate.
C. COMMENTS ON AUDITORS' REPORT Material uncertainty related to going concern Para 22 of SA 570 (Revised) Going Concern, states that if adequate disclosure about the material uncertainty is made in the financial statements, the auditors shall express unmodified opinion and the Auditor's report shall include a separate section under the heading "Material Uncertainty Related to Going Concern". Though the Statutory Auditor complied with above provision, he should not have considered 'going concern status' of the company as one of the bases for expressing adverse opinion. Though the Statutory Auditor complied with above provision, he should not have considered 'going concern status' of the company as one of the bases for expressing adverse opinion.	♦ The Company has incurred a loss of Rs.3,096.74 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 view of various measures taken by Govt of India for revival of MTNL in the past such as VRS to reduce the employee cost, issue of Sovereign Guarantee backed bonds for MTNL with waiver of guarantee fee, monetization of the lands and buildings of the

Comments of CAG	Reply of MTNL Management
	company in order the get rid of the huge debt burden on the company. Besides, the Government approved the monetization of the lands and buildings of the company with assistance from DIPAM in order the get rid of the huge debt burden on the company. Being part of monetization of land and buildings of the company has realized a cash inflow from sale of properties resulting positive EBIDTA on accounts of profit on sale of properties during the year. ♦ In addition to this, Government approved providing 4G licenses to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license. As per the deliberations, the maintenance and running of MTNL wireless network has also been taken over by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams. ♦ Further as per service agreement signed between MTNL & BSNL, BSNL shall run MTNL's telecom services in Delhi & Mumbai w e f 01-01-2025 and also take care of CAPEX and OPAX for smooth running of entire telecom operations in Delhi & Mumbai to ensure EBIDTA neutral operation of MTNL. As per said service agreement the customers of

Comments of CAG	Reply of MTNL Management
	MTNL started migrating to BSNL w.e.f. 01-04-2025 and billing and collection is done by BSNL for such customers. The revenue share of MTNL arising from such customers has been approved and agreed by both the company. Accordingly, an amount of Rs 164.97/- Crs has been accounted in operating revenue of MTNL as revenue share recoverable from BSNL during the year. ♦ All of the above aspects are considered by the management while preparing the financial statements and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 “Presentation of Financial Statements” the company is continuously having support of Govt. in managing its issues.

Sd/-
(Vasudev Singh)
CFO & GM (Finance)
MTNL CO

Form AOC-I

(Pursuant to the first proviso to sub-section (3) of Section 129 read with
Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries/ Associate Companies/Joint Ventures**Part "A": Subsidiaries**

1. Sl. No.: 01
2. Name of the Subsidiary: **Millennium Telecom Limited**
3. The date since when subsidiary acquired: 17.02.2000
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: Same as Holding Company
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.: Not Applicable
6. Share capital: Rs. 2.88 crore
7. Reserves & surplus: Rs. 3.88 crore
8. Total assets: Rs. 8.82 crore
9. Total Liabilities: Rs. 2.06 crore
10. Investments: NIL
11. Turnover: Rs. 1.06 crore
12. Profit before taxation: Rs. 1.03 crore
13. Provision for taxation: Rs. 0.29 crore
14. Profit after taxation: Rs. 0.74 crore
15. Proposed Dividend: Rs. 0.28 crore
16. % of shareholding: 100%

Form AOC-I

(Pursuant to the first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

1. Sl. No.: 02
2. Name of the Subsidiary: **Mahanagar Telephone (Mauritius) Limited**
3. The date since when subsidiary was acquired: 14.11.2000
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: Same as Holding Company
5. Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries: Reporting currency- Mauritian Rupees (MUR)
Exchange rate: 1 INR = 0.555 MUR
6. Share capital: Rs. 117.19 Crore
7. Reserves & surplus: Rs. (-) 7.28 Crore
8. Total assets: Rs. 134.72 Crore
9. Total Liabilities: Rs. 24.81 Crore
10. Investments*: NIL
11. Turnover: Rs. 72.04 Crore
12. Profit before taxation: Rs. (-) 5.80 Crore
13. Provision for taxation: Rs. (-) 0.16 Crore
14. Profit after taxation: Rs. (-) 5.64 Crore
15. Proposed Dividend: NIL
16. % of shareholding: 100%

*Investments exclude investment in subsidiaries.

1. Names of subsidiaries which are yet to commence operations: Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

Part “B”: Associates and Joint Ventures

Statement Pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate/ Joint Ventures	United Telecommunication Limited	MTNL STPI IT Services Limited
1. Latest Audited Balance Sheet Date	31.03.2026*	31.03.2026
2. Date on which the Associate or Joint Venture was associated or acquired	21.07.2001	31.03.2006
3. Shares of Associate/ Joint Ventures held by the Company on the year-end		
No.	5736200	2282000
Amount of investment in Associates/ Joint Venture	Rs. 35.85 crore	Rs. 2.28 Crore
Extend of Holding %	26.68%	50%
4. Description of how there is significant influence	Holding more than 20% shares	Holding more than 20% shares
5. Reason why the Associate/ Joint Venture is not consolidated	Not Applicable	Not Applicable
6. Net worth attributable to Shareholding as per the latest Audited Balance Sheet	NIL*	Rs. 9.11 Crore
7. Profit/ (Loss) for the year	Loss	Profit
i. Considered in Consolidation	-	Rs. 1.42 Crore
ii. Not Considered in Consolidation	-	Rs. 1.42 Crore

*United Telecommunication Ltd is incorporated in Nepal. The last Audited Balance sheet date was 15.07.2021 therefore we have taken the Unaudited Provisional Balance Sheet date as on 31.03.2024

- Names of Associates or Joint Ventures which are yet to commence operations: Not Applicable.
- Names of Associates or Joint Ventures which have been liquidated or sold during the year: Not Applicable.

For and on behalf of Mahanagar Telephone Nigam Limited

Sd/-
(A. Robert J. Ravi)
Chairman & Managing Director

Sd/-
(Rajiv Kumar)
Director (Finance)

Sd/-
(Vasudev Singh)
Chief Financial Officer

Sd/-
(Ratan Mani Sumit)
Company Secretary

Place: New Delhi

Date: 21.05.2026

Jaikumar Tejwani & CO LLP**Chartered Accountants**

LLPIN: AAN-1856

HO: A-72, First Floor, Captain Gaur Marg,
East of Kailash, New Delhi-110065, India

Mobile No. +91-9667068557, 9667856332

E-mail: info@jktco.com

INDEPENDENT AUDITORS' REPORT

To,
The Members of Millennium Telecom Limited
Room No. 4208, 4th Floor, Mahanagar Doorsanchar Sadan
9 CGO Complex, Lodhi Road New Delhi,
Delhi-110003

Report on the Audit of the Standalone Financial Statements**Qualified Opinion**

We have audited the accompanying standalone financial statements of **M/s. Millennium Telecom Limited ('the Company')**, which comprises the Balance Sheet as on 31st March 2026, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter collectively referred to as "the aforesaid financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the '**Basis for Qualified Opinion**' section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under the section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at **31st March 2026**, the profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to the matter described in "**Annexure-A**" to this report, the effects of misstatements and possible effects of undetected misstatements on the financial statement due to inability to obtain sufficient and appropriate audit evidence which are material but, not pervasive individually or in aggregate.

We conducted our audit of the standalone financial statements 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 Standalone Financial Statements 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 statements under the provisions of the Act and the rules made thereunder, 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 Qualified Opinion**' on the aforesaid financial statements.

MURG- Material Uncertainty Regarding Going Concern

We Draw attention to Note 1.12 in the financial statements, which indicates that the company is under review concerning the Company's future viability. The Conditions described in the Note, include the status of the Company's probable plans on cessation of operations. The matters described there in indicate that material uncertainty exists that cast a significant doubt in the Company's ability to continue as a Going Concern. Our Opinion is not modified in respect of this matter.

Emphasis of Matters

- a. We draw attention to "**Note 25**" and "**Note 36**" of the financial statements, which describe the pending legal proceedings before the District Labour Court, Ghaziabad under the Payment of Wages Act, 1936. The claim filed against the Company amounts to Rs. 59.13 lakhs, comprising alleged salary deductions and compensation thereon. As stated in the notes, the matter is sub judice and no final order has been passed as at the reporting date. Based on legal advice and the current stage of the proceedings, the management has classified the matter as a contingent liability and has not recognised any provision in the financial statements, in accordance with the principles of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Our opinion is not modified in respect of this matter.

- b. We draw attention to **Note 35** of the financial Statements, which describes the recognition of income amounting to Rs. 63,00,000 on account of the forfeiture of BDA Deposit w.r.t Ricoh India Ltd, Fourth Dimension Solutions Ltd., Capricot Technologies Pvt. Ltd., Urban Infrastructure Management Services, Ga Software Technologies Pvt. Ltd. As stated in the Note, this amount has been recognized as revenue following a breach of contractual obligations by the counterparty, in accordance with the underlying terms of the agreement.

Our Opinion is not modified in respect of this matter.

- c. We draw attention to **Note 37** to the financial statements regarding the GIS Survey Project executed by the Company pursuant to the agreement dated 21 December 2016 entered into with the Uttar Pradesh Building and Other Construction Workers Welfare Board ("UP BOCWW"), which was subcontracted to Vikas Build Tech Pvt. Ltd. As represented by the management, against total payments of Rs. 18,69,45,213 released by UP BOCWW, the Company received Rs. 18,04,24,086 (net of TDS) and recognized the balance amount of Rs. 28,39,002 as trade receivables. The Company has further made aggregate payments of Rs. 17,14,40,616 to the subcontractor and disclosed Rs. 1,07,15,047 under Other Current Financial Liabilities towards deposit payable to the subcontractor. However, as per the

management representation/confirmation, the amount payable to the subcontractor is Rs. 78,76,046, resulting in an unreconciled difference of Rs. 28,39,001 as at the reporting date, for which reconciliation is stated to be in progress and consequential adjustments, if any, will be accounted for upon completion thereof. We further draw attention to the ongoing dispute between the Company and the subcontractor in respect of the said project, which is presently under adjudication before the District Level Committee (DLC) Court, Ghaziabad.

Our opinion is not modified in respect of this matter.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Management's Responsibility for the Standalone Financial Statements

The company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, Changes in Equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; section and application of appropriate accounting policies; making judgements and estimates that are responsible and prudent; and design, Implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matter related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company Financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about-whether the standalone financial

statements 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 the 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 decision of users taken based on these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, 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 financial controls relevant to the audit 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 system 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 management.
- Conclude on the appropriateness of management's 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 standalone financial statements or, if such disclosures are inadequate, to modify 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 statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements. 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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be expected to outweigh the public interest benefits of such communication.

Report on other legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we provide the "**Annexure-B**" statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(5) of the Act, we report in "**Annexure-C**" a statement on the matters specified by the Comptroller and Auditor General of India (C&AG) w.r.t the Company.
3. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of accompanying standalone financial statements;
 - b) Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, the proper books of account as required by law have been kept so far as it appears from our examination of those books;
 - c) The Company is having a Registered Office or Corporate Office in the state of Delhi only. Further, the company does not have any branch office in any state, however, the three units in different states namely Haryana, Uttar Pradesh, Maharashtra are existing for the purpose of Goods & Services Tax (GST) laws;
 - d) Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying standalone financial statements dealt with by this report are in agreement with the relevant books of accounts;
 - e) Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements are complied with requirements of the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015;
 - f) The matters described in the Basis for Qualified Opinion para above, may have an adverse effect on the functioning of the Company;

- g) Since, the Company is a Government Company, section 164(2) of the Companies Act, 2013 regarding obtaining written representations from the directors of the Company, is not applicable to the respective companies in terms of notification no. GSR-463(E), issued by Ministry of Corporate Affairs;
- h) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
- i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate Report in "**Annexure-D**".
- j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us;
 - ii. The company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses as on 31st March, 2026;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended on 31st March, 2026;
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
(c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
 - v. The company has declared/ paid dividend of Rs. 26,06,491/- during the financial year as per Companies Act, 2013.
 - vi. As Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014

Based on our examination, which included test checks, excepts for stances mentioned below, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2026 which has a feature of recording audit trail (Edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with during the year ended March 31, 2026.

For **JAIKUMAR TEJWANI & CO LLP**

(Chartered Accountants)

FRN No. 013415N/N500101

Sd/-

CA Kamal Tejwani

(Partner)

M. No. 099518

UDIN: 26099518MFFGZQ5937

Place: Delhi

Date: 13/05/2026

ANNEXURE-A TO THE INDEPENDENT AUDITRS' REPORT

Referred to the Basis for Qualifies Opinion" section of our audit to the members of the Company

1. Referring to the para 1.2 and note no. 2 "Property, Plant & Equipment (PPE)"

- a. The company has not complied with the requirements of Ind AS-16: 'Property, Plant and Equipment (PPE)' w.r.t the decapitalisation of the items of Property, Plant and Equipment (PPE) when such items are fully depreciated and have no economic benefits in the future. Thus, the resultant impact of the same on the aforesaid financial statements of the Company would be overstatement of such items and understatement of loss to that extent.

2. Referring to the note no.4 "Non-Current Tax Assets"

- a. The Company confirms that the income tax assets of Rs. 1,40,68,928 pertaining to Assessment Years 2003-04 to 2005-06 against which provision was created of Rs. 95,95,706, which resultant a recoverable value of Rs. 44,73,222 from Income Tax Department. In this regard, the matter is pending under 'Vivad se Vishwas' (VSV) Scheme. During the year, the Company has received an order in Form No. 5 issued by the designated authority, evidencing **full and final settlement** of the tax arrears under the said scheme. As per the said order, the Company has been granted the applicable relief, including refund (where applicable) and immunity from penalty and prosecution in accordance with the provisions of the Act. However, due to insufficient audit evidence, we are unable to provide assurance regarding the recoverable amount for the mentioned years.

3. Referring to the note no. 5 "Trade Receivables"

- a. The Company holds trade receivables of Rs. 1,00,001/- and 28,39,002/- from CIDCO Ltd & UP Building and Other Construction Worker Welfare Board (UP BOCWW) respectively.

However, confirmation and reconciliation of these amounts are pending. Due to the lack of relevant audit evidence, we were unable to verify the accuracy of these adjustments. Consequently, the potential impact on the standalone financial statements cannot be determined at present. This disclosure underscores significant uncertainty surrounding the receivable balances and their implications for the company's financial position.

- b. The management of Company has mentioned in notes to the financial statement that the carrying amounts of trade receivables, other financial assets, fixed deposits with banks, trade payables and other current financial liabilities are approximately equal to the fair value. Further, a dispute with UP BOCWW is under adjudication before the DLC Court, Ghaziabad (next hearing: 19th May 2026). Based on management assessment and legal advice, no additional liability has been recognized. However, Due to the lack of relevant audit evidence, we were unable to validate the accuracy of these adjustments.

4. Referring to the note no. 7 "Other Current Financial Assets"
 - a. The Company has an amount of receivable from Deposit with CIDCO of Rs. 14,275/. The amount receivable from mentioned party is: subject to confirmation and reconciliation. Owing to this we are not in a position to verify and comment on its accuracy or the potential impact on the financial statements.
5. Referring to the note no. 8 "Current Tax Assets"
 - c. The balance of Rs. 26,803 under Income Tax Receivable for Assessment Year 2025-26 represents the net amount arising from a provision of Rs. 12,66,377 made during the year and tax deposits totalling Rs. 12,93,180/-. However, the refund was adjusted against previous year liabilities. However, Due to the lack of relevant audit evidence, we were unable to validate the accuracy of these adjustments.
6. Referring to the note no. 9 "Other Current Assets"
 - a. The Balances of CGST, SGST, IGST Cash and Credit Ledgers of Delhi and Mumbai units, as appearing under different heads on 31st March, 2026 are subject to reconciliation by the management. Also, there is demand notice received by MTL, Mumbai branch from GST Department, the department has raised the demand of service Tax of Rs. 9,23,887/- and interest thereon. In view of non-reconciliation, we are not in a position to ascertain and comment on the correctness of such balances and resultant impact of the same on the standalone Ind AS financial statements of the Company.
7. Referring to the note no. 12 "Trade Payables"
 - a. The amount payable of Rs. 1,00,000/- to Pentagon Network Solution Ltd, remain unchanged throughout the year and are subject to confirmation and reconciliation. However, due to the unavailability of relevant audit evidence, we were unable to authenticate the accuracy of the claim. Consequently, the potential impact of this uncertainty on the standalone financial statements cannot be determined at this time.
8. Referring to the note no. 13 "Other Financial Liabilities"
 - a. The account balance of Trade/Security Deposits of Rs. 1,69,26,240/- which is subject to confirmation and reconciliation. In view of non-confirmation and non- reconciliation, we are not in a position to ascertain and comment on the correctness - of the such balances and resultant impact of the same on the aforesaid financial statements of the Company.
9. Referring to the note no. 14 "Current Provision"
 - a. The provision for UP GIS project amounting to Rs. 32,15,425/- remains constant compare to preceding financial year, without any cogent reasons/justification. In absence of audit evidence, we are unable to comment the accuracy of this amount.
10. Miscellaneous
 - a. The company is utilizing resources from the holding company (MTNL), including deputation of employees, Information Technology (I.T.) systems, and other resources.

However, there is no recording of relevant expenses in the Statement of Profit and Loss Account for this usage. Due to the lack of specific details, the potential impact of adjustments on the financial statements cannot be determined at this time.

- b. The Company has not complied with the disclosures and other requirements of Division-II: Ind AS based Schedule-III (Revised) to the Companies Act, 2013 read with the Section 129, in respect of classification of assets/ liabilities into current and non-current; categorization of assets/ liabilities into appropriate captions, Functional and presentation currency, Additional Regulatory Information etc.

The above basis for qualified opinion referred to in Para no. 1 to 10 were subject matter of qualification in the Auditor's Report for the year ended on March 31, 2026.

