

29th
Annual Report
2014-15

MAHANAGAR TELEPHONE NIGAM LIMITED

Transparency makes us different !



***Twenty Nine
Annual Report
2014-15***

**MAHANAGAR TELEPHONE NIGAM LIMITED
(A Nav Ratna Company)**



VISION OF MAHANAGAR TELEPHONE NIGAM LIMITED

"To be leading intergrated player in telecom, diversifying into related business in order to expand significantly, keeping customer delight as the aim".

MISSION OF MAHANAGAR TELEPHONE NIGAM LIMITED

"Committed to remain market leader in providing world-class telecom and IT related services at an affordable prices and achieve international standards in all respects".



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**BOARD OF DIRECTORS
(AS ON 13.08.2015)**

Shri N. K. Yadav	Chairman & Managing Director (CMD)
Shri P.K.Purwar	Director (Finance)
Shri Sunil Kumar	Director (HR&EB/Tech)
Shri V. Umashankar	Director
Smt Simmi R. Nakra	Director

COMPANY SECRETARY

S.R. SAYAL

REGISTERED AND CORPORATE OFFICE

Mahanagar Doorsanchar Sadan

5th Floor, 9, CGO Complex,

Lodhi Road,

New Delhi - 110 003

Tel : 011-24319020, Fax : 011-24324243

CIN L32101DL1986GOI023501.

Website : www.mtnl.net.in / www.bol.net.in



STATUTORY AUDITORS

M/s. V. K. DHINGRA & CO.

Chartered Accountants

1-E/15, Jhandewalan Extension, New Delhi – 110055

Phone : 011- 23528511, 23638325, Fax : 011- 23549789

M/s Arun K Agarwal & Associates.

Chartered Accountants

105, South Ex Plaza -1, 389, Masjid Moth

South Ex Part - II, New Delhi - 110 049

Phone : 011 26251200, 26257400 Fax: 011-26251200

COST AUDITOR

M/s R.M.Bansal & Co.

Cost Accountants

74, State Bank Colony, G.T.Karnal Road, Delhi - 110033

BANKERS

State Bank of India, New Delhi/Mumbai

Indian Overseas Bank, New Delhi/Mumbai

Punjab National Bank, Delhi/Mumbai

ICICI Bank, New Delhi/Mumbai

Oriental Bank of Commerce, New Delhi

Central Bank of India, Mumbai/Delhi

Dena Bank, New Delhi/Mumbai

Bank of Baroda, New Delhi

Union Bank of India, New Delhi/Mumbai

United Bank of India, New Delhi

Indian Bank, New Delhi,

Axis Bank, New Delhi/Mumbai

Syndicate Bank, New Delhi

Corporation Bank, New Delhi

Allahabad Bank, New Delhi

IDBI Bank, New Delhi

State Bank of Hyderabad, New Delhi

Punjab & Sindh Bank, New Delhi

Yes Bank Limited, New Delhi

IndusInd Bank, Mumbai



REGISTRARS AND TRANSFER AGENTS

M/s. Beetal Financial & Computer Services (P) Ltd.

3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre

Near Dada Harsukhdas Mandir, New Delhi - 110 062.

Ph: 011-29961281-82, Fax : 011-29961284

E-mail : beetal@beetalfinancial.com, beetalrta@gmail.com Website: www.beetalfinancial.com

E-Voting Agency : Central Depository Services (India) Limited {CDSL}

E-mail ID: helpdesk.evoting@cdslindia.com

Scrutinizer : M/s Grover Ahuja & Associates, Company Secretaries

Investor Helpdesk

Ph: 011-24317225, Fax: 011-24316655

E-mail: mtnligr@bol.net.in, mtnlcsco@gmail.com

29th Annual General Meeting on Tuesday, 29th September, 2015 at 11:30 AM. at Auditorium, Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi-110003

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



DIRECTOR'S REPORT

To
The Shareholders,
of Mahanagar Telephone Nigam Limited

Dear Shareholders,

Your Directors present the 29th Annual Report of your Company together with the Financial Statements and the Report of the Auditors as well as comments of Comptroller & Auditor General of India on the Financial Statements for the financial year ended on March 31, 2015.

PERFORMANCE REVIEW OF MTNL FOR THE FY 2014-15

MTNL is giving major thrust on the expansion of capacity for GSM 2G and 3G to cater the further demand. Actions are being taken to generate fresh demands by providing quality services, customer care & satisfaction, introduction of new services / schemes and innovative marketing strategies. Company has initiated the following up-gradation / capacity building projects-

GSM / 3G services-

- (i) **3G Network Up-gradation:** The existing HSDPA 3G network supporting D/L speed of 3.6 Mbps & U/L speed of 384 Kbps will be upgraded to support HSPA+ with D/L speed of 21.1 Mbps & U/L speed of 5.76 Mbps per sector in each Node-B.
- (ii) **Expansion of GSM / 3G RF network:** The network coverage will be improved by deploying additional BTSs / Node-Bs. Around 1080 Node-Bs & 800 BTSs in Delhi and 1080 Nods-Bs & 566 BTSs in Mumbai are proposed to be added. The number of BTSs & Node-Bs will be added as per requirement in phases. To reduce Capex & Opex, majority of the proposed expansion will be done on shared sites. For meeting the enhanced Data carrying requirement of 3G network, the packet core capacity (Data handling capacity of network) will be upgraded from existing capacity of 400 Mbps (Delhi) and \1.8 Gbps (Mumbai) to 10 Gbps in both cities.
- (iii) **Expansion / Up-gradation of M/W Backhaul:** Further, to handle the enhanced speed, the M/W backhaul will be augmented / expanded through deployment of 200 Mbps (upgradable to 400 Mbps) Hybrid M/W systems.

Fixed Line -

- (i) **Replacement of TDM switches with NGN/ IMS platform:** MTNL has planned to replace its TDM Fixed line switches which are becoming obsolete as their induction started around 20 years back with NGN / IMS technology in phased manner during 12th Five year plan. Introduction of NGN / IMS based services will not only help MTNL in saving Opex, space but also enable us to offer all data / video centric services which are currently enjoyed by Mobile subscribers to our fixed line subscribers also and ultimately leading to convergence of fixed and mobile services.

For this purpose, C-DOT was allowed to conduct a field trial of its IMS Complied NGN platform solution in MTNL's Network. An MOU in this regard was also signed with C-DOT. Successful field trial of C-DOT's IMS complied NGN switches has already been completed and voice to MTNL's FTTH subscribers, certain FIN and centrex services are being provided through this switch. Further C-DOT has been given go-ahead for trial commercial migration of one existing TDM switch of 10-20K capacity each in Delhi and Mumbai. This initiative with C-DOT will help MTNL in migration of its life expired switches without bearing any significant CAPEX burden.



(ii) **Extending reach of FTTH and taking fiber to the HUB / near to the subscriber** : MTNL plans to increase 45 POP locations in Delhi and 56 in Mumbai on its' deployed state of art NGCN (IP/MPLS) Network to 400-500 PoP in next 2-3 years to reduce subscriber copper loop length to 1-2 Kms. Further to increase FTTH reach, certain societies & housing complexes in Delhi & Mumbai has already been identified for this purpose.

(iii) **Up-gradation of Access Networks-** Continuous process and order for PIJF & OF cables for the current year as phase- I has been issued.

FINANCIAL RESULTS FOR THE F.Y. 2014-15

Sources and Application of funds for the F.Y. 2014-15 are given below:-

	(IN CRORES ₹)	
	2014-15	2013-14
Income from Operations	3400.08	3391.73
Expenditure (excluding Interest & prior period Adjustments)	5283.86	5480.26
Operating Profit /(Loss)	(1883.78)	(2088.53)
Other Income	420.98	395.64
Interest	1439.62	1390.15
Profit/(Loss) before Tax	(2902.42)	(3083.04)
Exceptional Items	0.00	11620.93
Tax Provision for the Year	0.00	497.18
Prior Period Adjustments	(9.01)	215.58
Net Profit / (Loss) for the Year	(2893.39)	7825.13
Appropriation		
Interim/Proposed Final dividend	0.00	0.00
Dividend Tax	0.00	0.00
Transfer to/(from):		
a) Contingency Reserve	0.00	0.00
b) Debenture Redemption Reserve	0.00	45.27
SOURCES AND USES OF FUNDS		
Authorised Capital	800.00	800.00
Issued, Subscribed & paid-up Capital	630.00	630.00
Reserves & Surplus	1437.42	4410.70
Secured and Unsecured Loan	16604.40	14120.44
Deferred Tax Liability (Net)	0.00	0.00
REPRESENTED BY		
Fixed Assets (Net Block)	10432.32	11220.95
Investment (Net)	181.98	201.98
Other Assets	16101.70	15630.78
Other liabilities	8178.02	8275.14
Capital Work-in-Progress	133.84	382.57

Note: Previous year's figures have been re-grouped/re-cast wherever considered necessary.



INFORMATION REGARDING ISSUE OF BONDS BY MTNL DURING THE FINANCIAL YEAR 2014-15.

As per the approval of Ministry of Finance vide Office Memorandum No. F.12 (12)-B (SD)/2012 dated 21st October, 2014 and Presidential Order of DoT OM No. 19-4/2014-SU-II dated 10th November, 2014, MTNL had successfully raised bonds to the tune of ₹ 3,768.97 Crores in the following manner with the 10 years maturity period.

Tranches	Series	Coupon Rate per annum payable semi annually	Amount (in ₹ Crores)	Date of Issue	Remarks
Tranche 1	IV-A	8.24% (8.21% plus 3bps spread) (ISIN No. INE153A08048)	1400.00	19th November 2014	-
	IV-B	8.28% (8.21% plus 7bps spread) (ISIN No. INE153A08055)	100.00	19th November 2014	Having call option at the end of 9th Year
	IV-C	8.24% (8.21% plus 3bps spread) (ISIN No. INE153A08063)	0.07	19th November 2014	-
Tranche 2	IV-D	8.29% (8.19% plus 10bps spread) (ISIN No. INE153A08071)	2268.90	28th November 2014	-
Total			3768.97		

DIVIDEND

Since there has been no operating profit during the financial year 2014-15, the Board of Directors of your company expresses its inability to recommend any dividend for the year under report.

SUBSIDIARY AND JOINT VENTURE COMPANIES

Your company has two subsidiary and two Joint Ventures companies. The Financial Performance of Subsidiaries is given at Note 35 to account (point no. 29). The working of the same is as under:-

(i) Mahanagar Telephone (Mauritius) Ltd. (MTML)

MTML is a 100% subsidiary of MTNL. The company is having License for mobile services, international long distance services and internet services. The customer base of MTML has grown to 243,274 from 191,262 of last year. The market share has crossed 18% in voice and more than 35% in ILD sector.

In the year 2015, it is planning to further upgrading its GSM network to add more BTSs and deploy HSPA (+) network in all areas. The LTE (4G) is also planned to be launched in select areas in 2015.

MTML has achieved revenue of INR 880 Million during the fiscal year 2014-15 compare to the last financial year revenue of INR 761 Million. Despite the intense competition and market getting saturated, the company could increase its revenue. The Net profit (before tax) has increased to INR 41.92 Million from INR 37.42 Million (before tax).

All the expenses of the company are paid by its own internal resources and CAPEX for procurement of equipments is also met. There is no debt liability on the company.

The company is managed by CEO, CTO, CFO and 10 more officers all on deputation from the parent company. Other operations are managed through outsourcing.



(ii) Millennium Telecom Ltd. (MTL)

(Wholly owned subsidiary of MTNL)

FINANCIAL PERFORMANCE:

MTL was in losses for many years but now it is moving ahead towards the path of revival. In 2014-15, the company turned into profit by System Integration other ICT related works at Pan India level. In the financial year ended 31st March, 2015 MTL has registered a net profit of ₹ 12.73 lakhs/- as against a Net loss of ₹ 16.97 lakhs last year.

With continuous pursuance with Income Tax department, MTL has received a refund of Rs 4.20 lakhs and got overall refund order issued for ₹ 96 lakhs approximately.

The Company was basically formed for providing internet and other value added services in the year 2000. During the financial year 2014-15 the Board of Directors of MTL has proposed to take up the new business for increasing the revenue and making the Company profitable simultaneously. Some of the new work orders being undertaken by the company are as follows:

1. MTNL has given its recovery case of its CWG project from the Govt. to be pursued by MTL for which an amount equivalent to 5% of the amount recovered will be paid to MTL as its consultancy charges.
2. Non-Telecom component work in MTNL's contracts/projects to be awarded to MTL on nomination basis.
3. To start Bundled Services for MTNL products/services.
4. To undertake Infrastructure Leasing Business of MTNL Mumbai.
5. To undertake the Data centers Leasing /Hiring of MTNL and other PSU telcos like. M/s BSNL, ITI, MSITS.
6. To undertake remote monitoring of customer network.
7. To undertake capacity building and skill development programme.
8. To perform end-to-end ICT Solution provider along with operation & maintenance.
9. To launch, operate, provide and maintain Cloud and managed services.
10. Surveillance and perimeter security including emergency communication.
11. Campus wide Wi-Fi , surveillance projects.
12. Provision of RF links for Captive use.

Some officers of MTNL have been nominated to take care of the work of MTL in addition to their existing duties & responsibilities without additional remuneration. This is done for gearing up of MTL since lot of businesses is available in the market.

(iii) United Telecommunications Ltd. (UTL)

United Telecom Limited (UTL) is a Joint Venture between MTNL, TCIL, VSNL(now TCL) and NVPL in which the three Indian Partners had jointly subscribed 80% of the shares (MTNL:26.68%, TCIL:26.66% & VSNL(TCL): 26.66%) and remaining 20% by NVPL, the local Partner at Nepal. MTNL has invested ₹35.85 crs. in UTL. There are pending dues such as Royalty, IUC, License Fee, etc. For meeting the above liabilities and to add more BTSs to start GSM services, UTL had raised a demand to all the JV Partners to infuse more capital but in view of the financial constraints in MTNL, it was found difficult to make further investments in UTL. Even the DOT has advised that MTNL & TCIL may take a decision in their best commercial interest and without impairing the investment of the Government in the two PSUs.



An Amending Agreement of UTL was signed in December, 2014 wherein NVPL has agreed to bring additional investment of NRs.360 crores as and when necessary and shareholding ratio will be changed as and when NVPL makes such investment and other partners do not invest. In order to protect the interest of the minority shareholders, a clause has been added in the Amending Agreement that JV Agreement cannot be altered without the consent of all the shareholders. An exit clause has also been added as per which the three Indian Partners can exit at par value after 2 years after serving 3 months notice.

MTNL, TCIL & TCL have decided not to invest in the Rights issue of NRs.45 crore of UTL. After subscribing to the Right issue by NVPL, their shareholding has increased to 33.8461% from earlier 20% while the shareholding of TCIL and TCL reduced to 22.0458% each and that of MTNL reduced to 22.0623%. NVPL has further invested NRs.9 crs against the 10th equity tranche of NRs.40 crs. MTNL's share has reduced to 21.3242% while NVPL's share has increased to 36.0595%.

The earthquake of 12th May 2015 has affected the services a lot. There is tremendous pressure from house owners and community to remove the towers from buildings. In 4 cases, even the local administration has issued letters to remove all towers.

Presently, towers at about 5 places are being removed from top of such buildings in Kathmandu that have suffered extensive damage and it is no more safe. It will have negative impact on coverage. All employees are safe. Operations are normal except about 8 BTS in different parts of network have been switched off by house owners to pressurize us to remove the sites.

Performance Highlights

During the period from 17.7.2014 to 16.7.2015 UTL has earned total revenue from Telecom, Data Services, Internet Services, IUC, Value Added Services, etc amounting to NRs.20,19,06,469/- as against NRs. 48,82,79,058/- on 16.7.2014.

The No. of Subscribers of UTL as on 31st March, 2015 were 5,99,067 and this include both voice and data subscribers. The no. of Exchanges of UTL is MSC-1, BSC-1, and BTS-199. UTL has applied for Unified License and accordingly deposited license fee with Nepal Telecommunications Authority (NTA). NTA is in the process of issuing the Unified License to UTL. This is a Pan-Nepal License. UTL plans to roll out GSM network in three phases starting from end of 2016.

(iv) MTNL STPI IT Services Ltd. (MSITS)

MTNL STPI IT SERVICES LTD (MSITSL) is a 50:50 Joint Venture company of Mahanagar Telephone Nigam Limited (MTNL) and Software Technology Parks of India (STPI). MSITSL was incorporated on 31/03/2006 under the Companies Act, 1956, with authorized Capital of ₹50 Crores.

In order to implement one of its objectives MSITSL has established the physical infrastructure of Tier III Data Center at Chennai on space taken on lease basis from STPI. The Data Center has server farm area of around 3500 sq. ft. and the total investment made in this regard is of ₹477 lakhs. This Tier III Data Center is maintaining 99.98% uptime on 24X7.

The commercial operation of the Data Center commenced in 2009. The Ministry of External Affairs (MEA) has hosted Passport Seva Project at MSITSL Data Center through M/s TCS.

The Directorate General of Employment & Training (DGE&T) in Ministry of Labour & Employment has hosted National Career Project through STPI at MSITSL Data Centre, Chennai.

MSITSL has earned the revenue for the period of 2009-10: ₹ 196 lakhs, for the year 2010-11:



₹ 275 lakhs, for the year 2011-12: ₹ 297 lakhs, for the year 2012-13: ₹ 360 lakhs, for the year 2013-14: ₹ 388 Lakhs and for the year 2014-15: ₹ 422 Lakhs.

