महानगर टेलीफोन निगम लि॰
(भारत सरकार का उद्यम)
Mahanagar Telephone Nigam Ltd.
(A Government of India Enterprise)
CIN: L32101DL1986GOI023501

स्वच्छ भारत
एक कदम स्वच्छता की ओर

MTNL/SECTT/SE/2017
November 14, 2017

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

Sub: Compliance of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Submission of Un-audited Reviewed Financial Results for the Quarter ended 30th September, 2017.

Dear Sir,

Further to our letter of even no.dtd. 27th October, 2017, we are forwarding herewith the Unaudited Reviewed Financial Results prepared as per Ind AS along with the Limited Review Report submitted by the Statutory Auditors of the Company for the Quarter ended 30st September, 2017 duly approved by the Board of Directors in its Meeting held in New Delhi today i.e. 14th November, 2017.

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

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

Thanking you,

Yours faithfully,

(S.R. SAYAL)
COMPANY SECRETARY

Encl: As above

Annexure I

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

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

CIN No: L32101DL1986GOI023501

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED ON 30/09/2017

(Rs. in Crore)

		STANDALONE					
		Three Month Ended			Six Month Ended		Year Ended
Sl. No.	Particulars	3 months ended 30/09/2017	Preceeding 3 months ended 30/06/2017	Corresponding 3 months ended 30/09/2016 in the previous year	Year to date figures for Current period ended 30/09/2017	Year to date figures for previous period ended 30/09/2016	Previous year ended 31/03/2017
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1	2	3	4	5	6	7	8
I	Revenue from operations	642.23	657.22	729.20	1,299.44	1,473.92	2,869.68
II	Other Income	148.88	155.44	141.78	304.32	278.99	682.78
III	**Total Income (I +II)**	**791.10**	**812.66**	**870.98**	**1,603.76**	**1,752.90**	**3,552.46**
IV	**Expenses**						
	License Fees & Spectrum Charges	42.54	39.60	65.61	82.13	122.98	270.08
	Employees' Remuneration and benefits	623.19	608.22	699.00	1,231.41	1,380.91	2,647.81
	Finance cost	366.22	358.36	359.05	724.58	704.93	1,448.47
	Revenue Sharing	46.94	48.33	57.98	95.27	121.46	227.78
	Depreciation and amortization expense	266.70	265.13	272.30	531.83	543.23	1,087.63
	Administrative Expenses	176.15	196.20	185.35	372.35	365.74	816.13
	Total Expenses (IV)	**1,521.75**	**1,515.83**	**1,639.29**	**3,037.57**	**3,239.24**	**6,497.91**
V	**Profits/(Loss) before exceptional items and tax(III-IV)**	**(730.64)**	**(703.17)**	**(768.32)**	**(1,433.81)**	**(1,486.34)**	**(2,945.45)**
VI	Exceptional items	-	-	-	-	-	-
VII	**Profit/ (Loss) before tax (V- VI-VII)**	**(730.64)**	**(703.17)**	**(768.32)**	**(1,433.81)**	**(1,486.34)**	**(2,945.45)**
VIII	Tax expense:						
	(1) Current tax	-	-	-	-	-	(4.38)
	(2) Deferred tax	-	-	-	-	-	-
IX	**Profit/ (Loss) for the period from continuing operations (VIII - IX)**	**(730.64)**	**(703.17)**	**(768.32)**	**(1,433.81)**	**(1,486.34)**	**(2,941.08)**
X	Profit/ (Loss) from discontinued operations	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-
XII	**Profit/ (Loss) from Discontinued Operations (after tax) (XI-XII)**	-	-	-	-	-	-
XIII	**Profit/ (Loss) for the period (X + XIII)**	**(730.64)**	**(703.17)**	**(768.32)**	**(1,433.81)**	**(1,486.34)**	**(2,941.08)**
XIV	**Other Comprehensive Income**						
A	i) Items that will not be reclassified to profit and loss	-	-	-	-	-	(29.49)
	ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
B	i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Other Comprehensive Income for the year	-	-	-	-	-	-
XV	**Total Comprehensive Income for the period (XIV+XV)**	**(730.64)**	**(703.17)**	**(768.32)**	**(1,433.81)**	**(1,486.34)**	**(29.49)**
XVI	**Earnings per equity Share (of Rs.10 each) for continuing operations:(not annualised)**						**(2,970.57)**
	(1) Basic	(11.60)	(11.16)	(12.20)	(22.76)	(23.59)	(46.68)
	(2) Diluted	(11.60)	(11.16)	(12.20)	(22.76)	(23.59)	(46.68)
XVII	**Earnings per equity Share of Rs.10 each(for discontinued operations):(not annualised)**						
	(1) Basic	-	-	-	-	-	-
	(2) Diluted	-	-	-	-	-	-
XVIII	**Earnings per equity Share of Rs.10 each (for discontinued & continuing operations): (not annualised)**						
	(1) Basic	(11.60)	(11.16)	(12.20)	(22.76)	(23.59)	(46.68)
	(2) Diluted	(11.60)	(11.16)	(12.20)	(22.76)	(23.59)	(46.68)