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. 1 to 9 on the aforesaid financial statements of the Company-for the year ended on March 31, 2026.

For **JAIKUMAR TEJWANI & CO LLP**
(Chartered Accountants)

Sd/-

CA Kamal Tejwani

(Partner)

M. No. 099518

UDIN: 26099518MFFGZQ5937

Place: Delhi

Date: 13/05/2026

ANNEXURE – ‘B’ TO THE INDEPENDENT AUDITORS’ REPORT

On the basis of the information and explanation given to us during the course of our audit, we report that:

- i. (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) The Company is not having any Intangible Asset hence comment on the maintenance of proper records showing full particulars of intangible assets is not applicable in this case.
- (c) As confirmed by management, physical verification of Property, Plant and Equipment was conducted by the management as on during the year ended on March 31, 2026 and the management has observed that the Assets are life expired, not usable and having no value.
- (d) The Company is not holding any immovable property hence comment on the title deeds of immovable properties held in the name of the company is not applicable in this case.
- (e) The company does not have any proceedings that have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder and hence comment on the same is not applicable in this case.
- ii. (a) The Company was not having any inventory during the current financial year and at the end of the year and hence comment on physical verification of inventory by the management is not applicable for the year under audit.
- (b) The company has not sanctioned working capital limits during any point of time of the year in excess of five crore rupees, in aggregate, from banks or financial institutions on the on the basis of security of currents assets and hence comment on quarterly returns or statements filed by the company with such banks or financial institutions are not applicable.
- iii. The Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, during the year under audit. Hence, the para 3 (iii) of the Order is not applicable in this case.
- iv. The Company has not granted loans or made investments, guarantees, and security as covered under the provisions of Sec.185 and 186 of the Companies Act, 2013 and rules made thereunder. Hence, the para 3 (iv) of the Order is not applicable in this case.
- v. The Company has not accepted any deposits from the public and amounts which are deemed to be deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules made thereunder are not applicable. Hence, the para 3 (v) of the Order is not applicable in this case.
- vi. The maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried out by the Company. Hence, the para 3 (vi) of the Order is not applicable in this case.

- vii. (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods & Service Tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. Further, no undisputed amounts payable in respect of material statutory dues were in arrears as on 31st March 2026 for a period of more than six months from the date on when they become payable.
- (b) There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute other than the following:

Assessment Year (AY)	As per Books (in Rs.)		As per VSV Scheme (in Rs.)		
	Amount Deposited	Provision Made	Amount Deposited	Amount Payable	Amount Refundable
AY 2003-04	63,75,775 /-	40,63,127/-	72,89,541/-	40,63,127/-	32,26,414/-
AY 2004-05	34,37,127/-	27,21,485/-	51,04,043/-	27,21,485/-	23,82,558/-
AY 2005-06	38,19,306/-	28,11,094/-	38,19,306/-	28,11,094/-	10,08,212/-

- (c) The company has opted to settle the dispute the pending appeals before Hon'ble ITAT for AY 2003-04 to AY 2005-06 and filed the application under 'Vivad se Vishwas' (VSV) Scheme in accordance with Direct Tax Vivad se Vishwas Act, 2020 and rules made thereunder.
- (d) The Company has received an order in Form No. 5 issued by the designated authority, evidencing **full and final settlement** of the tax arrears under the said scheme. As per the said order, the Company has been granted the applicable relief, including refund (where applicable) and immunity from penalty and prosecution in accordance with the provisions of the Act.
- (e) The Amount Deposited for AY 2003-04 to AY 2005-06 is as per Confirmation letter of CIT. However, the same is not reconciled with Books of account and hence we are unable to verify its consequential impact on the standalone financial statements at this time.
- viii. The Company does not have any transactions, which are not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the para 3 (viii) of the order is not applicable in this case.
- ix. The Company does not have any loans or borrowings from any banks, financial institutions and Government during the year under audit. Accordingly, the para 3 (ix) of the order is not applicable in this case.
- x. The Company has not raised money by way of initial public offer or further public offer including debt instruments during the year under audit. Further, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the para 3 (x) of the Order is not applicable to the Company and hence not commented upon.
- xi. (a) No fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year under audit.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- (c) No whistle-blower complaints have been received by the company during the year under audit.
- xii. The Company is not a Nidhi Company as per Section 406 of the Companies Act, 2013 and rules made thereunder. Hence, the para 3(xii) of the Order is not applicable to this case.
- xiii. The company has not entered any transaction with the related parties during the year under audit (other than the payment of dividend), as specified under sections 177 and 188 of the Companies Act, 2013 and rules made there under. However, the disclosures requirements as required by the applicable accounting standards (Ind AS-24) in the financial statements are not properly complied by the company.
- xiv. The Company is not required to appoint the Internal Auditors as per Sec. 138 of Indian Companies Act 2013 read with Rule 13 of Companies (Accounts) Rules, 2014. Hence, the para 3(xiv) of the Order is not applicable in this case.
- xv. The Company has not entered into any non-cash transactions with directors or persons connected with him. Hence, the para 3 (xv) of the Order is not applicable in this case.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Further, it has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934 and the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- xvii. The company has not incurred cash losses in the financial year and immediately preceding financial year.
- xviii. There has not been any resignation of the statutory auditors during the year under audit. Hence, the para 3 (xviii) of the Order is not applicable in this case.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, there is no material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. The requirements of the Sec. 135 of the Companies Act, 2013 and rules made thereunder is not applicable to the Companies Act, 2013 and rules made thereunder. Hence, the para 3 (xx) of the Order is not applicable in this case.
- xxi. This clause is applicable only for the purpose of reporting in case of consolidated financial statements. Hence, the para 3 (xxi) of the Order is not applicable in this case.

For **JAIKUMAR TEJWANI & CO LLP**
(Chartered Accountants)
FRN No. 013415N/N500101

Sd/-
CA Kamal Tejawani
(Partner)
M. No. 099518
UDIN: 26099518MFFGZQ5937
Place: Delhi
Date: 13/05/2026

ANNEXURE – ‘C’ TO THE INDEPENDENT AUDITORS’ REPORT

Referred to in our Independent Auditors’ Report of even date to the members of Millenium Telecom Limited on the Standalone Financial Statements for the year ended 31st March 2026.

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **M/s Millenium Telecom Limited (“the Company”)** for the financial year 2025-26 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

Based on the information and explanations given to us we report as under:

- 1. Whether the company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.**

According to the information and explanation given to us, we would like to highlight that the company has implemented the “Web-based Financial Management System” (WFMS) to handle all accounting transactions through an IT system. It’s important to note that the WFMS has been fully operational since the financial year 2023-24. However, the financial statements for the same financial year are currently being manually prepared and finalized by the management using MS-Excel software.

As the financial data is being processed manually in MS-Excel, there is a risk of potential manual interventions, unauthorized alterations or unintentional/intentional errors. These factors may pose a threat to the accuracy and integrity of the financial reporting of the company. It’s crucial to acknowledge that the full extent of these risks and their financial implications cannot be determined at present.

Further, we observed that several financial transactions continue to be recorded manually despite the availability of WFMS. The system currently lacks legacy data such as bank guarantees (and their encashments), advances from related parties and their settlements, interest on FDRs, TDS assets, etc. As a result, in the absence of a comprehensive IT system covering all financial transactions, the audit trail remains deficient to this extent.

- 2. Whether there is any restructuring of an existing loan or cases of waiver /write off of debts/loan/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, Lender is a Government Company, then the direction is also applicable for statutory auditor of Lender Company).**

According to the information and explanations provided to us, we report that there is no restructuring of an existing loan or cases of waiver / write off of debts / loan / interest etc. made by a lender to the Company during the year under audit.

However, we report that there have been write-offs of certain financial Liabilities (Deposit Of BDA) by the Company during the year, which have been duly accounted for in the books of accounts.

3. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilised as per its term and conditions? List the cases of deviation.

Based on the information and explanations provided, we confirm that no funds (grants/subsidies, etc.) were received or receivable for specific schemes from the Central/State Government or its agencies during the audited year.

However, it's important to note that funds invested by the Holding company, MTNL, as capital were not utilized for the intended purposes of the company.

We have conducted the audit of accounts of **the company** for the year ended 2025-26 in accordance with the directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with the all directions issued to us.

For JAIKUMAR TEJWANI & CO LLP

(Chartered Accountants)

FRN No. 013415N/N500101

Sd/-

CA Kamal Tejwani

(Partner)

M. No. 099518

UDIN: 26099518MFFGZQ5937

Place: Delhi

Date: 13/05/2026

ANNEXURE - 'D' TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the standalone Ind-AS financial statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the standalone Ind-AS financial statements of **M/s. Millennium Telecom Limited ("The Company")** as of 31st March 2026 in conjunction with our audit of the standalone Ind-AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be Prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the institute of Chartered Accountants of India. Those standards and the guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial Controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The Procedures selected depend on the auditor's judgement, including the assessment of the risks. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial reporting includes those policies and procedure that:

1. Pertain to the maintenance of record that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipt and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or
4. disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the Inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or frauds may occur and not be detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subjects to the risk that the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as of 31st March 2026:

1. The company lacks a sufficient internal control system to ensure compliance with the formatting and disclosure requirements outlined in Division-II: Ind-AS based Schedule-III (Revised) of the Companies Act, 2013, as well as the applicable Ind-AS notified under section 133 of the Companies Act, 2013. This deficiency could potentially lead to violations of Section 129 concerning the presentation of a true and fair view of the company's financial statements.
2. The Company does not have an appropriate internal control system for ensuring de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result in overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.

3. The Company does not have an appropriate internal control system for obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, third parties and others, and other parties and amount payables to trade payables, and amount payable to other parties.
4. The Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / third parties/other parties/others at the quarter-end and year-end and the same are duly reversed when actual bills are received and accounted for. This could potentially result in the same being booked twice in the books of accounts
5. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2026, which has an audit trail (edit log) feature that operated throughout the year for relevant transactions. However, instances of backdated accounting entries were observed during our review. Further, the financial statements were prepared by the management independently and not directly linked to system-generated reports or downloaded PDFs from the accounting software. These matters indicate deficiencies in the Company's internal financial controls over the accuracy, integrity, and reliability of financial reporting and increase the risk of material misstatement in the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/ possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March, 2024 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the company.

For JAIKUMAR TEJWANI & CO LLP
(Chartered Accountants)
FRN No. 013415N/N500101

Sd/-
CA Kamal Tejwani
(Partner)
M. No. 099518
UDIN: 26099518MFFGZQ5937
Place: Delhi
Date: 13/05/2026

MILLENNIUM TELECOM LIMITED
Balance Sheet as at 31 March 2026

Particulars	Note No.	As at 31-Mar-2026 (Rs. in Thousand)	As at 31-Mar-2025 (Rs. in Thousand)
ASSETS			
(1) <u>Non-current assets</u>			
(a) Property, Plant and Equipments	2	44	44
(b) Deferred Tax (Assets) Net	3	0	2
(c) Other non current Assets	4	4,500	4,340
Total non-current assets		4,544	4,386
(2) <u>Current assets</u>			
(a) Financial Assets			
(i) Trade receivables	5	2,939	2,939
(ii) Cash and cash equivalents	6	5,315	191
(iii) Other financial assets	7	55,014	63,663
(b) Current Tax Assets	8	144	27
(c) Other current assets	9	20,251	18,082
Total current assets		83,663	84,902
TOTAL ASSETS		88,207	89,288
<u>EQUITY AND LIABILITIES</u>			
(1) <u>Equity</u>			
(a) Equity Share capital	10	28,759	28,759
(b) Other Equity	11	38,817	33,903
Total Equity		67,576	62,662
<u>LIABILITIES</u>			
(2) <u>Non current liabilities</u>			
(3) <u>Current liabilities</u>			
(a) Financial Liabilities			
(i) Trade payable			
Total outstanding dues of micro enterprises and small enterprise		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12	400	100
(ii) Other Financial Liabilities	13	16,926	23,226
(b) Current Provision	14	3,283	3,283
(c) Other Current Liabilities	15	22	17
TOTAL EQUITY AND LIABILITIES		20,631	26,626
		88,207	89,288

Material Accounting policies Information

1-42

The accompanying notes are integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For M/s Jaikumar Tejwani & Co LLP

Chartered Accountants

Firm's Registration No.: 013415N/ N500101

Sd/-

CA Kamal Tejwani

Partner

Membership No. 099518

UDIN: 26099518MFFGZQ5937

Sd/-

Sandeep Govil

Chairman & Director

DIN 10040742

Sd/-

Anirudh Prasad Singh

Director (Finance)

DIN 08643565

Sd/-

Ratan Mani Sumit

CS ACS15193

Place: Delhi

Date : 13-MAY-2026

Place: Delhi

Date : 13-MAY-2026

MILLENNIUM TELECOM LIMITED

PART II – STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2026

Amount in Rupees

Particulars		Note No.	For the year ended 31.03.2026 (Rs. in Thousand)	For the year ended 31.03.2025 (Rs. in Thousand)
	Income			
I	Revenue from operations		-	-
II	Other income	16	10,628	4,637
III	Total Income (I+II)		10,628	4,637
	Expenses			
IV	Finance costs	17	0	0
	Depreciation and amortisation expense		0	0
	Other expenses	18	344	324
	Total expenses		344	325
V	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		10,284	4,312
VI	Exceptional items		0	568
VII	Profit / (Loss) before tax (V-VI)		10,284	4,880
VIII	Tax expense:			
	(a) Current tax	20	2,861	1,266
	(b) Tax of earlier years		0	0
	(b) Deferred Tax	19	2	7
	Total Tax expense		2,864	1,273
IX	Profit / (Loss) for the period from continuing operation (VII-VIII)		7,420	3,607
X	Profit / (Loss) for the period (XI-XIII)		7,420	3,607
XI	Other Comprehensive Income		-	-
	A (i) Items that will not be reclassified to profit or loss			
	(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			
XII	Total Comprehensive Income for the period (XIII+XIV (Comprising Profit (Loss) and Other Comprehensive Income 'for the period))		7,420	3,607
XIII	Earnings per share (For continuing operation)			
	(a) Basic		2.58	1.25
	(b) Diluted		2.58	1.25
XIV	Earnings per share (For continuing & discontinued operation)			
	(a) Basic		2.58	1.25
	(b) Diluted		2.58	1.25

Material Accounting Policies Information

1-42

The accompanying notes are integral part of the financial statements.

This is the statement of profit and loss referred to in our report of even date.

For M/s Jaikumar Tejwani & Co LLP

Chartered Accountants

Firm's Registration No.: 013415N/ N500101

Sd/-

CA Kamal Tejwani

Partner

Membership No. 099518

UDIN: 26099518MFFGZQ5937

Sd/-

Sandeep Govil

Chairman & Director

DIN 10040742

Sd/-

Anirudh Prasad Singh

Director (Finance)

DIN 08643565

Sd/-

Ratan Mani Sumit

CS ACS15193

Place: Delhi

Date : 13-MAY-2026

Place: Delhi

Date : 13-MAY-2026

MILLENNIUM TELECOM LIMITED
Cash Flow Statement for the year ended 31st March, 2026

	Particulars	31st March 2026 (Rs. in Thousand)		31st March 2025 (Rs. in Thousand)	
A	Cash Flow from Operating Activities				
	Profit/(Loss) before tax for the year	-	10,284	-	4,880
	Adjustments for:				
	Depreciation and amortisation of non-current assets	-		-	
	Finance costs	0.18		0.38	
	Interest income	-		-	
		-	0.18	-	0
	Provision for doubtful trade/other receivable, loans & advances				
	Provision for estimated loss on derivatives				
	Provision for warranty				
	Provision for estimated losses on onerous contracts				
	Provision for contingencies				
	Other non-cash charges	-		-	
	Net unrealised exchange (gain) / loss			-	
	Operating profit / (loss) before working capital changes		10,284		4,881
	<u>Changes in working capital:</u>				
	Adjustments for (increase) / decrease in operating assets:				
	Inventories	-		-	
	Trade receivables	-		10,403	
	Other current financial assets	8,649		(3,397)	
	Other current tax asset	(117)		1,119	
	Other current assets	(2,168)		1,046	
	Other non-current assets	(160)		(1,245)	
	<i>Adjustments for increase / (decrease) in operating liabilities:</i>	-		-	
	Trade payables	300		(376)	
	Other current financial liabilities	(6,300)		(7,906)	
	Other current liabilities	5		(532)	
	Other Long-term liabilities	-		(2,177)	
	Short-term provisions	-	208	(114)	(3,178)
	Long-term provisions	-			
			10,492		1,703
	Cash flow from extraordinary items		-		-
	Cash generated from operations		10,492		1,703
	Net income tax (paid) / refunds		(2,861)		(1,266)
	Net cash flow from / (used in) operating activities (A)		7,631		436
	B. Cash Flow from investing activities				
	Bank balances not considered as Cash and cash equivalents		-		
	- Matured	-		-	
	Interest received				
	- Others Bank FD Interest	-		-	
	- Others	-	-	-	-
	Purchase of Fixed Asset		-		-
	Net cash flow from / (used in) investing activities (B)	-		-	-