DETAILS OF SYSTEM STATUS FOR THE FINANCIAL YEAR 2014-15 (AS ON 31ST MARCH, 2015)

Your Company has the following equipped and used capacity of Landline, GSM, WLL etc. as on 31st March, 2015:-

S. No	Parameters	Delhi	Mumbai	Total
1	Number of switches	331	240	571
2	Equipped Capacity*			
	(a) Fixed Phones including WLL Fixed Phones	2,408,959	2,580,392	4,989,351
	(b) WLL	400,000	542,230	942,230
	(C) GSM	2,800,000	2,800,000	5,600,000
	DLC capacity	160,152	118,046	278,198
	Digitalization % lines	100	100	200
3	DELS*	3,958,890	3,141,649	7,100,539
4	Details of Net DELs			
	(a) Fixed Line	1609278	1,942,393	3,551,671
	(b) WLL-Fixed	12,752	64,279	77,031
	(c) WLL-Mobile	22,917	25,454	48,371
	(d) GSM	2,313,943	1,109,523	3,423,466
5	Broadband			
	(a) Subscribers	576,565	620,499	1,197,064
	(b) Capacity (in ports)	788,736	845,908	1,634,644
6	Internet connection			
	(a) Prepaid	214	0	214
7	Payphones	56,550	82,136	138,686
8	ISDN	8,427	12,468	20,895
9	DLC (No)	425	523	948
10	Tax Capacity	150,000	115,200	265,200
11	Tandem Capacity	402,500	363,240	765,740
12	Optical fiber cable			
	(a) In Route KMs	8,678.11	8,024.78	16,702.89
	(b) In Fiber KMs	271,453.22	257,505.26	528,958.48
13	Leased Circuits	12,894	18,598	31,492
14	Replacement of PCUT Cable (in LCKM)	31.059	15.71	46.769

*including Landline, WLL fixed, WLL mobile & GSM



HUMAN RESOURCE DEVELOPMENT

Your Company attaches the highest priority to the quality of intellectual capital at its disposal and believes that knowledge and skill of its employees are the key to achievements of its corporate mission. It has sound recruitment policy and comprehensive training system.

During the past one year, your Company has laid greater emphasis on Human Resources Development. We have been devoting substantial resources on building a skilled workforce that has a capability to counter threats posed by ever changing business environment and to take advantages of opportunities presented to serve ever increasing customer base.

The Company has been conducting various training and development activities which apart from reorienting the employees towards the greater organizational purpose, are also focusing on eliminating any skill gap and technical obsolescence. The managements' view on training is one of development of employee's overall personality and enabling them in becoming a vital productive resource.

TRAINING TARGETS AND ACHIEVEMENTS

The training target and achievements for the financial year 2014-15 is given below:-

UNIT	Number of Persons Trained Target	Achievement
Delhi	3000	4880
Mumbai		3743
Total	3000	8623

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

(I) The Institute of Telecom, Technology & Management (ITTM), New Delhi

The Institute of Telecom, Technology & Management, ITTM Shadipur, New Delhi is a state of the art training centre of MTNL, Delhi engaged in imparting induction training and short duration training to its officers and employees in the field of Telecom, IT, Computer system and Management. With impressive growth of Telecom sector in India, the requirement of telecom trained personnel is growing day by day. Realizing this ever growing demand for telecom personnel, ITTM started training engineering students also as part of their summer training. During the year 2014-15, ITTM has successfully trained 950 Executives with an achievement of 4450 Man days and 1050 Non Executives with an achievement of 2779 Man days.

One day and two days training workshops on Broadband and Customer Service as Life Style with positive attitude & behavior were also conducted by ITTM in all MTNL Delhi area units and a total of 1236 field staff was trained.

Three Days Life Management Workshop by AWGP Shantikunj for motivation, positive thinking, stress management & spirituality at workplace and other healthcare program were organized by ITTM at CGO Complex in which 326 officers and officials of MTNL Delhi participated.

Industrial Training/ Industrial visits were also successfully provided to 1318 trainees of various engineering institutions with an achievement of 17827 Man days. Revenue earned at ITTM by providing Industrial training to students for the financial year 2014-15 is ₹ 50,31,759 and revenue earned by ITTM from TCIL Trainees for the Financial year 2014-15 is ₹ 1,74,012.



ITT has the necessary infrastructure, technical and academic competence and excellence for providing training in specialized courses in the field of GSM, Broadband Technology, Switching, Transmission, External Plant, IT, Computer System, Management and various wellness programs.

(II) Centre for Excellence in Telecom Technology & Management (CETTM), Mumbai

The competition in the field of training is increasing tremendously with each passing day. Despite of fierce competition, CETTM has successfully shown 7.72% increase in the revenue during financial year 2014-15 compare to the last year 2013-14 revenue. Clients from various sectors like BPO, Banking, Finance, Oil, pharmacy, IT etc. have availed the infrastructure of CETTM on leasing basis, keeping to its tradition, CETTM has also added more than 32 new clients to its already existing long clientele.

As Corporate Social Responsibility 26 vacation courses for Engineering college students were launched during 2014-15 in which 474 students were trained during summer and winter vacations. Under ITEC-SCAAP program, sponsored by MEA, Govt. of India, CETTM has successfully completed 16 courses in Telecom, IT & Management streams. A total of 250 foreign particulars from over 49 countries were trained.

Apart from the above, CETTM has successfully trained 2707 in-house personnel with an achievement of 27686 Trainee Days. 21 senior officers from Cabinet secretariat have been trained in various Technologies of Telecommunication. CETTM has tied up with Welingkar Institute of Management Development & Research for providing Post Graduate Program on Telecom Management, 17 students completed the course & 9 are undergoing training.

CETTM is 'ISO 9001: 2008' certified institute and recently successfully completed renewal audit. The efforts and the results, reiterate our commitment to the growth in terms of Business, quality and customer satisfaction. The Customers have always rewarded our good work by giving us the repeated business.

INDUSTRIAL RELATIONS

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

Further, MTNL was paying Pension to the absorbed employees for the service rendered in Govt. For the past few years MTNL was pursuing with Govt. for settlement of the pension issue. The Pension issue was considered by the Govt. and it has been decided that Payment of pensionary benefits to all categories of the erstwhile employees of the Government (Gr. A, B, C & D) absorbed in MTNL, who have opted for pension on combined service, will be made by Govt. in the same manner as in BSNL w.e.f 01/10/2000.

EMPLOYEES' WELFARE

Employees Welfare Schemes like subsidized Canteen, Creches, Housing, Medical facilities, Scholarship to Wards of Employees, Group Insurance, dormitories for females working in night shift etc. continued and maintained by the Company for its employees. Sports and Cultural activities were also given priority during the year.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

The Company continued its efforts to comply with statutory requirements in promoting the use of Hindi and has been able to achieve most of the annual targets set by the Government for implementation and promotion of Hindi as Official Language in the Company.



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

Your Company has endeavoured to fulfill all the statutory requirements with regard to implementation of reservation policy for candidates belonging to SC/ST/OBC communities as well as Physically Challenged candidates.

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

The Company has constituted an Internal Complaint Committee on Prevention, Prohibition & Redressal of Sexual Harassment of women at workplace and matters connected therewith or incidental thereto covering all aspects as contained in the Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013. During the Financial Year 2014-15 one case has been referred/ reported to the Committee on Sexual Harassment and is under process to resolve it.

WORKING CONDITIONS OF WOMEN EMPLOYEES

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

Special grants have been sanctioned to Women Welfare Committees at Delhi/ Mumbai. Child Care Leave has also been approved by MTNL Board on 30/05/2014

IMPLEMENTATION OF CSR AND SUSTAINABILTY ACTIVITIES/ PROJECTS IN MTNL.

A Board level CSR Committee has been constituted as per DPE Guidelines and the Companies Act, 2013 to oversee and coordinate the implementation of CSR and sustainability activities/ projects in MTNL.

CSR Policy has been approved by the Board of Directors of your Company and the same has also been posted on the website of the company. Since your company is not making any profit for last few years, it has not spent any amount on the CSR activity.

MANPOWER STATUS

As on 31st March, 2015 your company had a strength of employees as per details given below:-

MTNL Employees Working Strength as on 31.03.2015.

Group	Total Working	SC	ST
A	929	157	33
B	3805	506	84
C	19949	3357	346
D	9069	2194	724
Total	33752	6214	1187
TSM	18		
Grand Total	33770	6214	1187

VIGILANCE

The Vigilance Department of MTNL is headed by Chief Vigilance Officer. He is an officer of the rank of Joint Secretary, Govt. of India. Presently Shri Khushi Ram, IRSEE, is the CVO of MTNL. The CVO is responsible for complete vigilance administration in MTNL.



During the year 2014-15, emphasis was laid on preventive vigilance and to enhance the awareness of transparency and accountability in working by carrying out various field inspections. System improvement advice were issued by Vigilance Unit for reconciliation of Sanchaar Haats products, store verification, optimum electrical load in various buildings, proper maintenance of broadband faults, BTS sites etc. CTE type inspections were also carried out as per CVC guidelines.

Further, training programmes/seminars on vigilance/complaints handling and disciplinary proceedings have been conducted during the period for the employees to make the participants understand the conduct rules of MTNL, procedure for handling departmental proceedings and improve their working efficiency.

As per CVC instructions, the Vigilance Awareness Week was observed from 27.10.2014 to 01.11.2014. During this week, various activities like pledge taking, release of three booklets on (i) “Combating Corruption-Technology as an enabler” containing similar matter (ii) Book containing “DO’s and DON’T and service provided by MTNL, and (iii) book on Vigilance and discipline with a focus on subject Combating Corruption and containing the chapters on Leveraging Technology for Transparency and Fairness, Principles of Natural Justice, Complaint handling and investigation, steps of disciplinary proceedings, preventive vigilance, etc were distributed. Also quotations on anti-corruption and lectures, seminar and workshop were organized in MTNL. Further a lecture on “Combating Corruption –Technology as an enabler” was organized in MTNL, Delhi by Sh. B.P.Bagchi, SP, CBI.

Monthly vigilance/disciplinary meetings were held regularly at Delhi & Mumbai with concerned GM (Vigilance) team to review the status of the cases and expedite the same. Meeting with ED & CGM (Delhi / Mumbai / Wireless Services) were also held to apprise them of the observations made during field inspections and different types of operational complaints received by Vigilance Unit. During these meetings, CVO emphasized for further improvement in customer services offered by MTNL by taking prompt action on customer’s complaint and having customer-centric approach at all levels to enhance the credibility and brand image of the company in the minds of the customers.

INTEGRITY PACT PROGRAMME WITH TRANSPARENCY INTERNATIONAL INDIA

MTNL has signed a Memorandum of Understanding (MOU) with Transparency International India (TII) for implementing an Integrity Pact Programme (IPP) focused on enhancing transparency in its business transactions, contracts and procurement process. Under this MOU, MTNL is committed to implementing the Integrity Pact in all its major procurement and work contract activities. Three Independent External Monitors being persons of eminence nominated by MTNL in consultation with Central Vigilance Commission (CVC), monitor the activities. The Integrity Pact has strengthened the established system and procedures by creating trust in various Stakeholders.

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

No material changes and commitment affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report.

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

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to the Company as your Company is a service provider. The total Foreign Exchange inflow was ₹ 5.45 crores and outflow was ₹ 5.09 crores during the year under review.



ENTERPRISE RISK MANAGEMENT POLICY FOR THE F.Y. 2015-16

Risk Management Policy for the FY 2015-16 has been approved by the Board of Directors of your company. The policy of the company on Enterprise Risk Management is a continuous mechanism, monitored by the company's Board of directors through a designated committee and other personnel, for the purpose of strategy formulation for various risks and designed to identify potential events that may affect the entity and also placing internal controls that could mitigate or avert the probable risks in various process application and manage risks to be within its risk appetite and to provide reasonable assurance regarding the achievement of entity objectives throughout the process and operations of the company.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under report, the Board of Directors of your Company met frequently. In the Financial Year 2014-15, 11 (eleven) Board Meetings were held. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013. Details of Board Meetings are given in Corporate Governance Report. At these meetings, the Board held intensive discussions on the budget, important financial transactions and various steps to face the impending competition from private operators both in Basic Telephone Service, Cellular Mobile Telephony and other value added services.

DECLARATION BY INDEPENDENT DIRECTOR

The Company has received necessary declaration from the Independent Director under Section 149(7) of the Companies Act, 2013 that he meets the criteria of Independence laid down in the Section 149(6) of the Companies Act, 2013 and Clause 49 of Listing Agreement.

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

During the year, there was no loans given, guarantees provided or investments made by the MTNL under Section 186 of the Companies Act, 2013.

CORPORATE GOVERNANCE

Your Company follows the principles of effective Corporate Governance Practices. The Company has taken steps to comply with the requirements of Revised Clause 49 of the Listing Agreement with the Stock Exchanges. MTNL also comply with the Corporate Governance Guidelines enunciated by Department of Public Enterprises (DPE), Government of India for Central Public Sector Enterprises (CPSEs). Quarterly Compliance Reports are regularly sent to the Stock Exchanges and the DPE. A Report on Corporate Governance has been appended under the separate section titled 'Corporate Governance Report'.

CERTIFICATE FROM THE PRACTISING COMPANY SECRETARY REGARDING THE COMPLIANCE OF CORPORATE GOVERNANCE

A certificate from the M/s V.K. Sharma & Co. Practising Company Secretary, regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and DPE Guidelines is attached as an Annexure.

COMPLIANCE OF DPE GUIDELINES & POLICIES

The Guidelines & Policies issued by the Department of Public Enterprises (DPE) from time to time are being complied with and implemented with the approval of the Board of Directors/Competent Authority.

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

In compliance of MCA circular regarding green initiatives the Annual Report for the Financial Year 2014-15 was sent by e-mail to the shareholders whose e-mail addresses are available with the company. It is proposed that your company will send 29th Annual Report (for the F.Y. 2014-15) also by email to all the shareholders who have provided valid email IDs. Further your company request all shareholders holding shares in electronic mode to keep their email addresses updated or provide their email addresses if not earlier provided to their respective DPs. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company or directly to the Company by quoting their folio number(s).

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and belief confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis and
- (e) the directors, in the case of a listed Company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating efficiently.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

FIXED DEPOSITS

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date on this account.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

During the year under report, there was no employee who was in receipt of remuneration in excess of limits prescribed under the revised provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2014-15

M/s Grover Ahuja & Associates, Company Secretaries, have conducted the Secretarial Audit of your company for the financial year 2014-15 under section 204 of the Companies Act, 2013. The said Secretarial Audit Report is attached.

EXTRACT OF ANNUAL RETURN FOR THE YEAR 2014-15 PURSUANT TO SECTION 92(3) OF COMPANIES ACT, 2013 (MGT-9)

Pursuant to Section 92(3) of Companies Act, 2013 Extract of Annual Return (in Form-MGT-9) of the Company is annexed.

AUDITORS QUALIFICATIONS AND MANAGEMENT REPLY THERETO

The replies to the points raised in the Statutory Auditors' Report for the Financial Year 2014-15 are given as annexure. The Comments of the Comptroller and Auditor General of India on the Financial Statement for the Financial Year 2014-15 and the replies thereon of the Management are given in the annexure to the Directors' Report.

DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board of Directors of your company has five (5) members consisting of CMD, two Functional Directors and two Government Nominee Directors. Shri P.K Purwar continued to be the Director (Fin) of the Company, Shri Sunil Kumar continued to be the Director (HR&EB/Tech) of the Company and Shri V. Umashankar continued to be the Government Director respectively.

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

1. Shri N. K. Yadav has been appointed as CMD of the Company vide DoT letter dated 08/06/2015
2. Shri P.K.Purwar has ceased to hold additional charge of CMD w.e.f. 08/06/2015
3. Shri Sushil Kumar Shingal, Independent Director has ceased to be the Independent Director of the company w.e.f. 10.05.2015.
4. Shri Srikanta Panda has ceased to be Government Nominee Director w.e.f. 13/05/2015.
5. Smt Simmi R. Nakra has been appointed as Government Nominee Director in place of Shri Srikanta Panda w.e.f. 13.05.2015.

The present Key Managerial Personnel of your Company pursuant to the Companies Act, 2013 are:-

- (I) Shri N.K.Yadav, Chairman & Managing Director
- (II) Shri P.K. Purwar, Dir(Fin)
- (iii) Shri Sunil Kumar, Dir(HR&EB/Tech)
- (iv) Shri S.R. Sayal, Company Secretary

AUDITORS

- (1) M/s. V.K.Dhingra & Co., Chartered Accountants and M/s Arun K. Agarwal & Associate, Chartered Accountants have been appointed as Joint Statutory Auditors of your Company by the Comptroller and Auditor General of India for the year 2014-15 and the Board has already ratified their appointment.
- (2) M/s R.M.Bansal & Co., Cost Accountants have been appointed as Cost Auditors of your company for carrying out audit under Section 148 of the Companies Act, 2013, for the records maintained under section 209(1)(d) of Companies Act, 1956 and as notified under: (i) Cost Accounting Records (Telecommunications) Rules, 2002 & (ii) Cost Audit Rules, 2001. The Cost Audit Report alongwith the annexures for the year 2013-14 have been submitted to the Central Government in the Form I-XBRL format on MCA portal on 29/09/2014.
- (3) M/s Grover Ahuja & Associates, Company Secretaries have been appointed as Secretarial Auditors of your company for carrying out Secretarial Audit under section 204 of the Companies Act, 2013 for the Financial Year 2014-15.



ACKNOWLEDGEMENT

Your Directors take this opportunity to gratefully acknowledge the help, guidance and support received from Deptt. of Telecom (DoT) and various Ministries of the Government of India. Your Directors are especially grateful to its Bankers, all stakeholders and investors including, ADR holders, for their continued patronage and confidence reposed in the company.

The Directors would like to express their thanks for the sincere hard work and dedication of every employee leading to impressive results of your company. The Board is confident that with the employees' continued enthusiasm, initiative and dedicated efforts, your company could face the new challenges and opportunities arising out of the resultant competition from private operators in the Cellular Mobile, Basic Telephone, Internet services and other Value Added services. The Directors are hopeful that the hard work and sincere efforts and dedicated services of the employees at all levels, MTNL shall maintain its position as one of the leading telecom service provider.

For and on behalf of the **Board of Directors**

sd/-
(Shri N. K. Yadav)
CHAIRMAN AND MANAGING DIRECTOR

PLACE: NEW DELHI

DATE: 14th August, 2015



ANNEXURE I TO DIRECTORS' REPORT

FORM NO. MR-3

Secretarial Audit Report

For The Financial Year Ended 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahanagar Telephone Nigam Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Mahanagar Telephone Nigam Limited** for the financial year ended on **31st March, 2015** according to the provisions of:

- (i). The Companies Act, 2013 and the rules made there under the Act and the Companies Act, 1956 and the rules made under that Act to the extent applicable (hereinafter called the Act).
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (v) Other laws applicable to the Company as per representations made by the Company.