See accompanying notes to the financial results:

Kumar Vijay Gupta & Co. Chartered Accountants

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

Notes:

1. The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 14.11.2017 and approved by the Board of Directors of the Company at their meeting held on the same date.
2. The company has prepared these financial results in accordance with the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013.
3. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 Of the SEBI's(Listing Obligations and Disclosures Requirements), Regulation 2015.
4. Income Includes Rs. 14.96 Crores on account of adjustment of security deposits on reconciliation.
5. Figures for the previous period have been regrouped/reclassified wherever necessary, to conform to current period's classification.

For and on behalf of the Board

(P. K. Purwar)
Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 14.11.2017

Kumar Vijay Gupta & Co. Chartered Accountants

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

Annexure - II

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

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

CIN No: L32101DL1986GOI023501

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED ON 30/09/2017

(Pursuant to Regulation 52 of the SEBI(Listing Obligations and Disclosure Requirements) Regualtions 2015)

(Rs. in Crore)

Sl. No.	Particulars	6 months ended 30/09/2017	Corresponding 6 months ended 30/09/2016 in the previous year	Previous accounting year ended 31/03/2017
		UNAUDITED	UNAUDITED	AUDITED
1	2	3	4	5
I	Revenue from operations	1,299.44	1,473.92	2,869.68
II	Other Income	304.32	278.99	682.78
III	**Total Income (I +II)**	**1,603.76**	**1,752.90**	**3,552.46**
IV	**Expenses**			
	License Fees & Spectrum Charges	82.13	122.98	270.08
	Employees' Remuneration and benefits	1,231.41	1,380.91	2,647.81
	Finance cost	724.58	704.93	1,448.47
	Revenue Sharing	95.27	121.46	227.78
	Depreciation and amortization expense	531.83	543.23	1,087.63
	Administrative Expenses	372.35	365.74	816.13
	Total Expenses (IV)	**3,037.57**	**3,239.24**	**6,497.91**
V	**Profits/(Loss) before exceptional items and tax(III-IV)**	**(1,433.81)**	**(1,486.34)**	**(2,945.45)**
VI	Exceptional items	-	-	-
VII	**Profit/ (Loss) before tax (V- VI)**	**(1,433.81)**	**(1,486.34)**	**(2,945.45)**
VIII	Tax expense:			
	(1) Current tax	-	-	(4.38)
	(2) Deferred tax	-	-	-
IX	**Profit/ (Loss) for the period from continuing operations (VII - VIII)**	**(1,433.81)**	**(1,486.34)**	**(2,941.08)**
X	Profit/ (Loss) from discontinued operations	-	-	-
XI	Tax expense of discontinued operations	-	-	-
XII	Profit/ (Loss) from Discontinued Operations (after tax) (X-XI)	-	-	-
XIII	Profit/ (Loss) for the period (IX + XII)	(1,433.81)	(1,486.34)	(2,941.08)
XIV	Other Comprehensive Income	-	-	(29.49)
XV	**Total Comprehensive Income for the period (XIII + XIV)**	**(1,433.81)**	**(1,486.34)**	**(2,970.57)**
XVI	Earnings per equity Share of Rs.10 each for continuing operations: (not annualised)			
	(1) Basic	(22.76)	(23.59)	(46.68)
	(2) Diluted	(22.76)	(23.59)	(46.68)
XVII	Earnings per equity Share of Rs.10 each for discontinued operations:(not annualised)			
	(1) Basic	-	-	-
	(2) Diluted	-	-	-
XVIII	Earnings per equity Share of Rs.10 each for discontinued & continuing operations: (not annualised)			
	(1) Basic	(22.76)	(23.59)	(46.68)
	(2) Diluted	(22.76)	(23.59)	(46.68)
XIX	Paid-up equity share capital (Face value of Rs.10/-each)	630.00	630.00	630.00
XX	Paid up Debt Capital	2,980.00	2,980.00	2,980.00
XXI	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year			(3,996.70)
XXII	Debenture Redemption Reserve	45.27	45.27	45.27
XXIII	Debt Equity Ratio	(2.18)	(3.79)	(2.73)
XXIV	Debt Service Coverage Ratio (DSCR)	(0.83)	(0.86)	(0.62)
XXV	Interest Service Coverage Ratio (ISCR)	(0.98)	(1.24)	(1.03)