	Particulars	31st March 2026 (Rs. in Thousand)		31st March 2025 (Rs. in Thousand)	
C	Cash Flows from financing activities				
	Proceeds from other long-term advances	-		-	
	Payment of Dividend on Equity Shares	(2,506)		(1,438)	
	Finance cost	(0)	(2,507)	(0)	(1,438)
	Net cash flow from / (used in) financing activities (C)		(2,507)		(1,438)
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		5,124		(1,002)
	Cash and cash equivalents at the beginning of the year		191		1,193
	Cash and cash equivalents at the end of the year		5,315		191
	Reconciliation of Cash and cash equivalents with the Balance Sheet:				
	Cash and cash equivalents as per Balance Sheet (Refer Note 6)		5,315		191
	Less: Bank balances not considered as Cash and cash equivalents as defined in Ind-AS 7 <i>Cash Flow Statements</i>		-		-
	Net Cash and cash equivalents (as defined in IND-AS 7 <i>Cash Flow Statements</i>) included in Note 6		5,315		191
	Add: Current investments considered as part of Cash and cash equivalents (<i>as defined in AS 3 Cash Flow Statements</i>) (Refer Note (ii) to Note 16 Current investments)		-		-
	Cash and cash equivalents at the end of the year *		5,315		191
	* Comprises:				
	(a) Cash on hand		-		-
	(b) Cheques, drafts on hand		-		-
	(c) Balances with banks				
	(i) In current accounts		5,315		191
	(ii) In deposit accounts with original maturity of less than 3 months				
			5,315		191

For M/s Jaikumar Tejwani & Co LLP
Chartered Accountants
Firm's Registration No.: 013415N/ N500101
Sd/-
CA Kamal Tejwani
Partner
Membership No. 099518
UDIN: 26099518MFFGZQ5937

Place: Delhi
Date : 13-MAY-2026

Sd/-
Sandeep Govil
Chairman & Director
DIN 10040742

Place: Delhi
Date : 13-MAY-2026

For and on behalf of the Board of Directors

Sd/-
Anirudh Prasad Singh
Director (Finance)
DIN 08643565

Sd/-
Ratan Mani Sumit
CS ACS15193

Millennium Telecom Limited
Material accounting policies and other explanatory
information for the year ended March 31, 2026

Notes	Particulars
1 Corporate information	"MILLENNIUM TELECOM LIMITED (MTL), a wholly owned subsidiary of MAHANAGAR TELEPHONE NIGAM LIMITED (MTNL), is set up to set up submarine cable project & to provide IT solutions. After cancellation of the Sub-marine Cable Project Tender, the Board of MTL decided to enter into new line of business and started exploring the new different business prospects. The following are the services which are intened to be provided by MTL. The various services being offered are Remote monitoring of customer network, Capacity building and skill development programme, End-to-end ICT Solution provider along with operation & maintenance. Launch, operate, provide and maintained Cloud and managed services. Surveillance and perimeter security including emergency communication. Campus wide Wi-Fi , Surveillance projects, Infrastructure Sharing, Data Centre Outsourcing Application including Web Hosting, Cloud computing etc"
1.1 Significant accounting policies	Basis of accounting and preparation of financial statements The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) specified under section 133 of Companies Act, 2013 read with Rule-7 of Companies (Accounts) Rules, 2014 & as amended time to time and the relevant provisions of the Companies Act 2013. The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.
1.2 Property Plant and Equipment	All items of property, plant and equipment are stated at cost of acquisition historical cost less accumulated depreciation and impairment loss, if any. Cost includes of cost of acquisition, construction and installation, taxes, duties, freight and other incidental expenses that are directly attributable to bringing the asset to its working conditions for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives of the assets as specified under Schedule-II of the Companies Act, 2013 and in manner as specified in that Schedule-II.

1.3 Impairment of non financial assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount to the carrying amount of the asset that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior accounting periods.

1.4 Investments and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVPL), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of profit and loss are expensed in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

De-recognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

1.5 Inventories

Inventories are valued lower of cost or net realisable value.

1.6 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities.

1.7 Employee benefits

No provision for retirement benefits has been made since there are no employees.

1.8 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The company does not recognize a contingent liability but discloses its existence in the financial statements.

1.9 Income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered

as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognized in equity are recognized in equity and not in the Statement of Profit and Loss.

1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.11 Use of estimates

The preparation of the financial statements in conformity with Indian Accounting Standard requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.12 Material uncertainty relating to going Concern

In view of the probable discontinuation of operations, the Company is undergoing a comprehensive review of its future operations, in the 359th board meeting of its Holding Company i.e. MTNL which was held on 14.08.2024 has approved the proposal for Closure of Millennium Telecom Limited (MTL) by complying with applicable DIPAM guidelines, making application to DoT for approval of the proposal for closure of MTL from alternate Mechanism (AM). These deliberations involve the assessment of the Company's potential for a structured cessation of operations in the foreseeable future. The matter is still pending with DoT. Notwithstanding these indicators, the Financial Statements have been prepared on a Going Concern basis.

Millennium Telecom Limited
Balance Sheet as at 31st March 2026

2. Property Plant and Equipment

Particulars	Furniture and fixtures	Office equipment	Electrical fittings	Computers	Vehicles	Asset Scrapped/Decommissioned	Total
Carrying amount as on 01-Apr-2025	24	17	3	-	-	-	44
Addition							
Accumulated depreciation							
Opening accumulated depreciation							
Depreciation charge during the year							
Assets included in a disposal group classified as held for sale							
Assets Decommissioned/ Disposals	24	17	3	-	-	44	-
Exchange differences							
Closing accumulated depreciation							
Net carrying amount						44	44

Millennium Telecom Limited
Material accounting policies and other explanatory
information for the period ended 31st March 2026

Note No	Particulars	As at 31-Mar-2026 (Rs. in Thousand)	As at 31-Mar-2025 (Rs. in Thousand)
3	Deferred tax assets		
	Timing difference between book depreciation and depreciation as per Income Tax Act, 1961	-	2
		-	2
4	Non current tax assets		
	Advance tax (net of provisions)	4,500	4,340
		4,500	4,340
5	Trade receivables (Unsecured)		
	Considered good	2,939	2,939
	Considered doubtful	-	-
		2,939	2,939
	Less: Provision for doubtful debts	-	-
		2,939	2,939
6	Cash and Cash equivalents		
	Cash in hand		
	- current accounts	5,315	191
	- in deposit account with original maturity upto 3 months	-	-
		5,315	191
7	Other current Financial Asset		
	Deposit with CIDCO	14	663
	Balance with Banks		
	-in deposit account with original maturity less than 12 months	55,000	63,000
		55,014	63,663
8	Other current tax assets		
	Income tax refund receivable	144	27
		144	27
9	Other current assets		
	Interest Accrued on FDR (Accrued Income)	4,682	2,561
	GST Credit ledger-Delhi	169	169
	Balance with statutory authorities	15,400	15,353
		20,251	18,082

Millennium Telecom Limited

Material accounting policies and other explanatory information for the period ended 31 March 2026

10. Equity Share Capital

	As at 31-Mar-2026 (Rs. in Thousand)	As at 31-Mar-2025 (Rs. in Thousand)
Equity share capital		
Authorised:		
10,00,00,000 (Previous Year:10,00,00,000) Equity Shares of Rs. 10 each	10,00,000	10,00,000
Issued:		
28,75,880 (Previous Year:28,75,880) Equity Shares of Rs. 10 each	28759	28759
Subscribed and Paid-Up:		
28,75,880 (Previous Year:28,75,880) Equity Shares of Rs. 10 each	28,759	28,759
	28,759	28,759

Notes:

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue / Bonus / ESOP	Conversion / Buy Back	Closing Balance
<u>Equity shares with voting rights</u> Issued, Subscribed and fully paid up				
Year ended 31 March, 2026				
- Number of shares	2,875,880	-	-	2,875,880
- Amount	28,759	-	-	28,759
Year ended 31 March, 2025				
- Number of shares	2,875,880	-	-	2,875,880
- Amount	28,759	-	-	28,759

Notes:

- (ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights
	Number of shares
As at 31-Mar-2026	
Mahanagar Telephone Nigam Limited, the holding company	2,875,880
As at 31-Mar-2025	
Mahanagar Telephone Nigam Limited, the holding company	2,875,880

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	Figures as at the end of current reporting period		Figures as at the end of previous reporting period	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<u>Equity shares with voting rights</u>				
Mahanagar Telephone Nigam Limited	2,875,880	100	2,875,880	100

11. Other Equity

Particulars	As at 31-Mar-2026 (Rs. in Thousand)	As at 31-Mar-2025 (Rs. in Thousand)
Reserves and surplus		
Revenue reserve		
Opening balance	724	724
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	-	-
Amortization of fixed assets as per new Companies Act 2013	-	-
Closing balance	724	724
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	33,179	31,010
Add: Profit / (Loss) for the current year	7,420	3,607
Less: Dividend	(2,506)	(1,438)
Closing balance	38,093	33,179
Total	38,817	33,903

Note No.	Particulars	As at 31-Mar-2026 (Rs. in Thousand)	As at 31-Mar-2025 (Rs. in Thousand)
12	Trade Payables		
	Due to MSME	-	-
	Due to Others	400	100
		400	100
13	Other current financial liabilities		
	Earnest money deposit and security deposit	16,926	23,226
		16,926	23,226

Note No.	Particulars	As at 31-Mar-2026 (Rs. in Thousand)	As at 31-Mar-2025 (Rs. in Thousand)
14	Current Provisions		
	Provision for expenses	3,283	3,283
		3,283	3,283
15	Other current liabilities		
	Statutory remittances (Professional Tax, Service Tax, TDs payable)	22	17
		22	17

Note No.	Particulars	As at 31-Mar-2026 (Rs. in Thousand)	As at 31-Mar-2025 (Rs. in Thousand)
16	Other Income		
	Interest income on FDR	4,328	4,622
	Interest on IT refund	-	15
	Forfeited BDA Deposit Tr. to P&L	6,300	-
		10,628	4,637
17	Finance costs		
	Bank Charges	0.2	0.4
		0.2	0.4
18	Other expenses		
	Travelling and conveyance	21	8
	Printing and stationery	-	3
	Auditor's Fee	75	75
	Auditor's Courtesy Expenses	-	7
	Legal & Professional Fee	140	157
	Rent & Electricity of Office	72	74
	Reversal of Accrued Intrest Income on FDR	36	-
	Fine & Penalty	0	-
		344	324
19	Deferred Tax (On property, plant & equipment)	2	7
		2	7
20	Current tax	2,861	1,266
		2,861	1,266

Material Accounting Policies and Other Explanatory Information for the Period Ended 31 March 2026

21 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities of the company are under the amortised cost measurement category at each of the reporting dates.

Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments in the level 2 category for the company include forward exchange contract derivatives.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

The carrying amounts of trade receivables, other financial assets, fixed deposits with banks, trade payables and other current financial liabilities are considered to be approximately equal to the fair value.

The Fixed Deposit shown as Cash and Equivalent as it's nature like "Readily convertible to known amounts of cash" as per IND AS 7. As the company withdraw money from fixed deposit as and when required for its on going projects.

22 Financial risk management

The company is exposed to credit risk and liquidity risk.

Credit risk

Credit risk arises from cash and bank balances, trade receivables and other financial assets carried at amortised cost.

Credit risk management

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. There is no significant concentration of credit risk.

Bank balances are held with only high rated banks. The major portion of trade receivables are due from parent company. Accordingly, the provision for impairment is considered immaterial.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and other financial liabilities.

The Company's finance department is responsible for liquidity and settlement management. Also the liquidity position is assessed at reasonable intervals through budgeted cashflow.

23. Related party transactions

Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahanagar Telephone Nigam Ltd.
Holding Company	Mahanagar Telephone Nigam Ltd.
Subsidiaries	None
Fellow Subsidiaries	Mahanagar Telephone (Mauritius) Ltd
Associates	1. Bharat Sanchar Nigam Ltd. 2. United Telecom Ltd is a joint venture of MTNL, TCIL, TCL and NVPL. MTNL hold 26.68% of shares in UTL. 3. MTNL STPI IT SERVICES LTD (MSITS)
Key Management Personnel (KMP)	Shri Sandeep Govil, Chairman & Director w.e.f 01-10-2023 Shri Sultan Ahmed, Director (Ceased to be Director w.e.f. 08.04.2025) Shri Anirudh Prasad Singh, Director (Finance) w.e.f. 08-04-2025

Description of relationship	Names of related parties
	Shri Mukesh Kumar Chauhan, Director (Ceased to be Director of the w.e.f. 11.09.2025)
	Shri Harsh Vardhan Singh, Director (Appointed as Director w.e.f. 04.04.2025 and Ceased to be Director w.e.f. 11.09.2025)
	Shri Sandeep Gupta, Director (Appointed as Director w.e.f. 11.09.2025 and Ceased to be Director w.e.f. 04.10.2025)
	Shri Shashank Malviya, Director (Appointed as Director w.e.f. 11.09.2025)
	Shri Raghvendra Gupta, Director (Appointed as Director w.e.f. 21.11.2025)
	Shri Ratan Mani Sumit, Company Secretary w.e.f. 28.03.2023
	No transaction with any of them.
Relatives of KMP	No transactions
Company in which KMP / Relatives of KMP can exercise significant influence	No Transactions

Note: Related parties have been identified by the Management.

24. Details of related party transactions during the year ended 31 March, 2026 and balances outstanding as at 31 March, 2026:

	Associates : Bharat Sanchar Nigam Ltd. / United Telecom Ltd.	Holding Company : Mahanagar Telephone Nigam Ltd.	Fellow Subsidiaries: Mahanagar Telephone Nigam (Mauritius) Ltd.	Total
Balances outstanding at the end of the year				
Trade receivables				
(C.Y. 2025-2026)	-	-	-	-
(P.Y. 2024-2025)	-	-	-	-
Advances to parent company				
(C.Y. 2025-2026)	-	-	-	-
(P.Y. 2024-2025)	-	-	-	-
Trade payables	-			-
Advances from parent company				
(C.Y. 2025-2026)	-	-	-	-
(P.Y. 2024-2025)	-	-	-	-
Provision for doubtful receivables, loans and advances	-	-	-	-

25. Contingent liabilities and commitments (to the extent not provided for) is Rs. 59.13 Lakhs as per SL No.38.
26. Dividend of Rs 0.08715 per equity share has been paid for the year ended 31-03-2025 in the financial year 2024-25.
27. The company operates in one segment i.e. providing of services in India. The company is currently not active in providing any services in India.
28. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006: The company has no dues to micro and small enterprises during the year ended March 31, 2026 and March 31, 2025.
29. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
30. The information relating to Value of imports calculated on CIF basis: Expenditure in foreign currency, Earnings in foreign exchange & Amounts remitted in foreign currency during the year on account of dividend; is Nil.
31. Details of consumption of imported and indigenous items are Nil for the company.
32. In the opinion of Board of Directors, current assets, loans & advances, have value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities has been made in the accounts.
33. The Company's Board of Directors is responsible with respect to the preparation of financial statements in accordance with the requirements of Indian Accounting Standard (Ind AS) 34, "Interim Financial Reporting" as specified under Section 133 of the Companies Act, 2013 ('Act') read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The Board of Directors are responsible for 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; the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements are free from material misstatement, whether due to fraud or error.
34. Bank statement not provided by ICICI Bank having balance of Rs 100825 as account is marked under lien by the bank due to order by income tax authorities.
35. During the FY 2025-26, Rs. 63,00,000 shown as income which is more than three years old on account of the forfeiture of BDA Deposit w.r.t Ricoh India Ltd, Fourth Dimension Solutions Ltd., Capricot Technologies Pvt. Ltd., Urban Infrastructure Management Services, Ga Software Technologies Pvt. Ltd. This amount has been recognized as revenue following a breach of contractual obligations by the counterparty, in accordance with the underlying terms of the agreement.

36. Contingent Liability – Labour Court Proceedings

A claim has been filed against the Company (MTL) before the District Labour Court, Ghaziabad under the provisions of the Payment of Wages Act, 1936. The claim amount is Rs. 59,13,358, comprising salary deductions of Rs. 5,37,578 and compensation of Rs. 53,75,780.

The matter is currently sub judice and no final order has been passed as of the reporting date. The Company has engaged legal counsel for representation and has incurred legal expenses of Rs. 1,05,600/- during FY 2024-25. Based on legal advice and the current status of the proceedings, the management has assessed the matter as a contingent liability and not a provision, in accordance with Ind AS 37.

Accordingly, the contingent liability has been disclosed as under:

Amount Involved: Rs. 59,13,358.00

Nature of the Matter: Claim under Payment of Wages Act, 1936

Status: Pending before District Labour Court, Ghaziabad

Assessment: Contingent liability; no provision made

37. DLC Court, Ghaziabad

The Company entered into an agreement dated 21st December 2016 with the Uttar Pradesh Building and Other Construction Workers Welfare Board (UP BOCWW) for execution of a GIS survey project, which was subcontracted to Vikas Build Tech Pvt. Ltd (subcontractor).

Revenue and corresponding project costs have been recognized based on project milestones, with payments from UP BOCWW contingent upon verification and acceptance of work completed. The total payments of Rs. 18,69,45,213 were released by UP BOCWW, of which Rs. 18,04,24,086 was received (net of TDS), and a balance shortfall of Rs. 28,39,002 has been recognized as trade receivables. The Company has made aggregate payments of Rs. 17,14,40,616 to the subcontractor. Further, an amount of Rs. 1,07,15,047 has been disclosed as payable towards Deposit from Vikas Buildtech Pvt. Ltd. Annexure to Note-14 under Other Current Financial Liabilities.

However, as per the Letter submitted to court, the corresponding amount payable to Sub-Contractor is Rs. 78,76,046, resulting in a difference of Rs. 28,39,001, which remains unreconciled as at the reporting date, the reconciliation is in progress, and adjustments, if any, will be accounted for upon completion.

Additionally, a dispute has arisen between the Company and the subcontractor in respect of the said project, which is currently under adjudication before the District Level Committee (DLC) Court, Ghaziabad, with the next hearing scheduled on 19th May 2026.

