



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: mtnlcsc@gmail.com

MTNL/SECTT/SE/2026

May 21, 2026

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. Scrip Code: 500108	To, National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Scrip Symbol: MTNL
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SUB: OUTCOME OF BOARD MEETING HELD ON MAY 21, 2026 - PURSUANT TO REGULATIONS 30, 33 & 52 OF THE SEBI (LODR) REGULATIONS, 2015 AND OTHER DISCLOSURES - reg

Dear Sir,

Further to our Letter of even no. dated 17.04.2026 and Pursuant to Regulation 30, 33 & 52 of SEBI (LODR) Regulations, 2015, we would like to inform you that the Board of Directors of Mahanagar Telephone Nigam Limited ('the Company') in its meeting held at the Registered Office of the Company today i.e. May 21, 2026 has inter alia, considered & approved the following decisions: -

1. The Audited Standalone and Consolidated Financial Results of the Company for the Quarter and Year ended March 31, 2026 along with Auditor's Report on Standalone and Consolidated Financial Results, Statement of Impact of Audit Qualifications for Audit Report with modified opinion, Management Reply to Audit Qualifications (Annexure A).
2. Appointment of Cost Auditor to carry out Cost Audit for the Financial Year 2026-27 as provided under Section 148 of the Companies Act 2013 - The Board approved the appointment of M/s. R.M. Bansal & Co. as Cost Auditor for the Financial Year 2026-27 at the same rates, terms & conditions of the Financial Year 2025-26 (Fees of Rs. 80,000/- plus Rs.15,000/- towards out of pocket expenses with GST on the Gross Amount of Rs.95,000/- @ 18% (i.e. Total Rs.1,12,100/-). The details as required under Regulation 30 of SEBI (LODR) Regulations, 2015 read with relevant SEBI Circulars is attached herewith as Annexure A (1) to this Letter.
3. Appointment & Cessation of Chief Financial Officer (CFO) & Key Managerial Personnel (KMP) in MTNL - The Board approved the appointment of Shri Vasudev Singh, GM (Finance) MTNL CO as Chief Financial Officer (CFO) & Key Managerial Personnel (KMP) of the Company in place of Shri Anirudh Prasad Singh, GM (Fin) & GM (TR) MTNL Delhi w.e.f. the date of the Board Meeting i.e. from 21.05.2026 as recommended by the Nomination & Remuneration Committee & Audit Committee of the Board of MTNL. The details as required under Regulation 30 of SEBI (LODR) Regulations, 2015 read with relevant SEBI Circulars is attached herewith as Annexure A (2) to this letter.

As Bonds issued by MTNL is Unsecured in nature, therefore Regulation 54(2) & (3) of SEBI (LODR) Regulations, 2015 is not applicable in case of MTNL.

Disclosure to be made by Entity for Compliance with SEBI Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated October 19, 2023 for the year ended 31st March, 2026 is attached herewith as Annexure A (3) to this letter.

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

The Board meeting commenced at 16:00 hours and concluded at 17:00 hours.

Kindly acknowledge the receipt and take the same on record.

Thanking you,

Yours faithfully,

(RATAN MANI SUMIT)
COMPANY SECRETARY

ANNEXURE A(1)**DISCLOSURES REQUIRED UNDER REGULATION 30 OF SEBI (LODR) REGULATIONS 2015 READ WITH SEBI CIRCULAR NO. HO/49/14/14(7)2025-CFD-PoD2/1/3762/2026 DATED JANUARY 30, 2026**

SI.NO.	PARTICULARS	DESCRIPTION
1.	Reason for Change viz. Appointment	Appointment of M/s. R.M. Bansal & Co. as Cost Auditor for the Financial Year 2026-27.
2.	Date of Appointment & Terms of Appointment	21.05.2026. Appointed as Cost Auditor of the Company for the Financial Year 2026-27 at the same terms and conditions of the Financial Year 2025-26 i.e. Rs.80,000/- as fees plus Rs.15,000/- towards out of pocket expenses with GST on the gross amount of Rs.95000/- @ 18% (i.e. Total Rs. 1,12,100/-)
3.	Brief Profile	Having 52 years' experience (36 years as practicing firm of Cost Accountants from 12.07.1990 till date and 16 years from 1974 to 1990 in Individual Capacity as Practicing Cost Accountants). Has conducted Cost Audit of several PSU's (both Central and State) and Private Sector Companies.
4.	Disclosure of relationships between Directors (in case of appointment of a director)	Not Applicable

ANNEXURE A (2)

Sl. NO.	Details of event(s) that need to be provided	Appointment of CFO Shri Vasudev Singh	Cessation of CFO Shri Anirudh Prasad Singh
1.	Reason for Change viz. Appointment/Cessation	Pursuant to the recommendation of the Nomination and Remuneration Committee and the Audit Committee, the Board of Directors of the Company at its Meeting held on 21 st May 2026 has considered and approved the appointment of Shri Vasudev Singh, GM (Finance) MTNL CO as Chief Financial Officer (CFO) & Key Managerial Personnel (KMP) of the Company w.e.f. 21 st May 2026.	Shri Anirudh Prasad Singh, GM (Fin) & GM (TR) MTNL Delhi ceases to be Chief Financial Officer (CFO) & Key Managerial Personnel (KMP) of the Company on account of Shri Vasudev Singh joining as GM (Finance) MTNL CO.
2.	Date of Appointment / Cessation & Terms of Appointment	21.05.2026 Appointed as Chief Financial Officer (CFO) & Key Managerial Personnel (KMP) of the Company.	21.05.2026 Ceases to be Chief Financial Officer (CFO) & Key Managerial Personnel (KMP) of the Company.
3.	Brief Profile	The Financial Experience of Shri Vasudev Singh, GM (Finance) MTNL CO is given below: -Did MBA (Finance) from Sikkim Manipal University in 2015. Worked as Dy. Financial Advisor in CRPF, Jammu from 2012-2018 on deputation. The work involved was to	Not Applicable

		render advice to Special DG and authorities in J&K Zone. Scrutiny of purchase proposals from finance point of view and accord concurrence, monitoring of audit para and budgeted matters. Did PG Diploma in International Business Operations from IGNOU in 2015. Recently during 2024-25, did PG Diploma in Public Policy Management from MDI, Gurugram.	
4.	Disclosure of relationships between Directors (in case of appointment of a director)	Not Applicable	Not Applicable

ANNEXURE A(3)

Symbol	Company Name	Financial From	Financial To	Outstanding Qualified Borrowings at the start of the financial year (Rs. In Crores)	Outstanding Qualified Borrowings at the end of the financial year (Rs. In Crores)	Credit rating (highest in case of multiple ratings)	Incremental borrowing done during the year (Qualified borrowings) (Rs. In Crores)	Borrowings by way of issuance of debt securities during the year (Rs. In Crores)
500108	MTNL	01-04-2025	31-03-2026	26828.95	27116.76	CARE D	NIL	NIL

(RATAN MANI SUMIT)
COMPANY SECRETARY

MAHANAGAR TELEPHONE NIGAM LIMITED

Annexure I

(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: L32101DL1986GOI023501

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31/03/2026

(Rs. In Crore)