Notes:

1 The above results have been reviewed and recommended for adoption by the Audit Committee in their meeting held on 14.11.2017 and approved by the Board of Directors of the Company at their meeting held on the same date.

2 Paidup Debt Capital excludes NCDs issued to the tune of Rs.4533.97 Crores for which the liability to pay Interest & Principal is on Government.

3 Debt Equity Ratio= (Long Term Borrowings + Short Term Loans + Current Maturity of Long Term Borrowings)/(Share Capital + Other Equity)

4 Debt Service Coverage Ratio (DSCR)= Earnings before Finance Cost and Tax (after exceptional items)/ (Finance Expense + Schedule Principal Repayment during the period)

5 Interest Service Coverage Ratio (ISCR)= Earnings before Finance Cost and Tax (after exceptional items)/ Finance Expense

For and on behalf of the Board

(P. K. Purwar)
Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 14.11.2017

Kumar Vijay Gupta & Co. Chartered Accountants

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

Annexure III

MAHANAGAR TELEPHONE NIGAM LIMITED

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

CIN No: L32101DL1986GOI023501

STANDALONE UNAUDITED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER AND SIX MONTH ENDED 30/09/2017

(Rs. in Crore)

		STANDALONE					
		Three Month Ended			Six Month Ended		Year Ended
Sl. No.	Particulars	3 months ended 30/09/2017	Preceeding 3 months ended 30/06/2017	Corresponding 3 months ended 30/09/2016 in the previous year	Year to date figures for Current period ended 30/09/2017	Year to date figures for previous period ended 30/09/2016	Year to date Previous year ended 31/03/2017
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1	2	3	4	5	6	7	8
1.	**Revenue from Operations**						
	Basic & other Services	549.54	556.67	573.69	1,106.21	1,186.43	2,345.17
	Cellular	94.12	101.87	127.81	195.99	290.83	531.06
	Unallocable	-	-	29.16	-	-	-
	Total	**643.67**	**658.53**	**730.66**	**1,302.20**	**1,477.26**	**2,876.24**
	Less: Inter Segment Revenue	1.44	1.32	1.46	2.76	3.34	6.56
	Net Revenue from Operations	**642.23**	**657.22**	**729.20**	**1,299.44**	**1,473.92**	**2,869.68**
2.	**Segment Result before interest income, exceptional items, finance cost and tax**						
	Basic & other Services	(288.40)	(296.57)	(380.15)	(584.97)	(692.20)	(1,370.81)
	Cellular	(117.40)	(127.01)	(147.73)	(244.42)	(264.63)	(547.60)
	Unallocable	(1.62)	(4.07)	29.10	(5.70)	2.36	19.53
	Total	**(407.43)**	**(427.65)**	**(498.78)**	**(835.08)**	**(954.47)**	**(1,898.88)**
	Add: Exceptional items	-	-	-	-	-	-
	Add: Interest Income	43.01	82.84	89.51	125.85	173.06	401.90
	Less: Finance cost	366.22	358.36	359.05	724.58	704.93	1,448.47
	Profit/ (Loss) before tax	**(730.64)**	**(703.17)**	**(768.32)**	**(1433.81)**	**(1486.34)**	**(2945.45)**
	Less: Provision for Current Tax & Deferred tax	-	-	-	-	-	(4.38)
	Profit/ (Loss) after tax	**(730.64)**	**(703.17)**	**(768.32)**	**(1,433.81)**	**(1,486.34)**	**(2,941.08)**
3.	**Capital Employed (Segment Assets - Segment Liabilities)**						
	Segment Asset						
	Basic & other Services	9,771.81	9,896.12	10,431.56	9,771.81	10,431.56	10,010.22
	Cellular	5,384.54	5,326.65	5,706.57	5,384.54	5,706.57	5,729.92
	Unallocable/Eliminations	1,943.89	1,909.90	2,063.98	1,943.89	2,063.98	1,922.82
	Total Segment Assets	**17,100.24**	**17,132.66**	**18,202.11**	**17,100.24**	**18,202.11**	**17,662.97**
	Segment Liabilities						
	Basic & other Services	5,752.83	5,931.06	6,122.90	5,752.83	6,122.90	6,073.61
	Cellular	14,264.66	13,925.84	12,998.65	14,264.66	12,998.65	13,613.73
	Unallocable/Eliminations	1,883.44	1,346.16	878.00	1,883.44	878.00	1,342.33
	Total Segment Liabilities	**21,900.93**	**21,203.07**	**19,999.55**	**21,900.93**	**19,999.55**	**21,029.67**
	Segment Capital Employed						
	Basic & other Services	4,018.98	3,965.05	4,308.66	4,018.98	3,965.05	3,936.61
	Cellular	(8,880.11)	(8,599.20)	(7,292.08)	(8,880.11)	(8,599.20)	(7,883.81)
	Unallocable/Eliminations	60.45	563.74	1,185.98	60.45	563.74	580.49
	Capital Employed	**(4,800.68)**	**(4,070.41)**	**(1,797.44)**	**(4,800.68)**	**(4,070.41)**	**(3,366.70)**