Millennium Telecom Limited
Statement of Changes in Equity for the year ended March 31, 2026
Note 40: Equity share capital

Particulars	Number of shares	Amount
As at March 31, 2025	2,876	28,759
Changes during the year	-	-
As at March 31, 2026	2,876	28,759
Other equity	Revenue Reserve	Retained earnings
Opening balance as at April 01, 2025	724	33,179
Profit / (loss) for the year	-	7,420
Dividend and Proposed Dividend	-	(2,506)
Closing balance as at March 31, 2026	724	38,093

Material accounting policies and other explanatory information for the period ended 31st March 2026
Note 41: Ratio analysis

S No.	Particulars	Numerator	Denominator	As at		Variance	Note
				31st March, 2026	31st March, 2025		
1	Current Ratio	Current assets	Current Liabilities	4.06	3.19	27.17%	1
2	Debt-Equity Ratio	Total debt	Shareholder's equity	-	-	0.00%	
3	Debt Service Coverage Ratio	Earnings available for debt service	Debt service	-	-	0.00%	
4	Return on Equity ratio ¹	Net profits after taxes	Average shareholder's equity	10.98%	5.76%	90.75%	2
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	-	-	0.00%	
6	Trade Receivable Turnover Ratio	Revenue	Average trade receivable	-	-	0.00%	
7	Trade Payable Turnover Ratio	Purchases and other expenses	Average trade payables	-	-	0.00%	
8	Net Capital Turnover Ratio	Revenue	Working capital	-	-	0.00%	
9	Net Profit Ratio	Net profit	Revenue	-	-	0.00%	2
10	Return on Capital Employed ²	Earning before interest and taxes	Capital employed	15.22%	7.79%	95.40%	
11	Return on Investments						
	- Equity investments ²	Income generated from investments	Time weighted average investments	15.22%	7.79%	95.40%	2
	- Mutual fund	Income generated from investments	Time weighted average investments	0.00%	0.00%	0.00%	
	- Fixed deposits	Income generated from investments	Time weighted average investments	7.87%	7.34%	7.26%	
	- Loans and advances	Income generated from investments	Time weighted average investments	0.00%	0.00%	0.00%	

Notes:

1 The Company has written-back certain liabilities and shown as income during the year, which reduce the current liabilities in current year as compare to previous year.

2 The Company has written-back certain liabilities and shown as income during the year, which increase the significantly increase in profit as compare to previous year.

Notes:- No explanation have been provided for any change in the ratio by less than 25% as compared to the ratio of preceeding year.

Millennium Telecom Limited

Material accounting policies and other explanatory information for the period ended 31st March 2026

Note 42 : Ageing of trade receivables & payables

Trade Payables

As on 31.03.2026

For current trade payables, please share aging schedule in the following format

Particulars	Outstanding for following periods from due date of payment#				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	-	-	-	400	400
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
(v) Unbilled Dues *	-	-	-	-	-
(vi) Disputed dues - Unbilled *	-	-	-	-	-
TOTAL	-	-	-	400	400

similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction. Also, unbilled dues shall be disclosed separately.

Trade Payables

As on 31.03.2025

For current trade payables, please share aging schedule in the following format

Particulars	Outstanding for following periods from due date of payment#				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	-	-	100	-	100
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
(v) Unbilled Dues *	-	-	-	-	-
(vi) Disputed dues - Unbilled *	-	-	-	-	-
TOTAL	-	-	100	-	100

similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction. Also, unbilled dues shall be disclosed separately.

Trade Receivables (Current and Non - current)

As on 31.03.2026

For both current and non-current trade receivables, please share aging schedule in the following format

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	-	-	-	2,939	2,939
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction. Also, unbilled dues shall be disclosed separately.

Trade Receivables (Current and Non - current)

As on 31.03.2025

For both current and non-current trade receivables, please share aging schedule in the following format

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	-	-	-	2,939	2,939
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction. Also, unbilled dues shall be disclosed separately.

MILLENNIUM TELECOM LIMITED
Annexures to the Notes forming part of the financial statements

Annexures to note no 4

(Rupees in Thousand)

Non Current Tax Assets	As at March 31, 2026	As at March 31, 2025
Income Tax Paid (A.Y. 2003-04)	6,376	6,376
Income Tax Paid (A.Y. 2003-04)*	-	-
*Refund of AY 24-25 adjusted against demand of AY 2003-04	437	437
*Refund of AY 25-26 adjusted against demand of AY 2003-04	27	-
Income Tax Paid (A.Y. 2004-05)	3,437	3,437
Income Tax Paid (A.Y. 2005-06)	3,819	3,819
	14,096	14,069
Less: Provision for taxation	-	-
AY 2003-04	(4,063)	(4,063)
AY 2004-05	(2,721)	(2,721)
AY 2005-06	(2,811)	(2,811)
AY 2007-08	0	(133)
Total	4,500	4,340
TOTAL	4,500	4,340

Annexures to note no 5

Trade Receivable	As at March 31, 2026	As at March 31, 2025
<u>Considered Good</u>		
CIDCO Ltd	100	100
UP Building and Other Construction Worker Welfare Board	2,839	2,839
	2,939	2,939

Annexures to note no 6

Cash and Bank Balance	As at March 31, 2026	As at March 31, 2025
Balances with banks		
(i) In current accounts		
IOB A/C - Mumbai- Collection	2,776	23
IOB A/C - Mumbai-Operation	8	8
IOB A/C - Delhi	2,430	59
ICICI MUMBAI A/C	101	101
	5,315	191

Annexures to note no 8

Other current asset	As at March 31, 2026	As at March 31, 2025
Income Tax refund receivable AY 2025-26	-	27
Income Tax refund receivable AY 2026-27	144	-
	144	27

Annexures to note no 9

GST TDS credit not utilized	As at March 31, 2026	As at March 31, 2025
CGST Credit-Delhi	-	-
SGST Credit-Delhi	-	-
IGST Credit-Delhi	169	169
SGST Credit-UP	-	-
	169	169

Annexures to note no 9

Balance with statutory authorities	As at March 31, 2026	As at March 31, 2025
CGST Credit-Mah	5,056	5,056
SGST Credit-Mah	1,750	1,750
CGST Credit Delhi	270	247
SGST Credit Delhi	235	211
IGST Credit Delhi	5	5
CGST Credit-UP	4,042	4,042
SGST Credit-UP	4,042	4,042
	15,400	15,353

Annexures to note no 12

Trade payable	As at March 31, 2026	As at March 31, 2025
<u>Sundry creditors</u>		
Pentagon Network Solution Ltd	100	100
UNCLEARED CHEQUE		
CHQ issued to CONSORTIUM-YOTTA INFRASTRUCTRE SOLUTIONS	300	-
CHQ No. 000137 DATED 29-03-2025		
TOTAL	400	100

Annexures to note no 13

Other current financial liabilities	As at March 31, 2026	As at March 31, 2025
<u>Trade / security deposits received</u>		
EMD FROM TELEXCELL	10	10
Deposit from Vikas Buildtech Pvt. Ltd.	10,715	10,715
Deposit from Pentagon Network Sol Pvt Ltd (MUM HOA 131600)	2,801	2,801
DEPOSIT OF BDA	3,400	9,700
	16,926	23,226

Annexures to note no 14

Current Provision	As at March 31, 2026	As at March 31, 2025
Provision for UP GIS project	3,215	3,215
Provision for other exp	68	68
	3,283	3,283

Annexures to note no 15

Other current liabilities	As at March 31, 2026	As at March 31, 2025
<u>Statutory remittances (Professional Tax, Service Tax, TDs payable)</u>		
TDS Payable-Delhi	13	11
<u>GST Payable</u>	-	-
RCM CGST -Delhi	5	3
RCM SGST -Delhi	5	3
TOTAL	22	17

Annexures to note no 16

(Rupees in Thousand)

Other Income	As at March 31, 2026	As at March 31, 2025
Interest Income		
FD Interest		
-Delhi	4,328	4,622
-Delhi (Previous Year)	-	-
Interest on Income Tax Refund	-	15
	4,328	4,637
Total Other Income	4,328	4,637

For M/s Jaikumar Tejawani & Co LLP

For and on behalf of the Board of Directors

Chartered Accountants

Firm's Registration No.: 013415N/ N500101

Sd/-

Sd/-

Sd/-

Sd/-

CA Kamal Tejawani
Sandeep Govil
Anirudh Prasad Singh
Ratan Mani Sumit
Partner
Chairman & Director
Director (Finance)
CS ACS15193

Membership No. 099518

DIN 10040742
DIN 08643565
UDIN: 26099518MFFGZQ5937
Place: Delhi
Place: Delhi
Date : 13-MAY-2026
Date : 13-MAY-2026



NJC Associates
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHANAGAR TELEPHONE (MAURITIUS) LTD

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of **Mahanagar Telephone (Mauritius) Ltd** and its subsidiaries (together referred to as the "Group") and the Company's separate financial statements which comprise the statement of financial position as at 31 March 2026 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 48.

In our opinion, these financial statements give a true and fair view of the financial position of **Mahanagar Telephone (Mauritius) Ltd** as at 31 March 2026 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code) *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the commentary of the directors and certificate from the secretary.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a

material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the consolidated and separate financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters discussed in the table below relate to the consolidated financial statements. We have determined that there are no key audit matters regarding the audit of the separate financial statements of the Company for the current period to communicate in our report.

Key audit matters	How our audit addressed the key audit matters
<i>Revenue recognition (Refer to note 16 to the consolidated financial statements)</i>	
The Group reported revenues of Rs. 390,954,409. The amount involved is material to the Group financial statement and there is a rebuttable presumption that revenue is a significant risk.	Our audit procedures included, among others, obtaining an understanding of, evaluating the design and implementation, testing the operating effectiveness of the controls over the Group's revenue recognition process.
MTML revenue consists of two major streams namely the income from ancillary services and mobile services making up to 27% and 44% respectively of rendering of services revenue category.	- Tested the key controls over the calculation of the amounts billed to customers and the capturing and recording of the revenue transactions; - Tested the key controls over the authorisation of the rate changes and the input of such rates to the billing systems.

Key audit matters	How our audit addressed the key audit matters
We have also identified a risk of management override of controls through manual revenue journal entries which may be susceptible to fraud and error.	• Tested the end-to-end reconciliations from business support systems to billing systems to the general ledger. • Tested material journals processed between the billing systems and the general ledger. • Performed tests on the accuracy of customer bill generation process on a sample basis and tested a sample of the credits and discounts applied to such customer bills. We have reviewed the appropriateness of revenue recognition accounting policies and assessed the compliance with the requirement of IFRS 15 <i>Revenue Recognition</i>.
<i>Provision of impairment of trade receivables (refer to note 8(a))</i>	
We focused on this area as the provision of trade receivables require the application of judgement and the use of subjective assumptions as described in critical accounting estimates and judgments in Note 4.	We evaluated management's assumptions and methods applied for calculating the provision for impairment of trade receivables by carrying out the following procedures, among others: • Obtained an update of the understanding of the process relating to the provisions for impairment of trade receivables and performed tests of a sample to confirm our understanding. • Obtained an ageing report of trade receivables and tested the accuracy by verifying the ageing of individual invoices on a sample basis. • Obtained the management's calculation of the provision for various age categories made in accordance with the impairment policy and checked if they were in line with assumptions made by management. We have also considered the appropriateness of the policy based on historical experience and application of the Expected Credit Losses model. • We have also considered the appropriateness of the disclosures in accordance with the requirements of IFRS 9.

Auditors' Responsibilities for the Audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 auditors' report to the related disclosures in the financial statements 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Mauritius Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the principles of the Code.

The directors have given satisfactory explanations on the principles of the Code which have not been complied with, in particular with Section 3 of the Code on the Composition of the Board. In our opinion, the disclosures in the annual report, including explanations on the reasons for non-compliance, is consistent with the principles of the Code.

Use of this report

This report is made solely to the Company's member in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's member those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.



NJC ASSOCIATES

Chartered Accountants

5th Floor, Orbis Court

Royal Road St Jean

Quatre Bornes



Chelven Chengabroyan ACA FCCA

Licensed by FRC

Date : 08 May 2026

Tel + 230 454 5268 • Fax + 230 454 9536 • info@njcassociates.mu • www.njcassociates.mu

NJC Associates • 5th Floor, Orbis Court • St Jean Road • Quatre Bornes

• Republic of Mauritius Business Registration Number : F13000058 • VAT NO : 31014729

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MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2026

(Rs.)

ASSETS	Notes	THE GROUP		THE HOLDING COMPANY	
		2026	2025	2026	2025
Non-current assets					
Property, plant and equipment	5 (a)	333,376,601	382,975,864	333,376,601	382,975,864
Right-of-use assets	5 (b)	949,802	1,380,098	949,802	1,380,098
Investment property	5 (c)	28,154,500	30,902,332	28,154,500	30,902,332
		362,480,903	415,258,294	362,480,903	415,258,294
Current assets					
Inventories	7	7,995,295	5,700,447	7,995,295	5,700,447
Trade receivables	8(a)	131,706,126	84,929,021	131,706,126	84,929,021
Other current assets	8(b)	39,762,094	42,968,159	39,818,494	43,023,559
Financial Assets at Amortised Cost	9(b)	115,801,434	134,482,323	115,801,434	134,482,323
Cash and cash equivalents	9(a)	89,932,510	99,073,208	89,932,510	99,073,208
		385,197,459	367,153,158	385,253,859	367,208,558
TOTAL ASSETS		747,678,362	782,411,452	747,734,762	782,466,852
EQUITY AND LIABILITIES					
Equity					
Stated capital	10	673,717,949	673,717,949	673,717,949	673,717,949
Retained earnings	11	(63,716,081)	(22,234,292)	(63,661,031)	(22,180,092)
		610,001,868	651,483,657	610,056,918	651,537,857
Non-current liabilities					
Leased liabilities	5 (b)	15,408	12,071	15,408	12,071
Deferred tax liabilities	15	27,499,381	32,324,316	27,500,731	32,325,516
		27,514,789	32,336,387	27,516,139	32,337,587
Current liabilities					
Trade and other payables	12	106,042,161	97,335,748	106,042,161	97,335,748
Current tax liabilities	15	3,909,544	-	3,909,544	-
Leased liabilities	5 (b)	210,000	1,255,660	210,000	1,255,660
		110,161,705	98,591,408	110,161,705	98,591,408
TOTAL EQUITY AND LIABILITIES		747,678,362	782,411,452	747,734,762	782,466,852

These financial statements have been approved for issue by the board of directors on 08-05-2026.

(RAMAPATEE GUJADHUR)
DIRECTOR

(A. ROBERT J. RAVI)
DIRECTOR

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026

(Rs.)

	Notes	THE GROUP		THE HOLDING COMPANY	
		2026	2025	2026	2025
Revenue	16	390,954,409	402,279,349	390,954,409	402,279,349
Cost of sales	26	(293,128,198)	(311,365,284)	(293,128,198)	(311,365,284)
Gross profit		97,826,211	90,914,065	97,826,211	90,914,065
Personnel expenses	27	(24,382,574)	(28,647,495)	(24,382,574)	(28,647,495)
Licence fees	28	(62,262,668)	(62,173,668)	(62,262,668)	(62,173,668)
Other operating expenses	29	(43,770,557)	(25,894,496)	(43,769,557)	(25,893,496)
Marketing expenses	30	(16,161,397)	(17,792,990)	(16,161,397)	(17,792,990)
Impairment loss	6	-	-	-	-
Other income	13	11,232,692	7,592,654	11,232,692	7,592,654
Operating (loss)/ profit	18	(37,518,293)	(36,001,930)	(37,517,293)	(36,000,930)
Finance income	14	5,391,863	6,105,239	5,391,863	6,105,239
Finance cost	5(b)(ii)	(706,404)	(706,404)	(706,404)	(706,404)
(Loss)/ profit before tax		(32,832,834)	(30,603,095)	(32,831,834)	(30,602,095)
Taxation	15	915,391	4,349,493	915,241	4,349,343
PROFIT FOR THE YEAR		(31,917,443)	(26,253,602)	(31,916,593)	(26,252,752)
Other comprehensive income, net of income tax					
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(31,917,443)	(26,253,602)	(31,916,593)	(26,252,752)
(Loss)/ profit attributable to:					
Owners of the parent		(31,917,443)	(26,253,602)		
Non-controlling interests		-	-		
		(31,917,443)	(26,253,602)		
Earnings per share (Rs.)	17	(0.04)	(0.04)	(0.05)	(0.04)

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2026

(Rs.)

THE GROUP	Notes	Stated capital	Retained earnings	Total equity
Balance at 01 April 2024		673,717,949	4,019,310	677,737,259
Total comprehensive income for the year		-	(26,253,602)	(26,253,602)
Adjustment for prior year in relation to solidarity levy (refer to note 25)			-	-
Balance at 31 March 2025		673,717,949	(22,234,292)	651,483,657
Balance at 01 April 2025		673,717,949	(22,234,292)	651,483,657
Total comprehensive income for the year		-	(31,917,443)	(31,917,443)
Adjustment for prior year in relation to solidarity levy (refer to note 25)		-	(9,564,346)	(9,564,346)
Balance at 31 March 2026		673,717,949	(63,716,081)	610,001,868

THE HOLDING COMPANY	Notes	Stated capital	Retained earnings	Total equity
Balance at 01 April 2024		673,717,949	4,072,660	677,790,609
Total comprehensive income for the year		-	(26,252,752)	(26,252,752)
Adjustment for prior year in relation to solidarity levy (refer to note 25)			-	-
Balance at 31 March 2025		673,717,949	(22,180,092)	651,537,857
Balance at 01 April 2025		673,717,949	(22,180,092)	651,537,857
Total comprehensive income for the year		-	(31,916,593)	(31,916,593)
Adjustment for prior year in relation to solidarity levy (refer to note 25)		-	(9,564,346)	(9,564,346)
Balance at 31 March 2026		673,717,949	(63,661,031)	610,056,918

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

(Rs.)