Sl. No.	Particulars	STANDALONE				
		Quarter Ended		Year Ended		
		31/03/2026	31/12/2025	31/03/2025	31/03/2026	31/03/2025
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
I	Revenue from operations	350.05	191.32	258.04	887.27	1,060.54
II	Other Income	510.45	20.07	52.68	581.54	219.21
III	Total Income (I + II)	860.50	211.39	310.72	1,468.81	1,279.75
IV	Expenses					
	Purchases of stock-in-trade	-	-	-	-	0.00
	License Fees & Spectrum Charges	12.93	7.13	14.33	33.41	56.20
	Employee benefits expense	154.17	119.77	147.81	518.62	543.02
	Finance cost	738.08	748.65	715.74	2,982.95	2,918.03
	Revenue Sharing	9.90	6.06	14.76	33.20	47.87
	Depreciation and amortization expense	136.38	139.29	147.94	556.92	600.32
	Other Expenses	113.49	88.87	97.35	446.66	437.81
	Total Expenses (IV)	1,164.96	1,109.77	1,137.94	4,571.76	4,603.26
V	Profits/(Loss) before exceptional items and tax(III-IV)	(304.46)	(898.38)	(827.22)	(3,102.94)	(3,323.51)
VI	Exceptional items	-	-	-	-	-
VII	Profit/ (Loss) before tax (V- VI)	(304.46)	(898.38)	(827.22)	(3,102.94)	(3,323.51)
VIII	Tax expense:					
	(1) Current tax	-	-	-	-	-
	(2) Deferred tax	-	-	-	-	-
IX	Profit/ (Loss) for the period from continuing operations (VII - VIII)	(304.46)	(898.38)	(827.22)	(3,102.94)	(3,323.51)
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)	(304.46)	(898.38)	(827.22)	(3,102.94)	(3,323.51)
XIV	Other Comprehensive Income					
A	i) Items that will not be reclassified to profit and loss	13.85	(4.14)	1.42	1.45	(17.85)
	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	13.85	(4.14)	1.42	1.45	(17.85)
XV	Total Comprehensive Income for the period (XIII+XIV)	(290.61)	(902.51)	(825.80)	(3,101.50)	(3,341.36)
XVI	Paid up Equity Share Capital				630.00	630.00
XVII	Other Equity excluding revaluation reserves				(30,604.84)	(27,565.64)
XVIII	Loss per equity Share (of Rs.10 each) for continuing operations:(not annualised) (In Rs.)					
	(1) Basic	(4.83)	(14.26)	(13.13)	(49.25)	(52.75)
	(2) Diluted	(4.83)	(14.26)	(13.13)	(49.25)	(52.75)
XIX	Loss per equity Share of Rs.10 each(for discontinued operations):(not annualised) (In Rs.)					
	(1) Basic	-	-	-	-	-
	(2) Diluted	-	-	-	-	-
XX	Loss per equity Share of Rs.10 each (for discontinued & continuing operations): (not annualised) (In Rs.)					
	(1) Basic	(4.83)	(14.26)	(13.13)	(49.25)	(52.75)
	(2) Diluted	(4.83)	(14.26)	(13.13)	(49.25)	(52.75)

See accompanying notes to the financial results:



MAHANAGAR TELEPHONE NIGAM LIMITED

Annexure II

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: L32101DL1986GOI023501

AUDITED STANDALONE SEGMENT WISE REVENUE, RESULTS AND ASSETS & LIABILITIES FOR THE QUARTER AND YEAR ENDED ON 31/03/2026

(Rs. In Crore)

Sl. No.	Particulars	STANDALONE				
		Quarter Ended			Year Ended	
		31/03/2026	31/12/2025	31/03/2025	31/03/2026	31/03/2025
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
1.	Revenue from Operations					
	Basic & other Services	195.53	59.26	145.92	364.37	616.18
	Cellular	3.83	4.13	6.86	16.91	13.91
	Infrastructure Leasing	150.98	128.21	105.54	507.14	431.59
	Unallocable	-	-	-	-	-
	Total	350.34	191.60	258.33	888.41	1,061.69
	Less: Inter Segment Revenue	0.29	0.29	0.29	1.14	1.14
	Net Revenue from Operations	350.05	191.32	258.04	887.27	1,060.54
2.	Segment Result before Interest Income, exceptional Items, finance cost and tax					
	Basic & other Services	352.69	(128.35)	(86.56)	(110.04)	(304.03)
	Cellular	(110.98)	(125.18)	(104.62)	(494.14)	(454.15)
	Infrastructure Leasing	132.83	95.42	80.24	406.81	318.48
	Unallocable	51.07	4.80	(3.22)	55.89	12.26
	Total	425.60	(153.30)	(114.16)	(141.49)	(427.44)
	Add: Exceptional items	-	-	-	-	-
	Add: Interest Income	8.03	3.58	2.69	21.49	21.96
	Less: Finance cost	738.08	748.65	715.74	2,982.95	2,918.03
	Profit/ (Loss) before tax	(304.46)	(898.38)	(827.22)	(3102.94)	(3323.51)
	Less: Provision for Current Tax & Deferred tax	-	-	-	-	-
	Profit/ (Loss) after tax	(304.46)	(898.38)	(827.22)	(3,102.94)	(3,323.51)
3	Segment Assets					
	Basic & other Services	6,135.54	6,087.18	6,302.18	6,135.54	6,302.18
	Cellular	2,217.24	2,338.50	2,644.60	2,217.24	2,644.60
	Infrastructure Leasing	58.12	58.57	60.41	58.12	60.41
	Unallocable/Eliminations	1,622.78	1,692.90	1,177.12	1,622.78	1,177.12
	Total Segment Assets	10,033.68	10,177.15	10,184.31	10,033.68	10,184.31
4	Segment Liabilities					
	Basic & other Services	2,436.07	2,470.68	2,500.43	2,436.07	2,500.43
	Cellular	35,033.08	34,442.11	32,483.23	35,033.08	32,483.23
	Infrastructure Leasing	-	-	-	-	-
	Unallocable/Eliminations	2,539.37	2,987.88	2,136.28	2,539.37	2,136.28
	Total Segment Liabilities	40,008.52	39,900.67	37,119.94	40,008.52	37,119.94

See accompanying notes to the financial results:

Based on the "management approach" as required by Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.



MAHANAGAR TELEPHONE NIGAM LIMITED

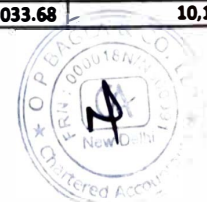
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AUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

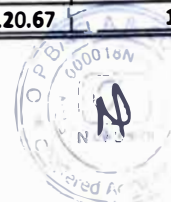
Particulars	STANDALONE	
	As at 31.03.2026	As at 31.03.2025
	AUDITED	AUDITED
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	2,089.78	2,293.49
(b) Capital work-in-progress	12.53	31.97
(c) Right-of-Use Asset	151.99	281.48
(d) Investment Property	58.12	60.41
(e) Intangible assets	772.75	1,101.09
(f) Financial Assets		
(i) Investments	106.13	106.13
(ii) Loans	1.41	2.11
(iii) Others	727.84	500.83
(g) Non Current Tax Asset	493.69	500.98
(h) Other Non-Current Assets	18.59	24.98
Total non-current assets	4,432.83	4,903.47
(2) Current assets		
(a) Inventories	5.15	4.95
(b) Financial Assets		
(i) Trade Receivables	305.85	544.77
(ii) Cash and cash equivalents	120.67	163.57
(iii) Bank Balances other than (ii) above	612.70	0.00
(iv) Loans	1.36	1.58
(v) Other Financial Assets	4,300.59	4,307.14
(c) Other current assets	160.74	248.46
Total Current assets	5,507.05	5,270.47
(3) Non-Current Asset held for sale	93.80	10.36
Total Assets (1+2+3)	10,033.68	10,184.31
EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity Share Capital	630.00	630.00
(b) Other Equity	(30,604.84)	(27,565.64)
Total Equity	(2,9974.84)	(26,935.64)
LIABILITIES		
(i) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	23,181.08	23,481.93
(ii) Lease Liabilities	13.05	54.41
(iii) Other Financial Liabilities	193.47	166.83
(b) Long Tern Provisions	401.87	401.66
(c) Other Non Current liabilities	6.37	41.24
Total Non-Current Liabilities	23,795.84	24,146.07
(ii) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	12,244.18	9,100.01
(ii) Lease Liabilities	6.22	18.43
(iii) Trade Payables		
(A) total outstanding dues of micro and small enterprises	101.96	111.59
(B) total outstanding dues of creditors other than micro and small enterprises	920.49	880.79
(iv) Other Financial Liabilities	1,929.52	1,920.36
(b) Other current liabilities	767.17	865.07
(c) Short Term Provisions	77.64	77.62
Total Current Liabilities	16,047.20	12,973.87
(iii) Liabilities directly associated with Assets held for Sale	165.48	-
(2) Total Liabilities (I) + (II)+(III)	40,008.52	37,119.94
Total Equity and Liabilities (1 + 2)	10,033.68	10,184.31