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

For and on behalf of the Board

(P. K. Purwar)
Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 14.11.2017

Kumar Vijay Gupta & Co. Chartered Accountants

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

4

Annexure IV

MAHANAGAR TELEPHONE NIGAM LIMITED

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

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

	Particulars	STANDALONE	
		As at 30.09.2017	As at 31.03.2017
		Unaudited	Audited
	ASSETS		
(1)	**Non-current assets**		
	(a) Property, Plant and Equipment	4,569.59	4,808.32
	(b) Capital work-in-progress	475.61	291.34
	(c) Investment Property	49.32	46.52
	(d) Other Intangible assets	3,607.10	3,776.69
	(e) Financial Assets		
	(i) Investments	141.98	141.98
	(ii) Loans and Advances	2,402.87	2,683.72
	(iii) Others	10.41	10.55
	(f) Non Current Tax Asset	707.85	649.05
	(g) Other Non-Current Assets	303.43	321.37
	Total non-current assets	**12,268.15**	**12,729.54**
(2)	**Current assets**		
	(a) Inventories	24.18	15.07
	(b) Financial Assets		
	(i) Trade Receivables	529.58	491.58
	(ii) Cash and cash equivalents	78.01	87.00
	(iii) Bank Balances other than (ii) above	1.10	0.60
	(iv) Loans and advances	2,696.14	2811.87
	(v) Other Financial Assets	848.06	843.72
	(c) Other current assets	654.96	683.52
	Total Current assets	**4,832.04**	**4,933.36**
(3)	**Asset held for sale**	0.05	0.06
	Total Assets(1+2+3)	**17,100.24**	**17,662.97**
	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share Capital	630.00	630.00
	(b) Other Equity	(5,430.68)	(3,996.70)
	Total Equity	**(4,800.68)**	**(3,366.70)**
	LIABILITIES		
(1)	**Non-Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	9,183.96	7,011.31
	(ii) Other Financial Liabilities (other than b)	1,917.81	2,050.61
	(b) Provisions	1,179.93	1,159.18
	(c) Other Non Current liabilities	210.04	227.83
	Total Non-Current Liabilities	**12,491.73**	**10,448.92**
(2)	**Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	6,962.82	7,910.24
	(ii) Trade Payables	381.84	429.75
	(iii) Other Financial Liabilities (other than c)	1,146.61	1,258.80
	(b) Other current liabilities	685.77	683.64
	(c) Provisions	232.16	298.30
	Total Current Liabilities	**9,409.20**	**10,580.75**
	Total Equity and Liabilities	**17,100.24**	**17,662.97**

For and on behalf of the Board

(P. K. Purwar)
Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 14.11.2017

Kumar Vijay Gupta & Co. Chartered Accountants

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

5

Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations, 2015 for the Half year ended September 30, 2017