Notes	The Group		The Holding Company	
	2026	2025	2026	2025
Cash flow from operating activities				
(Loss)/ profit before tax	(32,832,834)	(30,603,095)	(32,831,834)	(30,602,095)
Adjustments for :-				
Provision for bad debts	120,000	120,000	200,000	120,000
Finance cost	706,404	706,404	706,404	706,404
Depreciation 19	65,452,908	68,889,750	65,452,908	68,889,750
Cashflow from operation before working capital changes	33,446,478	39,113,059	33,527,478	39,114,059
Changes in working capital				
Inventories	(2,294,848)	(1,851,179)	(2,294,848)	(1,851,179)
Trade and other receivables	(44,170,149)	35,769,334	(44,251,150)	35,768,333
Trade and other payables	8,706,413	24,176,766	8,706,413	24,176,766
Net cash generated from operating activities	(4,312,106)	97,207,980	(4,312,107)	97,207,979
Cash flows from investing activities				
Purchase of investment in financial assets 9 (b)	19,159,999	5,352,022	19,159,999	5,352,022
Purchase of property, plant and equipment 5 (a)	(12,675,516)	(108,484,526)	(12,675,516)	(108,484,526)
Net cash used in investing activities	6,484,483	(103,132,504)	6,484,483	(103,132,504)
Cash flows from financing activities				
Principal paid on lease liabilities	(1,042,324)	(1,452,312)	(1,042,324)	(1,452,312)
Interest paid on lease liabilities	(706,404)	(706,404)	(706,404)	(706,404)
Corporate Tax Paid				
Solidarity Levy Paid	(9,564,346)		(9,564,346)	
Net cash used in financing activities	(11,313,074)	(2,158,716)	(11,313,074)	(2,158,716)
Net movement in cash and cash equivalents	(9,140,698)	(8,083,241)	(9,140,698)	(8,083,241)
Movement in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	99,073,208	107,156,449	99,073,208	107,156,449
Cash and cash equivalents at the end of the year 9	89,932,510	99,073,208	89,932,510	99,073,208
Net movement in cash and cash equivalents	(9,140,698)	(8,083,241)	(9,140,698)	(8,083,241)

MAHANAGAR TELEPHONE (MAURITIUS) LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1. CORPORATE INFORMATION

Mahanagar Telephone (Mauritius) Ltd is a private limited Company incorporated in Mauritius on 14 November 2003. The address of the registered office is MTML Square, 63 Cyber City, Ebene, Mauritius. The principal activity of the Holding Company and its subsidiaries is to provide telecommunication services.

2. Standards, Amendments to published Standards and Interpretations

New and revised IFRSs with no material effect on the financial statements:

The following new and revised IFRSs have been adopted in these financial statements. The nature and effect of the application of these new and revised IFRSs and the International Financial Reporting Interpretations Committee ("IFRIC") has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IAS 21 The Effects of Changes in Foreign Exchange Rates: The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

Amendments to the SASB standards to enhance their international applicability

The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

New standards, interpretations and amendments to published standards

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2026 and which have not been adopted in these financial statements. The company is in the process of making as assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and these statements, where applicable, will be applied in the year when they are effective.

IFRS 1 First-time Adoption of International Financial Reporting Standards: Narrow scope amendment to improve consistency with and understanding of the requirements in IFRS 9 Financial Instruments in relation to hedge accounting requirements for a first-time adopter. The amendment is effective as from 01 January 2026.

IFRS 7 Financial Instruments Disclosures: The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and

financial instruments with contingent features, for example features tied to ESG-linked targets. The amendment is effective as from 01 January 2026, with early application permitted.

IFRS 9 Financial Instruments: Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by:

- o Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features; and
- o Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met. The amendments are effective for annual periods beginning on or after 01 January 2026, with early application permitted.

IFRS 9 Financial Instruments: Two Narrow scope amendments were made to IFRS 9:

- o Derecognition of lease liabilities. The amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit or loss.
- o Transaction price. Removal of an inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 Revenue from Contracts from Customers in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15.

The amendments are effective for annual periods beginning on or after 01 January 2006, with early application permitted.

IFRS 18 Presentation and Disclosure in Financial Statements: IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies:

- o Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses—operating, investing and financing—to improve the structure of the income statement, and a requirement for all companies to provide new defined subtotals, including operating profit.
- o Enhanced transparency of management - defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement.

- o More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses.
- o This Standard replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. The amendments are effective for annual periods beginning on or after 01 January 2027, with early application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Mahanagar Telephone (Mauritius) Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of the Holding Company and its subsidiaries and are presented in Mauritian Rupees. The financial statements are prepared under the historical cost convention, except that the relevant financial assets and financial liabilities are stated at their fair value or at amortised cost.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Investments in subsidiaries

Investments in subsidiary companies are carried at cost (or at fair value). The carrying amount is reduced to recognise any impairment in the value of individual investments.

Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss and other comprehensive income. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss and other comprehensive income. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not premeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss and other comprehensive Income. If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Non-controlling interests:

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss and other comprehensive income.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in the statement of profit or loss and other comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue recognition

Revenue from contracts with customers

(i) Rendering of services

Revenue relates to the provision of telephone services, data communication services and other corollary services.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognise revenue when they transfer control over a good and service to a customer, either over time or at a point in time.

International revenue is derived from outgoing calls from Mauritius and from payments by foreign network operators for calls and other traffic that originate outside Mauritius but which use the Company's network.

The Company pays a proportion of the international traffic revenue it collects from its customers to transit and destination network operators. These revenues and costs are stated gross in the financial statements. Amount payable and receivable from the same foreign network operators are shown net in the statement of financial position where a right of set off exists.

The two subsidiaries of the Company had not yet started operations during the year under review and, as such, did not derive any income.

(ii) Sale of goods

Revenue from sales of goods relates to sales of phone cards and mobile phones.

(ii) Other Income

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the Holding Company and the amount of income can be

measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Holding Company and the Group recognised rental income on an accrual basis.

Functional and presentation currency

(i) Reporting currency

The financial statements are presented in Mauritian Rupees (Rs), which is the Group's and the Company's functional and presentation currency. This represents the currency of the primary economic environment in which the Group and the Company operate.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies at year end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Leases

From January 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Trade and other payables

Trade payables and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are declared.

Investment in Subsidiaries

Subsidiaries are entities over which the Company has control. The Company controls an entity if and only if it has power over the entity and when it is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect those returns. The Company will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible

temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Holding Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Stated capital

Ordinary shares are classified as equity.

Related parties

For the purpose of these financial statements, parties are considered to be related to the company if they have the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the company is subject to common control or common significant influence. Related parties may be individuals or other entities.

Financial Instruments

The Group and the Holding Company classifies non-derivative financial assets into the following category: loans and receivables.

The Group and the Holding Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group and the Holding Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group and the Holding Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group and the Company is recognised as a separate asset or liability.

The Group and the Holding Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group and the Company on terms that the Group and the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy.

(v) *Financial assets measured at amortised cost*

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company/Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cashflows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Company/Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and cash at bank.

Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash

flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the branch and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is recognised in the profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Additions during the year bear a due proportion of the annual depreciation charge. As per the company policy, only 95% of total cost is depreciated over the useful life of the assets and 5% is treated as residual value.

The annual effective depreciation rates used are as follows:

Building	4.75%
Computer equipment	31.67%
Furniture, fixtures and fittings	11.88%
Office equipment	19.00%
Motor vehicles	11.88%
Plant and equipment	9.50%

Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit.

Investment property

Property held to earn rental and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are measured initially at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

The annual depreciation rates used are as follows:

Building	4.75%
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Related parties

Related parties may be individuals or other entities where the individual or other entities has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company are subject to common control of common significant influence.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the First in First out basis (FIFO). The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Cost of inventories include the transfer from equity of any gains / losses on qualifying cash flow hedges relating to purchases of raw materials.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the period of the revision and future periods if the revision affects both current and future periods.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

With regards to the nature of the Group's and the Company's business there were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Going concern

The Group's and the Company's management has made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Impairment of assets

Property, plant and equipment and investment properties are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself. Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. Cash flows which are utilised in these assessments are extracted from the yearly budget.

Impairment of financial asset

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market

conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group and Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life. The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group and Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

5. (a) PROPERTY, PLANT AND EQUIPMENT

(i) The Group and the Holding Company

	Building Rs.	Computer equipment Rs.	Furniture, fixtures and fittings Rs.	Office equipment Rs.	Motor vehicles Rs.	Plant and equipment Rs.	Total Rs.
COST							
At 01 April 2025	76,117,144	2,386,002	12,455,971	1,996,430	5,602,178	1,491,854,697	1,590,412,422
Disposal							-
Additions	-	143,192		257,774		12,274,550	12,675,516
At 31 March 2026	76,117,144	2,529,194	12,455,971	2,254,204	5,602,178	1,504,129,247	1,603,087,938
DEPRECIATION							
At 01 April 2025	37,489,228	2,095,143	11,648,629	1,657,023	5,258,115	1,149,288,419	1,207,436,557
Disposal							-
Charge for the year	3,434,790	90,274	120,038	76,332	55,314	58,498,032	62,274,780
At 31 March 2026	40,924,018	2,185,417	11,768,667	1,733,355	5,313,429	1,207,786,451	1,269,711,337
NET BOOK VALUE							
At 31 March 2026	35,193,126	343,777	687,304	520,849	288,749	296,342,796	333,376,601

(ii) THE GROUP AND THE HOLDING COMPANY

	Building Rs.	Computer equipment Rs.	Furniture, fixtures and fittings Rs.	Office equipment Rs.	Motor vehicles Rs.	Plant and equipment Rs.	Total Rs.
COST							
At 01 April 2024	76,117,144	2,318,102	12,455,971	1,832,460	5,602,178	1,383,602,041	1,481,927,896
Additions	-	67,900		163,970	-	108,252,656	108,484,526
Disposal	-	-	-	-	-	-	-
At 31 March 2025	76,117,144	2,386,002	12,455,971	1,996,430	5,602,178	1,491,854,697	1,590,412,422
DEPRECIATION							
At 01 April 2024	34,054,438	1,946,042	11,502,875	1,563,015	5,093,002	1,087,899,759	1,142,059,131
Charge for the year	3,434,790	149,101	145,755	94,008	165,113	61,388,660	65,377,427
Disposal	-	-	-	-	-	-	-
At 31 March 2025	37,489,228	2,095,143	11,648,630	1,657,023	5,258,115	1,149,288,419	1,207,436,558
NET BOOK VALUE							
At 31 March 2025	38,627,916	290,859	807,341	339,407	344,063	342,566,278	382,975,864

Depreciation of Rs 58,498,032 (2025: Rs. 61,388,660) has been charged in cost of sales and depreciation of Rs 3,776,748 (2025: Rs. 3,988,786) has been charged in other operating expenses.

5. (b) (i) RIGHT OF USE ASSETS

Year 2026	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
COST			
At 01 April 2025	2,374,500	6,014,658	8,389,158
Additions	-	-	-
At 31 March 2026	2,374,500	6,014,658	8,389,158
DEPRECIATION			
At 01 April 2025	1,345,550	5,663,510	7,009,060
Charge for the year	79,150	351,146	430,296
At 31 March 2026	1,424,700	6,014,656	7,439,356
NET BOOK VALUE			
At 31 March 2026	949,800	2	949,802

Year 2025	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
COST			
3	2,374,500	6,014,658	8,389,158
Additions	-	-	-
At 31 March 2025	2,374,500	6,014,658	8,389,158
DEPRECIATION			
3	1,266,400	4,978,169	6,244,569
Charge for the year	79,150	685,341	764,491
At 31 March 2025	1,345,550	5,663,510	7,009,060
NET BOOK VALUE			
At 31 March 2024	1,028,950	351,148	1,380,098

Depreciation of Rs 430,295 (2023: Rs. 764,492) has been charged in other operating expenses.

Note: The right use of assets consists of :

- Land lease agreement from Landscape (Mauritius) Ltd. The lease is valid for a period of 30 years starting from 2009;
- Leasing of shop outlet. The lease is valid for a period of 5 years starting from 2018.

5. (b) (ii) Lease Liabilities

IFRS 16 'Leases' effective in the financial statements for the accounting period commencing 01 January 2019. The company adopt the standard prospectively by using the modified retrospective approach. IFRS 16 requires lessees to recognise right of use assets and lease liabilities on balance sheet for all leases, except short-term and low value asset leases. At commencement of the lease, the lease liability equals the present value of future lease payments, and the right of use asset equals the lease liability. Depreciation is charged on a straight-line basis, however, interest (finance cost) is charged on outstanding lease liabilities and therefore reduces over the life of the lease. As a result, the impact on the income statement below operating profit is dependent on lease maturity. The breakdown for the lease liability is as follows:

Year 2026	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
At April 1	3,094,232	(1,826,501)	1,267,731
Additions	-	-	-
Finance cost	441,569	264,835	706,404
Repayments	(461,592)	(1,287,135)	(1,748,727)
At March 31	3,074,209	(2,848,801)	225,408
<u>Analysed as follows:</u>			
- Current			210,000
- Non Current			15,408
			225,408

Year 2025	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
At April 1	3,095,199	(375,156)	2,720,043
Additions	-		-
Finance cost	441,569	264,835	706,404
Repayments	(442,536)	(1,716,180)	(2,158,716)
At March 31	3,094,232	(1,826,501)	1,267,731
<u>Analysed as follows:</u>			
- Current			1,255,660
- Non Current			12,071
			1,267,731

5. (c) INVESTMENT PROPERTY

The Group and the Holding Company	Building	
	2026	2025
COST		
At 31 March	60,893,715	60,893,715
DEPRECIATION		
At 01 April	29,991,383	27,243,551
Charge for the year	2,747,832	2,747,832
At 31 March	32,739,215	29,991,383
NET BOOK VALUE		
At 31 March	28,154,500	30,902,332

Depreciation of **Rs 2,747,832 (2023: Rs. 2,747,832)** has been charged in other operating expenses.

Note: The Directors of the company have adopted the cost model in accordance with IAS 16 to be used for the valuation of the investment property. There were no direct operating expenses related to Investment property during the year under review.

	THE GROUP AND THE HOLDING COMPANY	
	2026 Rs.	2025 Rs.
The following amounts have been recognised in profit or loss:		
Rental income	6,091,087	5,929,671

Investment property relates to MTML building situated at MTML Square, 63, cyber city; 1st floor, 3rd Floor, 4th Floor, 5th Floor are rented out and same treated as investment property. The remaining floors are used by MTML itself.

Building is used for office purpose and only the unused part is rented out. Insured valued can be taken as fair value. The insured value of the building is Rs. 150 M and given that approximately 40% of the floors are rented out, the fair value of the investment property will approximate to Rs 60 M, where the fair value measurement is categorised within level 3.

6. INVESTMENT IN SUBSIDIARIES

	THE HOLDING COMPANY	
	2026 Rs.	2025 Rs.
<u>Unquoted investment at cost</u>		
At 01 April	-	-
Impairment losses	-	-
As 31 March	-	-

The impairment losses relates to the two subsidiaries as described below, which were fully impaired.

Details of Company's investment in subsidiaries:-

2026 and 2025					
Name of company	Country of incorporation	Class of shares	Principal activity	Nominal value of investment Rs.	Holding %
MTML Data Ltd	Mauritius	Ordinary	Telecommunication	2,000,000	100
MTML International Ltd	Mauritius	Ordinary	Telecommunication	10,000,000	100

The reporting date of the two subsidiaries is at 31 March 2026.

7. INVENTORIES

	THE GROUP AND THE HOLDING COMPANY	
	2026 Rs.	2025 Rs.
Stock of subscribers equipment	7,995,295	5,700,447

Note:

- All stocks are measured at net realisable value.
- All costs of inventories have been recognised in the cost of sales during the year.
- The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 19,450,679 (2025: Rs.26,949,344).

8.(a) TRADE RECEIVABLES

	THE GROUP		THE HOLDING COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade receivables	147,525,186	100,548,081	147,525,186	100,548,081
Less: Provision for impairment	(15,819,060)	(15,619,060)	(15,819,060)	(15,619,060)
	131,706,126	84,929,021	131,706,126	84,929,021

(i) Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before March 31, 2024 or April 01, 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP as the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The closing loss allowances for trade receivables as at March 31, reconcile to the opening loss allowances as follows:

	Trade Receivables	
	2026 Rs.	2025 Rs.
Loss allowance as at April 1,	15,619,060	16,248,510
Loss allowance recognised in profit or loss during the year	200,000	120,000
Provision written back during the year	-	(749,450)
At March 31,	15,819,060	15,619,060

Financial Year	Credit sales Rs.	Expected loss rate %	Loss Allowance Rs.
Mar_ 2023	100411059	3%	3,420,000.00
Mar_ 2024	181997245	2%	3,254,000.00
Mar_ 2025	104505000	2%	2,090,100.00

8. (b) Other current assets

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Claims receivable	5,854,904	5,854,904	5,854,904	5,854,904
Advance payment	1,877,266	2,000,867	1,877,266	2,000,867
Prepayments	31,268,070	29,882,132	31,324,470	29,882,132
Other receivables	761,854	5,230,256	761,854	5,285,656
	39,762,094	42,968,159	39,818,494	43,023,559

9.(a) CASH AND CASH EQUIVALENTS

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash at bank	89,669,065	96,253,561	89,669,065	96,253,561
Cash in hand	263,445	2,819,647	263,445	2,819,647
	89,932,510	99,073,208	89,932,510	99,073,208

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

9.(b) FINANCIAL ASSETS AT AMORTISED COST

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest bearing deposits	112,024,826	131,184,825	112,024,826	131,184,825
Other financial assets at amortised costs	3,776,608	3,297,498	3,776,608	3,297,498
	115,801,434	134,482,323	115,801,434	134,482,323

(a) The other financial assets at amortised cost are interest free, unsecured and are repayable on demand.

(b) Fair values of financial assets at amortised cost

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Impairment and risk exposure

(i) Financial assets at amortised cost did not include any loss allowance at March 31, 2026.