MAHANAGAR TELEPHONE NIGAM LIMITED
Audited Standalone Statement of Cash Flows for the year ended 31st March, 2026

Annexure IV

	(Rs. in crores)	
	Year ended	
	31st March 2026	31st March 2025
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(3102.94)	(3323.51)
Adjustments for:		
Depreciation expense	228.59	271.87
Amortisation expense	328.34	328.45
Loss/ Gain 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	0.00	8.26
Provision for obsolete inventory	2.36	0.26
Provision for doubtful claims	105.27	23.84
Provision of Insurance Claims	0.39	1.50
Loss on cancellation of Leases	13.75	-
Foreign Exchange Variation (Net)	0.02	0.00
Finance costs	2982.95	2918.03
Bad debts recovered	(0.01)	(0.02)
Bad debts written off	10.51	10.66
Operating profit 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 flow from operating activities post working capital changes	168.89	223.28
Income tax (paid)/refunds (net)	7.28	98.91
Net cash flow from 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	0.00
Movement in fixed deposits (net)	(612.69)	(0.00)
Dividend received	0.82	1.86
Interest received	13.01	9.64
Net cash flows used in investing activities (B)	(200.10)	(4.38)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds and repayment from long-term borrowings (net)	0.00	(258.32)
Proceeds and repayment of short-term borrowings (net)	1829.73	2507.39
Finance cost paid	(1831.72)	(2415.38)
Payment towards Lease Liability	(16.99)	(48.76)
Net cash used in financing activities (C)	(18.98)	(215.08)
Increase 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 period	120.67	163.57



Notes to Standalone Financial Results:

- The financial results have been prepared in accordance with the Indian Accounting Standards (Ind- AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.
- The above results have been reviewed by the Audit Committee in their meeting held on 21.05.2026 and approved by the Board of Directors of the Company at their meeting held on the same date.
- The financial results for the year ended March 31, 2026 have been audited by the Statutory Auditors as required under Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- * The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
- Additional Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations 2015

S.No.	Particulars	Quarter Ended			Year Ended	
		31/03/2026	31/12/2025	31/03/2025	31/03/2026	31/03/2025
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
a	Debt Service Coverage Ratio (In times) [EBITDA / (Finance Cost + Lease Liabilities Payments+ Principal Repayment of Long Term Debt)]	0.76	(0.01)	0.05	0.15	0.06
b	Interest Service Coverage Ratio (In times) [EBITDA / Finance Cost]	0.77	(0.01)	0.05	0.15	0.07
c	Outstanding Redeemable Preference shares (quantity and value) (In Rs Crs)	-	-	-	-	-
d	Capital Redemption Reserve (In Rs Crs)	-	-	-	-	-
e	Debenture Redemption Reserve (In Rs Crs)	-	-	-	-	-
f	Net Worth (In Rs Crs) (As per Section 2 (57) of Companies Act 2013)	(29,974.84)	(29,723.52)	(26,935.64)	(29,974.84)	(26,935.64)
g	Net Profit/ (Loss) After Tax (In Rs Crs)	(304.46)	(898.38)	(827.22)	(3,102.94)	(3,323.51)
h	Loss Per Share (In Rs) [Not Annualised]	(4.83)	(14.26)	(13.13)	(49.25)	(52.75)
i	Current Ratio (In times) [Current Assets /Current Liabilities]	0.34	0.34	0.41	0.34	0.41
j	Debt-Equity Ratio (In times) [(Long Term Borrowings Including Current Maturities + Short Term Borrowings)/Total Equity]	(1.18)	(1.18)	(1.20)	(1.18)	(1.20)
k	Long Term Debt to Working Capital (In times) Long Term Debt excluding lease liability + Current Maturities of Long Term Debt Working Capital excluding current maturities of Long Term Borrowings	(3.50)	(3.42)	(4.61)	(3.50)	(4.61)
l	Bad Debts to Account Receivable Ratio (In times) [Bad Debts/Average Trade Receivables]	0.03	0.00	0.01	0.02	0.02
m	Current Liability Ratio (In times) [Current Liabilities/ Total Liabilities]	0.40	0.40	0.35	0.40	0.35
n	Total Debts to Total Assets (In times) [(Long Term Borrowings + Short Term Borrowings + Lease Liabilities) / Total Assets]	3.53	3.44	3.19	3.53	3.19
o	Debtors Turnover Ratio - Annualised (In times) [Revenue from Operations / Average Trade Receivables]	4.58	2.55	1.82	2.09	2.04
p	Paid up Debt Capital (Outstanding Debt) (In Rs. Crs)	26,226.85	26,132.55	25,628.09	26,226.85	25,628.09
q	Operating Margin (%) [(EBIT - Other Income)/ Revenue from Operations]	(21.95)%	(88.75)%	(63.62)%	(79.07)%	(58.90)%
r	Net profit Margin (%) [Profit after Tax / Revenue from Operations]	(86.97)%	(469.58)%	(320.58)%	(349.72)%	(313.38)%

- The Government of India is providing loan for the payment of interest on Sovereign Guarantee Bonds issued by the company. Amount outstanding as at 31st March 2026 is Rs. 2980.92 Crore. Terms & conditions of the loan does not contain any stipulation regarding payment of interest. In the absence thereof, no interest has been provided in the financial statements for the period.
- 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.
- In the matter of settlement of bonds with Canara Bank and Canfinia 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 Canfinia 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 Canfinia 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.
- 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 EBITDA-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. 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.



to Standalone Financial Results:

- 10 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.
- 11 The Amounts recoverable from Department of Telecommunication (DOT) of Rs. 6.52 Crore (previous year Rs. 6.52 crores) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees is under review with DOT and hence continued to be shown as recoverable from DOT and payable to GPF.
- 12 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.
- 13 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.
- 14 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.
- 15 Dues from operators and other recoverables are not classified as trade receivables. However, in view of the prolonged outstanding balances, delays in payment, and pending reconciliation and settlement, the Company has reassessed the recoverability of these balances. Based on this assessment, the Company has recognised a provision for Expected Credit Loss (ECL) amounting to Rs. 94.65 crore in respect of such balances outstanding for more than three years, for the period ended March 31, 2026
- 16 Certain immovable properties (includes the leasehold lands and buildings) transferred from Department of Telecommunications ('DoT') to MTNL in earlier years through a sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties have been classified by the management under the heading 'Right of Use assets'.
- 17 As per the available information on 31.03.2026, the deficit in the various MTNL Trusts are as under:

Sr No.	Name of Trust	Amount (Rs. in Crores)	Deficit Period
1	Gratuity Trust	76.81	Since 2016
2	Leave Encashment	14.45	Since 2024
3	GPF Trust	123.00	Since 2019

- 18 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.
- 19 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.
- 20 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. Other income includes Rs. 410.51 crore on account of profit on sale of properties during the current quarter.
- 21 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.
- 22 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.
- 23 Previous Year/Quarter figures have been regrouped/rearranged wherever necessary to confirm to current period's classifications.