	Particulars	Disclosures	
(a)	Credit rating and change in credit rating (if any);	Crisil Rating - CRISIL AAA(SO)/Stable	
		Care Rating - CARE AAA (SO)/Stable	
(b)	Asset cover available, in case of non convertible debt securities;	Not Applicable as all the debentures are Unsecured	
(c)	Debt-equity ratio;	(2.18)	
(d)	**Previous due date for the payment of interest**/ dividend for non-convertible redeemable preference shares/ repayment of principal of non-convertible preference shares /**non convertible debt securities** and whether the same has been **paid or not**; and,	**Series**	**Dates**
		Rs 1005 Cr	28th September 2017 (Paid)
		Rs 1975 Cr	05th June 2017 (Paid)
		Rs 765 Cr	26th September 2017 (Paid)
		Rs 1500.07 Cr	19th May 2017 (Paid)
		Rs 2268.90 Cr	29th May 2017 (Paid) (Since Bank Holiday on 28th May 2017 on account of Sunday)
(e)	**Next due date for the payment of interest**/ dividend of non-convertible preference shares /principal along with the amount of interest/ dividend of non-convertible preference shares payable and the redemption amount;	**Series**	**Dates**
		Rs 1005 Cr	28th March 2018
		Rs 1975 Cr	05th December 2017
		Rs 765 Cr	26th March 2018
		Rs 1500.07 Cr	20th November 2017 (Since Bank Holiday on 19th November 2017 on account of Sunday)
		Rs 2268.90 Cr	28th November 2017
(f)	Debt service coverage ratio;	(0.83)	
(g)	Interest service coverage ratio;	(0.98)	
(h)	Outstanding redeemable preference shares (quantity and value);	Not Applicable	
(i)	Capital redemption reserve/debenture redemption reserve;	Rs. 45.27 Cr	DRR
(j)	Net worth;	Rs. (4800.68) Cr	
(k)	Net profit after tax;	Rs. (1433.81) Cr	
(l)	Earnings per share:	Rs. (22.76)	(Basic & Diluted)

For and on behalf of the Board

(P. K. Purwar)
Chairman & Managing Director
DIN No. 06619060

Place : New Delhi
Date : 14.11.2017

Kumar Vijay Gupta & Co. Chartered Accountants New Delhi

MEHRA GOEL & CO. CHARTERED ACCOUNTANTS NEW DELHI

6

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

KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
408, New Delhi House,
Barakhamba Road, Connaught Place
New Delhi – 110001
Phone : 011-23314525, 41571108

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE BOARD OF DIRECTORS OF MAHANAGAR TELEPHONE NIGAM LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MAHANAGAR TELEPHONE NIGAM LIMITED** ("the Company") for the quarter and half year ended September 30, 2017 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. **Basis for Qualified Conclusion**
Based on the information provided to us by the Management of Mahanagar Telephone Nigam Limited, we have given in the **Annexure – I** to this report the basis for qualified conclusions.

4. **Qualified Conclusion**
Based on our review conducted as stated above, except for the observations / matters mentioned in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Standalone Financial Results, prepared in accordance with the applicable Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read

MEHRA GOEL & CO. ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

Kumar Vijay Gupta & Co. ★ New Delhi ★ Chartered Accountants

7

with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Emphasis of Matter

In spite of the Negative Net Worth of the Company, the Financial Results have been prepared on Going Concern basis with reference to Indian Accounting Standard (IND AS) – 1 on "Presentation of Financial Statements" prescribed under section 133 of the Companies Act, 2013.

Our conclusion is not modified in respect of these matters.

For Mehra Goel & Co.
Chartered Accountants
Firm Registration No.: 000517N

Nikhil Agrawal
Partner
M. No. 419806

For Kumar Vijay Gupta & Co.
Chartered Accountants
Firm Registration No.: 007814N

Roopa Garg
Partner
M. No. 500677

Place: New Delhi
Date : November 14, 2017

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

KUMAR VIJAY GUPTA & CO.
CHARTERED ACCOUNTANTS
408, New Delhi House,
Barakhamba Road, Connaught Place
New Delhi – 110001
Phone : 011-23314525, 41571108

Annexure – I to the Independent Auditors' Review Report

(Referred to in Para 3 of our report of even date)

1) The Company continues to allocate the establishment overheads towards capital works in a manner which is not in line with the accepted accounting practices and Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under section 133 of the Companies Act, 2013, the same results into overstatement of Capital Work in Progress / Property, Plant and Equipment and understatement of losses. The actual impact of the same on the capitalization & losses for period has not been ascertained. Moreover, in the absence of confirmation of work completion & WIP (work in progress), authenticity and accuracy of amount outstanding and shown as WIP for extra ordinary time period cannot be examined. Accordingly, consequential impact on the attached unaudited financial results of the company for the quarter and half year ended on September 30, 2017 cannot be ascertained.