(ii) All of the financial assets at amortised cost are denominated in Mauritian rupee. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

10. STATED CAPITAL

	THE GROUP AND THE HOLDING COMPANY			
	2026		2025	
	Number of shares	Ordinary shares Rs.	Number of shares	Ordinary shares Rs.
At 31 March	673,717,949	673,717,949	673,717,949	673,717,949

The shares are fully paid ordinary shares and each carry one voting right and a right to dividends.

11. RETAINED EARNINGS

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At 01 April 2025	(8,710,652)	17,542,950	(8,656,456)	17,596,296
Total comprehensive income for the year	(31,917,443)	(26,253,602)	(31,916,593)	(26,252,752)
Dividend proposed (note 19)	-	-	-	-
At 31 March 2026	(40,628,095)	(8,710,652)	(40,573,049)	(8,656,456)

12. TRADE AND OTHER PAYABLES

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade payables	56,584,860	44,804,149	56,584,860	44,804,149
Refundable deposit	6,931,730	5,958,572	6,931,730	5,958,572
Accruals	5,644,725	5,714,047	5,644,725	5,714,047
VAT payables	2,612,786	3,720,348	2,612,786	3,720,348
Other payables	34,268,060	37,138,632	34,268,060	37,138,632
	106,042,161	97,335,748	106,042,161	97,335,748

13. OTHER INCOME

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Rental income	6,091,087	5,929,671	6,091,087	5,929,671
Other income	5,141,605	1,662,983	5,141,605	1,662,983
	11,232,692	7,592,654	11,232,692	7,592,654

14. FINANCE INCOME

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest income	5,391,863	6,105,239	5,391,863	6,105,239
	5,391,863	6,105,239	5,391,863	6,105,239

15A. TAXATION

The Company is liable to income tax at the rate of 15% (2024 15%) on its profit as adjusted for tax purposes. Provision for corporate tax was made amount to Rs. NIL in the accounts. There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current tax charge	-	-	-	-
Solidarity Levy (1% on turnover)	3,909,544	-	3,909,544	-
Deferred tax charge	(4,824,935)	(4,349,493)	(4,824,785)	(4,349,343)
Total tax expense for the year	(915,391)	(4,349,493)	(915,241)	(4,349,343)

Reconciliation of effective taxation

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
(Loss)/ profit before taxation	(32,832,834)	(30,603,095)	(32,831,834)	(30,602,095)
Income tax at 15%	(4,924,925)	(4,590,464)	(4,924,775)	(4,590,314)
Non-allowable expenses	69,990	222,971	69,990	222,971
Tax rate differential	30,000	18,000	30,000	18,000
	(4,824,935)	(4,349,493)	(4,824,785)	(4,349,343)

15B. DEFERRED TAX

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax assets	2,154,636	(712,186)	2,153,436	(713,236)
Deferred tax liabilities	(29,654,017)	(31,612,130)	(29,654,167)	(31,612,280)
	(27,499,381)	(32,324,316)	(27,500,731)	(32,325,516)

- (a) There is a legally enforceable right to offset current tax assets against current liabilities and deferred income taxes and liabilities when the deferred income taxes relate to the fiscal authority on the same entity.
- (b) The movement on the deferred income tax account is as follows:

Deferred tax assets

	The Group		The Holding Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At April 1	(712,186)	(5,516,441)	(713,236)	(5,517,341)
(Charge) for the year	2,866,822	4,804,255	2,866,672	4,804,105
At March 31	2,154,636	(712,186)	2,153,436	(713,236)

Deferred tax liabilities

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At April 1	(31,612,130)	(31,157,368)	(31,612,280)	(31,157,518)
(Release) / Charge for the year	1,958,113	(454,762)	1,958,113	(454,762)
At March 31	(29,654,017)	(31,612,130)	(29,654,167)	(31,612,280)

16. REVENUE

- (a) The following is an analysis of the revenue for the year.

	The Group and the Holding Company	
	2026 Rs.	2025 Rs.
Rendering of services	370,459,586	371,333,604
Sales of goods	20,494,823	30,945,745
Total Revenue	390,954,409	402,279,349

- (b) Disaggregation of revenue

Ancillary services	135,088,074	110,336,842
International Long Distance (ILD)	10,245,778	15,106,391
Mobile services	152,223,042	177,269,016
Voice services	40,572,212	41,348,389
Roaming services	28,162,604	22,724,399
Internet services	4,167,876	4,548,567
Sales of mobile	20,494,823	30,945,745
Total revenue	390,954,409	402,279,349

(c) The geographic market is located in Mauritius.

	The Group and the Holding Company	
	2026 Rs.	2025 Rs.
Timing of revenue recognition		
At a point in time	390,954,409	402,279,349
Over time	-	-
Total Revenue	390,954,409	402,279,349

17. EARNINGS PER SHARE

The calculation of earnings per share is based on total comprehensive income for the year after taxation attributable to ordinary shareholders and on the number of shares in issue throughout the two years ended 31 March 2026.

18. PROFIT FROM OPERATIONS

	The Group and the Holding Company	
	2026 Rs.	2025 Rs.
Profit from operations is arrived at after charging the following items:-		
Staff costs	24,382,574	28,647,495
Director's fees	15,000	15,000
Depreciation on property, plant and equipment	62,274,780	65,377,427
Auditors' remuneration	105,000	105,000

19. DEPRECIATION

	Notes	The Group and the Holding Company	
		2026 Rs.	2025 Rs.
Depreciation is as follows:			
Property, plant and equipment	5(a)	62,274,780	65,377,427
Right of use asset	5(b)	430,296	764,491
Investment Property	5(c)	2,747,832	2,747,832
		65,452,908	68,889,750

Depreciation of Rs 58,498,032 (2025: Rs. 61,388,660) has been charged in cost of sales and depreciation of Rs 3,776,748 (2025: Rs. 3,988,766) has been charged in other operating expenses.

Depreciation of Rs 430,295 (2025: Rs. 764,493) relating to right of use assets has been charged in other operating expenses.

Depreciation of Rs 2,747,832 (2025: Rs. 2,747,832) has been charged in other operating expenses.

20. RELATED PARTY TRANSACTIONS

The Company had the following transactions and balances with related parties.

	The Group and the Holding Company	
	2026 Rs.	2025 Rs.
Non- executive director fees	15,000	15,000
Remuneration and other short term benefits to key management personnel	3,573,975	5,644,978

— All related party transactions are priced on commercial terms and conditions.

21. Commitments

(a) Bank guarantee

There is a contingent liability not provided for in the accounts in respect of guarantees given to third parties amounting to Rs. 11,577,121. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

(b) Capital commitments

There were No Capital commitments as at 31 March 2026.

22. Financial instruments

Capital management

The Group's and the Company's primary objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern. As the Group and the Company is part of a larger group, the Group's and the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Group and the Company defines "capital" as including all components of equity.

The Group's and the Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Group and the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company and additional needs for capital.

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Fair value

The Group's and the Company's financial assets and liabilities include trade and other receivables, cash and cash equivalents and trade and other payables.

Fair values of financial assets and liabilities

As at 31 March 2026, the carrying amounts of the following financial assets and financial liabilities shown on the statement of financial position represent or approximate their fair value.

The Group	Carrying Amount	
	2026 Rs.	2025 Rs.
Financial assets		
Trade and other receivables	131,706,126	84,929,021
Financial assets at amortised cost	115,801,434	134,482,323
Other current assets	6,616,758	11,085,160
Cash and cash equivalents	89,932,510	99,073,208
	344,056,828	329,569,712
Financial liabilities		
Trade and other payables	99,110,431	91,377,176
Lease liabilities	225,408	1,267,731
	99,335,839	92,644,907

The Holding Company	Carrying Amount	
	2026 Rs.	2025 Rs.
Financial assets		
Trade receivables	131,706,126	84,929,021
Financial assets at amortised cost	115,801,434	134,482,323
Other current assets	6,616,758	11,140,560
Cash and cash equivalents	89,932,510	99,073,208
	344,056,828	329,625,112
Financial liabilities		
Trade and other payables	99,110,431	91,377,176
Lease liabilities	225,408	1,267,731
	99,335,839	92,644,907

(a) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's and the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Currency risk*

The Group and the Company has assets and liabilities denominated in foreign currencies. Consequently, the Group and the Company is exposed to the risk that the exchange rate of the MUR relative to the foreign currencies may change in a manner which has a material effect on the reported values of the Group's and the Company's assets and liabilities which are denominated in foreign currencies. The figures in the table below are all presented in MUR.

The Group	2026 Rs.		2025 Rs.	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Mauritian Rupee (MUR)	257,113,121	32,195,463	237,730,576	48,728,570
United States Dollar (USD)	74,325,679	66,964,996	69,102,131	43,684,827
Euro (EUR)	12,618,028	175,380	22,737,005	231,510
	344,056,828	99,335,839	329,569,712	92,644,907

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

THE GROUP	Rate – MUR/USD		2026 Rs.	2025 Rs.
	2026 Rs.	2025 Rs.		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	47.56	46.97	7,360,683	25,417,304
Increase of 1%	48.04	47.44	(7,434,290)	(25,671,477)
Difference			(73,607)	(254,173)

A 1 percent weakening of MUR against USD at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

THE GROUP	Rate – MUR/USD		2026 Rs.	2025 Rs.
	2026 Rs.	2025 Rs.		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	47.56	46.97	7,360,683	25,417,304
Decrease of 1%	47.08	46.50	(7,287,076)	(25,163,131)
Difference			73,607	254,173

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

THE GROUP	Rate – MUR/USD		2026 Rs.	2025 Rs.
	2026 Rs.	2025 Rs.		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	54.85	50.50	12,442,648	22,505,495
Increase of 1%	55.40	51.01	12,567,074	22,730,550
Difference			124,426	225,055

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

THE GROUP	Rate – MUR/USD		2026 Rs.	2025 Rs.
	2026 Rs.	2025 Rs.		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	54.85	50.50	12,442,648	22,505,495
Decrease of 1%	54.30	50.00	12,318,222	22,280,440
Difference			124,426	225,055

The Holding Company	2026 Rs.		2025 Rs.	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Mauritian Rupee (MUR)	257,113,121	32,195,463	237,785,976	48,728,570
United States Dollar (USD)	74,325,679	66,964,996	69,102,131	43,684,827
Euro (EUR)	12,618,028	175,380	22,737,005	231,510
	344,056,828	99,335,839	329,625,112	92,644,907

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

The Holding Company	Rate – MUR/USD		2026 Rs.	2025 Rs.
	2026 Rs.	2025 Rs.		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	47.56	46.97	7,360,683	25,417,304
Increase of 1%	48.04	47.44	7,434,290	25,671,477
Difference			(73,607)	(254,173)

A 1 percent weakening of MUR against USD at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

The Holding Company	Rate – MUR/USD		2026 Rs.	2025 Rs.
	2026 Rs.	2025 Rs.		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	47.56	46.97	7,360,683	25,417,304
Decrease of 1%	47.08	46.50	7,287,076	25,163,131
Difference			73,607	254,173

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

The Holding Company	Rate – MUR/USD		2026 Rs.	2025 Rs.
	2026 Rs.	2025 Rs.		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	54.85	50.50	12,618,028	22,737,005
Increase of 1%	55.40	51.01	(12,744,208)	(22,964,375)
Difference			(126,180)	(227,370)

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

The Holding Company	Rate – MUR/USD		2026 Rs.	2025 Rs.
	2026 Rs.	2025 Rs.		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	54.85	50.50	12,618,028	22,737,005
Decrease of 1%	54.30	50.00	(12,491,848)	(22,509,635)
Difference			126,180	227,370

(ii) *Interest rate risk*

Financial instruments subject to interest rate risk consist of bank balances. Interest rates applicable to bank balances fluctuate with movements in the prime lending rate and are comparable with rates currently available on the market. The Group's and the Company's variable interest rate instruments are analysed as follows:

The Group	The Group and the Company	
	2026 Rs.	2025 Rs.
Bank balances	89,932,510	99,073,208

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the Group's and the Company's exposure to interest rates for interest bearing assets and liabilities at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points lower it would have had the equal but opposite effect, on the basis that all other variables remain the same.

(iii) *Price risk*

The Group and Company is not faced with any price risk.

(b) *Credit risk*

The Group and Company has no significant concentration of credit risk.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group and Company is unable to meet its payment obligations, associated with its financial liabilities, when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash. In addition, the Company has access to its holding company for its financing needs.

(d) *Fair value estimation*

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

23. Financial summary

Financial summary	2026 Rs.	2025 Rs.	2024 Rs.	2023 Rs.	2022 Rs.
Issued and fully paid up share capital	673,717,949	673,717,949	673,717,949	673,717,949	673,717,949
Retained Earnings	(63,661,031)	(22,180,092)	4,072,660	27,720,525	49,588,721
Profit before taxation	(32,831,834)	(30,602,095)	(11,740,854)	(25,493,783)	18,226,323
Profit after taxation	(31,916,593)	(26,252,752)	(10,124,225)	(21,868,196)	1,546,382

24. The Holding Company

The directors consider Mahanagar Telephone Nigam Limited (MTNL), incorporated in India, New Delhi, as the holding company of MTNL. MTNL owns 100% of the shares.

25. Prior Year Period Adjustments

During the year ended 31 March 2026, the Company had received a tax assessment from the Mauritius Revenue Authority ("MRA") in relation to solidarity levy for telecommunication companies. The assessments were for the years ended 31 March 2024 and 2025, respectively. Accordingly upon completion of the assessments, MRA has issued a claim of Rs. 9,564,346 for solidarity levy. Therefore management has taken a stand that since these assessments were in relation to prior years, it was resolved to make the adjustments in the opening retained earnings of the earliest prior period being 31 March 2025. Given that these adjustments had no impact on the statement of profit or loss and other comprehensive income and statement of financial position for the years ended 31 March 2024 and 31 March 2025, it was decided not to present comparative figures for the year ended 31 March 2025, resulting in a departure of IAS 8 in relation to prior year period adjustments.

(a) Events after the reporting period

There have been no other material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2026.

26. Cost of sales

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Roaming Charges	2,351,040	3,226,070	2,351,040	3,226,070
ICTA Special account fee/USF Charges	1,013,731	1,587,544	1,013,731	1,587,544
Carrier charges	8,119,331	10,540,747	8,119,331	10,540,747
IPLC charges	37,390,996	37,015,731	37,390,996	37,015,731

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost of GSM Mobile	19,450,679	26,949,344	19,450,679	26,949,344
IUC charges	13,274,545	16,965,912	13,274,545	16,965,912
Rental BTS sites	36,973,803	36,736,262	36,973,803	36,736,262
Electricity-Equipments	71,294,004	70,553,188	71,294,004	70,553,188
Repairs and maintenance - Equipment	19,386,474	20,146,243	19,386,474	20,146,243
Commission and brokerage fees	12,834,489	17,403,968	12,834,489	17,403,968
Depreciation of plant and equipment	58,498,032	61,388,660	58,498,032	61,388,660
Collocation Charges	12,541,074	8,851,615	12,541,074	8,851,615
	293,128,198	311,365,284	293,128,198	311,365,284

27. Personnel expenses

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Salaries and allowances	23,850,136	27,863,252	23,850,136	27,863,252
Other benefits	532,438	784,243	532,438	784,243
	24,382,574	28,647,495	24,382,574	28,647,495

28. Licence fees

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
PLMN	8,000,000	8,000,000	8,000,000	8,000,000
ILD	-	-	-	-
Microwave	10,891,008	8,552,008	10,891,008	8,552,008
Spectrum	1,466,664	1,466,664	1,466,664	1,466,664
ISP	50,000	50,000	50,000	50,000
Dealership	5,000	5,000	5,000	5,000
Earthstation License	100,000	100,000	100,000	100,000
GSM 2G Spectrum	1,000,000	1,000,000	1,000,000	1,000,000
GSM 3G	3,380,000	3,840,000	3,380,000	3,840,000
GSM 4 G	17,369,996	19,159,996	17,369,996	19,159,996
GSM 5 G	20,000,000	20,000,000	20,000,000	20,000,000
	62,262,668	62,173,668	62,262,668	62,173,668

29. Other operating expenses

	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Meeting expenses	466,600	222,971	466,600	222,971
Rental accomodation	1,180,140	1,305,250	1,180,140	1,305,250
Water charges	83,924	89,957	83,924	89,957
Motor vehicle running expenses	706,420	1,008,393	706,420	1,008,393
Repairs and maintenance - office	2,162,909	2,284,085	2,162,909	2,284,085
Repairs and maintenance	483,262	432,387	483,262	432,387
Maintenance sites	20,950,182	1,850,698	20,950,182	1,850,698
Printing	156,821	37,810	156,821	37,810
Stationery	109,685	120,321	109,685	120,321
Communication expenses	828,152	1,299,477	828,152	1,299,477
Bank charges	855,291	1,061,713	855,291	1,061,713
Horticulture expenses	86,400	71,500	86,400	71,500
Professional charges	167,545	236,305	167,545	236,305
General expenses	34,967	6,855	34,967	6,855
Value Added Service - Revenue share	1,016,727	970,924	1,016,727	970,924
Office insurance	907,501	779,203	907,501	779,203
Security charges	894,027	811,965	894,027	811,965
Licences, rates and taxes	5,293,778	5,549,846	5,292,778	5,548,846
Provision for bad debts	200,000	120,000	200,000	120,000
Lease rental	168,000	168,000	168,000	168,000
Freight charges	285,613	140,552	285,613	140,552
Provision written back	(1,631,019)	(1,624,450)	(1,631,019)	(1,624,450)
Directors fee	15,000	15,000	15,000	15,000
Travelling Expenses	1,274,038	1,219,903	1,274,038	1,219,903
Custom duty and clearance	119,713	214,741	119,713	214,741
Depreciation on property, plant and equipment	3,776,754	3,988,766	3,776,754	3,988,766
Depreciation on right of use assets	430,295	764,492	430,295	764,492
Depreciation on investment property	2,747,832	2,747,832	2,747,832	2,747,832
	43,770,557	25,894,496	43,769,557	25,893,496