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with **National Stock Exchange of India Limited, BSE Limited (Bombay Stock Exchange)**. The company is also registered at OTCQX. The Company has applied for delisting from The Calcutta Stock Exchange Limited, Madras Stock Exchange Limited and Delhi Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

a) Observations/ Non Compliances/ Adverse Remarks/ Qualifications in respect of Companies Act 2013 and rules made there under are as follows:

- The company has not complied with section 138 of the Act, read with rule 13 of the Companies (Accounts) Rules, 2014 as Internal Auditor was not appointed by the Company during the audit period under review.
- Woman Director has not been appointed on the Board of the Company for the period under review, as required u/s 149 of the Act read with rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- Pursuant to Section 149 (4) of the Act, every listed public Company shall have at-least one-third of the total number of Directors as Independent Directors. However, the company is having only one Independent Director on its Board for the Financial Period under review.
- The company has not complied with the provisions of Section 203 of the Act along with rule 8 of Companies (Appointment and Remuneration) Rules, 2014 to the extent that Chief Financial Officer (CFO) was not appointed.
- The company has constituted the Nomination & Remuneration Committee but the composition of the Committee is not in accordance with section 178 read with rule 4 of Companies (Meeting of Board and its Power) Rules, 2014 as there is only one Independent Director on the Board of the Committee which is less than one-half of the composition of the committee.
- The company has constituted the Audit Committee but the composition of the Committee is not in accordance with section 177 read with rule 6 of Companies (Meeting of Board and its Power) Rules, 2014 as there is only one Independent Director on the Board of the Committee not forming a majority of Independent Directors in the committee.
- The Company could not file Form MGT-14 pursuant to section 117 of the Act for approval of Directors' Report for the Financial Year 2013-14 under section 179 (3) of the Act. for want of clarity.
- Pursuant to section 146 of the Act, Statutory Auditors of the company has neither attended the Annual General Meeting nor the exemption was requested by them for not attending the meeting held on 30th September, 2014. However, the notice of the Annual General Meeting was duly served by the Company to the Auditors.

b) Observations/ Non Compliance/ Adverse Remarks/ Qualifications in respect of compliance with the Listing Agreement are as follows:

The Company has made delayed compliance and/or non compliance under the Listing Agreement as per the following details:

- The Company has not complied with Clause 20 of the Listing Agreement as the required information to be disclosed under the same was not sent to the exchange within 15 minutes of the closure of the Board Meeting held on 30th May 2014.
- Woman Director has not been appointed on the Board of the Company for the period under review pursuant to Clause 49 of the Listing Agreement.
- Composition of Board of Directors of the company is not in accordance with Clause 49 of the Listing Agreement as only one Independent Director is there on the Board.

c) Observations/ Non Compliance/ Adverse Remarks/ Qualifications in respect of compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are as follows:

- Pursuant to Regulation 13(6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 Form B of Mr. Shrikant Panda who was appointed as a Director on 8th October, 2014 was not filed with the exchange.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act,
- adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to Directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Telecom Regulatory Authority of India has imposed a penalty of Rs. 4000/- on the company for not meeting the benchmark of certain QOS Parameters for various telecom services of MTNL.
- There are certain litigations pending against the company for the period under review are as follows:-

S. No.	Description	Amount (₹ In Crores)
1	Interest demanded by DOT and disputed by company on account of delay in payment of Leave Salary and Pension Contribution	173.81
2	Pending Court cases against land acquisition	4.61
3	License Fee relating contingent liability w.r.t. BSNL charges paid on netting basis	140.36

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

For GROVER AHUJA & ASSOCIATES
Company Secretaries

POONAM AHUJA
FCS No. 4705
C. P. No.: 6586

Date: 3rd August, 2015
Place: New Delhi



This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,

Mahanagar Telephone Nigam Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

**For GROVER AHUJA & ASSOCIATES
Company Secretaries**

**POONAM AHUJA
FCS No. 4705
C. P. No.: 6586**

**Date: 3rd August, 2015
Place: New Delhi**



ANNEXURE II TO DIRECTORS' REPORT

V.K. SHARMA & CO.

Company Secretaries

422, Ocean Plaza, Sector-18, Noida

Tel. : 0120-4221470, Mobile : 9811009592

E-mail : vks_cosecy@yahoo.com

CERTIFICATE OF COMPLIANCE AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES OF INDIA

To
The Shareholders

1. We have examined the compliance of the conditions of corporate governance by Mahanagar Telephone Nigam Limited (hereinafter referred as the 'Company') for the year ended on 31st March, 2015 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.
2. The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the listing agreement except that:-
 - (i) The company does not have the required percentage of Independent directors on its Board and Audit / Nomination and Remuneration Committee.
 - (ii) To the extent the company does not have independent directors, the compliance stipulated under Clause 49 (II)(B) as regards independent directors e.g. separate meeting, familiarization programme etc. were not complied with.
4. We further state that the compliance is neither an assurance as to the future viability if the company nor the efficiency or effectiveness with which the management conducted the affairs of the Company.

For V. K. SHARMA & CO.
Company Secretaries

Date: 27th July, 2015
Place: New Delhi

sd/-
(Vijay Sharma)
FCS: 3440



ANNEXURE III TO DIRECTORS' REPORT

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

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

1. REGISTRATION AND OTHER DETAILS :

- I) CIN:- L32101DL1986GOI023501
II) REGISTRATION DATE:- 28th FEBRUARY, 1986
III) NAME OF THE COMPANY: - MAHANAGAR TELEPHONE NIGAM LIMITED
IV) CATEGORY/ SUB-CATEGORY OF THE COMPANY:- GOVERNMENT OF INDIA ENTERPRISES
V) ADDRESS OF THE REGISTERED OFFICE AND CONTACTS DETAILS:-

MAHANAGAR DOORSANCHAR SADAN,
5TH FLOOR, 9, CGO COMPLEX,
LODHI ROAD, NEW DELHI-110003,
Tel:- 011-24319020, Fax 011- 24324243

WHETHER LISTED COMPANY YES / NO:- YES

- VI) NAME, ADDRESS AND CONTACT DETAILS OF REGISTRAR AND TRANSFER AGENT, IF ANY:-

M/S BEETAL FINANCIAL AND COMPUTER SERVICES (PVT) LTD. , 3RD FLOOR, BEETAL HOUSE, 99, MADANGIR, BEHIND LOCAL SHOPPING CENTRE, NEAR DADA HARSUKHDAS MANDIR, NEW DELHI-110062, PH:011-29961281-82, FAX:011-29961284

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI. No.	Name and Description of the main products/ services	NIC Code of the Product/services	% to total turnover of the company
1	Telecommunication Service	752	100%



MTNL

3. PARTICULARS OF HOLDING , SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Mahanagar Telephone Mauritius Limited (MTML) MTML Square, 63, Cyber City, Ebene City, Mauritius	N.A.	Wholly Owned Overseas Subsidiary	100%	2 (87)
2	Millennium Telecom Ltd. (MTL) 15TH Floor Telephone house V S Marg Dadar(W), Mumbai , Maharashtra, 400028	U64200MH2000GOI124302	Wholly Owned Indian Subsidiary	100%	2 (87)
3	United Telecommunications Ltd. (UTL) Triveni Complex, Putali Sadak, Kathmandu.	N.A.	Associate (Joint Venture)	22.0623%	2(6)
4	MTNL STPI IT Services Ltd. (MSITS), Mahanagar Doorsanchar Sadan, 5 th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003	U72901DL2006PLC148310	Associate (Joint Venture)	50%	2(6)

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

(I) Category – wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01/04/2014				No. of Shares held at the end of the year i.e. 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A) Promoters									
(1) Indian									

g) Individual/HUF	0	0	0	0.00	0	0	0	0	
h) Central Govt/ State Govt (s)	354378740	0	354378740	56.25	354378740		354378740	56.25	0
j) Bodies Corp.	0	0	0	0.00	0	0	0	0	0
k) Banks/FI	0	0	0	0.00	0	0	0	0	0
l) Any Other.....	0	0	0	0.00	0	0	0	0	0
Sub- total (A) (1):-	354378740	0	354378740	56.25	354378740	0	354378740	56.25	0
(2)Foreign									
a) NRIs- Individuals	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
d)Bank/FI	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
e) Any other....	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
Sub- total(A) (2):-	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
Total sharehold- ing of Promoter (A)=(A)(1)+(A)(2)	354378740		354378740	56.25	354378740	0.00	354378740	56.25	0.00
B. Public shareholding									
1.Institutions									
a) Mutual Funds	100	0	3800	0.00	100		3800	0.00	0.00
b) Banks/FI	132725404	0	132727604	21.07	132000343		132002543	20.95	(0.12)
c) Central Govt./ State Govt.	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
g) FIs	4558161	0	4558161	0.72	7803805	0.00	7803805	1.24	0.52
h) Foreign Venture Capital Funds	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00

i) Others (specify)	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
Stressed Asset	3500	0	3500	0.00	3500		3500	0.00	
Sub-total (B)(1):-	137287165	0	137293065	21.79	139807748		139813648	22.19	0.4
2. Non Institutions									
a) Bodies Corp. (Indian & Overseas)	25240329	0	25240329	4.01	27989917		27989917	4.44	0.43
b) Individuals									
(i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	54670709	0	54738645	8.69	53778061		53846287	8.55	(0.14)
ii) Individual share- holders holding nominal share capital in excess of ₹ 1 lakh	35782145	0	35782145	5.68	35504573		35504573	5.64	(0.04)
c) Others (Specify)									
Trusts	230115	0	230115	0.04	231140		231140	0.04	0
Foreign Nationals	0	0	0	0	3500		3500	0	0
NRI & Foreign Corporate Bodies	2500700	0	2500700	0.40	1927301		1927301	.30	(0.10)
c-ii) Clearing Members	1428146	0	1428146	0.23	823372		823372	0.13	(0.1)
HUF	5931981	0	5931981	0.94	5204356		5204356	.83	(0.11)
Sub-total (B)(2):-	125784125	0	125852061	19.98	125462220		125530446	19.94	0.04
Total Public Shareholding (B)=(B)(1)+(B)(2)	263071290	0	263145126	41.77	265269968		265344094	42.12	0.35
C. Shares held by Custodian for GDR&ADRs	12476134	0	12476134	1.98	10277166		10277166	1.63	0.35
Grand Total (A+B+C)	629926164	0	630000000	100.00	629925847		630000000	100.0	0

(ii) Shareholding of Promoters

SL NO.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2014			Shareholding at the end of the year as on 31.03.2015			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of Pledged/ encumbered to total shares	
1.	PRESIDENT OF INDIA	354378740	56.25	Nil	354378740	56.25	Nil	Nil
	Total	354378740	56.25	Nil	354378740	56.25	Nil	Nil

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

Sl. NO.		Shareholding at the Beginning of the year as on 01.04.2014		Cumulative Shareholding during the year as on 2014-15	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	354378740	56.25	354378740	56.25
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	N.A.	—	N.A.	—
	At the end of the year	354378740	56.25	354378740	56.25

There is no change in the total Shareholding of Promoters i.e. President of India between 1.04.2014 and 31.03.2015.

(iv) shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

SI. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
1	PRESIDENT OF INDIA	354378740	56.2506	31-Mar-14		NO CHANGE DURING THE YEAR	354378740	56.2506
		354378740	56.2506	31-Mar-15			354378740	56.2506
2	LIC OF INDIA FORTUNE PLUS SECURED FUND	118514713	18.8119	31-Mar-14		NO CHANGE-DURING THE YEAR	118514713	18.8119
		118514713	18.8119	31-Mar-15			118514713	18.8119
3	THE BANK OF NEW YORK MELLON	12476134	1.9803	31-Mar-14				0
			0	25-Apr-14	-242246	Transfer	12233888	1.9419
			0	16-May-14	-110934	Transfer	12122954	1.9243
			0	06-Jun-14	-151622	Transfer	11971332	1.9002
			0	20-Jun-14	-21806	Transfer	11949526	1.8968
			0	30-Jun-14	-333290	Transfer	11616236	1.8438
			0	04-Jul-14	-135920	Transfer	11480316	1.8223
			0	18-Jul-14	-25390	Transfer	11454926	1.8182

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	08-Aug-14	-231796	Transfer	11223130	1.7814
			0	29-Aug-14	-200000	Transfer	11023130	1.7497
			0	12-Sep-14	-40000	Transfer	10983130	1.7434
			0	10-Oct-14	-308470	Transfer	10674660	1.6944
			0	24-Oct-14	-107794	Transfer	10566866	1.6773
			0	31-Oct-14	-21400	Transfer	10545466	1.6739
			0	12-Dec-14	-84822	Transfer	10460644	1.6604
			0	19-Dec-14	-51110	Transfer	10409534	1.6523
			0	31-Dec-14	-38154	Transfer	10371380	1.6463
			0	02-Jan-15	-7818	Transfer	10363562	1.645
			0	09-Jan-15	-3000	Transfer	10360562	1.6445
			0	23-Jan-15	-50776	Transfer	10309786	1.6365
			0	06-Feb-15	-32620	Transfer	10277166	1.6313
		10277166	1.6313	31-Mar-15			10277166	1.6313
4	SHAREKHAN FINANCIAL SERVICES PVT LTD	7348825	1.1665	31-Mar-14				0

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	04-Apr-14	-5536	Transfer	7343289	1.1656
			0	11-Apr-14	1590	Transfer	7344879	1.1659
			0	18-Apr-14	40749	Transfer	7385628	1.1723
			0	25-Apr-14	-29350	Transfer	7356278	1.1677
			0	02-May-14	-18649	Transfer	7337629	1.1647
			0	09-May-14	4945	Transfer	7342574	1.1655
			0	16-May-14	-2433	Transfer	7340141	1.1651
			0	23-May-14	-39108	Transfer	7301033	1.1589
			0	30-May-14	7814	Transfer	7308847	1.1601
			0	06-Jun-14	5121	Transfer	7313968	1.1609
			0	13-Jun-14	14980	Transfer	7328948	1.1633
			0	20-Jun-14	-27400	Transfer	7301548	1.159
			0	30-Jun-14	6626	Transfer	7308174	1.16
			0	04-Jul-14	4536	Transfer	7312710	1.1607
			0	11-Jul-14	1052	Transfer	7313762	1.1609
			0	18-Jul-14	3829	Transfer	7317591	1.1615
			0	25-Jul-14	12199	Transfer	7329790	1.1635

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	01-Aug-14	2574	Transfer	7332364	1.1639
			0	08-Aug-14	1175	Transfer	7333539	1.1641
			0	15-Aug-14	6321	Transfer	7339860	1.1651
			0	22-Aug-14	-4487	Transfer	7335373	1.1643
			0	29-Aug-14	499	Transfer	7335872	1.1644
			0	05-Sep-14	-3515	Transfer	7332357	1.1639
			0	12-Sep-14	1163	Transfer	7333520	1.1641
			0	19-Sep-14	-1475	Transfer	7332045	1.1638
			0	30-Sep-14	-7E+06	Transfer	269225	0.0427
			0	03-Oct-14	360000	Transfer	629225	0.0999
			0	10-Oct-14	7E+06	Transfer	7694155	1.2213
			0	17-Oct-14	13641	Transfer	7707796	1.2235
			0	24-Oct-14	2431	Transfer	7710227	1.2238
			0	31-Oct-14	-228330	Transfer	7481897	1.1876
			0	07-Nov-14	525	Transfer	7482422	1.1877
			0	14-Nov-14	-3702	Transfer	7478720	1.1871
			0	21-Nov-14	290825	Transfer	7769545	1.2333

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	28-Nov-14	314784	Transfer	8084329	1.2832
			0	05-Dec-14	343	Transfer	8084672	1.2833
			0	12-Dec-14	305100	Transfer	8389772	1.3317
			0	19-Dec-14	136599	Transfer	8526371	1.3534
			0	31-Dec-14	-243298	Transfer	8283073	1.3148
			0	09-Jan-15	283538	Transfer	8566611	1.3598
			0	16-Jan-15	206700	Transfer	8773311	1.3926
			0	23-Jan-15	28218	Transfer	8801529	1.3971
			0	30-Jan-15	125073	Transfer	8926602	1.4169
			0	06-Feb-15	-378200	Transfer	8548402	1.3569
			0	13-Feb-15	588319	Transfer	9136721	1.4503
			0	20-Feb-15	-208840	Transfer	8927881	1.4171
			0	27-Feb-15	207573	Transfer	9135454	1.4501
			0	06-Mar-15	182209	Transfer	9317663	1.479
			0	13-Mar-15	-1525	Transfer	9316138	1.4788
			0	20-Mar-15	744	Transfer	9316882	1.4789
			0	27-Mar-15	16514	Transfer	9333396	1.4815

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	31-Mar-15	625	Transfer	9334021	1.4816
		9334021	1.4816	31-Mar-15			9334021	1.4816
5	UNITED INDIA INSURANCE COMPANY LIMITED	3639206	0.5777	31-Mar-14		NO CHANGE DURING THE YEAR	3639206	0.5777
		3639206	0.5777	31-Mar-15			3639206	0.5777
6	GENERAL INSURANCE CORPORATION OF INDIA	2891603	0.459	31-Mar-14		NO CHANGE-DURING THE YEAR	2891603	0.459
		2891603	0.459	31-Mar-15			2891603	0.459
7	KAVITA R. POPLEY	81766	0.013	19-Dec-14				0
			0	31-Dec-14	271862	Transfer	353628	0.0561
			0	02-Jan-15	238960	Transfer	592588	0.0941
			0	27-Feb-15	95000	Transfer	687588	0.1091
			0	13-Mar-15	615542	Transfer	1303130	0.2068
			0	20-Mar-15	222944	Transfer	1526074	0.2422
			0	27-Mar-15	557376	Transfer	2083450	0.3307
		2083450	0.3307	31-Mar-15			2083450	0.3307