Place : New Delhi
Date : 21.05.2026



For and on behalf of the Board
(Signature)
(A. ROBERT J. RAVI)
Chairman & Managing Director
DIN: 10095013



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S.L. Chhajer & Co. LLP
Chartered Accountants
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Independent Auditor's Report on Standalone Annual Financial Results of Mahanagar Telephone Nigam Limited pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

TO THE BOARD OF DIRECTORS OF MAHANAGAR TELEPHONE NIGAM LIMITED

1. Adverse Opinion

We have audited the accompanying Statement of Standalone Financial Results of Mahanagar Telephone Nigam Limited ("the Company") for the quarter and year ended March 31, 2026 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

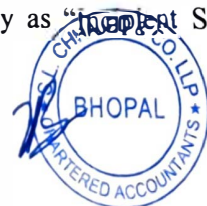
2. In our opinion and to the best of our information and according to the explanations given to us except for the effects/possible effects of the matter described in the Basis for Adverse opinion para below, these standalone financial statements:
 - a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - b) do not give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of its loss (including other comprehensive income) and other financial information of the company for the quarter and year ended March 31, 2026.

3. 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 "Financially Sick

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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 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.)

- (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).
- (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.
- (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.
- (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.

- (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.
- (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.
- (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.

- (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 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.
- (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.
- (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) 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.



- (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.
- (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 recognising 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.

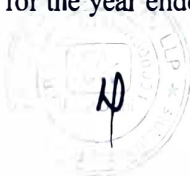
Accordingly, the classification of Penal Guarantee Fees as a Contingent Liability is, in our opinion, incorrect, resulting in understatement of liabilities and expenses by Rs. 352.30 Crore and corresponding overstatement of profit by Rs. 352.30 Crore, which has a material bearing on the true and fair view presented by the financial statements.

- (xx) The 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 results of the Company for the year ended on March 31, 2026.



4. We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results, section of our report. We are independent of the Group and its associates 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 results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our adverse opinion.

5. Emphasis of Matters

We draw your attention to the following notes to the unaudited standalone financial results:

- (i) The share certificates of the subsidiary companies, namely Millennium Telecom Limited and Mahanagar Telephone Mauritius Limited, have not been provided to us for verification. Moreover, there is a discrepancy between the number of shares of United Telecom Limited (referred as Associates Company) as per the share certificates and the number of shares recorded in the books.
- (ii) 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 company has not provided any interest as aforesaid.
- (iii) 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) 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) 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) 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) 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



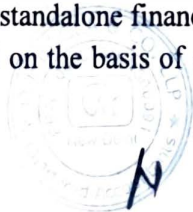
which matter is under consideration and correspondence is going on between the Company and DOT.

- (viii) 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) 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) 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) 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 aforesaid matters.

6. Responsibilities of Management and Those Charged with Governance for the Standalone Financial Results

The quarterly standalone financial results as well as year to date standalone financial results have been prepared on the basis of standalone annual statements. The Company's Board of Directors



are responsible for the preparation of these financial results that give a true and fair view of the loss and other comprehensive loss and other financial information in accordance with the Indian Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations.

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

In preparing the standalone financial results, 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

7. Material uncertainty related to going concern

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.

2



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 modified in respect of this matter.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial results in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.
11. 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.

12. Other Matters:

The Statement includes the financial results for the quarter ended 31st March 2026, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

Our opinion is not modified in respect of these matters

For O P Bagla & Co LLP

Chartered Accountants

Firm Registration No.: 00018N/N500091



CA Nitin Jain

Partner

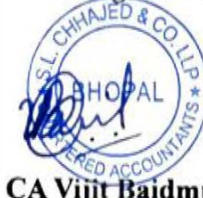
Membership No.: 510841

UDIN: 26510841R4YTAB08762

For S.L. Chhajed & Co. LLP

Chartered Accountants

Firm Registration No.: 000709C/C400277



CA Vijiit Baidmutha

Partner

Membership No.: 406044

UDIN: 26406044DIA4UJ3332.

Place: Delhi

Date: 21st May 2026

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

CIN No: L32101DL1986GOI023501

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone)
Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2026
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2019

SLNO	Particulars	Audited Figures (as reported before adjusting for qualifications)		Adjusted Figures (audited figures after adjusting for qualifications) (Rs. In crs)
		(Rs. In crs)		
1	Turnover/Total Income	1458.35		1458.35
2	Total Expenditure	4561.29		4913.59
3	Net Profit/(Loss)	(3102.94)		(3455.24)
4	Loss Per Share	-(49.25)		(54.85)
5	Total Assets	10033.68		9981.12
6	Total Liabilities	40008.52		40308.26
7	Net Worth	(29974.84)		(30327.14)
8	Any other financial items) (as felt appropriate by the management)	NA		NA

Audit Qualification (each audit qualification separately):

- a Details of Audit Qualification: Attached
- b Type of Audit Qualification: ~~Qualified Opinion / Disclaimer of Opinion / Adverse Opinion~~ **Adverse Opinion**
- c Frequency of qualification: Whether appeared first time / repetitive / since how long continuing: Item No i to xiv of qualification are repetitive except xvi, xvii, xviii, xix, xx which appeared for first time
- d For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
- e For Audit Qualification(s) where the impact is not quantified by the auditor
- (i) Management's estimation on the impact of audit qualification: The view of Auditors & Management are in the attached annexure.
- (ii) If management is unable to estimate the impact, reasons for the same: Reply Attached
- (iii) Auditors' Comments on (i) or (ii) above: - Reply Attached

Signatories

(A Robert J Ravi)
CMD

(VASUDEV SINGH)
CFO

(SUNIL KUMAR RANJAN)
Audit Committee Chairman

For O.P.Bagla & Co.LLP
Chartered Accountants
FRN: 00018N/1300091
Partner
M.No. 510841S.L. Chhajed & Co. LLP
Chartered Accountants
FRN: 000709C/C400277

Partner
M.No. 406044

Place: New Delhi

Date: 21th May, 2026

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CIN : L32101DL1986GOI023501

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31/03/2026

(Rs. In Crore)