30. Marketing expenses

	The Group		The Holding Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Electricity for shops	279,074	217,931	279,074	217,931
Rent of shops	3,695,426	2,052,349	3,695,426	2,052,349
Call centre charges	7,575,782	7,334,931	7,575,782	7,334,931
Publicity and advertisement	4,611,115	8,187,779	4,611,115	8,187,779
	16,161,397	17,792,990	16,161,397	17,792,990



MAHANAGAR TELEPHONE NIGAM LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

CIN L32101DL1986GOI023501

Registered and Corporate Office: Mahanagar Doorsanchar Sadan 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003. Tel: 011-24319020, Fax: 011-24324243 Website: www.mtnl.in, Email: mtnlcsco@gmail.com

NOTICE

NOTICE is hereby given that the 40th Annual General Meeting of the Members of **MAHANAGAR TELEPHONE NIGAM LIMITED** will be held on **Wednesday, 30th September, 2026 at 11:30 A.M. (IST)** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:-

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone & Consolidated Financial Statements of the Company for the Financial Year ended 31st March 2026, the reports of the Board of Directors and Auditors thereon and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** the Audited Standalone & Consolidated Financial Statements of the Company for the Financial Year ended 31st March 2026, the reports of the Board of Directors and Auditors thereon as circulated to the Members be and are hereby considered and adopted”

2. To appoint a Director in place of Dr Kalyan Sagar Nippani, (DIN - 10421277) Director (HR & EB), who retires by rotation and being eligible, offers himself for re-appointment as a Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Dr Kalyan Sagar Nippani, (DIN - 10421277) Director (HR & EB), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment as a Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

3. To fix the remuneration of the Statutory Auditors of the Company appointed by the Comptroller & Auditor General of India (C&AG) for auditing the accounts of the Company for the Financial Year 2026 - 27 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditors of the Company appointed by the

Comptroller & Auditor General of India (C&AG) for the Financial Year 2026-27, as may be deemed fit”

II. SPECIAL BUSINESS:

4. TO CONSIDER AND APPROVE THE APPOINTMENT OF SHRI SHYAMAL MISRA (DIN: 03073323), ADDITIONAL SECRETARY (TELECOMMUNICATIONS), DEPARTMENT OF TELECOMMUNICATIONS (DoT) AS GOVERNMENT NOMINEE DIRECTOR OF THE COMPANY:

In this connection, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 152, 161 and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 17(1C) of SEBI (LODR) Regulations, 2015 as amended from time to time, Shri Shyamal Misra (DIN: 03073323), Additional Secretary (Telecommunications), DoT, who was appointed as an Additional Director to function as a Government Nominee Director by President of India vide Department of Telecommunications (DoT), Ministry of Communications, Government of India Letter No. E-5-2/2021-PSA dated 08.07.2026 w.e.f. 08.07.2026 on the Board of the Company in terms of Section 161(1) of the Act and Article 66(D) of the Articles of Association and who holds office upto the date of the next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier and has consented to act as a Nominee Director of the Company, be and is hereby appointed as Government Nominee Director of the Company.”

“**RESOLVED FURTHER THAT** any Director or Company Secretary be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution, including filing of necessary forms with the Registrar of Companies and other statutory authorities as may be required.”

5. TO CONSIDER AND APPROVE THE APPOINTMENT OF SHRI K BALAJI (DIN: 07586266) JOINT SECRETARY (ADMINISTRATION), DEPARTMENT OF TELECOMMUNICATIONS (DoT) AS GOVERNMENT NOMINEE DIRECTOR OF THE COMPANY:

In this connection, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 152, 161 and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 17(1C) of SEBI (LODR) Regulations, 2015 as amended from time to time, Shri K Balaji (DIN: 07586266) Joint

Secretary (Administration), DoT, who was appointed as an Additional Director to function as a Government Nominee Director by President of India vide Department of Telecommunications (DoT), Ministry of Communications, Government of India Letter No. E-5-2/2021-PSA dated 08.07.2026 w.e.f. 08.07.2026 on the Board of the Company in terms of Section 161(1) of the Act and Article 66(D) of the Articles of Association and who holds office upto the date of the next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier, and has consented to act as a Nominee Director of the Company, be and is hereby appointed as Government Nominee Director of the Company.”

“RESOLVED FURTHER THAT any Director or Company Secretary be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution, including filing of necessary forms with the Registrar of Companies and other statutory authorities as may be required.”

6. TO RATIFY THE REMUNERATION OF COST AUDITORS FOR THE FINANCIAL YEAR 2026-27:

In this connection, to consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force, M/s. R.M. Bansal & Co. Cost Auditors appointed by the Board of Directors of the Company based on the recommendation of the Audit Committee, to conduct the Cost Audit of the Company for the Financial Year 2026-27, at a total fees of Rs. 1,12,100/- (Fees Rs. 80,000/- plus Rs. 15,000/- towards out of pocket expenses plus GST @18% on the Gross Amount of Rs. 95,000/-) at the same rates, terms & conditions that of the last year i.e. Financial Year 2025 - 26 be and is hereby ratified and confirmed”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

**By Order of the Board
For MAHANAGAR TELEPHONE NIGAM LIMITED**

**Place: New Delhi
Date: 05.09.2026**

**(RATAN MANI SUMIT)
COMPANY SECRETARY**

NOTES

1. The Ministry of Corporate Affairs (“MCA”), vide its General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020 and subsequent circulars issued in this regard, the latest being 03/2025 dated September 22, 2025, collectively referred to as ‘MCA Circulars’, has permitted Companies to conduct AGM through Video Conferencing or Other Audio Visual Means (VC/OAVM), till further orders, in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular No. 20/2020 dated 05.05.2020. In compliance with the aforesaid MCA, applicable provisions of the Companies Act, 2013 and Rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 40th AGM of the Company is being convened and conducted through VC/OAVM. The Proceedings of the AGM shall be deemed to have been conducted at the Registered Office of the Company.
2. The Company has enabled the Members to participate at the 40th AGM through the VC/OAVM facility provided by Central Depository Services (India) Limited (CDSL). The Company is providing two-way teleconferencing facility or webex for the ease of participation of the Members. Hence, Members can attend and participate in the 40th AGM through VC/OAVM. The instructions for participation by Members are given in the subsequent pages. Participation at the AGM through VC shall be allowed on a first-come-first-served basis.
3. As per the provisions under the MCA Circulars, Members attending the 40th AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
4. The Company has provided Members with the facility to exercise their voting rights electronically through both Remote E-Voting and E-Voting during the AGM, facilitated by Central Depository Services (India) Limited (CDSL). The procedure for Remote E-Voting, including the necessary User ID and password details, is provided in the subsequent paragraphs. This Remote E-Voting facility is in addition to the E-Voting facility available during the 40th AGM, which is being conducted through VC / OAVM.
5. Members joining the meeting through VC, who have not already cast their vote by means of Remote E-Voting will be able to exercise their right to vote through E-Voting at the AGM. The Members who have cast their vote by Remote E-Voting prior to the AGM may also join the AGM through VC/OAVM but shall not be entitled to cast their vote again.
6. The Company has appointed Shri Hemant Kumar Singh, Partner of M/s Hemant Singh & Associates, Practicing Company Secretaries, Delhi (C.P. No. 6370 and FCS 6033), as the Scrutinizer for scrutinize the E-Voting process in a fair and transparent manner.
7. As per Section 105 of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his/her behalf. Since the 40th AGM is being held through VC/OAVM as per the MCA & SEBI Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies

by the members will not be made available for the 40th AGM and hence the Proxy Form and Attendance Slip are not annexed to this notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or Body Corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

8. Corporate members are required to access the link www.evotingindia.com and upload a certified copy of the Board Resolution authorizing their representative to attend the AGM through VC/OAVM and vote on their behalf. Institutional investors are encouraged to attend and vote at the meeting through VC/OAVM. The said resolution/authorization be sent to the Scrutinizer at email hemantsinghcs@gmail.com with a copy marked to RTA beetalrta@gmail.com.
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
10. The Register of Members and Share Transfer Books will remain closed from **Thursday, September 24, 2026 to Wednesday, September 30, 2026** (Both days inclusive).
11. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the **Cut-off Date (Wednesday, September 23, 2026)** only shall be entitled to avail the facility of Remote E-Voting or for participation at the AGM and E-Voting during AGM. A person who is not a Member as on the **Cut-off Date (Wednesday, September 23, 2026)** should treat the Notice for information purpose only.
12. In line with the MCA and SEBI Circulars, the Notice calling the 40th AGM & Annual Report for FY 2025-26 has been uploaded on the website of the Company at <https://mtnl.in/annual.html>, websites of the Stock Exchanges i.e. BSE and NSE at www.bseindia.com and www.nseindia.com respectively. The 40th AGM Notice is also disseminated on the website of CDSL (Agency for providing the Remote E-Voting facility and E-Voting system during the 40th AGM) at www.evotingindia.com.
13. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Company shall send the Notice of 40th Annual General Meeting, Instructions for Remote E-Voting and E-Voting at AGM, and Annual Report for the Financial Year 2025-26 only through electronic mode, to those members who have registered their e-mail address with the Company or with their respective Depository Participant (DP) and have opted to receive the aforesaid documents in electronic form. As per Regulation 36(1)(b) & 58(1)(b) of SEBI (LODR) Regulations, 2015, as amended, the web-link, including the exact path, where complete details of the Annual Report are available will be sent to those Member(s)/Bondholders who have not registered their email address(es) either with the Company or with any Depository or M/s Beetal Financial & Computer Services (P) Ltd , Registrar & Share Transfer Agent (RTA) of the Company. Also, as per Regulation 36 & 58(1) of SEBI (LODR) Regulations, 2015 the hard copy of full Annual Report will be sent to those Shareholders who requested for the same.

14. Members holding shares in electronic mode are therefore requested to ensure to keep their email address updated or register their email address if not earlier registered with their Depository through their Depository Participant(s). Members holding shares in physical mode and who wish to receive the Notice of 40th AGM are requested to update their Email address, Bank details and Change in address request by writing to the Registrar and Transfer Agent of the Company i.e. M/s Beetal Financial Computer & Services (P) Ltd by quoting their folio number(s) or by sending email at beetalrta@gmail.com along with the duly filled in Form ISR-1, along with related proof available at www.mtnl.in.
15. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts relating to the Special Business under Item No. 4, 5 & 6 is annexed hereto and forms part of this Notice. Further, the relevant details with respect to Item No. 2, 4 & 5 pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard- 2 (SS-2) on General Meetings issued by the Institute of Company Secretaries of India (ICSI) in respect of Directors seeking reappointment/appointment at this AGM are also annexed. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection by the members electronically. Members seeking to inspect such documents can send an email to mtnlcsco@gmail.com.
16. In terms of the provisions of Section 152 of the Act, Dr Kalyan Sagar Nippani, Director (HR & EB) of the Company, retires by rotation at the meeting and being eligible, offers himself for re-appointment. Dr Kalyan Sagar Nippani, Director (HR & EB) of the Company is interested in the Ordinary Resolution set out at Item No. 2 of the Notice with regard to his re-appointment. None of the other Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution except as may be deemed to be concerned or interested in the proposed resolution to the extent of their shareholding in the Company.
17. Pursuant to Section 143(5) of the Companies Act, 2013, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C & AG) under Section 139(5) of Companies Act 2013 and in terms of sub-section (1) of Section 142 of the Companies Act, 2013. Their Remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in General Meeting may determine.
18. Brief profile of Directors including those proposed to be appointed / reappointed, nature of their expertise in specific functional areas, names of Companies in which they hold Directorships and Memberships/ Chairmanships of Board Committees, Shareholding and Relationships between Directors inter-se as stipulated under Regulation 36(3) of SEBI (LODR) Regulations, 2015 are provided as Annexure to Notice.
19. With effect from April 2, 2026, SEBI has dispensed with the requirement of issuance of a Letter of Confirmation (LOC) by the Company/RTA while processing Service Request for Issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate,

consolidation of securities certificates/folios, transmission and transposition respectively. Accordingly, securities will be credited directly to the shareholder's demat account upon submission of valid demat account details along with the latest Client Master List (not older than 2 months), Demat Conversion Request Form for NSDL/ Demat Request form for CDSL and Latest Client Master List, both attested by Depository Participant, besides mandatory documents for the subject service requests subject to folio being KYC Compliant. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the Company's website at <https://mtnl.in/investors> and RTA at https://beetal.in/investor-services/#Investor_Forms.

20. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company at mtnlcsc@gmail.com or Registrar and Share Transfer Agent (RTA) at beetalrta@gmail.com, the details of such folios together with the share certificates and self-attested copies of the PAN card of the holders for consolidating their holdings in one folio along with the documents as stated in point 19 above. Requests for consolidation of share certificates shall be processed in dematerialised form only.
21. SEBI vide its Circular nos. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021, SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021, SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 and SEBI/HO/MIRSD/MIRSD-PoD- 1/P/CIR/2023/37 dated March 16, 2023, has mandated Members holding shares in physical form to submit PAN, nomination, contact details, bank account details and specimen signature in specified forms. Members may access <https://mtnl.in/investors> for Form ISR-1 to register PAN/email id/bank details/other KYC details, Form ISR-2 to update signature and Form ISR-3 for declaration to opt out. Members may make service requests by submitting a duly filled and signed Form ISR-4 & ISR-5, the format of which is available on the Company's website and on the website of the Company's Registrar and Share Transfer Agent.
22. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023 and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023 read with Master circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023) has established a Common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. Any disputes or unresolved issues related to service requests, service-related complaints between Investors/Shareholders and Listed Companies (including their RTA) or any other specified Intermediaries/Regulatory Entities arising from their activities in the securities market will be addressed under this mechanism, in accordance with the guidelines provided in the aforementioned SEBI Circulars.
23. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA of the Company.

24. Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, pursuant to the provisions of SEBI Circular No. 21/99 dated July 8, 1999. Members are, therefore, requested to dematerialize their shareholding if not done so far, to avoid inconvenience. Members can contact the Company or the RTA for assistance in this regard.
25. Members may avail of the nomination facility as provided under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 as amended. Members holding shares in Physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent. If a Members desires to opt out or cancel the earlier nomination and record a fresh nomination, the Members may submit the same in Form ISR-3 or SH-14 as the case may be. The said Forms can be downloaded from the website of the Company at www.mtnl.in. In respect of Shares held in dematerialized form, the Nomination Form may be filed with the respective Depository Participants.
26. The following documents (Register of Directors and Key Managerial Personnel and their Shareholding and the Register of Contracts or Arrangements in which Directors are interested, maintained under the Companies Act, 2013) will be available for inspection by the Members electronically during the 40th AGM. Members seeking to inspect such documents can send an email to mtnlcsco@gmail.com.
27. Members desirous of getting any information about the Annual Accounts and/or Operations of the Company are requested by sending an email from their registered email address, mentioning their Name, DP ID & Client ID/Folio Number and Mobile Number to mtnlcsco@gmail.com at least seven days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.
28. Special Window for Re-lodgement of Transfer Requests of Physical Shares: To facilitate ease of investing for investors and to secure their rights in the securities purchased by them SEBI, vide Circular No. HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated January 30th, 2026 has opened a special window for a period of one year, from February 5, 2026 to February 4, 2027 for transfers effected under this facility with shares to be credited only in dematerialized form to the account of the transferee. This facility is available to shareholders who had originally lodged their transfer deeds prior to April 1, 2019, and whose requests were rejected/returned/not attended due to deficiencies in documents/process/or otherwise. Eligible shareholders may re-lodge such transfer requests with the Company's RTA during the specified period. Such securities will be subject to a mandatory lock-in of one year from the date of registration of transfer, during which they cannot be transferred, lien-marked or pledged. The RTA will process only those cases that are complete in all respects and compliant with SEBI guidelines. Shareholders are further advised to refer the latest SEBI Guidelines/Circulars issued for all the holder holding securities in Listed Companies in physical form from time to time and keep their KYC details updated all the time to avoid freezing their folio as prescribed by SEBI.

29. As the 40th AGM is being held through VC/OAVM, the route map is not mentioned in the Notice.
30. Annual Listing Fees for the Financial Year 2026-27 has been paid to the Stock Exchanges i.e. NSE and BSE wherein securities of the Company are listed.
31. The Members can join the 40th AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the 40th AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 40th AGM without restriction on account of first come first served basis.
32. **GENERAL INSTRUCTIONS FOR THE SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING 40TH AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

Step 1: Access through Depositories CDSL/NSDL E-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access through CDSL E-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on **Sunday, September 27, 2026 9.00 A.M.** and ends on **Tuesday, September 29, 2026 5.00 P.M.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **Wednesday, September 23, 2026** may cast their vote electronically. The E-Voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020 and Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11.07.2023 as per Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide Remote E-Voting facility to its Shareholders, in respect of all Shareholders' resolutions. However, it has been observed that the participation by the Public Non-Institutional Shareholders/Retail Shareholders is at a negligible level.

Currently, there are multiple E-Voting service providers (ESPs) providing E-Voting facility to Listed Entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the Shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable E-Voting to **all the demat account holders**,

by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in E-Voting process.

Step 1: Access through Depositories CDSL/NSDL E-Voting system in case of Individual Shareholders holding shares in demat mode.

- (iv) In terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 and Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11.07.2023 on E-Voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email id in their demat accounts in order to access E-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for E-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach E-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & My Easi New (Token) Tab. 2) After successful login the Easi / Easiest user will be able to see the E-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see E-Voting page of the E-Voting service provider for casting your vote during the remote E-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all E-Voting Service Providers, so that the user can visit the E-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & My Easi New (Token) Tab and then click on registration option.