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
8	RAMCHAND K. POPLEY	4624731	0.7341	31-Mar-14				0
			0	18-Apr-14	-24731	Transfer	4600000	0.7302
			0	25-Apr-14	-249322	Transfer	4350678	0.6906
			0	02-May-14	-25000	Transfer	4325678	0.6866
			0	16-May-14	-311000	Transfer	4014678	0.6373
			0	23-May-14	-334678	Transfer	3680000	0.5841
			0	30-May-14	-66374	Transfer	3613626	0.5736
			0	06-Jun-14	-65000	Transfer	3548626	0.5633
			0	13-Jun-14	-50000	Transfer	3498626	0.5553
			0	20-Jun-14	-250000	Transfer	3248626	0.5157
			0	30-Jun-14	-115000	Transfer	3133626	0.4974
			0	04-Jul-14	-33626	Transfer	3100000	0.4921
			0	11-Jul-14	-15000	Transfer	3085000	0.4897
			0	18-Jul-14	-70501	Transfer	3014499	0.4785
			0	25-Jul-14	-85000	Transfer	2929499	0.465
			0	15-Aug-14	-10000	Transfer	2919499	0.4634
			0	22-Aug-14	-19499	Transfer	2900000	0.4603

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	29-Aug-14	26591	Transfer	2926591	0.4645
			0	05-Sep-14	-58538	Transfer	2868053	0.4552
			0	30-Sep-14	5000	Transfer	2873053	0.456
			0	19-Dec-14	-135900	Transfer	2737153	0.4345
			0	31-Dec-14	-235798	Transfer	2501355	0.397
			0	02-Jan-15	-35328	Transfer	2466027	0.3914
			0	09-Jan-15	-30000	Transfer	2436027	0.3867
			0	16-Jan-15	-50000	Transfer	2386027	0.3787
			0	23-Jan-15	50478	Transfer	2436505	0.3867
			0	30-Jan-15	-20412	Transfer	2416093	0.3835
			0	06-Feb-15	-60000	Transfer	2356093	0.374
			0	13-Feb-15	82358	Transfer	2438451	0.3871
			0	20-Feb-15	-96668	Transfer	2341783	0.3717
			0	13-Mar-15	-115000	Transfer	2226783	0.3535
			0	20-Mar-15	-100299	Transfer	2126484	0.3375
			0	27-Mar-15	-10000	Transfer	2116484	0.3359
			0	31-Mar-15	-40000	Transfer	2076484	0.3296

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
		2076484	0.3296	31-Mar-15			2076484	0.3296
9	MV SCIF MAURITIUS	451760	0.0717	31-Mar-14				0
			0	04-Apr-14	10112	Transfer	461872	0.0733
			0	11-Apr-14	35385	Transfer	497257	0.0789
			0	02-May-14	10104	Transfer	507361	0.0805
			0	09-May-14	35364	Transfer	542725	0.0861
			0	16-May-14	85938	Transfer	628663	0.0998
			0	23-May-14	10108	Transfer	638771	0.1014
			0	30-May-14	35429	Transfer	674200	0.107
			0	06-Jun-14	35270	Transfer	709470	0.1126
			0	13-Jun-14	130988	Transfer	840458	0.1334
			0	30-Jun-14	2E+06	Transfer	3259912	0.5174
			0	04-Jul-14	121704	Transfer	3381616	0.5368
			0	11-Jul-14	-20286	Transfer	3361330	0.5335
			0	18-Jul-14	-101490	Transfer	3259840	0.5174
			0	25-Jul-14	101420	Transfer	3361260	0.5335
			0	08-Aug-14	-81239	Transfer	3280021	0.5206

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
			0	15-Aug-14	-121867	Transfer	3158154	0.5013
			0	22-Aug-14	-142220	Transfer	3015934	0.4787
			0	30-Sep-14	-194327	Transfer	2821607	0.4479
			0	10-Oct-14	-185901	Transfer	2635706	0.4184
			0	17-Oct-14	-82616	Transfer	2553090	0.4053
			0	24-Oct-14	-124128	Transfer	2428962	0.3855
			0	31-Oct-14	-6935	Transfer	2422027	0.3844
			0	14-Nov-14	14112	Transfer	2436139	0.3867
			0	21-Nov-14	-7456	Transfer	2428683	0.3855
			0	05-Dec-14	42621	Transfer	2471304	0.3923
			0	12-Dec-14	20499	Transfer	2491803	0.3955
			0	19-Dec-14	-61173	Transfer	2430630	0.3858
			0	31-Dec-14	-400911	Transfer	2029719	0.3222
			0	02-Jan-15	55914	Transfer	2085633	0.3311
			0	13-Feb-15	51153	Transfer	2136786	0.3392
			0	27-Mar-15	-91240	Transfer	2045546	0.3247
			0	31-Mar-15	17234	Transfer	2062780	0.3274

Sl. NO.	Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year(1.4.14)/ end of the year(31.3.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
		2062780	0.3274	31-Mar-15			2062780	0.3274
10	THE NEW INDIA ASSURANCE COMPANY LIMITED	1994544	0.3166	31-Mar-14		NO CHANGE DURING THE YEAR	1994544	0.3166
		1994544	0.3166	31-Mar-15			1994544	0.3166
11	ELARA INDIA OPPORTUNITIES FUND LIMITED	1618500	0.2569	31-Mar-14		NO CHANGE DURING THE YEAR	1618500	0.2569
		1618500	0.2569	31-Mar-15			1618500	0.2569
12	PUNJAB NATIONAL BANK	1550000	0.246	31-Mar-14		NO CHANGE DURING THE YEAR	1550000	0.246
		1550000	0.246	31-Mar-15			1550000	0.246

(v) Shareholding of Directors and Key Managerial Personnel as on 31st March 2015:

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri A. K. Garg CMD(UPTO 31.05.2014)	NIL		NIL	
2.	Shri P. K. Purwar Dir(Fin)	NIL		₹NIL	
3.	Shri Sunil Kumar Dir (HR & EB/Tech)	NIL		NIL	
4.	Shri Sushil Kumar Shingal (ceased to be independent director w.ef. 10.05.2015)	NIL		NIL	

5.	Shri V. Umashankar, Govt. Nominee	NIL	NIL
6.	Shri Srikanta Panda, Govt. Nominee	NIL	NIL
7.	Shri S. R. Sayal, Company Secretary.	NIL	NIL

V. INDEBTNESS

Indebtness of the Company including interest outstanding/accrues but not due for payment

(in crores)

	Secured Loans excluding deposits (LTL)	Unsecured Loans BOND+ STL+OD	Deposits	Total In- debtness
Indebtness at the beginning of the financial				
i) Principal Amount	4455.00	9755.44	—	14210.44
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	50.91	84.96	—	135.87
Total (i+ii+iii)	4505.91	9840.40	—	14346.31
Change in Indebtness during the financial year				
• Addition		4368.97	—	4368.97
• Reduction	1960.00	15.01		1975.01
Net Change				
Indebtness at the end of the financial year				
i) Principal Amount	2495.00	14109.40		16604.40
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	22.80	174.02		196.82
Total (i+ii+iii)	2517.80	14283.42	—	16801.22

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to Managing Director, Whole – time Directors and/or Manager:

SI No.	Particulars of Remuneration	NAME OF MD/WTD/Manager			Total Amount in Rupees
		Shri P. K. Purwar, Dir (Fin)	Shri Sunil Kumar, Dir (HR & EB/ Tech)	Shri A. K. Garg (upto 31.05.2014)	

SI No.	Particulars of Remuneration	NAME OF MD/WTD/Manager			Total Amount in Rupees
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 (b) Value of perquisites u/s 17(2) Income –tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1818402	1730428	1083180	4632010
		486292	475650	121702	1083644
		-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - As % of profit - Others, specify....	-	-	-	-
5.	Others , please specify	-	-	-	-
	Total (A)	2304694	2206078	1204882	5715654
	Ceiling as per the Act	As per Section 198 of the Companies Act, 2013			

A. REMUNERATION TO OTHER DIRECTORS

SI no.	Particulars of Remuneration	Name of Directors			Total Amount in Rupees
	3. Independent Directors	Shri Sushil Kumar Shingal	---	---	
	• Fee for attending Board and its committee meetings	2,10,000			2,10,000
	• Commission	—	—	—	—
	• Others, please specify	—	—	—	—
	Total (1)	2,10,000	—	—	2,10,000
	4. Other Non-Executive Directors				
	• Fee for attending board committee meetings	NIL	NIL	NIL	NIL
	• Commission				
	• Others, please specify				
	Total (2)	—	—	—	—
	Total (b)=(1+2)	2,10,000	—	—	2,10,000
	Total Managerial Remuneration (A+B)				5925654
	Overall Ceiling as per the Act	As per Section 198 of the Companies Act, 2013			

B. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SI.NO.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	COMPANY SECRETARY	TOTAL Amount in Rupees
		N.A.	Shri S R Sayal	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income – tax Act, 1961	-	1312379	1312379
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	22651	22651
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- Others, specify			
5.	Others, please specify	-	-	-
	Total	-	1335030	1335030

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: --- NIL

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

ANNEXURE IV TO DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT

A detailed report on Corporate Governance for the Financial Year 2014-15 is given below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance encompasses achieving the balance between Shareholders interest and Corporate Goals through the efficient conduct of its business and meeting its Stakeholder's obligation in a manner that is guided by Transparency, Accountability and Integrity.

2. BOARD OF DIRECTORS

The Company has a broad based Board with an optimum mix of Executive, Non-Executive and Independent Directors. The Board consists of Twelve Directors which include four Functional, two Govt. Nominee and six Independent Directors. Presently the Board has five members consisting of Chairman & Managing Director, two Functional Directors and two Nominee Directors of Government of India. The Independent Directors are paid an amount of ₹ 10,000/- towards sitting fees for attending each meeting of the Board or any Committee thereof. The out of pocket expenses such as travel expenses & hotel expenses incurred by Independent Directors for attending such meetings are reimburse. Govt. Directors are not entitled for any remuneration in the form of sitting fees, etc.

The Board functions as a Full Board. The Board has constituted Five mandatory Board level committees under the Companies Act, Corporate Governance and DPE Guidelines namely Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, CSR Committee and Enterprise Risk Management Committee. These Board level Committees mainly consist of Independent/Non-Executive Directors.

THE LIST OF PRESENT DIRECTORS (AS ON 14.08.2015) ALONG WITH THEIR CATEGORY AND THEIR DIRECTORSHIP IN OTHER COMPANIES/MEMBERSHIP IN OTHER COMMITTEES IS GIVEN AS UNDER:

NAME	CATEGORY/ DESIGNATION	DIRECTORSHIP IN OTHER COMPANIES	MEMBERSHIP IN OTHER COMMITTEE
Shri. N. K. Yadav	Chairman and Managing Director (CMD)	MSITS – Chairman & Director MTML – Chairman & Director UTL – Director	
Shri Pravin Kumar Purwar	Director (Fin)	MSITS – Director MTML- Director	(i)Chairman- CSR Committee. (ii)Permanent Invitee - Audit Committee and Nomination & Remuneration Committee, (iii)Member- Stakeholders Relationship Committee & Enterprise Risk Management Committee.
Shri Sunil Kumar	Director (HR&EB/ Tech)	MSITS- Director MTL - Chairman & Director UTL – Alternate Director	(i)Chairman- ERM Committee. (ii)Permanent invitee- Nomination & Remuneration Committee. (iii)Member - CSR Committee, Stakeholders Relationship Committee & Audit Committee.

NAME	CATEGORY/ DESIGNATION	DIRECTORSHIP IN OTHER COMPANIES	MEMBERSHIP IN OTHER COMMITTEE
Smt. Simmi R. Nakra	Government Nomi- nee Director	TCIL LAKHANADONE TOLL ROAD LTD.- Director	(i)Member- Audit Committee, Nomi- nation & Remuneration Committee, Stakeholders Relationship Committee, ERM Committee & CSR Committee.
Shri V. Umashankar	Government Nomi- nee Director	BBNL- Director	(i)Chairman- Audit Committee, (ii)Member-Nomination & Remunera- tion Committee and Stakeholder's Re- lationship Committee.

2.1 ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS DURING THE FINANCIAL YEAR 2014-15 AND IN THE LAST ANNUAL GENERAL MEETING.

The Company holds regular Board Meetings as per the provisions of the Companies Act. The detailed agenda along with the explanatory notes are circulated in advance to all the Directors. The Directors can suggest inclusion of any item(s) in the agenda at the Board meeting. During the year 2014-15, a total of **11 meetings** were held (from 1st April, 2014 to 31st March, 2015) and the attendance of Directors in these meetings was as under:-

Name of the Director	No. of Board Meetings attended	Percent- age (%)	Attendance at the Last AGM held on 30 th September, 2014	Remarks
Shri A.K. Garg	2/2	100%	No	Ceased to be CMD on 31.05.2014
Shri P.K. Purwar	11/11	100%	Yes	Ceased to hold additional charge of CMD w.e.f 08/06/2015
Shri Sunil Kumar	10/11	91%	No	---
Shri K. S. Bariar	0/5	0%	No	Ceased to be director w.e.f. 26/08/2014
Shri V. Umashankar	9/11	82%	No	-
Shri SriKanta Panda	5/6	84%	No	Ceased to be Govt. Director w.e.f. 13.05.2015
Shri Sushil Kumar Shingal	11/11	100%	Yes	Ceased to be Independent Director w.e.f. 10.05.2015

2.2 DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2014-15 (01/04/2014 to 31/03/2015)

SI. No.	Meeting No.	Date	Place	No. of Directors present
1	296	17.04.2014	New Delhi	4/6
2	297	30.05.2014	New Delhi	5/6
3	298	07.07.2014	New Delhi	4/5



4	299	14.07.2014	New Delhi	4/5
5	300	14.08.2014	New Delhi	4/5
6	301	09.10.2014	New Delhi	4/5
7	302	13.11.2014	New Delhi	3/5
8	303	04.12.2014	New Delhi	5/5
9	304	23.01.2015	New Delhi	5/5
10	305	12.02.2015	New Delhi	5/5
11	306	02.03.2015	New Delhi	5/5

2.3 DETAILS OF MEMBERSHIP/CHAIRMANSHIP OF BOARD OF DIRECTORS

None of the Directors of the Company hold memberships in more than ten Committees. No Director is Chairman of more than five Committees of Board of all the Companies where he holds Directorship.

2.4 CODE OF CONDUCT FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SR. MANAGEMENT PERSONNEL

The Board of Directors of MTNL has approved the Code of Conduct for Directors, Key Managerial Personnel and Senior Management Personnel as per Revised Clause 49 of the Listing Agreement dealing with Corporate Governance. The Code is a Comprehensive Code applicable to all the Directors, Key Managerial Personnel and Senior Management Personnel viz. Executive Directors, General Managers and all Functional Heads of the Company. The Code lays down in detail the standard of business conduct, ethics governance and centers around the following theme: **“Integrity and transparency are the core value in all our business dealings. We shall act in compliance with applicable laws and regulations, in a manner that excludes considerations of personal advantage and will not compromise in our commitment to honesty and integrity in any aspect of our business. We are committed to excellence, in all our endeavours”**.

2.5 CERTIFICATE REGARDING AFFIRMATION OF COMPLIANCE OF CODE OF CONDUCT

The CMD/CEO has affirmed vide Certificate dated **09.07.2015** that all the Board Members, Key Managerial Personnel and Senior Management Personnel have complied with the Code of Conduct during the year 2014-15. The said certificate is reproduced below:–

CERTIFICATE

“Pursuant to Clause 49 of the Listing Agreement, I confirm that all Board Members and Senior Management Personnel have affirmed compliance with the “MTNL’s Code of Conduct” for Board Members and Senior Management Personnel for the year 2014-15”.

Sd/-
(N K Yadav)
Chairman & Managing Director

PLACE: New Delhi

DATE: 09.07.2015

3. AUDIT COMMITTEE

The role and responsibilities of the Audit Committee in accordance with the provisions of the Companies Act 2013 read with Clause 49 of the Listing Agreement, includes the following:-

- Oversight of the Company's Financial Reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Review and monitor the Auditor's independence and performance, and effectiveness of Audit process,
- Recommending the Appointment and Removal of Statutory Auditors, taking decisions regarding audit fees and related expenses.
- Reviewing the Company's Financial and Risk Management Policies.
- Approval or any Subsequent Modification of Transactions of the Company with related parties,
- Scrutiny of inter-corporate loans and investments,
- Valuation of undertakings or assets of the Company, wherever it is necessary,
- Reviewing, with the management, the annual financial statement and auditor's report thereon before submission to the board for approval, with particular reference to;
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub section 3 of section 134 of the Companies Act, 2013
- Changes, if any, in accounting policies and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statement arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- Qualifications in the draft audit report
- Discussion with internal auditors of any significant findings and follow up thereon
- Approval or any subsequent modification of transaction of the company with related parties: (Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed)
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- To review the functioning of the Whistle Blower Mechanism
- Monitoring the end use of funds raised through public offers and related matters.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Presently, the Audit Committee consists of the following Members:-

- | | | |
|---|---|-------------------|
| 1. Shri V. Umashankar, Govt. Director | - | Chairman |
| 2. Smt. Simmi R. Nakra, Govt. Director | - | Member |
| 3. Shri Sunil Kumar, Director(HR&EB/Tech) | - | Member |
| 4. Shri P.K. Purwar, Director (Finance) | - | Permanent Invitee |
| 5. Shri Pankaj Yadav, GM(Fin), C.O. | - | Permanent Invitee |
| 6. Shri S.R. Sayal, Company Secretary | - | Secretary |

The tenure of Shri Sushil Kumar Shingal, Independent Director and Chairman of Audit Committee has completed on 10.05.2015. Smt Simmi R. Nakra was appointed as a member of the Audit Committee w.e.f. 21.05.2015.

3.1 Meetings and Attendance of Audit Committee during the Financial Year 2014-15:

The Audit Committee held 8 meetings during the Financial Year 2014-15.

The attendance of the Directors/Members of the Audit Committee from 01/04/2014 to 31/03/2015 is given as under:-

S. No.	Name of Directors/Members	Attended	No. of meetings held	Percentage (%)
1.	Shri Sushil Kumar Shingal, Chairman	8	8	100
2.	Shri V. Umashankar, Member	3	7	42.9
3.	Shri K.S. Bariar , Member	1	2	50
4.	Shri P.K. Purwar, Director (Finance), Permanent Invitee	7	8	87.5

4. NOMINATION & REMUNERATION COMMITTEE:

MTNL being a Government Company, the remuneration of its Whole-Time Directors is determined by the President of India, through Deptt. Of Telecommunication (DoT). The Part Time Director(s) (Government Nominee) do not get any remuneration from the Company. The Independent Directors are being paid sitting fee of ₹ 10,000/- for attending each meeting of the Board or Committee thereof. They are reimbursed the travel expenses & hotel expenses on this account, if any in addition to the sitting fees.