Sl. No.	Particulars	CONSOLIDATED				
		Quarter Ended		Year Ended		
		31/03/2026	31/12/2025	31/03/2025	31/03/2026	31/03/2025
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
I	Revenue from operations	370.51	210.60	275.42	956.37	1,129.61
II	Other Income	511.13	20.56	54.84	584.72	221.64
III	Total Income (I +II)	881.64	231.16	330.26	1,541.09	1,351.25
IV	Expenses					
	Purchases of stock-in-trade	0.96	1.52	1.11	3.44	4.63
	License Fees & Spectrum Charges	15.92	9.75	17.14	44.41	66.87
	Employee benefits expense	155.07	121.01	149.04	522.93	547.94
	Finance cost	738.12	748.68	715.78	2,983.07	2,918.15
	Revenue Sharing	12.79	8.66	17.51	44.02	59.51
	Depreciation and amortization expense	139.48	142.14	151.22	568.49	612.15
	Other Expenses	125.67	97.25	107.10	483.27	472.12
	Total Expenses (IV)	1,188.01	1,129.01	1,158.90	4,649.63	4,681.38
V	Profits/(Loss) before exceptional items and tax(III-IV)	(306.37)	(897.85)	(828.64)	(3,108.54)	(3,330.13)
VI	Share of Profit/(loss) in investments accounted for using equity method	(0.45)	0.91	0.14	1.42	1.82
VII	Exceptional Items	-	-	-	-	-
VIII	Profit/ (Loss) before tax (V+ VI-VII)	(306.82)	(896.94)	(828.50)	(3,107.12)	(3,328.31)
IX	Tax expense:					
	(1) Current tax	0.98	(0.00)	0.13	0.98	0.13
	(2) Deferred tax	(0.85)	-	(0.75)	(0.85)	(0.75)
X	Profit/ (Loss) for the period from continuing operations (VIII - IX)	(306.95)	(896.94)	(827.88)	(3,107.24)	(3,327.69)
XI	Profit/ (Loss) from discontinued operations	-	-	-	-	-
XII	Tax expense of discontinued operations	-	-	-	-	-
XIII	Profit/ (Loss) from Discontinued Operations (after tax) (XI-XII)	-	-	-	-	-
XIV	Profit/ (Loss) for the period (X + XIII)	(306.95)	(896.94)	(827.88)	(3,107.24)	(3,327.69)
XV	Other Comprehensive Income					
A	i) Items that will not be reclassified to profit and loss	13.85	(4.14)	1.42	1.45	(17.85)
	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	1.28	1.55	3.93	2.64	2.15
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Other Comprehensive Income for the year	15.13	(2.58)	5.35	4.09	(15.70)
XVI	Total Comprehensive Income for the period (XIV+XV)	(291.81)	(899.53)	(822.53)	(3,103.16)	(3,343.39)
XVII	Paid up Equity Share Capital				630.00	630.00
XVIII	Other Equity excluding revaluation reserves				(30,589.74)	(27,548.97)
XIX	Loss per equity Share (of Rs.10 each) for continuing operations:(not annualised) (In Rs.)					
	(1) Basic	(4.87)	(14.24)	(13.14)	(49.32)	(52.82)
	(2) Diluted	(4.87)	(14.24)	(13.14)	(49.32)	(52.82)
XX	Loss per equity Share of Rs.10 each (for discontinued operations):(not annualised) (In Rs.)					
	(1) Basic	-	-	-	-	-
	(2) Diluted	-	-	-	-	-
XXI	Loss per equity Share of Rs.10 each (for discontinued & continuing operations): (not annualised) (In Rs.)					
	(1) Basic	(4.87)	(14.24)	(13.14)	(49.32)	(52.82)
	(2) Diluted	(4.87)	(14.24)	(13.14)	(49.32)	(52.82)

See accompanying notes to the financial results:



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CIN : L32101DL1986GOI023501

AUDITED CONSOLIDATED SEGMENT WISE REVENUE, RESULTS AND ASSETS & LIABILITIES FOR THE QUARTER AND YEAR ENDED ON 31/03/2026

(Rs. In Crore)

Sl. No.	Particulars	CONSOLIDATED				
		Quarter Ended			Year Ended	
		31/03/2026	31/12/2025	31/03/2025	31/03/2026	31/03/2025
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
1.	Revenue from Operations					
	Basic & other Services	195.53	59.26	145.92	364.37	616.18
	Cellular	24.30	23.42	24.24	86.01	82.98
	Infrastructure Leasing	150.98	128.21	105.54	507.14	431.59
	Unallocable	-	-	-	-	-
	Total	370.80	210.89	275.70	957.51	1,130.75
	Less: Inter Segment Revenue	0.29	0.29	0.29	1.14	1.14
	Net Revenue from Operations	370.51	210.60	275.42	956.37	1,129.61
2.	Segment Result before interest income, exceptional items, finance cost and tax					
	Basic & other Services	352.69	(128.35)	(86.56)	(110.04)	(304.03)
	Cellular	(113.10)	(124.20)	(106.44)	(500.77)	(460.33)
	Infrastructure Leasing	132.83	95.42	80.24	406.81	318.48
	Unallocable	51.05	3.97	(3.19)	55.66	10.43
	Total	423.46	(153.15)	(115.95)	(148.34)	(435.45)
	Add: Exceptional Items	-	-	-	-	-
	Add: Interest Income	8.29	3.98	3.09	22.88	23.47
	Less: Finance cost	738.12	748.68	715.78	2,983.07	2,918.15
	Add: Share of profit or loss from Associates/ JV	(0.45)	0.91	0.14	1.42	1.82
	Profit/ (Loss) before tax	(306.82)	(896.94)	(828.50)	(3107.12)	(3328.31)
	Less: Provision for Current Tax & Deferred tax	0.12	0.00	(0.62)	0.12	(0.62)
	Profit/ (Loss) after tax	(306.95)	(896.94)	(827.88)	(3107.24)	(3327.69)
3	Segment Assets					
	Basic & other Services	6,135.54	6087.18	6,302.18	6,135.54	6,302.18
	Cellular	2,346.89	2466.68	2,780.20	2,346.89	2,780.20
	Infrastructure Leasing	58.12	58.57	60.41	58.12	60.41
	Unallocable/Eliminations	1,535.10	1605.85	1,083.54	1,535.10	1,083.54
	Total Segment Assets	10,075.65	10,218.26	10,226.33	10,075.65	10,226.33
4	Segment Liabilities					
	Basic & other Services	2,436.07	2470.68	2,500.43	2,436.07	2,500.43
	Cellular	35,057.89	34464.94	32,505.92	35,057.89	32,505.92
	Infrastructure Leasing	-	-	-	-	-
	Unallocable/Eliminations	2,541.43	2989.95	2,138.95	2,541.43	2,138.95
	Total Segment Liabilities	40,035.39	39,925.57	37,145.30	40,035.39	37,145.30

See accompanying notes to the financial results:

Based on the "management approach" as required by Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.



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AUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Crore)

Particulars	CONSOLIDATED	
	As at 31.03.2026	As at 31.03.2025
	Audited	Audited
ASSETS		
(a) Property, Plant and Equipment	2,149.86	2,359.87
(b) Capital work-in-progress	12.53	31.97
(c) Right-of-Use Asset	152.16	281.72
(d) Investment Property	63.19	65.77
(e) Intangible assets	772.75	1,101.09
(f) Financial Assets		
(i) Loans	1.41	2.11
(ii) Others	727.84	500.83
(g) Investments accounted for using the equity method	4.55	3.62
(h) Deferred tax assets (net)	-	0.00
(i) Non Current Tax Asset	494.14	501.41
(j) Other Non-Current Assets	18.59	24.98
Total non-current assets	4,397.03	4,873.37
(2) Current assets		
(a) Inventories	6.59	5.94
(b) Financial Assets		
(i) Trade Receivables	329.88	559.79
(ii) Cash and cash equivalents	137.40	180.76
(iii) Bank Balances other than (ii) above	638.49	29.16
(iv) Loans	1.36	1.58
(v) Other Financial Assets	4,301.16	4,307.65
(c) Current Tax Asset	0.01	0.00
(d) Other current assets	169.93	257.72
Total Current assets	5,584.82	5,342.60
(3) Asset held for sale	93.80	10.36
Total Assets(1+2+3)	10,075.65	10,226.33
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	630.00	630.00
(b) Other Equity	(30,589.74)	(27,548.97)
Total Equity	(29,959.74)	(26,918.97)
(1) LIABILITIES		
(i) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	23,181.08	23,481.93
(ii) Lease Liabilities	13.05	54.42
(iii) Other Financial Liabilities	193.47	166.83
(b) Long Tem Provisions	401.87	401.66
(c) Deferred tax liabilities (Net)	4.95	5.60
(d) Other Non Current liabilities	6.37	41.24
Total Non-Current Liabilities	23,800.79	24,151.68
(ii) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	12,244.18	9,100.01
(ii) Lease Liabilities	6.26	18.64
(iii) Trade Payables		
(A) total outstanding dues of micro and small enterprises	101.96	111.59
(B) total outstanding dues of creditors other than micro and small enterprises	930.73	888.57
(iv) Other Financial Liabilities	1,939.58	1,931.07
(b) Other current liabilities	767.72	865.79
(c) Short Term Provisions	77.97	77.95
(d) Current Tax Liabilities	0.70	-
Total Current Liabilities	16,069.11	12,993.62
(iii) Liabilities associated with Assets held for Sale	165.48	-
(2) Total Liabilities (I) + (II) + (III)	40,035.39	37,145.30
Total Equity and Liabilities (1 + 2)	10,075.65	10,226.33