Type of shareholders	Login Method
	4) Alternatively, the user can directly access E-Voting page by providing Demat Account Number and PAN No. from a E-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the E-Voting option where the evoting is in progress and also able to directly access the system of all E-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see E-Voting services. Click on “Access to e-Voting” under E-Voting services and you will be able to see E-Voting page. Click on company name or E-Voting service provider name and you will be re-directed to E-Voting service provider website for casting your vote during the remote E-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the E-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of E-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see E-Voting page. Click on company

Type of shareholders	Login Method
	name or E-Voting service provider name and you will be redirected to E-Voting service provider website for casting your vote during the remote E-Voting period or joining virtual meeting & voting during the meeting. 4) For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for E-Voting facility. After Successful login, you will be able to see E-Voting option. Once you click on E-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see E-Voting feature. Click on company name or E-Voting service provider name and you will be redirected to E-Voting service provider website for casting your vote during the remote E-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 099 11

Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
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Step 2: Access through CDSL E-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Log in method for e-Voting and joining Virtual meeting **for Physical Shareholders and Shareholders other than Individual holding in Demat form.**

- 1) The shareholders should log on to the E-Voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier E-Voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on “SUBMIT” tab.

- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for E-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for E-Voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for Mahanagar Telephone Nigam Limited on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Additional Facility for Non – Individual Shareholders and Custodians –Remote Voting
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using

the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual Shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer (hemantsinghcs@gmail.com) and to the Company (mtnlcsco@gmail.com), if they have voted from individual tab & not uploaded same in the CDSL E-Voting system for the scrutinizer to verify the same.

33. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE 40th AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

- i. The procedure for attending meeting & E-Voting on the day of the 40th AGM is same as the instructions mentioned above for Remote E-voting.
- ii. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote E-voting.
- iii. Shareholders who have voted through Remote E-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the 40th AGM.
- iv. Facility of joining the AGM through VC/OAVM shall be opened 30 minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM. The facility will be available for Members on first come first served basis. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- v. For better experience, we recommend you to join the AGM with high-speed wired internet connectivity. This prevents WiFi dropouts and speed issues.
- vi. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- vii. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a Speaker by sending their request from **Wednesday, September 16, 2026 to Wednesday, September 23, 2026** mentioning their name, demat account number/folio number, email id, mobile number at mtnlcsco@gmail.com. The Shareholders

who do not wish to speak during the AGM but have queries may send their queries from **Wednesday, September 16, 2026 to Wednesday, September 23, 2026** mentioning their name, demat account number/folio number, email id, mobile number at mtnlcsco@gmail.com. These queries will be replied to by the Company suitably by email.

- viii. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting subject to availability of time. The Company reserves the right to limit the number of Speakers and Questions to ensure smooth conduct of the Meeting.
- ix. Only those Shareholders, who are present in the 40th AGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote E-Voting and are otherwise not barred from doing so, shall be eligible to vote through E-Voting system available during the 40th AGM.
- x. If any Votes are cast by the Shareholders through the E-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC facility, then the votes cast by such Shareholders shall be considered invalid as the facility of E-Voting during the meeting is available only to the Shareholders attending the Meeting.

34. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NUMBER ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

- i. **For Physical Shareholders-** please provide necessary details like Folio No., Name of Members, Scanned copy of the share certificate (front and back), Self attested copy of PAN Card and Self-attested copy of any one document from Aadhar Card, Driving License, Election Identity Card and Passport for registering email address/ Mobile Number by email to mtnlcsco@gmail.com/beetalrta@gmail.com.
- ii. **For Demat Shareholders -** Please update your email id & mobile no. with your respective Depository Participant (DP)
- iii. **For Individual Demat Shareholders –** Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while E-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending 40th AGM & E-Voting from the CDSL E-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 099 11.

All grievances connected with the facility for voting by electronic means may be addressed to Shri Rakesh Dalvi, AVP, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 21 099 11.

35. The Scrutinizer will submit his report to the Chairman/Company Secretary after the completion of the scrutiny and the result of the voting will be announced by the Chairman/Company Secretary on or before 05.10.2026 (within two working days of conclusion of AGM) and will be displayed on the website of the Company (www.mtnl.in), besides being communicated to the Stock Exchanges, Depositories and Registrar and Share Transfer Agent.

**By Order of the Board
For MAHANAGAR TELEPHONE NIGAM LIMITED**

**(RATAN MANI SUMIT)
COMPANY SECRETARY**

Place: NEW DELHI

Date: 05.09.2026

Registered and Corporate Office

Mahanagar Telephone Nigam Limited

CIN: L32101DL1986GOI023501

Mahanagar Doorsanchar Sadan 5 th Floor, 9 C G O Complex, Lodhi Road, New Delhi - 110 003

Tel: 011-24319020, Fax: 011-24324243, Website: www.mtnl.in, Email Id mtnlcsco@gmail.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH THE SECRETARIAL STANDARD ON GENERAL MEETINGS

ITEM NO 4: - TO CONSIDER AND APPROVE THE APPOINTMENT OF SHRI SHYAMAL MISRA (DIN: 03073323), ADDITIONAL SECRETARY (TELECOMMUNICATIONS), DEPARTMENT OF TELECOMMUNICATIONS (DoT) AS GOVERNMENT NOMINEE DIRECTOR OF THE COMPANY:

Shri Shyamal Misra (DIN: 03073323), Additional Secretary (Telecommunications), DoT, was entrusted with the additional charge of the post of Government Nominee Director of MTNL w.e.f. 08.07.2026 vide Department of Telecommunications (DoT), Ministry of Communications, Government of India Letter No. E-5-2/2021-PSA dated 08.07.2026 as Government Nominee Directors, ex-officio, on the Board of the Company with immediate effect and until further orders. Shri Shyamal Misra assumed the office of Government Nominee Director of MTNL w.e.f. 08.07.2026.

Section 152 (2) of the Companies Act, 2013 stipulates that every Director shall be appointed by the Company in a general meeting. However, Section 161(1) of the Companies Act, 2013 gives power to the Board of Directors to appoint an Additional Director who shall hold office upto the date of next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier. Regulation 17(1C) of SEBI (LODR) Regulations, 2015 also stipulates that approval of Shareholders for appointment or reappointment of a person on the Board is to be taken at the next general meeting.

The Nomination and Remuneration Committee of the Board of Director of your Company has also recommended to the board in pursuant to Section 160 of the Companies Act, 2013 for regularization of appointment of Shri Shyamal Misra as Regular Directors in Board of MTNL.

Brief profile of Shri Shyamal Misra, nature of his expertise in specific functional areas and name of other Companies in which he holds Directorships and Memberships/Chairmanships of Board level Committees and relationships between Directors inter-se as stipulated under SEBI (LODR) Regulations, 2015 is annexed to the Notice.

Shri Shyamal Misra does not hold any share in the Company in either his individual capacity or as beneficiary. Additional information of the Director, pursuant to the SEBI (LODR) Regulations, 2015 and the Secretarial Standard-2 (SS-2) on General Meeting issued by the ICSI has also been provided in the Notice.

Shri Shyamal Misra is interested in the resolution as set out at Item no 4 respectively, of the Notice of 40th AGM, which pertains to his appointment. The respective relatives of Shri Shyamal Misra may be deemed to be interested in the resolution set out at Item no 4 respectively of the 40th AGM Notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution except as may be deemed to be concerned or interested in the proposed resolution to the extent of their shareholding in the Company.

The Board of Directors of the Company recommends the Resolution as set out in the accompanied Notice of 40th AGM for approval of the Shareholders by way of Ordinary Resolution.

ITEM NO 5: - TO CONSIDER AND APPROVE THE APPOINTMENT OF SHRI K BALAJI (DIN: 07586266) JOINT SECRETARY (ADMINISTRATION), DEPARTMENT OF TELECOMMUNICATIONS (DoT) AS GOVERNMENT NOMINEE DIRECTOR OF THE COMPANY:

Shri K Balaji (DIN: 07586266) Joint Secretary (Administration), DoT, was entrusted with the additional charge of the post of Government Nominee Director of MTNL w.e.f. 08.07.2026 vide Department of Telecommunications (DoT), Ministry of Communications, Government of India Letter No. E-5-2/2021-PSA dated 08.07.2026 as Government Nominee Directors, ex-officio, on the Board of the Company with immediate effect and until further orders. Shri K Balaji assumed the office of Government Nominee Director of MTNL w.e.f. 08.07.2026.

Section 152 (2) of the Companies Act, 2013 stipulates that every Director shall be appointed by the Company in a General Meeting. However, Section 161(1) of the Companies Act, 2013 gives power to the Board of Directors to appoint an Additional Director who shall hold office upto the date of next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier. Regulation 17(1C) of SEBI (LODR) Regulations, 2015 also stipulates that approval of Shareholders for appointment or reappointment of a person on the Board is to be taken at the next general meeting.

The Nomination and Remuneration Committee of the Board of Director of your Company has also recommended to the board in pursuant to Section 160 of the Companies Act, 2013 for regularization of appointment of Shri K Balaji as Regular Directors in Board of MTNL.

Brief profile of Shri K Balaji, nature of his expertise in specific functional areas and name of other Companies in which he holds Directorships and Memberships/Chairmanships of Board level Committees and relationships between Directors inter-se as stipulated under SEBI (LODR) Regulations, 2015 is annexed to the Notice.

Shri K Balaji does not hold any share in the Company in either his individual capacity or as beneficiary. Additional information of the Director, pursuant to the SEBI (LODR) Regulations, 2015 and the Secretarial Standard-2 (SS-2) on General Meeting issued by the ICSI has also been provided in the Notice.

Shri K Balaji is interested in the resolution as set out at Item no 5 respectively, of the Notice of 40th AGM, which pertains to his appointment. The respective relatives of Shri K Balaji may be deemed to be interested in the resolution set out at Item no 5 respectively of the 40th AGM Notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution except as may be deemed to be concerned or interested in the proposed resolution to the extent of their shareholding in the Company.

The Board of Directors of the Company recommends the Resolution as set out in the accompanied Notice of 40th AGM for approval of the Shareholders by way of Ordinary Resolution.

ITEM NO 6: - TO RATIFY THE REMUNERATION OF COST AUDITORS FOR THE FINANCIAL YEAR 2026-27

The Board of Directors of MTNL in its 369th Meeting held on 21.05.2026 has approved the appointment of M/s R.M. Bansal & Co., Cost Accountant as the Cost Auditors of the Company based on the recommendation of the Audit Committee to conduct the audit of the Cost Records of the Company for the FY 2026-27 at a Total Fees of Rs. 1,12,100/- (Fees Rs.80,000/- plus Rs. 15,000/- out of pocket expenses plus GST @18% on the Gross Amount of Rs. 95,000/-) at the same rates, terms & conditions for the FY 2025-26.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders of the Company in General Meeting.

None of the Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution except as may be deemed to be concerned or interested in the proposed resolution to the extent of their shareholding in the Company.

The Board of Directors of the Company recommends the Resolution(s) as set out in the accompanied Notice for approval of the Shareholders by way of Ordinary Resolution.

**By Order of the Board
For MAHANAGAR TELEPHONE NIGAM LIMITED**

**(RATAN MANI SUMIT)
COMPANY SECRETARY**

Place: New Delhi

Date: 05.09.2026

ANNEXURE TO THE NOTICE

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER REGULATION 36(3) OF SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARD-2 ON GENERAL MEETINGS.

Name of Director	SHYAMAL MISRA	K BALAJI	Dr KALYAN SAGAR NIPAANI
DIN	03073323	07586266	10421277
Date of Birth & Age	16.06.1973 (53 years)	09-07-1984 (42 years)	20.02.1967 (59 years)
Date of Appointment (Initial)	08.07.2026	08.07.2026	01.08.2024
Experience in Specific Functional area	Brief Profile Attached		
Qualification	B. Tech from the Indian Institute of Technology (IIT) Kanpur and having degree in Master's in Public Administration (M.P.A.) from the Harvard Kennedy School (Harvard University)	Bachelor's degree in Electronics and Communication Engineering from College of Engineering, Guindy (2006)	PG Diploma in Personnel Management, an MBA in Finance, an MBA in Marketing Management, and a PG Diploma in Business Management
Nature of expertise in specific functional area	Brief Profile Attached		
Skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Being a Government Company, the Directors were identified and shortlisted by the Government of India as per order issued by the Department of Telecommunications, Ministry of Communications, Government of India.		
Listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years.	MTNL & BSNL (Debt Listed) Further, He has not resigned in any Listed Company in past three years.	MTNL & BSNL (Debt Listed) Further, He has not resigned in any Listed Company in past three years.	MTNL & BSNL (Debt Listed) Further, He has not resigned in any Listed Company in past three years.

Name of Director	SHYAMAL MISRA	K BALAJI	Dr KALYAN SAGAR NIPAANI
Chairman (C) / Member (M) of the Audit & Stakeholder Relationship Committee across all Public Companies	• MTNL Chairman & Member – Audit Committee Member - Stakeholder Relationship Committee • BSNL Chairman & Member- Audit Committee Member - Stakeholder Relationship Committee	• MTNL Member – Audit Committee Chairman & Member - Stakeholder Relationship Committee • BSNL Member – Audit Committee Member - Stakeholder Relationship Committee	NIL
No. of Shares held in MTNL (Self and as a Beneficial Owner)	NIL	NIL	NIL
Number of meetings of the Board attended since the Date of Appointment	1/1 (Was Appointed as Government Nominee Director w.e.f. 08.07.2026)	1/1 (Was Appointed as Government Nominee Director w.e.f. 08.07.2026)	10/12 (Was appointed Director w.e.f. 01.08.2024)
Disclosure of inter-se Relationship with other Directors or KMP of the Company	NIL	NIL	NIL
Sitting fee to be payable	No Sitting fees is payable.	No Sitting fees is payable.	No Sitting fees is payable.
Terms and Conditions of Appointment	As per the Letter(s) issued by the Department of Telecommunications, Ministry of Communications, Government of India, for the appointment of respective individuals.		

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF SEBI (LODR) REGULATIONS, 2015.

1. **Shri Shyamal Misra, Government Nominee Director**

Shri Shyamal Misra is an Indian Administrative Service (IAS) officer of the 1996 batch (Haryana Cadre). B.Tech. from the Indian Institute of Technology (IIT) Kanpur and having degree in Masters in Public Administration (M.P.A.) from the Harvard Kennedy School (Harvard University). He has held several important assignments in both the Central and State Governments during his distinguished administrative career. He served as Joint Secretary in the Department of Commerce, Government of India & Ministry of Home Affairs, Government of India till August 2022, and was subsequently promoted as Additional Secretary in the Ministry of Home Affairs in the month of August 2022. In September 2024, Shri Misra was appointed as Chief Administrator, Trade Fair Authority of Haryana, New Delhi. Thereafter, in December 2024, he was entrusted with the additional charge of Chief Executive Officer, Metropolitan Development Authority, and Principal Secretary, Civil Aviation Department, Government of Haryana. In October 2025, he was also assigned the additional charge of Principal Secretary, Energy Department, Government of Haryana. In December 2025, Shri Misra was appointed as Administrator of Digital Bharat Nidhi (DBN) in the scale and pay off Additional Secretary to the Government of India. He is presently holding the additional charge of Additional Secretary (Telecommunications), Department of Telecommunications, Government of India.

2. **Shri K Balaji, Government Nominee Director**

Shri K. Balaji, IAS (Uttar Pradesh Cadre: 2010), holds a Bachelor's degree in Electronics and Communication Engineering from College of Engineering, Guindy (2006). He was initially selected to the Indian Police Service (IPS) in the 2009 Batch (62 RR) and underwent training at the Sardar Vallabhbhai Patel National Police Academy, Hyderabad, before joining the Indian Administrative Service (IAS) in 2010. Since June 2011, he has held various fields and administrative assignments in Uttar Pradesh, including District Magistrate of districts Auraiya, Ghazipur and Meerut and Managing Director, Purvanchal Vidyut Vitaran Nigam Ltd. On Central Deputation he served as Private Secretary to the Hon'ble Minister of Culture, Tourism and Development of North Eastern States, Director in the Sixteenth Finance Commission and Director in the Ministry of Home Affairs. As Director (Local Bodies & Disaster Management) in the Sixteenth Finance Commission (12 July 2024 – 16 November 2025) he was associated with the formulation of grant frameworks for local bodies, disaster management and assessment of the fiscal position of States. He served as Director in the Ministry of Home Affairs from 17 November 2025 to 14 April 2026 handling matters relating to citizenship and immigration. Since 15 April 2026 he has been serving as Joint Secretary, Department of Telecommunications, Government of India.

3. Dr. Kalyan Sagar Nippani, Director (HR & EB)

Dr. Kalyan Sagar Nippani joined the Indian Posts & Telecommunications Accounts & Finance Service, IP&T (AFS), after qualifying through the All India Civil Services Examination in 1993. He served in various capacities such as Circle Head of Finance and Chief General Manager - National Academy of Telecom Finance & Management (NATFM) before joining BSNL's Board as Director – Human Resources. During his career, he was a member of many High Powered Committees that rolled out Pan-Indian projects, including Network for Defense and Airforce (AFNET). As CGM NATFM he launched many innovative and path- breaking Academia- Industry collaborations. Dr. Kalyan Sagar Nippani has a PG Diploma in Personnel Management, an MBA in Finance, an MBA in Marketing Management, and a PG Diploma in Business Management apart from numerous certifications. He is the author of six best - selling books in the areas of leadership, business strategy, and digital governance which received exceptional reviews in the media. He is a motivational speaker and honorary guest faculty to many organizations.



MTNL

Transparency makes us different !

MAHANAGAR TELEPHONE NIGAM LIMITED

Registered & Corporate Office

Mahanagar Doorsanchar Sadan,

5th Floor, 9, CGO Complex, Lodhi Road, New Delhi - 110 003

Tel.: +91-11-24319020, Fax : +91-11-24324243