Presently, the Nomination & Remuneration Committee consists of the following members:-

- 1) Shri V. Umashankar, Govt. Director, Member
- 2) Smt Simmi R. Nakra, Govt. Director, Member
- 3) Shri P.K.Purwar, Dir (Fin), Permanent Invitee
- 4) Shri Sunil Kumar, Dir (HR&EB/Tech), Permanent Invitee.
- 5) Shri S.R.Sayal –Secretary

No meeting of the Nomination & Remuneration Committee was held during the Financial Year 2014-2015.

1. Whole-time Directors

The details of remuneration paid to the whole-time Directors during F.Y. 2014-15 is given below:

Name of the Director	All elements of remuneration package i.e., salary, PF contribution, Pension, gratuity etc	Performance Linked Incentives*	Other Benefits (Perquisites)	Total Amount in Rupees
Shri P. K. Purwar, Dir(Fin)	1818402	—	486292	2304694
Shri Sunil Kumar, Dir (HR & EB/Tech)	1730428	—	475650	2206078
Shri A. K. Garg, CMD (upto 31.05.2014)	1083180	—	121702	1204882

*relating to FY 2014-15

2) Sitting fees paid to Independent Director

The Independent Directors are being paid sitting fee of ₹10,000/- for attending each meeting of the Board or Committee thereof. The fees paid to Independent Director during the year 2014-15 is as under:

SI No	Name of the director	Sitting fees				Total Amount in Rupees
		Board Meetings	Committee Meetings			
			Audit Committee	CSR Committee	Stakeholder Relationship Committee	
1	Shri Sushil Kumar Shingal, (Independent Director)	1,10,000	80,000	10,000	10,000	2,10,000

Service contracts and severance fee:

The Chairman-cum-Managing Director and other whole time directors are appointed by the President of India for a period of five years from the date of taking over charge or till the date of superannuation (presently 60 years of age) or till further order from the Government of India(DoT), whichever event occurs the first.

Government Nominee directors representing the Department of Telecommunication (DoT) are appointed by the President of India till further orders from the Department of Telecommunication (DoT). Independent Directors are appointed by the President of India for a period of upto five years.

There is no provision for payment of severance fees to directors.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to Clause 49 of the Listing Agreement, a Stakeholders Relationship Committee exists in MTNL to look into the investors' complaints, if any, and to redress the same expeditiously. The Committee reviews all



matters connected with the Shares/Securities' transfers. The Committee looks into redressing of stakeholders complaints like non-receipt of Annual Report, non receipt of Dividend/interest, etc. The Committee also oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investors services. The Committee held one meeting during the Financial Year 2014-15.

The attendance of said Meeting is as under:-

Name of Directors	No. of meetings attended
1. Shri Sushil Kumar Shingal, Chairman	1/1
2. Shri P.K. Purwar	1/1
3. Shri Sunil Kumar	1/1

Presently, the Committee consists of the following members:-

1. Shri V. Umashankar, Govt. Director	Member
2. Smt. Simmi R. Nakra, Govt. Director	Member
3. Shri P.K. Purwar, Director (Finance)	Member
4. Shri Sunil Kumar, Director (HR&EB/Tech)	Member
5. Shri S.R. Sayal, Company Secretary	Secretary

Shri Sushil Kumar Shingal ceased to be Chairman of the Stakeholders Relationship Committee w.e.f. 10.05.2015. The Board of Directors has nominated Smt. Simmi R. Nakra and Shri V. Umashankar as members of the Committee w.e.f. 21/05/2015.

Letters of Shareholders received through SEBI/Stock Exchange/MCA/Depositories/Other Statutory Authority are considered as complaints. The day to day request receive from shareholders are taken up by M/s Beetal Financial & Computer services (P) Ltd, RTA directly and are not included in the complaints. During the year 2014-15 eleven complaints were received from the Shareholders through SEBI/Stock Exchange and Other Statutory Bodies which pertained matter like non-receipt of dividend, Annual Report and all the eleven Complaints have been resolved. RTA/Company has taken various steps to ensure that the Shareholders related matters/issues are given due priority and are resolved within a reasonable period of time. RTA has designated Email id(s) i.e. beetalrta@gmail.com to facilitate the shareholder to register their complaint, if any. The Company has also designated exclusive email id i.e. mtnligr@bol.net.in/csc@bol.net.in for redressal of investor complaints/request if any.

6. OTHER/ NON-MANDATORY COMMITTEE

ENTERPRISE RISK MANAGEMENT COMMITTEE OF MTNL

MTNL has already constituted a Committee namely “**ENTERPRISE RISK MANAGEMENT COMMITTEE OF MTNL**” for evaluating and presenting the Risk Management report periodically to Board of Directors, which, includes among other aspects, the identification of various risks, analysis of the risk management, risk associated with operational, technological and application systems/processes related to internal controls and remedial and mitigating measures required. The first meeting of ERM Committee was held on 1st May, 2015 and approved Enterprise Risk Management and Policy to mitigate the elements of risk of MTNL for the F.Y. 2015-16. The Policy is included in Management Discussions and Analysis(MD&A) Report is placed at Annexure-V to the Director's Report.

The Enterprise Risk Management Committee was reconstituted on 21st May, 2015. Presently, the Enterprise Risk Management Committee consists of the following Members:-

1. Shri Sunil Kumar, Dir(HR&EB/Tech)	-	Chairman
2. Smt. Simmi R. Nakra, Govt. Director	-	Member
3. Shri P. K. Purwar, Director(Fin)	-	Member



- | | |
|-------------------------------------|---------------------|
| 4. Shri B.K. Mittal, ED(Delhi) | - Permanent Invitee |
| 5. Shri Peeyush Agrawal, ED(Mumbai) | - Permanent Invitee |
| 6. Shri S. R. Sayal, Co. Secy | - Secretary |

7. COMPANY SECRETARY & COMPLIANCE OFFICER

Name of the Company Secretary & Compliance Officer: **Shri S.R.Sayal**

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

Tel No. 011-24317223 **e-mail:** mtnlcsco@gmail.com

8. LOCATION AND TIME FOR LAST THREE ANNUAL GENERAL MEETINGS WERE:

Nature of meeting	Date and Time	Venue
28 th Annual General Meeting	30 th September,2014, 11:30A.M	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9,CGO Complex, Lodhi Road, New Delhi-110003
27 th Annual General Meeting	30 th September,2013, 11:15A.M	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9,CGO Complex, Lodhi Road, New Delhi-110003
26 th Annual General Meeting	28 th September, 2012, 11.30A.M.	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9,CGO Complex, Lodhi Road, New Delhi-110003

A Special Resolution was passed in the 26th AGM for delisting of MTNL's shares from Delhi, Calcutta & Madras Stock Exchanges. No special resolution was passed in the 27th AGM. A Special Resolution was passed in the 28th AGM for Issue of Non-Convertible Debentures on Private Placement Basis. No Special Resolution was passed through Postal Ballot during the Financial Year 2014-15. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot. There was no EGM held during the Financial Year 2014-15.

9. DISCLOSURE

- (i) All the relevant information in respect of materially significant related party transactions, i.e. transactions of the Company of material nature with its Promoters, Directors or Management, or their relatives or subsidiaries of the Company, etc. having potential conflict with the interest of the Company at large has been given in the Annual Accounts.
- (ii) The Company has complied with statutory compliances and no penalties or stricture has been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter relating to the capital markets during the last three years.
- (iii) The Company has complied with all the mandatory requirements and also adopted some of the non-mandatory requirements of Clause 49 of the Listing Agreement as well as DPE Guidelines as applicable.
- (iv) CEO/CFO Certification - Chairman/CMD and Director (Finance) of the company have given the CEO/CFO certification to the Board for the Financial Year 2014-15.

10. WHISTLE BLOWER POLICY

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Employees may also



report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The Policy on Whistle Blower may be accessed on the Company's Website at the link: www.mtnl.in/finres.htm

11. POLICY ON MATERIAL SUBSIDIARY

The Policy on Material Subsidiary has been approved by the Board and the same may be accessed on the Company's Website at the link: www.mtnl.in/finres.htm

12. POLICY ON RELATED PARTY TRANSACTIONS

The Policy on Related Party Transactions has been approved by the Board and the same may be accessed on the Company's Website at the link: www.mtnl.in/finres.htm

13. MEANS OF COMMUNICATION

- a) The quarterly and half yearly results were published in English and Hindi Newspapers.
- b) The Company's audited, un-audited & quarterly financial results and Press Releases are posted on the Company's website.
- c) Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, MGT-9, Statutory Auditors' Report, Secretarial Auditors' Report, Corporate Governance Report, Management Discussion & Analysis (MD&A) Report and other important information is circulated to members and is also displayed on the Company's website (www.mtnl.net.in).
- d) Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meeting.
- e) **NSE Electronic Application Processing System (NEAPS):** NEAPS is a web based application designed by NSE for corporates. All periodical compliance filings like Shareholding pattern, Corporate Governance Report, media releases, etc are filed electronically on NEAPS.
- f) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- (g) All Compliances are filed electronically in OTCQX through its website www.otciq.com.

13. GENERAL SHAREHOLDER INFORMATION:

- i. **Company Registration Details** - The Company is registered with the Registrar of Companies, NCT of Delhi & Haryana on 28.02.1986. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L32101DL1986GOI023501.
- ii. **Date and Time of AGM** - 29th September 2015 at 11:30 AM
- iii. **Venue** - Auditorium, Mahanagar Doorsanchar Sadan,9
CGO Complex, Lodhi Road, New Delhi-110003
- iv. **Financial year** - 1st April 2014 to 31st March 2015

v. Financial Calendar

Board meeting for considering Audited Annual Accounts for the year ended on 31.3.2015	30 th May , 2015
Submission of Audited Accounts to C&AG of India	June , 2015
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30 th June 2015	14 th August, 2015
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30 th September 2015	2 nd week of November, 2015
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the quarter ended on 31 st December 2015	2 nd week of Febuary, 2016
Board Meeting for Annual Financial Results and Unaudited Quarterly Financial Results for the Quarter ended on 31 st March 2016	Within 30 th May, 2016

- vi. Dates of Book Closure** - 23rd September, 2015 to 29th September, 2015
(Both days inclusive)
- vii. Dividend Payment Date** - N.A.
- viii. Listing on Stock Exchanges** - The Equity Shares of company are listed at following Stock Exchanges.
- (a) **Bombay Stock Exchange Limited, Mumbai** Scrip Code -'MAHANGR TELE 108',
- (b) **The National Stock Exchange of India Limited** Scrip Code -'MTNL EQ'
- (c) **OTCQX International Market** Scrip code - 'MTENY'

Application for delisting of MTNL's shares from Delhi, Calcutta & Madras Stock Exchanges have already been filed with the above mentioned Stock Exchanges on 16 October, 2012. No Confirmation of delisting has been received from them so far.

MTNL's Shares/ ADR's have been delisted from NYSE w.e.f. 31.12.2012 and the same have been listed on OTCQX International Market. Trading on OTCQX International Market has commenced w.e.f. 02.01.2013.

Demat ISIN Numbers of Equity Shares of MTNL in NSDL & CDSL - INE 153A01019

- ix. Payment of Listing Fees** : Annual Listing Fees for the Financial Year 2014-15 has been paid by the company to BSE & NSE.
- x. Stock Market Price Data** : Information relating to high & low price during each month in last financial year at BSE and NSE is given here under:-

The Opening Price on BSE as on 01/04/2014 is ₹15.35 and NSE as on 01/04/ 2014 is ₹15.40

The Closing Price on BSE as on 31/03/2015 is ₹18.20 and NSE as on 31/03/2015 is ₹18.20



MONTH	BOMBAY STOCK EXCHANGE (BSE)		NATIONAL STOCK EXCHANGE (NSE)	
	Month's High Price (₹)	Month's Low Price (₹)	Month's High Price (₹)	Month's Low Price (₹)
April 2014	19.45	14.60	19.45	15.50
May 2014	35.20	16.65	35.00	16.60
June 2014	39.10	27.15	38.95	27.10
July 2014	38.80	30.25	38.80	30.10
August 2014	32.70	28.00	32.75	28.00
September 2014	35.50	26.00	35.45	26.00
October 2014	31.15	25.65	31.20	25.70
November 2014	32.15	27.00	32.10	27.00
December 2014	29.90	24.10	29.90	24.10
January 2015	29.45	26.50	29.50	26.50
February 2015	30.85	27.00	30.90	27.00
March 2015	28.30	16.35	28.40	16.35

(xi) Registrar and Transfer Agents of Equity Shares of MTNL - M/s. Beetal Financial & Computer Services (P) Ltd, 3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110 062. Ph: 011 29961281-82 Fax No.: 011- 29961284. E-mail- beetal@rediffmail.com

Registrar and Transfer Agents of Debentures/ Bonds of MTNL – M/s Karvy Computer Share Pvt. Ltd. and Debenture Trustee is SBI CAP TRUSTEE CO.LTD, Appejay House,6th Floor, West wing,3, Dinshaw Wachha Road Churchgate, Mumbai-400020 (Contact Person Shri Ajit Joshi, Company Secretary, Mobile:08879150003, Landline:022-43025503, ajit.joshi@sbicaptrustee.com)

(xii) Share Transfer System - As per the directives of Securities & Exchange Board of India, the Equity Shares of your Company have been mandated for trading in dematerialized form by all categories of investors since 1997. Share transfers in physical form are registered, if documents are complete in all respects, and thereafter the certificate are required to be issued within 15 days from the date of receipt of request to transfer the share. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Share Transfer Committee comprising of GM (BB) /DGM (Banking) and Company Secretary. A summary of transfer/ transmission of securities of the Company so approved by the Share Transfer Committee is placed before the Stakeholders Relationship Committee. The Company obtains the certificate of compliance of the formalities regarding Share Transfer from Company Secretary in Practice as required under Clause 47(c) of the Listing Agreement and files a copy of the said certificate with the Stock Exchanges, on half-yearly basis.

(xiii) Information on Shareholding

(a) Shareholding Pattern of MTNL as on 31st March, 2015.

S.No.	Category of Shareholder	Total number of Shares	Total Shareholding as % of Total number of Shares
1.	President of India	354378740	56.25
2.	Mutual Funds	3800	0.00
3.	Financial Institutions/Banks	132002543	21
4.	Foreign Institutional Investors	7803805	1.24

5.	Bodies Corporates	27989917	4.44
6.	Individuals	89350860	14.19
7.	Trusts, Clearing Members & HUF	6258868	0.99
8.	NRI & Foreign Corporate Bodies	1930801	0.30
9.	Shares held by Custodians and against which Depository Receipts have been issued	10277166	1.63
10.	Any other (stressed asset stabilization fund)	3500	0.00
	GRAND TOTAL	630000000	100

(b) Distribution of Shareholding as on 31st March, 2015.

Share Holding of Nominal Value of ₹	No. of Share holders	% to Total holders	No. of Shares	Amount in ₹ (Face value)	% to Total Share Capital
UPTO 5000	1,18,104	82.77	1,67,06,435	16,70,64,350	2.6518
5001 TO 10000	11,678	8.18	98,15,915	9,81,59,150	1.5581
10001 TO 20000	5,891	4.13	91,83,907	9,18,39,070	1.4578
20001 TO 30000	2,129	1.49	55,55,869	5,55,58,690	0.8819
30001 TO 40000	1,028	0.72	37,33,630	3,73,36,300	0.5926
40001 TO 50000	1,024	0.72	48,92,116	4,89,21,160	0.7765
50001 TO 100000	1,519	1.06	1,14,09,977	11,40,99,770	1.8111
100001 and above	1,319	0.92	56,87,02,151	5,68,70,21,510	90.2702
TOTAL		100.00	63,00,00,000	6,30,00,00,000.00	100.000

Note: - Nominal Value of Each Share/Unit is ₹ 10/-

(xiv) Dematerialization of shares and liquidity - As on 31st March 2014, 99.99% shares of the Company's equity share capital available in the market is in dematerialized form. The Company has entered into agreements with both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL), whereby shareholders have an option to dematerialize their shares with any of them.

(xv) Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund - During the year under review, the Company has credited ₹ 5,60,194, lying in the unpaid/unclaimed dividend account to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the erstwhile Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001. Pursuant to the provision of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 30, 2014 (date of last Annual General Meeting) on the Ministry of Corporate Affairs website.

(xvi) In terms of Clause 5A(I) and Clause 5A(II) of the Listing Agreement, MTNL has opened a Beneficiary Account under the name of "MTNL- Unclaimed Suspense Account" (DP ID- IN301330, Client ID- 21234840) for crediting unclaimed demat shares of MTNL on November 1, 2012.



DETAILS OF MTNL– UNCLAIMED SUSPENSE ACCOUNT

Opening Balance (as on 01.04.2014)		Requests received and Disposed off during 2014-2015		Closing Balance (as on 31.03.2015)	
Cases	Shares	Cases	Shares	Cases	Shares
0	0	0	0	0	0

(xvii) **Plant Locations** - The company has active operations of services in two metro cities i.e. Delhi and Mumbai only.

Investors' correspondence may be addressed to:

**Company Secretary and Compliance Officer,
Mahanagar Telephone Nigam Limited,**

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

Tel: +91-11- 24317225 Fax: +91-11-24315655

Website: www.mtnl.net.in / www.bol.net.in

E-mail Id: csco@bol.net.in, mtnlcsco@gmail.com

BRIEF RESUME OF DIRECTORS PROPOSED TO BE REAPPOINTED AT THE ANNUAL GENERAL MEETING AND APPOINTED AFTER THE DATE OF LAST AGM i.e. 30th SEPTEMBER 2013 (PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT WITH THE STOCK EXCHANGES

1. Shri N. K. Yadav

- Name (with Staff No.) : **NARENDRA K. YADAV**
(Staff No. 632)
- Date of Birth : **11.08.1956**
- Name of the Service : **ITS – Group 'A' 1977 Batch**
- Date of joining DoT : **14.05.1979**
- Date of regular appointment in the service in HAG scale - (CGM grade): **23.10.2009**
- Present post held with pay scale and date of Appointment : **Member (Services)**
: **from 7th April, 2015 (Pay Scale: ₹80000/- (Apex Scale)**
- Office Address : **Department of Telecommunications,**
Room No.213, Sanchar Bhawan,
20, Ashoka Road, New Delhi-110001.
: **E-Mail: yadav1956@gmail.com & members-dot@nic.in**
- Telephone Numbers : **011-23714644 (Off.)**
011-23755172 (FAX)
: **+91-9868136814 (Mobile)**

10. Educational & Professional Qualifications:

Sl.No.	Exam Passed	Division	
I.	B.Sc. Engg.(Electronics)	1 st (78.7%)	Delhi University, Delhi College of Engineering, Delhi.
II.	M.Tech. (Computer Science)	1 st (7.7/10)	Indian Institute of Technology, Haus Khas, New Delhi.
III.	Adv.Diploma in Management	1 st (6.7/10)	Indira Gandhi National Open University.