MAHANAGAR TELEPHONE NIGAM LIMITED

Audited Consolidated Statement of Cash Flows for the Year ended 31st March, 2026

(Rs. in crores)

		Year ended	
		31st March 2026	31st March 2025
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/(Loss) before tax	(3,107.12)	(3,328.31)
	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)/loss from associates and joint ventures	(1.42)	(1.82)
	Interest Income	(22.88)	(23.47)
	Excess provisions written back	(132.41)	(129.96)
	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 of Insurance Claims	0.39	1.50
	Loss on cancellation of Leases	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 profit before working capital changes	8.82	86.21
	Movement in working capital		
	(Increase)/Decrease in loans	1.44	0.99
	(Increase)/Decrease in Inventories	(3.00)	(0.41)
	(Increase)/Decrease in other financial assets	(386.31)	(162.66)
	(Increase)/Decrease in other assets	94.29	10.18
	(Increase)/Decrease in trade and other receivables	219.96	(67.18)
	Increase/(Decrease) in other financial liabilities	200.21	(26.42)
	Increase/(Decrease) in other liabilities	(132.79)	354.55
	Increase/(Decrease) in provisions, trade and other payables	166.65	45.71
	Cash flow from operating activities post working capital changes	169.25	240.97
	Income tax (paid)/refunds (net)	7.19	98.88
	Net cash flow from 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)	(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 flows 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	(17.29)	(49.13)
	Net cash used in financing activities (C)	(19.29)	(215.45)
	Increase 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 period	137.40	180.76



Notes to Consolidated Financial Results:

- The financial results have been prepared in accordance with the Indian Accounting Standards (Ind- AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.
- The above results have been reviewed by the Audit Committee in their meeting held on 21.05.2026 and approved by the Board of Directors of the Company at their meeting held on the same date.
- The financial results for the year ended March 31, 2026 have been audited by the Statutory Auditors as required under Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- * The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
- Additional Disclosures as per Regulation 52 (4) of SEBI (LODR) Regulations 2015

S.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2026	31.12.2025	31.03.2025	31.03.2026	31.03.2025
		AUDITED *	UNAUDITED	AUDITED *	AUDITED	AUDITED
a	Debt Service Coverage Ratio (in times) [EBITDA / (Finance Cost + Lease Liabilities Payments+ Principal Repayment of Long Term Debt)]	0.77	(0.01)	0.05	0.15	0.06
b	Interest Service Coverage Ratio (in times) [EBITDA/Finance Cost]	0.77	(0.01)	0.05	0.15	0.07
c	Outstanding Redeemable Preference shares (quantity and value) (In Rs Crs)	-	-	-	-	-
d	Capital Redemption Reserve (in Rs Crs)	-	-	-	-	-
e	Debenture Redemption Reserve (in Rs Crs)	-	-	-	-	-
f	Net Worth (in Rs Crs) (As per Section 2(57) of Companies Act 2013)	(29,959.74)	(28,798.85)	(26,113.15)	(29,959.74)	(26,918.97)
g	Net Profit/ (Loss) After Tax (in Rs Crs)	(306.95)	(896.94)	(827.88)	(3,107.24)	(3,327.69)
h	Loss Per Share (in Rs) [Not Annualised]	(4.87)	(14.24)	(13.14)	(49.32)	(52.82)
i	Current Ratio (in times) [Current Assets /Current Liabilities]	0.35	0.33	0.44	0.35	0.41
j	Debt-Equity Ratio (In times) [(Long Term Borrowings including Current Maturities + Short Term Borrowings)/Total Equity]	(1.18)	(1.18)	(1.22)	(1.18)	(1.20)
k	Long Term Debt to Working Capital (in times) <u>Long Term Debt excluding lease liability + Current Maturities of Long Term Debt</u> <u>Working Capital excluding current maturities of Long Term Borrowings</u>	(3.53)	(3.76)	(5.43)	(3.53)	(4.66)
l	Bad Debts to Account Receivable Ratio (in times) [Bad Debts/Average Trade Receivables]	0.03	0.00	0.00	0.02	0.02
m	Current Liability Ratio (In times) [Current Liabilities/ Total Liabilities]	0.40	0.38	0.33	0.40	0.35
n	Total Debts to Total Assets (in times) [(Long Term Borrowings + Short Term Borrowings + Lease Liabilities) / Total Assets]	3.52	3.57	3.17	3.52	3.17
o	Debtors Turnover Ratio - Annualised (In times) [Revenue from Operations / Average Trade Receivables]	4.64	2.01	1.85	2.87	2.11
p	Paid up Debt Capital (Outstanding Debt) (In Rs. Crs)	26,226.85	26,037.10	25,590.73	26,226.85	25,628.09
q	Operating Margin (%) [(EBIT - Other Income)/ Revenue from Operations]	(21.58)%	(80.16)%	(60.62)%	(74.12)%	(55.88)%
r	Net profit Margin (%) [Profit after Tax / Revenue from Operations]	(82.84)%	(425.90)%	(300.59)%	(324.90)%	(294.59)%

- The Government of India is providing loan for the payment of interest on Sovereign Guarantee Bonds issued by the company. Amount outstanding as at 31st March 2026 is Rs. 2980.92 Crore. Terms & conditions of the loan does not contain any stipulation regarding payment of interest. In the absence thereof, no interest has been provided in the financial statements for the period.
- 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.
- 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.D. 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.
- 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 EBITDA-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. 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.




Notes to Consolidated Financial Results:

- 10 The amount recoverable from BSNL is Rs. 6,148.64 crores (previous year Rs. 5,753.90 crore) and the amount payable is Rs. 2,047.30 crores (previous year Rs. 2,188.86 crore). The net recoverable of Rs. 4,101.34 crores (previous year Rs. 3,565.04 crore) is subject to reconciliation and confirmation.
- 11 The Amounts recoverable from Department of Telecommunication (DOT) of Rs. 6.52 Crore (previous year Rs. 6.52 crores) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees is under review with DOT and hence continued to be shown as recoverable from DOT and payable to GPF.
- 12 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.
- 13 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.
- 14 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.
- 15 Dues from operators and other recoverables are not classified as trade receivables. However, in view of the prolonged outstanding balances, delays in payment, and pending reconciliation and settlement, the Company has reassessed the recoverability of these balances. Based on this assessment, the Company has recognised a provision for Expected Credit Loss (ECL) amounting to Rs. 94.65 crore in respect of such balances outstanding for more than three years, for the period ended March 31, 2026.
- 16 Certain immovable properties (includes the leasehold lands and buildings) transferred from Department of Telecommunications (DoT) to MTNL in earlier years through a sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking (PSU), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties have been classified by the management under the heading 'Right of Use Assets'.
- 17 As per the available information on 31.03.2026, the deficit in the various MTNL Trusts are as under:

Sr No.	Name of Trust	Amount (Rs. in Crores)	Deficit Period
1	Gratuity Trust	76.81	Since 2016
2	Leave Encashment	14.45	Since 2024
3	GPF Trust	123.00	Since 2019

- 18 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.
- 19 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.
- 20 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. Other income includes Rs. 410.51 crore on account of profit on sale of properties during the current quarter.
- 21 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.
- 22 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.
- 23 Previous Year/Quarter figures have been regrouped/rearranged wherever necessary to confirm to current period's classifications.