2) a) All the receivables and payables including amount receivable / payable from / to DOT, ITI Limited, Inter Unit Balances, bank balances including unlinked credits, and subscriber's deposits pertaining to Delhi unit are subject to confirmation and/or reconciliation. Further, The Company is not making any provision for old un-reconciled outstanding balances from DOT, Govt. Agencies and Other Operators. Any consequential impact of the same on the attached unaudited financial results of the company for the quarter and half year ended on September 30, 2017 is not ascertainable.

   b) All the receivables and payables from / to BSNL are subject to confirmation and / or reconciliation. The Company is not making any provision for old un-reconciled outstanding balances from BSNL. Any consequential impact of the above on the attached unaudited financial results of the company for the quarter and half year ended on September 30, 2017 is not ascertainable.

3) From financial year 2012-13, the license fee payable to DOT on IUC charges to BSNL has been worked out strictly as per the terms of License Agreement. However shortfall of Rs. 140.36 Crores on this account for the period up to financial year 2011-12 shown as contingent liability in 2014-15 has not been provided for till September 30, 2017 resulting into understatement of losses and understatement of current liabilities to that extent.

4) No adjustment has been considered on account of impairment loss, if any, with reference to Indian Accounting Standard – 36 "Impairment of Assets" prescribed under section 133 of the Act as at September 30, 2017. In view of recurring losses incurred by the Company and uncertainty in the achievement of projections made by the Company, we are unable

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

Kumar Vijay Gupta & Co. Chartered Accountants.

to comment on the provisions, if any, required in respect of impairment of carrying value of the cash generating units and its consequential impact on the losses of the company for the quarter and half year ended on September, 30 2017.

5) Department of Telecommunication (DOT) had raised a demand of Rs. 3,205.71 Crores 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, pending finality of the issue by the company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by the Company and because of the matter being sub judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability was created for the demand made by DOT on this account and Rs. 3,205.71 Crores had been disclosed as contingent liability.

   In view of the above, we are not in a position to comment on the correctness of the stand taken by the company and the ultimate implications of the same on the attached unaudited financial results of the company for the quarter and half year ended on September, 30, 2017.

6) Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items. Due to delays in issuance of the completion certificates or receipt of the bills, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year/quarter. The resultant impact of the same on the attached unaudited financial results of the company for the quarter and half year ended on September 30, 2017 can't be ascertained and quantified.

7) Certain Land and Buildings transferred to MTNL from DOT in earlier years have been reflected as leasehold. In the absence of relevant records, we are not in a position to comment on the classification, capitalization and amortization of the same as leasehold and also the consequential impacts, if any, of such classification, capitalization and amortization not backed by relevant records. In the absence of relevant records, impact of such classification on the attached unaudited financial results of the Company for the quarter and half year ended on September 30, 2017 can't be ascertained and quantified.

8) The Company is capitalizing the batteries on account of replacement of old batteries in existing Apparatus and Plant (A&P) without de-recognition of the said old batteries as per accounting principles laid down under Indian Accounting Standard – 16 on "Property, Plant and Equipment". In the absence of the relevant records, impact of the same on the attached unaudited financial results of the Company for the quarter and half year ended on September 30, 2017 can't be ascertained and quantified.

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

Chartered Accountants

10

9) In Mumbai Unit, the Company has been awarded a contract from Larsen & Turbro (L&T) for design, development, implementation & Maintenance of CCTV based surveillance system for Mumbai City in 4 phases. Work of Phase – I and II are completed and Phase – III is partial completed but the Company has not calculated profit/loss on completed/partial completed work as per requirement of percentage of completion method of accounting as prescribed under Indian Accounting Standard (IND AS) – 18 on "Revenue". In the absence of any such working/detail, we are not in a position to comment on the impact thereof on the attached unaudited financial results of the Company for the quarter and half year ended on September 30, 2017.

10) The above observations/conclusions referred to in Para no. 1 to 7 were subject matter of qualification in the Auditor's Report for the year ended on 31st March 2017.

11) The overall impact of matters referred to in above paras except Para no. 3 on the attached unaudited financial results of the company is not determinable.

For Mehra Goel & Co.
Chartered Accountants
Firm Registration No.: 000517N

Nikhil Agrawal

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

Nikhil Agrawal
Partner
M. No. 419806

For Kumar Vijay Gupta & Co.
Chartered Accountants
Firm Registration No.: 007814N

Roopa Garg

Kumar Vijay Gupta & Co. New Delhi Chartered Accountants

Roopa Garg
Partner
M. No. 500677

Place: New Delhi
Date : November 14, 2017