Details of relevant Experience in Group 'A' Service : Total - 35 years

(a) First 18 years:

- (I) Worked for two years as Computer Engineer with Computer Maintenance Corporation Ltd. Job involved maintenance of I.B.M. Computers/ peripherals.
- (II) Worked as Assistant Director with Telecom Research Centre for six years. Job involved mainly PCB design and development works in Computer Aided Design (CAD) centre.
- (III) For two years worked with Deptt. Of Telecom, Gujarat Circle as T.D.M., Head of Junagadh and Amreily Telecom District. Computerization of FRS and billing system.
- (IV) For eight years worked as Deputy General Manager in various posts with MTNL, New Delhi and looked after mainly installation/maintenance of Electronic Switches, Computer systems, Transmission media and data services etc.

(b) Preceding 17 years:

Sl. No.	Designation and place of posting	From	To	Functions/Descriptions of the post
1.	General Manager Dev/TD, MP Circle, Bhopal	20.10.97	01.02.01	In charge for development of MP Telecom Network.
2.	DDG(RN), Corporate Office, BSNL, New Delhi	04.02.01	14.10.02	In charge of Rural Network of BSNL all over country.
3.	General Manager (Dev.), BSNL, MP Circle, Bhopal	14.10.02	31.03.05	In charge for development of Mobile/WLL/Fixed network of M.P.
4.	Chief General Manager BSNL, MP Circle, Bhopal	01.04.05	20.09.05	Overall In charge of Madhya Pradesh Telecom Network.
5.	General Manager (Marketing), BSNL, MP Circle, Bhopal	21.09.05	07.06.06	Marketing of BSNL services in M.P.
6.	General Manager (Mobile), BSNL HP Circle, Shimla	12.06.06	03.04.07	In charge of Mobile network of Himachal Pradesh.
7.	Deputy Director General (SU), Deptt. Of Telecom, New Delhi	04.04.07	22.08.08	Major PSU like BSNL, MTNL, TCIL, VSNL to co-ordinate.
8.	Chief General Manager BSNL, North East-II Circle, Dimapur	27.08.08	16.05.09	Overall In charge of Nagaland, Manipur and Arunachal Pradesh Telecom network.
9.	Principal General Manager (Infra-Sales), BSNL, New Delhi	18.05.09	04.05.10	In charge of BSNL Passive Infrastructure (Towers)
10.	Principal General Manager (VAS), BSNL, New Delhi	05.05.10	13.05.11	In charge of BSNL Value Added Services for Mobile segment.



Sl. No.	Designation and place of posting	From	To	Functions/Descriptions of the post
11.	Chief General Manager, BSNL, MP Circle, Bhopal	16.05.11	Till date (06.04.15)	Overall In charge of Madhya Pradesh Telecom Network. General Administration, Operation, Maintenance, Development & IT related activities, Marketing & Enterprise Business and Financial Parameters.

Specialized courses attended:

Sl. No.	Subject/Title	Name of Institution	Duration	Place/Country
1.	Computer Aided Design (CAD)	Computervision	Five weeks	France
2.	5-ESS switching system	AT & T Bell Labs	Two weeks	USA
3.	E-10S Digital system	CIT-Alcatel	Six weeks	France
4.	CDMA WLL system	M/s. LG, Seoul	Two weeks	South Korea
5.	Initiatives for information Society	Asia-Pacific Telecommunity (APT)	One week	Brunel, Darussalam
6.	Broadband Services	APT and ICT Development Forum (ADF)	One week	Tokyo, Japan

CURRICULUM VITAE PROFORMA

1.	Name and address (in Block Letters)	NARENDRA K. YADAV	CHIEF GENERAL MANAGER, BHARAT SANCHAR NIGAM LIMITED, M.P. CIRCLE, BSNL BHAWAN, HOSHANGABAD ROAD, BHOPAL-462015.
2.	Date of Birth (in Christian era)	11.08.1956	
3.	Date of retirement under Central/ State Government Rules	31.08.2016	
4.	Educational Qualifications	1. B.E.(Electronics) 2. M.Tech.(Computer Science). 3. Adv. Diploma in Management	Delhi University, Delhi College of Engineering, Delhi Indian Institute of Technology Haus Khas, New Delhi Indira Gandhi National Open University.
5.	Whether Educational and other qualifications required for the post are satisfied. (If any qualification has been treated as equivalent to the one prescribed in the Rules, state the authority for the same) Essential :	Qualifications/Experience required: 1. Degree in Engineering from a recognized institution or University	Qualifications/experience possessed by the Officer. B.E. (Electronics) (Delhi University, Delhi College of Engineering, Delhi)

	Desirable:	<p>2. Working experience of twenty years in the field of Telecommunications Technology in Govt. or Industrial Enterprises including exposure to and knowledge of International Telecommunications Union and the Law of International Telecommunications Union.</p> <p>1. Masters Degree in Engineering 2. Masters Degree in Management studies, MBA/Public Administration from a recognized Institution/ University.</p>	<p>35 years working experience in Telecommunications Technology.</p> <p>M.Tech(Computer Science) (IIT Khaus Khas, New Delhi)</p> <p>Adv. Diploma in Management (Indira Gandhi National Open University.)</p>
6.	Please state clearly whether in the light of entries made by you above, you meet the requirement of the post	YES	
7.	Details of Employment, in chronological order. Enclose a separate sheet duly authenticate by your signature, if the space below is insufficient		
	Separately enclosed (Annexure I)		
8.	Nature of present employment i.e., Adhoc, or Temporary or Quasi-Permanent or Permanent	Permanent	
9.	In case the present employment is held on deputation/contract basis, please state:- (a) The date of appointment (b) Period of appointment on deputation/contract (c) Name of the parent Office/Organization to which you belong	<p>Deemed deputation – Non absorption basis</p> <p>01.10.2000 Till retirement/repatriation</p> <p>Department of Telecommunications/Working on deemed deputation to Bharat Sanchar Nigam Limited.</p>	
10.	Additional details about present employment. Please state whether working under(indicate the name of your employer against the relevant column) (a) Central Government	Central Government	
	(b) State Government (c) Autonomous Organization (d) Government Undertaking (e) Universities (f) Others		

11.	Please state whether you are working in the same Department and are in the feeder grade or feeder to feeder grade	Yes
12.	Are you in Revised Scale of Pay? If yes, give the date from which the revision took place and also indicate the pre-revised scale	NO
13.	Total Emoluments per month now drawn	₹1,58,000(Gross)
14.	Additional information, if any, which you would like to mention in support of your suitability for the post. (This among other things may provide information with regard to (i) additional academic qualifications (ii) professional training and (iii)work experience over and above prescribed in the Vacancy Circular/ Advertisement) [Note: Enclose a separate sheet, if the space is insufficient].	Separately enclosed. (Annexure-II)
15.	Please state whether you are applying for deputation (ISTC)/Absorption/Re-employment Basis. (Officers under Central/State Governments are only eligible for Absorption. Candidates of non-Government Organizations are eligible only for Short Term Contract)	Absorption basis.
16.	Whether belongs to SC/ST	NO
17.	Remarks (The candidates may indicate information with regard to (i) Research Publications and reports and special projects (ii) Awards/Scholarships/ Official Appreciation(iii)Affiliation with the professional bodies/ institutions/societies and (iv) any other information) (Note: Enclose a separate sheet if the space is insufficient).	1. Paper published on Multilayer Printed Circuit(PCB) designing. 2. Member of Institute of Electronics and Telecommunications Engineers(IETE) and Institute of Electrical and Electronics Engineers (IEEE)

I have carefully gone through the vacancy circular/advertisement and I am well aware that the Curriculum Vitae duly supported by documents submitted by me will also be assessed by the Selection Committee at the time of selection for the post.

2. Smt. Simmi R. Nakra

Mrs. Simmi R. Nakra, is an officer of Indian Post & Telecommunications, Accounts and Finance Service (IPTA&FS) of 1994 Batch and is presently posted as Deputy Director General (Accounts) in the Department of Telecommunications (DOT), Ministry of Communications & IT, Government of India. She is Gold Medalist in M.sc (Chemistry) from Kurukshetra University, Kurukshetra and M.Phil in Chemistry from Punjab University, Chandigarh. She has worked in various capacities in the Department of Telecom during her 20 years career handling finance advice as well as Telecom Revenue. She had handled responsibilities at SSA level (now BSNL), Circle level and DOT Headquarter. She has wide experience in various sectors of Government, other than DOT, she worked on deputation as Director in the Establishment Division of Department of Personnel & Training (DOPT), Government of India for more than four years. She also held the post of Chief Vigilance Officer in the Medical Council of India for approximately three years. She also briefly worked in the Ministry of Home Affairs, Government of India and as a Lecturer in Chemistry before joining the Government service.



ANNEXURE V TO DIRECTORS' REPORT

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

(ENTERPRISE RISK MANGEMENT POLICY OF MTNL) FOR THE F.Y. 2015-16.

INTRODUCTION:

MTNL was incorporated as Public Sector Undertaking in the year 1986 with an Authorized share capital of Rs 800 crore to serve the cities of Delhi and Mumbai cities in India. Its objective is to provide world class telecommunication services to its customers at affordable tariffs. MTNL got Navratana Status in 1997. It is listed in NSE, BSE and OTCQX. Application for delisting of shares from Delhi, Calcutta and Madras Stock Exchange has already been made.

Following major risk are faced by MTNL in the current competitive telecom scenario for the F.Y. 2015-16:-

1. Market/Competition Risk
2. Policy and Regulation Risk and regulatory compliance
3. Technology Risk/Quality of Service
4. Operational Risk
5. Financial/Liquidity/Debts Management Risk
6. Internal control failures and integrity of financial information risk
7. Information technology & systems security risk
8. Disaster management and business continuity risk
9. Greater transparency and entity level ethical & governance risk

1. MARKET/COMPETITION RISK:

- 1.1 The market for MTNL is limited to Mumbai and Delhi. Many other Private operators are currently competing with us in these markets for basic as well as cellular services. All of these companies already have significant telecommunications infrastructure in Delhi and Mumbai which offer a lot of low-cost CDMA, mobile and fixed wireless telephony. However MTNL has already lost its lot of valuable subscribers on introduction of Mobile Number Portability, implemented in January 2011. Therefore the subscriber base of MTNL has been reduced drastically over a period of last 3-4 years.
- 1.2 We experience very significant and growing competition in the market for GSM cellular and Internet services. Many of these service providers enjoy significant penetration in these markets, have established brand names and have more experience operating a cellular network than MTNL has.
- 1.3 Increased competition will likely to continue to keep downward pressure on prices and has required and will likely to continue to require us for increasing our capital investment to improve and expand our services and to keep abreast of technological changes in mobile services, which requires to mobilise and arrange funds for CAPEX. The pressure to maintain & improve the systems through constant infusion of OPEX will also grow upwards in view of obsolesces of certain systems. Further, the restriction on our ability to provide basic services outside of the Mumbai and Delhi inhibit us in competing with companies with a Pan-India presence. These developments, in turn, have/ had and may continue to have a negative impact on our productivity, outreach and thereby our profitability.
- 1.4 Telecommunication tariffs in India have declined significantly in recent years due to cut throat competition in the market. The decline in tariffs and downward trend in the traffic volume growth and the change in the calling pattern from fixed line usage to Mobile usage has also materially and adversely affected our revenues as our strength is predominantly in basic services and thereby the net income is effected and it continues to be a business threat.

- 1.5 As the prices for our communications services decrease, then unless we are able to increase volume or offer additional services from which we can derive additional revenues or otherwise reduce our operating expenses, our operating results will decline and our business and financial results will suffer. While competition in the telecommunications market is becoming stronger, increase in the purchasing power of consumers, and consumers having more choices became serious challenge. This will force prices down and will lead to a price war between companies, influencing both the quality and revenue yield of services rendered. The greatest danger occurs when companies focus only on prices and forget about quality and customer service. In the telecommunications industry, customer service and his loyalty are very important factors. MTNL should focus more on customer service and product differentiation as an effective way to compete in the market. Telecommunications market, customer service offers more opportunities than other strategies for an operator to differentiate from its competitors.

MTNL can proactively present the transparent billing mechanism, accessibility to customers for grievance redressal beyond call centre culture prevalent in competitive companies through sales representatives, service specific programs for different target groups, rapid response and meeting the requirements to subscribers. Lack of a customer service could result in shift over of subscribers to other operators, who may have a better reputation. The more increase in customer loyalty to a mobile operator, the harder it is his passing to another operator. In other words, when a customer is satisfied with the existing operator, the consumer is less willing to change service provider. In this competitive era there is a strong need for direct communication with the customer for which a well trained and equipped human resources is required.

Therefore, MTNL needs to maintain good reputation there, communicating with its subscribers, and working hard in terms of customer service. Importance should be given the power of customers who have large contacts/business such as big companies, to generate more revenue, Door to door marketing, Melas, Corporate Meets etc. are best marketing strategy and the company should focus for increasing the subscriber base in this competitive market. This all requires a well trained and equipped human resources whereas MTNL has huge legacy staffing recruited way back in the era of POTS and reorienting them is a gigantic task and involves investment in trainings etc. and the cash crunch has therefore a cascading and trapping risk which needs to be addressed. Besides the lethargy, disdainful working culture inherited by staff from monopolistic regime needs to be got shrugged off by reinventing the draft and strict policies by HR wing.

2. POLICY AND REGULATION RISK AND REGULATORY COMPLIANCE:

- 2.1 The Indian government regulates our business through licensing of services and service areas, and through price tariffs on our services. The license for fixed-line services is valid until March 31, 2018 and for cellular services is valid until October 2017. As per the present Govt. policy MTNL may be required to pay one time spectrum charges for the 2G spectrum held beyond 4.4 MHz w.e.f 01.07.2008 till expiry of CMTS license i.e. 09.10.2017. MTNL was holding 8.0 MHz regular 2G spectrum till 13.01.2013 and 8.4 MHz w.e.f 14.01.2013. Based on the auction prices MTNL may be required to pay around ₹ 1329.28 Cr (for both Delhi & Mumbai) towards payment of one time spectrum charges w.e.f. 01.07.2008 till expiry of CMTS license i.e. upto 09.10.2017. Presently, the issue of payment of one time spectrum charges is under litigation and the payment liability will be subject to outcome of the case. Further keeping in view its present financial condition, MTNL has conveyed to DoT its inability to pay one time spectrum charges and has sought assistance of the Govt in the matter.
- 2.2 In addition to above, as per present policy, at the time of renewal of CMTS license, MTNL may be required to pay one time spectrum charges for the quantum of spectrum it intends to retain for another 20 years. As per the recent auction determined price, this liability comes out to be around ₹ 9484.31 Cr. for retaining 8.4 MHz (6.2-900 MHz + 2.2 -1800 MHz) 2G spectrum for both Delhi and Mumbai from



10.10.2017 to 09.10.2037. DoT retains the right to revoke our licenses after giving one month's notice to us. The DoT also retains the right, after giving notice to us, to modify the terms and conditions of our licenses at any time including the related tariffs and fees, and to permit additional licenses or bidding, if it believed it is necessary or expedient to do so in the interest of the general public or for the proper operation of the telecommunications sector. A revocation of any license or a change in significant terms of any license, such as its duration, the amount of license fee payable, the range of services permitted and the scope of exclusivity could limit our ability to operate particular lines of our business or result in increased costs in the form of increased license fees or costs associated with applying for new licenses, or contesting limitations on our licenses and would have a material adverse effect on the Company's business, financial condition and results of operations as well as it could also inhibit the ability of MTNL to run on going concern basis.

- 2.3 Present the Risk effecting or going to effect is due to regulation on "roaming charges" and "tariff on leased circuit (DLCs)"- Telecom regulator TRAI has reduced ceiling tariffs of dedicated broadband lines, called as DLC and are mainly used by business houses and telecom operators, by up to 60 per cent. The revised tariff regime for domestic leased circuits (DLCs) has come into effect from August 1, 2014. TRAI has reduced ceiling tariffs for Point-to-Point Domestic Leased Circuits (P2P-DLCs) of E1 (2Mbps), DS3 (45 Mbps) and STM-1 (155 Mbps) capacities and has brought DLCs of STM-4 (622 Mbps) capacity under tariff regulation. The above mentioned regulations will affect the revenues on DLCs provided by MTNL.
- 2.4 As long as the Indian government's shareholding in MTNL equals or exceeds 51%, MTNL will deemed to be an Indian government company subject to laws and regulations applicable to all public sector enterprises in India. These laws and regulations govern, among other things, personnel matters, procurement, budgeting and capital expenditures and the generation of funds through the issuance of securities.
- 2.5 Under our articles of association, the President of India, on behalf of the Indian government, may also issue directives with respect to the conduct of our business and affairs, and certain matters with respect to our business, including the appointment and remuneration of our Chairman-and-Managing Director and the declaration of dividends. None of our shareholders, management or board of directors may take action in respect of any matter reserved for the President of India without his approval. Government formalities, including requirements that many of our purchases be made through a competitive bidding process, often cause delays in our equipment and product procurement; these delays can place us at a disadvantage vis-a-vis the private sector competitors and there can be no level playing field with the private operators, who have to edge over MTNL in all such matters which is a constant risk of operational competitiveness resulting in to erosion of clientele strength for want of service standards on the same footing of private operators.

Since MTNL being in Telecom business is subject to strict licensing conditions, regulatory norms, tax, economic and labour enactments, concomitant compliance risks which are inevitable. The costs of non-compliance range from huge penalties to cancellation of licenses.