For and on behalf of the Board

 M. ROBERT J. RAVI
 Chairman & Managing Director
 DIN: 10095013

Place : New Delhi
 Date : 21.05.2026



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

TO THE BOARD OF DIRECTORS OF MAHANAGAR TELEPHONE NIGAM LIMITED

1. **Adverse Opinion**

We have audited the accompanying Statement of Consolidated Financial Results of **Mahanagar Telephone Nigam Limited** ("The Holding") and its subsidiaries (The Holding and its Subsidiaries together referred as to as "the Group") and its joint venture and associate for the quarter and year ended March 31, 2026 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

i. Includes the statements of following entities:

a) **List of subsidiaries:**

- Mahanagar Telephone (Mauritius) Limited ("MTML") * – Audited
- Millenium Telecom Limited – Unaudited

* As per consolidated financial statements.

b) **List of Joint Ventures:**

- MTML STPI IT Services Limited ("MSISL") – Audited

c) **List of Associates:**

- United Telecommunications Limited ("UTL") - Unaudited

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



b) do not give a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net loss and other comprehensive loss and other financial information of the Group for the quarter and year ended March 31, 2026 except for the possible effects of the matters described in paragraph 3 below.

3. Basis for Adverse Opinion

- (i) The Net Worth of the Holding Company has been fully eroded; The Holding 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 instalments/ interest of term loan amounting to Rs.9262.53 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 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 consolidated financial results of the Company for the year ended March 31, 2026.

(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 consolidated financial results for the year ended March 31st, 2026 of the Holding Company.

(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.

(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 Holding Company's future projections, we are unable to determine the adequacy of impairment provisions and their impact on the current year's loss.



- (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.

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.

- (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 consolidated Ind AS financial statements is not ascertainable or quantifiable.
- (x) Unlinked credit of Rs.52.56 Crores on account of receipts from subscribers against billing by the Holding Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the consolidated financial results for the year ended 31st March 2026 are not ascertainable and quantifiable.
- (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 Holding Company and the ultimate implications of the same on the consolidated financial results for the financial year ended March 31st, 2026 of the Company.

- (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 consolidated financial results for the financial year ended March 31st, 2026 has not been ascertained and quantified.
- (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 consolidated Ind-AS financial statement for the year ended March 31st, 2026, has not been ascertained and quantified.
- (xv) The Holding 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 31, 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 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.

(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 recognising 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.

(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 Ind-AS financial statements of the Holding Company for the year ended on March 31, 2026.

4. We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated



Financial Results, section of our report. We are independent of the Group and its associates 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 results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in Other Matter" paragraph 14 below, is sufficient and appropriate to provide a basis for our qualified opinion.

5. Emphasis of Matters

We draw your attention to following notes to audited consolidated financial statements:

- (i) 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) 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) Pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Holding 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) 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) 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) 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) 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 Holding Company and DOT.
- (viii) 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 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) 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) 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) 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.

Our opinion is not modified in respect of aforesaid matters.

6. **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Results**

These quarterly consolidated financial results as well as year to date consolidated financial results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the Consolidated net loss and other comprehensive loss and other financial information of the Group including its associates, subsidiaries, joint ventures and joint operations in accordance with the applicable Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the listing Regulations.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and joint ventures, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results Statement 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 Statement by the Directors of the Holding Company, as aforesaid.

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

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

7. Material uncertainty related to going concern

We draw attention to the consolidated financial results, which highlights 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 E.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.

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

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 Standards on Auditing 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 the Statement.

9. **As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:**

- Identify and assess the risks of material misstatement of the Consolidated financial 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 stemming from fraud is higher than for one stemming from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of consolidated financial statements on whether the entity has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial 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 Group and associate and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial 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 financial statements financial information of the entities within the group, its joint venture and associates to express an opinion on the consolidated financial statements. We are responsible for direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are independent auditors. For other entities included in consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.



10. We communicate with those charged with governance of the Holding company and such other entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. 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.
12. We also performed procedures in accordance with the Circular No. CIR/CFDICMD 1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

13. Other Matters

- a) We did not audit the financial statements of one 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 (loss) 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.

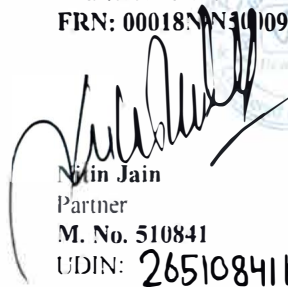
- b) The accompanying Consolidated Financial Statements also includes audited financial statements and other audited financial information in respect of one subsidiary whose audited financial statements and other financial information reflects total assets of Rs.8.82 Crores, net assets of Rs.6.76 Crores 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 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.
- g) The Statement includes the financial results for the quarter ended 31st March 2026, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

Our opinion is not modified in this respect.

For O P Bagla & Co LLP
 Chartered Accountants
FRN: 00018NN30091



Nitin Jain
 Partner
 M. No. 510841
 UDIN: 26510841KAGFJC2276

Place: New Delhi
 Date: 21st May 2026

For S.L. Chhajed & Co. LLP
 Chartered Accountants
FRN: 000709C/C400277



Viju Baidmatha
 Partner
 M. No. 406044
 UDIN: 264060445WNXZX2489

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

CIN No: L32101DL1986GOI023501

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2026

[Sec Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2019

SLNO	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In crs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. In crs)
1	Turnover/Total Income	1541.09	1541.09
2	Total Expenditure	4649.63	5001.93
3	Net Profit/(Loss)	(3107.24)	(3459.54)
4	EPS Per Share	(49.32)	(54.91)
5	Total Assets	10075.65	10023.05
6	Total Liabilities	40035.39	40335.13
7	Net Worth	(29959.74)	(30312.04)
8	Any other financial items (as felt appropriate by the management)	NA	NA

Audit Qualification (each audit qualification separately):

- a. Details of Audit Qualification: Attached
- b. Type of Audit Qualification: ~~Qualified Opinion~~ / ~~Disclaimer of Opinion~~ / ~~Adverse Opinion~~ **Adverse Opinion**
- c. Frequency of Qualification: Whether appeared for first time / repetitive / since how long continuing: Item No. 10 to 10 - iv of qualification are repetitive except xvi, xvii, xviii, xix, xx, which appeared for first time
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views
- e. For Audit Qualification(s) where the impact is not quantified by the auditor
 - (i) Management's estimation on the impact of audit qualification: The view of Auditors & Management are in the attached annexure.
 - (ii) If management is unable to estimate the impact, reasons for the same: Reply Attached
 - (iii) Auditors' Comments on (i) or (ii) above: Reply Attached.

Signatories



(A. Robert J Ravi)
CMD

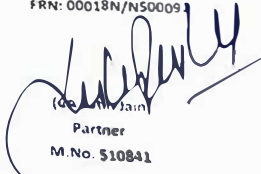


(VASUDEV SINGH)
CFO



(SUNIL KUMAR RANJAN)
Audit Committee Chairman

For O.P. Bagla & Co. LLP
Chartered Accountants
FRN: 00018N/NS0009



(O.P. Bagla)
Partner
M.No. 510841

S. L. Chhajed & Co. LLP
Chartered Accountants
FRN: 000709C/C400277



(CA. Vijit Baldmutha)
Partner
M.No. 406044

Place: New Delhi

Date: 21th May, 2026

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

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

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

CIN : L32101DL1996GO0003501

EXTRACT OF AUDITED STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31/03/2026

(Rs. in Crore)

Particulars	STANDALONE				CONSOLIDATED			
	Quarter Ended		Year Ended		Quarter Ended		Year Ended	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025
	AUDITED *	AUDITED *	AUDITED	AUDITED	AUDITED *	AUDITED *	AUDITED	AUDITED
1 Total Income from Operations	350.05	258.04	887.27	1,060.54	370.51	275.42	956.37	1,129.61
2 Net Profit/ (Loss) for the period before exceptional items & tax	(304.46)	(827.22)	(3,102.94)	(3,323.51)	(306.82)	(828.50)	(3,107.12)	(3,328.31)
3 Net Profit/ (Loss) for the period before Tax after Exceptional items	(304.46)	(827.22)	(3,102.94)	(3,323.51)	(306.82)	(828.50)	(3,107.12)	(3,328.31)
4 Net Profit/ (Loss) for the period after Tax	(304.46)	(827.22)	(3,102.94)	(3,323.51)	(306.95)	(827.88)	(3,107.24)	(3,327.69)
5 Total Comprehensive Income for the period (Comprising net profit/(loss) after tax and other comprehensive income after tax)	(290.61)	(825.80)	(3,101.50)	(3,341.36)	(291.81)	(822.53)	(3,103.16)	(3,343.39)
6 Paid up Equity Share Capital	630.00	630.00	630.00	630.00	630.00	630.00	630.00	630.00
7 Other Equity excluding revaluation reserves	(30,604.84)	(27,565.64)	(30,604.84)	(27,565.64)	(30,589.74)	(26,743.15)	(30,589.74)	(27,548.97)
8 Securities Premium Account	665.00	665.00	665.00	665.00	665.00	665.00	665.00	665.00
9 Net Worth	(29,974.84)	(26,935.64)	(29,974.84)	(26,935.64)	(29,959.74)	(26,113.15)	(29,959.74)	(26,918.97)
10 Paid up Debt Capital/ Outstanding Debt	26,226.85	25,628.09	26,226.85	25,628.09	26,226.85	25,628.09	26,226.85	25,628.09
11 Outstanding Redeemable Preference Shares	-	-	-	-	-	-	-	-
12 Debt Equity Ratio (In times)	(1.18)	(1.20)	(1.18)	(1.20)	(1.18)	(1.22)	(1.18)	(1.20)
13 Earnings Per Share (of Rs. 10 each) for continuing and discontinued operations- (not annualised) (In Rs.)								
1. Basic :	(4.83)	(13.13)	(49.25)	(52.75)	(4.87)	(13.14)	(49.32)	(52.82)
2. Diluted :	(4.83)	(13.13)	(49.25)	(52.75)	(4.87)	(13.14)	(49.32)	(52.82)
14 Capital Redemption Reserve	-	-	-	-	-	-	-	-
15 Debenture Redemption Reserve	-	-	-	-	-	-	-	-
16 Debt Service Coverage Ratio (DSCR) (in times)	0.76	0.05	0.15	0.06	0.77	0.05	0.15	0.06
17 Interest Service Coverage Ratio (ISCR) (In times)	0.77	0.05	0.15	0.07	0.77	0.05	0.15	0.07

Notes:

- The above is an extract of the detailed format of Annual Audited Financial Results filed with the Stock Exchanges under Regulation 33 and 52 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Audited Financial Results are available on the website of the company at www.mtnl.net.in and on the Stock Exchange websites at www.bseindia.com and www.nseindia.com.
- The above results have been reviewed by the Audit Committee in their meeting held on 21.05.2026 and approved by the Board of Directors of the Company at their meeting held on the same date.
- For the other line items referred in Regulation 52(4) of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015, pertinent disclosures have been made to the BSE & NSE and can be accessed on the Stock Exchange websites at www.bseindia.com and www.nseindia.com.
- * The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
- Previous Year/Quarter figures have been regrouped/rearranged wherever necessary to confirm to current period's classifications.
- The company has prepared these financial results in accordance with the Companies (Indian Accounting Standards) Rules 2015 prescribed under Section 133 of the Companies Act, 2013.


 (A. ROBERT J. RAVI)
 Chairman & Managing Director
 DIN: 10095013

ANNEXURE B**STATEMENT ON DEVIATION OR VARIATION FOR PROCEEDS OF PUBLIC ISSUE, RIGHTS ISSUE, PREFERENTIAL ISSUE, QUALIFIED INSTITUTIONS PLACEMENT ETC.**

- NOT APPLICABLE FOR THE REPORTING PERIOD

ANNEXURE C**FORMAT FOR DISCLOSING OUTSTANDING DEFAULT ON LOANS AND DEBT SECURITIES AS ON 31.03.2026**

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 Crore
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 Crore

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 Crore

ANNEXURE D**FORMAT FOR DISCLOSURE OF RELATED PARTY TRANSACTIONS (APPLICABLE ONLY FOR HALF-YEARLY FILINGS I.E., 2ND AND 4TH QUARTER)**

- Will be Submitted along with Integrated Filing (Financial) in XBRL mode.

ANNEXURE E

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG WITH ANNUAL AUDITED FINANCIAL RESULTS (STANDALONE AND CONSOLIDATED SEPARATELY) (APPLICABLE ONLY FOR ANNUAL FILING I.E., 4TH QUARTER)

- Will be Submitted along with Integrated Filing (Financial) in XBRL mode.

For and on Behalf of the Board



(A. ROBERT J. RAVI)

CMD

DIN:10095013

Place: New Delhi
Date: 21.05.2026

Audit Qualification (FY.2025-26) Standalone: Current Status with Management Reply

Sr. No.	Qualification	Management Reply
	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>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</p> <p>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.</p> <p>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.</p> <p>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.</p>

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.

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.

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

		<p>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.</p>
iii	<p><u>Dues to/Receivable from Bharat Sanchar Nigam Limited (BSNL):</u></p> <p>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 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.)</p>	<p>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.</p> <p>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 .</p>
iv	<p>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).</p>	<p>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.</p>

v	<p>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.</p>	<p>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.</p>
vi	<p>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</p>	<p>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.</p>
vii	<p>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.</p>	<p>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.</p> <p>In view of above according to management there may not be any impact on this count.</p>
viii	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
ix	<p>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</p>	<p>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</p>

	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.	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 31 st 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 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 31 st , 2026 by way of depreciation cannot be ascertained and quantified.	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.
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 pursuant to the said direction. Based on	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 the case on disposal of this litigation and

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.

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 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.

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	<p>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</p>	<p>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.</p>
xvii	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
xviii	<p>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-</p>	<p>Necessary instructions will be issued to all concerned for review of Ind AS related adjustment and to take necessary action in the current year.</p>

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 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 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

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 Gol.

The matter is under active consideration at DoT. The amount will be measured and accounting will be addressed accordingly as per decision of Gol.

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.

Audit Qualification (FY.2025-26) Consolidated Current Status with Management Reply

Sr. No.

Qualification

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.

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

Management Reply

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 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 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 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

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 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.

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.

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.

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.

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	<p>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.</p>	<p>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 ensure that the accrued revenue shall be reviewed regularly and ensure that the invoices are being issued within due period for accrued revenue as per the provisions of GST Act.</p>
vi	<p>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</p>	<p>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.</p>
vii	<p>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.</p>	<p>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.</p> <p>In view of above according to management there may not be any impact on this count.</p>
viii	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>As the system of balance confirmation is in place and confirmation letters are being sent to parties as per process in place, hence the general qualification may please be removed for all balance unless for specific cases.</p>
ix	<p>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</p>	<p>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</p>

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.

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 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.

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.

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.

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 the case on disposal of this litigation and

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 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.

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.

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.

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

Necessary instructions will be issued to all concerned for review of Ind AS related adjustment and to take necessary action in the current year.

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 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 standalone financial results for year ended 31st March 2026, have not been ascertained and quantified

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 Gol.

The matter is under active consideration at DoT. The amount will be measured and accounting will be addressed accordingly as per decision of Gol.

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.