TRAI being a Regulatory Authority for telecom operators imposes various conditions in connection with provision of service, quality of service and tariff policy. There is Regular checks through various reports as well TRAI metering & billing audit and there are huge penalties for non compliances.



Even though MTNL is meeting most of TRAI QoS parameters, however network needs immediate up-gradation / expansion. The Capex is continuously declining over the period. Investment of ₹ 2000-2500 Cr. required over next 2-3 years for up-gradation and expansion. However being in a debt trap of ₹ 16,496.04 crore as on 28.02.2015 (includes ₹ 4533.97 Crore of the Bonds, the liability for interest and principle of which are with Govt of India), it is a great threat for the company to meet the Capex as well as Opex requirement. Hence, adequate policy to deal with this risk will save the business from unnecessary penal actions. The items listed below may be taken into account in framing such policy.

- Quality of service benchmarks prescribed by the TRAI are to be attained by fine tuning between all the participating departments of the company.
- Proper care should be taken while providing data to regulatory authorities since any mistake in this will may attract penalties.
- Procedure for calculating of license fees and spectrum charges is to be thorough in all respects with all the required details is necessary.
- All other statutory payments and compliance such as Service tax, TDS, ESI, PF, VAT etc should strictly adhere to the due date.
- A dedicated wing/cell is very essential to guide the company towards better compliance.
- Proper monitoring of provision of service, billing, complaint handling and quality of service to avoid any penal action from TRAI.

3. Technology Risk/Quality of Service:

- 1.1 As far as MTNL is concerned, we have always been pioneer in introducing latest technologies in the telecom field. As a company, MTNL has rapidly modernized its network by incorporating state-of-the-art technologies and adopting customer friendly approach. With the developments in the Telecom Sector MTNL has transformed itself from telecom voice service provider to a total telecom solution provider.
- 1.2 While deploying any new technology, it should always be ensured that the technology is well proven in telecom field. Whenever a new technological development is to be taken place, proper evaluation of the situation / market condition should be carried out.

Following immediate technological Up-gradation/Expansion for improvement of service and keep the QoS intact:

- **3G Network Up-gradation:** The existing HSDPA 3G network supporting D/L speed of 3.6 Mbps & U/L speed of 384 Kbps will be upgraded to support HSPA+ with D/L speed of 21.1 Mbps & U/L speed of 5.76 Mbps per sector in each Node-B.
- **Expansion of GSM / 3G RF network:** The network coverage will be improved by adding 1080 Node-Bs & 800 BTSs in Delhi and 1080 Node-Bs & 566 BTSs in Mumbai. The packet core capacity (Data handling capacity of network) will be upgraded from existing capacity of 400 Mbps (Delhi) and 1.8 Gbps (Mumbai) to 10 Gbps in both cities.
- **Expansion / Up-gradation of M/W Backhaul:** Further to handle the enhanced speed, the M/W backhaul will be augmented / expanded through deployment of 100 / 200 Mbps (upgradable to 400 Mbps) Hybrid M/W systems.
- **Service Delivery:** By Deployment / Up gradation of existing Billing & CRM Platform & IT infrastructure
- **Up-gradation of Access Networks-** Continuous process and order for PIJF cables for the current year as phase- I has been issued.



- **Migration of legacy TDM network to IMS:** MTNL has roped in C-DOT to help it in migration of its obsolete legacy TDM networks to all IP based converged network(s). Successful field trial of C-DOT's IMS complied NGN switches has successfully completed and voice to MTNL's FTTH subscribers, certain Fixed IN and centrex services are being provided through this switch. Trial commercial migration of one the existing TDM switch of 10-20K capacity each in Delhi and Mumbai has been identified.
- **Extending reach of FTTH and taking fiber to the HUB / near to the subscriber :** MTNL plans to increase 45 POP locations in Delhi and 56 in Mumbai on its' deployed state of art NGCN (IP/MPLS) Network to 400-500 PoP in next 2-3 years to reduce subscriber copper loop length to 1-2 Kms. Further to increase FTTH reach, certain societies & housing complexes in Delhi & Mumbai has already been identified for this purpose.
- **Investment of ₹ 2000-2500 Cr. required over next 2-3 years for above up-gradation and expansion. However being in a debts trap of ₹ 16,496.04 crore as on 28.02.2015, it is great threat for the company to meet the Capex requirement.**

As far as MTNL is concerned customer is being well informed at the time of issue of CAF about the various plans through pamphlet/brochures. However there is a need to further strengthen FRS system for proper and prompt handing of customer complaint. Network of MTNL is also required to be strengthened to further improve the quality of service.

MTNL's TDM Fixed line switches are becoming obsolete as their induction started around 20 years back and currently having difficulties in its day to day maintenance. Vendors of two technologies have already withdrawn their maintenance contract citing obsolescence of the technology. Therefore these technologies need to be replaced progressively during the current five year plan with the state of art NGN / IMS switches. Further the new technology will also help launching a number of value added services on fixed lines at par with wireless technologies which are very vital for its survival and revenue increase since landline revenue got stagnated over the last 3-4 years.

SDH technology is becoming obsolete day by day. At present our access & aggregation network is primarily on SDH technology. MTNL is now planning to migrate to new technology i.e. Carrier Ethernet based solution in the access network and IP-MPLS at aggregation level. In order to protect our investment on SDH equipments, the migration will be on phased manner. But in the present cash crunch situation and vide exposure to bank/financial institutions, infusion of CAPEX for expansion/replacement of technology is not possible without going for further borrowings and this threat is looming large and needs to be got tackled.

Hence the fund for Capex arrangement for the up-gradation / expansion of technology is a very challenging task in this scenario where there is huge exposure to the bank/financial institutions and the net worth of the company has almost got eroded. The company has to either approach the Govt of India for financial assistance or go for strategic sale out to meet the said finance and liquidity requirement otherwise, there will be great threat for company to keep it as going concern entity.

4. OPERATIONAL RISK:

a) Utilization of Assets:

MTNL 's assets located in prime locations of Delhi and Mumbai were transferred by an order of the government of India (the Government) and a deed of sale was executed by the Government in its favor representing an irrevocable transfer. Indian law generally requires that to perfect the transfer or lease of real property, the transfer should be evidenced by a formal, duly stamped deed of transfer and registered with the Central Land Registrar within a specified period after the execution of the deed of transfer or lease. A formal transfer deed for real estate



property of the DoT, transferred by the Government to MTNL has been executed but has not been registered with the appropriate municipal authorities. The formal transfer deed and physical delivery of possession of the DoT's non-real estate assets has resulted in the transfer of such non-real estate assets of the DoT to MTNL in Delhi and Mumbai.

Indian law also requires payment of stamp duty (at rates which vary among states) on instruments, which effect transfer of title to real estate or in respect of leases of real estate assets. Therefore MTNL could be liable We may be liable for stamp duty, if any, upon registration (other than with respect to the DoT properties acquired from the Government as of March 30, 1986).

Although MTNL has valid possession (including the risks and rewards of ownership) and titles to all of its properties, but these need to be registered and stamped to acquire marketable titles to real properties in its possession for which stamp duty has to be paid. Hence MTNL cannot monetizing or sell these properties without payment of stamp duties and registering the properties in its name. In case of merger/demerger acquisition, amalgamation, the proper valuation and transfer of assets will be a serious concern in this situation.

The process for better utilization of its assets, such as buildings in Delhi and Mumbai, to generate additional revenue has MTNL has already been started by entering in to a memorandum of understanding (MoU) with BSNL to share the infrastructure and network of each other, in a bid to offer better services to their consumers. These can be further used for advertisement, brand building and earn good revenue.

b) Utilization of manpower resources:

MTNL has huge legacy staff strength inherited from DoT. Presently MTNL has around 36,523 working employees as compared to 62000 in the year 1997-98.. There has been some reduction in staff because of three V R Schemes and normal attrition. However, MTNL is still suffering from extreme overstaffing and the staff cost absorbs a very high percentage of the revenue. Overstaffing is a major risk which the Company faces as it has little flexibility to address the problem and this cost in case of other operators range from 5 to 7% where as it is more than 65% presently in case of MTNL.

The employees cost was reduced from 120% of revenue to 65% of revenue in the year 2013-14 because of pension liability taken over by Govt of India, but still the staff legacy cost @ 65% of revenue is still on very high side as compared to industry benchmark which is from 5 to 7%. More efforts need to be made to reduce the staff by offering VRS or CRS. Natural attrition because of retirements is also leading to reduction in staff. Overstaffing can be avoided only through mix of VRS, diversification and sending the staff to other organizations on deputation. A proposal seeking salary support for 50% of staff expected to take VRS (i.e appx. 7200 no. of employees of various grades) has been submitted to DoT /Govt. on the basis of recommendations of GOM.

Further efforts are required to be made to identify the interested and specialised staff for the challenging tasks to achieve the maximum output. The huge legacy staff with an average age of 54 years on one hand and the lack of human resources with marketing and technological expertise to compete in the market on the other hand is a constant risk in marketing the products of MTNL as well as in rendering the products/services with better quality of service.

Regular training programmes should be organised to keep the staff updated/intact with recent development related to the company.

Regular interaction is required between the representatives of unions and association to avoid the situation of industrial unrest/strike etc.

Apart from the above the company policy needs to be attuned to evolving the process of identifying and encouraging merit and differentiating the sinecures with task masters through a carrot and stick policy and introduction and fine tuning of such HR methods is also required to avoid the risk of inertia and complacency amongst the work force and to engender the positive work motivation.

5. FINANCIAL/LIQUIDITY/DEBTS MANAGEMENT RISK:

Due to continuous cash losses in MTNL and wide exposure of loans from bank and financial institution, there is possible risk of liquidity crunch in near future as follow:

- OPEX: To meet working capital requirement company has borrowed ₹ 6596 crore from banks up to 31/03/2015, and servicing interest towards bank itself which is around 29% of total revenues is a big threat and the spiraling interest costs due to restituting old debts with new debts gradually could lead to a serious debt trap effecting the capability of the Company either to raise further loans or to service the debts and interest costs.
- CAPEX: Huge amount is required for further expansion/modernization to keep intact with the technological changes in the near future for which the company has to depend upon the Govt. support and in the absence of such support the stagnation sets in and network gets dilapidated and obsolete running the risk of exodus of existing subscribers in pursuit of systems with latest and innovative telecom solutions.
- Staff Legacy Cost: After meeting the staff cost (including pay revision in near future if any), which is almost 65% of revenue in MTNL and interest costs on debts to the tune of 35% of revenues no cash flow is left for OPEX or CAPEX which poses a serious threat to the continuation of the company as a viable entity and unless the capital infusion and other supporting revival plans at different levels of Govt. for consideration fructify and percolate practically in terms of financial support packages.
- Debt serving/Interest payout: Payment of interest due on debts as well repayment of principal.
- Debts Management: The debt management of the company is itself a big challenge. As on 31/03/2015 company has total debts of ₹ 16604.4 crore from bank and financial institutions, payment of interest as well as repayment of principal is almost impossible for MTNL unless Govt./DoT support for recasting the debts.
- Debt serving/interest serving ratio of the company as on 31.03.2015 is 0.45 which is on decreasing trend year on year basis. Similarly debt equity ratio is 26.36 as on 31.03.2015.
- Leakage of revenue should properly be rested through better billing software and its audit at regular intervals by establishing a proper internal control system. Revenue Assurance management already working in MTNL required to be more strengthened.
- Proper cost benefit analysis required to be done before making any capital expenditure or launching new services.

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

Information's are required at each level/department for policy and decision making. Lack of effective internal control and management information system can put an organization in the risk of making ineffective policy and decision. Revenue assurance being also part of Internal control system should also be empathized for resting the leakage of revenue. The System tools used for Internal control and RA should also controlled through review system for their appropriateness and adequacy.

Effective internal controls enables the organization to furnish reliable financial reporting and substantially complies with the laws and regulations that apply to it. However, the extent to which the organization achieves operational and strategic objectives depends on factors outside the enterprise, such as competition, regulations, government procedures and controls or technological innovation. These factors are outside the scope of internal control

and therefore, effective internal control provides only timely information or feedback on progress towards the achievement of operational and strategic objectives, but cannot guarantee their achievement.

7. INFORMATION TECHNOLOGY & SYSTEMS SECURITY RISK:

- (i) IT general controls – Controls related to: a) Security, to ensure access to systems and data is restricted to authorized personnel, such as usage of passwords and review of access logs; and b) Change management, to ensure program code is properly controlled, such as separation of production and test environments, system and user testing of changes prior to acceptance and controls over migration of code into production. Information Technologies are vital to MTNL operations. They are tools that improve the quality and efficiency of work. They are the repositories for critical and proprietary corporate information. Improper access to or the destruction of these resources will have serious consequences for the company. Therefore for the purpose of according full security to IT applications the IT policy document has been finalized by MTNL IT team in order to ensure that IT resources are appropriately protected from destruction, alteration or unauthorized access and that all used hardware & software used for these applications are appropriately protected from intrusion, destruction, alteration or unauthorized access.
- (ii) IT application controls – Controls over information processing enforced by IT applications, such as edit checks to validate data entry, accounting for transactions in numerical sequences and comparing file totals with control accounts. IT related resources such as Operational, Billing and Customer Care Systems are prone to hacking, spoofing and other cyber crimes.
- (iii) CBCRM System – CBCRM system is quite critical from revenue perspective as a number of revenue activities are being done through it e.g. Voice IUC settlement, mobile rating, invoice generation etc. The project/its equipments are running since 2006 and almost outlived its life. The major challenges are non availability of source code, lack of support of various licenses due to prohibitive cost etc. Such constraints pose challenges in implementation/feasibility of development as per the dynamic market conditions. BEL, the project implementer has already pulled out of the project in July, 2014. Post pull out, limited support (no hardware) could hardly be finalized till July, 2016 on as-is-where basis and there is no guarantee for further extension of support.

MTNL cannot utilize the system indefinitely and the new billing tender/ new billing system to be made operational at the earliest possible.

- (iv) Obsolete Hardware infrastructure – Many of the hardware for providing core services and providing supportive/workflow processes have become obsolete and need to be replaced due to EOSL and non-availability of spares e.g. the hardware for CSMS, ISP set up, EPS/CBCRM etc.
- (v) Call Centre – A number of call centers are working in Delhi and Mumbai for services such as Landline, Broadband and Mobile. Most of the set up were procured along with the main equipment and are now obsolete. Non availability of support on these equipments in recent past (e.g. mobile call centre at CBCRM Mumbai) leads to direct impact on the customer satisfaction Govt. & Churn.
- (vi) Network Security & Audit – Govt of India has been focusing on strengthening the security of critical information infrastructure (CII) and many of the IT systems of MTNL have been declared as CIIs. DoT vide its direction has mandated all ISPs to get their system audited once in a year. Security wing has sought certification of Audit by 16.03.2015. MTNL is yet to complete the audit. However pending third party audit, the field units have been directed by IT cell C.O. to carry out audit by way of cross functional team.



To safeguard against above risks, effective IT security policy is to be followed in all Data Centres. Also, proper back up arrangements as well as disaster recovery mechanism are to be put in place.

IT policy may take cognizance of guidelines of Govt. of India as well as various standard developing organizations viz. ISO, ITU etc. and their revision from time to time and in a manner consistent with the business and work flow requirements of the company.

8. DISASTER MANAGEMENT AND BUSINESS CONTINUITY RISK:

Lack of proper disaster management could become a threat to the business. To safeguard against this risk, effective disaster management policy should be framed keeping in view the anticipated risk of data as well as other information loss. Hence proper back up arrangements as well as disaster recovery mechanism are to be put in place.

9. Greater transparency and entity level ethical & governance risk:

Policy to be framed to monitor the ethical level of all the concerned, so that any decision taken consciously with full care and applying due diligence. In the current scenario and lack of proper HR policy to appreciate/depreciate the officials of the organization based on their performance is creating a frustration and lack of ethical values in the eyes of employees and talent is going out of the company while old legacy staff continue to enburden the operational efficiency with old and archaic working pattern.

Further the top level managements are on deputation from Department of Telecommunication and are not the permanent staff of MTNL. Most of these are not connected to the efficiency and improvement of the performance of the company due to their uncertainty in continuation in the PSUs as Govt. officers and moreover there is no specific policy in company for proper review of performance of the employees, hence chances of moral ethical values risks cannot be ruled out. This is a big threat for the company as brain drain leads to ineffective management of service.



ANNUAL ACCOUNTS

2014-15



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INDEPENDENT AUDITORS' REPORT

TO,
THE MEMBERS OF
MAHANAGAR TELEPHONE NIGAM LIMITED
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MAHANAGAR TELEPHONE NIGAM LIMITED**, ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements

that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Basis for Qualified Opinion

- (i) *The Company has certain balances receivables from and payables to BSNL. The net amount recoverable of ₹ 2762.24 crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation and also in view of various pending disputes regarding claims and counter claims, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the financial statements of the Company. (Also refer point no. 15 (a) of note no.35 to the financial statements).*
- (ii) *The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of ₹8314.32 crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the financial statements of the Company. (Also refer point no. 21 (a) of note no.35 to the financial statements).*
- (iii) *Upto financial year 2011-12 License Fee payable to the DOT on IUC charges to BSNL was worked out on accrual basis as against the terms of License agreements requiring deduction for expenditure from the gross revenue to be allowed on actual payment basis. From financial year 2012-13, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. The Company continues to reflect the difference in license fee arising from working out the same on accrual basis as aforesaid for the period upto financial year 2011-12 by way of contingent liability of ₹ 140.36 crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (Also refer point no. 5 of note no.35 to the financial statements).*
- (iv) *The Company continues to allocate the establishment overheads towards capital works on estimated / adhoc basis. In view of the basis being not in line with the accepted accounting practices and Accounting Standard -10 "Accounting for Fixed Assets" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014, the same results into overstatement of capital work in progress/ fixed assets and understatement of loss. The actual impact of the same on the financial statements for year is not ascertained and quantified. (Also refer note no. 25 and 28 to the financial statements).*
- (v) *Except for impairment of CDMA assets of Delhi unit due to closure of CDMA operations, no adjustment has been considered on account of impairment loss during the year, with reference to AS-28 "Impairment of Assets" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. In view of uncertainty in achievement of future projections made by the Company, we are unable to ascertain and comment on the provision required in respect of impairment in carrying value of cash generating units and its consequent impact on the loss for the year, accumulated balance of reserve and surplus and also the carrying value of the cash generating units. (Also refer point no. 30 of note no.35 to the financial statements).*
- (vi) *To work out the liability towards wealth tax, vacant land and guest houses/inspection quarters are taken at their book values instead of valuation of the same as per Wealth Tax Act / Rules resulting into understatement*

of loss resulting from lower wealth tax and also corresponding understatements of liabilities. In the absence of valuation as at the year end, we are not in a position to ascertain and quantify the impact thereof on financial statements. (Also refer point no. 12 of note no.35 to the financial statements).

- (vii) Amount receivables from and payables to the various parties are subject to confirmation and reconciliation. Pending such confirmation and reconciliations, the impact thereof on the financial statements is not ascertainable and quantifiable. (Also refer, point no. 18 of note no.35 to the financial statements).
- (viii) Dues from the operators are not taken into account for making provision for doubtful debts. Also no provision for doubtful debts is made for disputed cases outstanding for less than one year in Basic and for less than 180 days in GSM/CDMA. In the absence of any working, the impact thereof on the financial statements cannot be ascertained and quantified. (Also refer point no. 3(b) of note no.1 to the financial statements).
- (ix) (a) In Delhi Unit, reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on financial statements cannot be ascertained and quantified at present. (Also refer point no. 17(a) of note no.35 to the financial statements).
- (b) Unlinked credit of ₹ 10.43 crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables are appearing as liabilities in the balance sheet. To that extent, trade receivables and other current liabilities are overstated. (Also refer point no. 17(d) of note no.35 to the financial statements).
- (x) In the absence of detailed information i.e. break up of amount received with relation to the individual invoices raised through MACH, invoice wise reconciliation of the roaming debtors is pending. Pending such reconciliation, the impact of the same on the financial statements cannot be ascertained and quantified. (Also refer point no.19 of note no.35 to the financial statements).
- (xi) Fixed assets are generally capitalised on the basis of completion certificates issued by the engineering department. Due to delays in issuance of the completion certificates, there are cases where capitalisation of the fixed assets gets deferred to next year. The resultant impact of the same on the statement of profit and loss by way of depreciation and amount of fixed assets capitalised in the balance sheet cannot be ascertained.
- (xii) Pending reconciliation of income from recharge coupons/ITC cards/prepaid calling cards and stock of such coupons/cards, the impact thereof on the financial statements cannot be ascertained and quantified.
- (xiii) In respect of sundry creditors, in Mobile Services, Mumbai, liability towards one of the vendors of ₹ 106.73 crores is appearing in the financial books as against the liability of ₹ 42.01 crores to be retained as per the other available records. Pending reconciliation and review of records spread over the years from 2006-07 to 2012-13, no corrective entries have been passed in the financial books during the year. Impact of the same on the financial statements of the Company cannot be ascertained pending the said reconciliation and review. (Refer point no 6 of Note no. 35 to the financial statements).
- (xiv) The Company had invested ₹100 crores in 8.75% Cumulative Preference Shares of M/S. ITI Limited during the year 2001-02. As per the terms of allotment, the said preference shares were to be redeemed in five equal instalments. As per letter no. U-59011-10/2002-FAC dated 31.07.2009 issued by DOT, the repayment schedule of the said preference shares was deferred to 2012-13 onwards in five equal instalments. M/s. ITI Ltd. has failed to meet its rescheduled obligation in respect of first three instalments of ₹ 20 crores each payable in 2012-13, 2013-14 & 2014-15. Since M/s. ITI Ltd. has not complied with even rescheduled commitments, the Company has made a provision for the first three instalment of ₹ 60 crores only instead of providing for full investment of ₹ 100 crores. This has resulted into understatement of loss by ₹ 40 crores

and overstatement of non current investments by ₹ 20 crores and also overstatement of current investments by ₹ 20 crores. (Also refer point no. 7 of note no.35 to the financial statements).

(xv) Certain Land and Buildings transferred to MTNL from DOT in earlier years have been reflected as leasehold. In the absence of relevant records, we are not in a position to comment on the classification of the same as leasehold and also the consequential impacts, if any, of such classification not backed by relevant records. In the absence of relevant records, impact of such classification on the financial statements cannot be ascertained and quantified.

(xvi) Department of Telecommunication (DOT) had raised a demand of ₹ 3313.15 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 licence already elapsed and also for the remaining valid period of licence including spectrum given on trial basis. As explained the demand for spectrum usage for CDMA has been revised by ₹ 107.44 crores on account of rectification of actual usage.

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

In view of the above we are not in a position to comment on the correctness of the stand taken by the Company and the ultimate implications of the same on the financial statements of the Company. (Also refer point no.4 of note no.35 to the financial statements).

(xvii) Other current assets include claim of Income tax refund for F.Y. 1999-2000 of ₹ 101.54 crores arising from pending appeal effect / rectification under Section 154 of Income Tax Act, 1961 by income tax department. This includes tax amount of ₹ 60.30 crores and interest accrued thereon amounting to ₹ 41.24 crores. In the absence of complete records, we are not in a position to comment on the correctness and recoverability of the same and consequential impact on the financial statements of the Company.

(xviii) The balances appearing in the advance tax/income tax receivable / tax deducted at source / interest on income tax and provisions for taxes are subject to reconciliation with the tax records. Pending reconciliations we are not in a position to comment on the correctness of the same and consequential impact of the same on the financial statements of the Company.

(xix) In Mumbai unit, on reconciliation of balance outstanding under refund due to subscribers account with actual amount due for refund, ₹ 37.13 crores was identified as excess liability appearing in the financial books. Pending decision on the final treatment of this excess amount, the same has been retained as liability in the financial books resulting into overstatement of loss and overstatement of current liabilities. (Refer point no. 17(c) of note no.35 to the financial statements).

In the absence of information, the effect of which can not be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii), (iv), (v), (vi), (vii), (viii), (ix)(a), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii) and (xviii) on the standalone financial statements of the Company for the year ended on 31st March 2015.

We further state that without considering the impact of items stated in preceding para, the effect of which could not be determined, had the observations made by us in point nos (iii), (ix)(b), (xiv) and (xix)) been considered in the standalone financial statements, loss for the year would have been ₹ 3036.62 crores as against the reported figure of ₹ 2893.39 crores in the Statement of Profit and Loss and Trade receivables under the head Current Assets would have been ₹ 284.09 crores as against the reported figure of ₹ 294.52

crores, Non Current Investments and Current Investments would have been ₹ 141.98 crores and ₹ NIL as against the reported figures of ₹ 161.98 crores and ₹ 20 crores respectively, Other Current Liabilities would have been ₹ 3163.28 crores as against the reported figure of ₹ 3070.48 crores in the Balance Sheet.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the standalone financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its losses and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following notes on the standalone financial statements being matters pertaining to Mahanagar Telephone Nigam Limited requiring emphasis by us. Our opinion is not qualified in respect of these matters:

- (i) Point no. 27 of note no.35 to the financial statements regarding non provision of diminution in the value of investments in joint ventures/subsidiary as these diminutions are considered temporary in nature.
- (ii) Point no. 9(a) of note no.35 to the financial statements regarding the adequacy or otherwise of the provision and / or contingency reserve held by the Company with reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Company u/s 80 IA of the Income Tax Act,1961.
- (iii) Point no.14(a) of note no.35 to the financial statements regarding accounting of claims and counter claims of MTNL with M/S M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, in the year when the ultimate collection / payment of the same becomes reasonably certain.
- (iv) Point no. 15(d) of note no.35 to the financial statements regarding non deduction of tax at source for IUC services rendered by BSNL based on the expert opinion taken by the Company.
- (v) Classification of trade receivables as unsecured without considering the security deposit which the Company has received from the subscriber ₹ (Also refer note no.19 to the financial statements).
- (vi) Amount receivable from BSNL has been reflected as loans and advances instead of bifurcating the same into trade receivables and other receivables. (Also refer note no. 19 to the financial statements).
- (vii) Disclosure of consumption of imported and indigenous stores and spares and percentage to the total consumption as required by Schedule III of the Companies Act, 2013 has not been made by the Company in the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure - 'A' a statement on the matters specified in paragraphs 3 and 4 of Order, to the extent applicable.
2. As required by Section 143(5) of the Act, we give in Annexure B, a statement on the matters specified by the Comptroller and Auditor-General of India for the Company.
3. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except



for the matters described in point nos. (i), (ii), (iv), (v), (vi), (vii), (viii), (ix)(a), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii) and (xviii) of the paragraph on Basis of Qualified Opinion given above ;

- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for our comments under the head 'Basis for Qualified Opinion' stated above;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement the books of account;
- (d) In our opinion and based on our comments in point nos. (iii), (iv), (v), (xi), (xii), (xiv), (xv) and (xvi) of the paragraph on Basis for Qualified Opinion given above, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 except for AS-2 regarding Valuation of Inventories, AS-6 regarding Depreciation Accounting, AS-9 regarding Revenue recognition, AS-10 regarding Accounting of Fixed Assets, AS-13 regarding Accounting of Investments, AS-28 regarding Impairment of Assets and AS 29 on Provisions, Contingent Liabilities and Contingent Assets.
- (e) On the basis of written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i. the Company has disclosed the impact of pending litigations, wherever quantifiable, on its financial position in its financial statements. Refer point no. 1 and 14 of Note no. 35 to the financial statements.
 - ii. the Company is not required to make any provision for any material foreseeable losses under any law or accounting standards on long terms contracts. Also the Company is not dealing into derivatives contracts. Refer point no. 37 of Note no. 35 to the financial statements.
 - iii. There has been no delay in transferring any amount to the Investor Education and Protection Fund during the year. Refer point no 36 of Note No. 35 to the financial statements.

For V. K. DHINGRA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 000250N

For ARUN K. AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003917N

(SANJAY JINDAL)
PARTNER
M. NO. 087085

(SANJAY GUPTA)
PARTNER
M. NO. 095506

PLACE : NEW DELHI
DATED : MAY 30, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MAHANAGAR TELEPHONE NIGAM LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015.

- (i) (a) Delhi unit has maintained records of fixed assets. However in MS unit-Delhi, identification number are not mentioned. It has been noticed that records of the Estates Department in respect of land and building do not match with the records as per financial books. In case of Mumbai unit (both basic and WS), fixed assets registers have been maintained w.e.f. 01.04.2002. However, the fixed assets records maintained by the Mumbai unit are not updated and reconciled with the financial records. Also identification numbers are not mentioned in respect of most of the items. The corporate office has maintained fixed assets records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the accounting policy of the company, fixed assets are required to be physically verified by the management on rotation basis, once in three years, which in our opinion is reasonable and adequate in relation to the size of the Company and the nature of its business. As certified by the management, the office machinery and equipments, leased premises and cables were physically verified in accordance with programme of verification by the management during the year and no material discrepancies were noticed on such verification. However no documentary evidence in respect of physical verification of cables was made available to us for our verification. Therefore, we are unable to comment on material discrepancies, if any, noticed on such verification.
- (ii) (a) In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, internal control system is reasonably adequate and broadly commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. The same needs to be strengthened further. We have not observed any continuing failure to correct major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act, 2013 or rules framed thereunder.

- (vi) As per information and explanation given to us, Company is required to maintain the cost records under Section 148(1) of the Companies Act 2013. As explained the Company has not yet maintained the required cost records for 2014-15.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, wherever applicable, have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax duty of customs, duty of excise, value added tax, cess or other material statutory dues were in arrears as at 31 March 2015.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sale tax, service tax, wealth tax, duty of customs, duty of excises, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute except for the following dues:

Delhi Unit

i. Sales Tax

Name of the Statute	Amount (₹ in Crores) L.S.T (Net)	Period	Authority where Forum where the dispute is pending
Delhi Sales Tax Act	12.21	2007-08	Addl. Comm. Sales Tax
Delhi Sales Tax Act	62.60	2009-10 & 2010-11 (CWG 2010)	Addl. Comm. Sales Tax
Delhi Sales Tax Act	0.04	2012-13	Addl. Comm. Sales Tax
TOTAL	74.85		

ii. Service Tax

Name of the Statute	Amount (₹ in Crores) (Net)	Period	Forum where the dispute is pending
Service tax	7.96	2005-06	Addl. Comm. Service Tax
Service tax	22.03	2007-08	Addl. Comm. Service Tax
TOTAL	29.99		

iii. Labour Cess

Name of the Statute	Amount (₹ in Crores) (Net)	Period	Forum where the dispute is pending
Building and other Construction Workers Welfare Cess Act, 1996.	2.68	1996 to 2001	Deputy Labor Commissioner

Building and other Construction Workers Welfare Cess Act, 1996.	5.93	2002 to 2005	Deputy Labor Commissioner
Building and other Construction Workers Welfare Cess Act, 1996.	1.48	2005 to 31.03.2015	Deputy Labor Commissioner
TOTAL	10.09		

Mumbai Basic Unit

Sales Tax:

Name of the Statute	Nature of Dues	Amount under dispute (₹ in Crores) (Net)	Year to which amount relates	Forum where the dispute is pending
BST ACT	Assessed Amount	0.36	1993-94	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	5.32	1996-97	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	1.91	1998-99	Jt. Commissioner of Sales Tax (Appeal) II Mumbai
BST ACT	Assessed Amount	3.52	1999-2000	Jt. Commissioner of Sales Tax (Appeal) II Mumbai
BST ACT	Assessed Amount	5.48	2000-01	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	10.16	2001-02	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	216.11	2003-04	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	101.57	2004-05	Maharashtra Sales Tax Tribunal, Mumbai
Total		344.43		

Mumbai MS Unit

Central Excise:

Name of the Statute	Nature of dues	Amount Under dispute not deposited (₹ in Crores)	Year to Which Amount Relates	Forum where the dispute is pending
Central Excise Act	Installation of BTS Site	0.29	2004-05	CESTAT
Central Excise Act	Installation of BTS Site	0.26	2005-06	CESTAT
Central Excise Act	Installation of BTS Site	0.32	2006-07	CESTAT
Total		0.87		



MTNL

- (c) According to the information and explanations given to us the amounts required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under have been transferred to such fund within time .
- (viii) The company does not have accumulated losses as at 31st March 2015. The Company has incurred cash losses during the current financial year. However, the Company did not have cash losses in the preceding financial year.
- (ix) The Company has not defaulted in the repayment of dues to banks or debenture holders. The Company has not taken any loan from any financial institution.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company has not taken any term loan during the year.
- (xii) Based on audit procedures applied and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended on 31st March 2015 except for the following three cases:

Nature of Fraud	Amount (₹ in Crores)	Remarks
Major Discrepancy found in reconciliation of E-recharge through Demo Sim. Short remittances of E-recharge.	0.02	Investigation in Progress
Improper record keeping of recharge coupons, non reconciliation of stock time to time and probable siphoning of amount collected.	0.11	Investigation in Progress
Theft of blank cheques and enacted by forged signature.	0.05	Amount has been credited to MTNL Account by Bank.
TOTAL	0.18	

**For V. K. DHINGRA & CO. CHARTERED
ACCOUNTANTS
Firm Regn. No. 000250N**

**For ARUN K. AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003917N**

**(SANJAY JINDAL)
PARTNER
M. NO. 087085**

**(SANJAY GUPTA)
PARTNER
M. NO. 095506**

**PLACE : NEW DELHI
DATED : MAY 30, 2015**

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MAHANAGAR TELEPHONE NIGAM LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015.

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Mahanagar Telephone Nigam Limited (Standalone) for the year 2014-15 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

According to the information and explanations given to us we report as under:

Sr. No.	Areas Examined	Observation / Finding											
1	If the company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserved) may be examined including the mode and present stage of disinvestment process.	The Company has not selected for disinvestment during the year.											
2	Please report whether there are any cases of waiver / write off of debts / loans / interest etc. if, yes, the reason therefore and the amount involved.	The details of cases of waiver / write off of debts / loans / interest by the Company during the year are as under: <table border="1" data-bbox="772 1116 1323 1346"> <thead> <tr> <th data-bbox="772 1116 1068 1157">Particulars</th> <th data-bbox="1068 1116 1323 1157">(₹ in Crores)</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 1157 1068 1197">Write off of debts</td> <td data-bbox="1068 1157 1323 1197">28.77</td> </tr> <tr> <td data-bbox="772 1197 1068 1237">Due to non recoverability</td> <td data-bbox="1068 1197 1323 1237"></td> </tr> <tr> <td data-bbox="772 1237 1068 1306">Waiver of penalty & interest</td> <td data-bbox="1068 1237 1323 1306">0.00</td> </tr> <tr> <td data-bbox="772 1306 1068 1346" style="text-align: right;">TOTAL</td> <td data-bbox="1068 1306 1323 1346">28.77</td> </tr> </tbody> </table>		Particulars	(₹ in Crores)	Write off of debts	28.77	Due to non recoverability		Waiver of penalty & interest	0.00	TOTAL	28.77
Particulars	(₹ in Crores)												
Write off of debts	28.77												
Due to non recoverability													
Waiver of penalty & interest	0.00												
TOTAL	28.77												
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	a. There are no inventories lying with third parties: b. The Company has not received any assets as gifts from Government or other authorities during the year.											

Sr. No.	Areas Examined	Observation / Finding															
4	A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	<p>The age-wise analysis of pending legal / arbitration cases are as under:</p> <table border="1" data-bbox="789 419 1325 701"> <thead> <tr> <th data-bbox="789 419 1072 459">Period</th> <th data-bbox="1076 419 1325 459">No. of Active Cases</th> </tr> </thead> <tbody> <tr> <td data-bbox="789 465 1072 499">Prior to 2005</td> <td data-bbox="1076 465 1325 499">96</td> </tr> <tr> <td data-bbox="789 506 1072 540">FY 2005 - 2007</td> <td data-bbox="1076 506 1325 540">62</td> </tr> <tr> <td data-bbox="789 546 1072 580">FY 2008 - 2010</td> <td data-bbox="1076 546 1325 580">104</td> </tr> <tr> <td data-bbox="789 586 1072 620">FY 2011 - 2013</td> <td data-bbox="1076 586 1325 620">153</td> </tr> <tr> <td data-bbox="789 626 1072 661">FY 2014 - 2015</td> <td data-bbox="1076 626 1325 661">73</td> </tr> <tr> <td data-bbox="789 667 1072 701">TOTAL</td> <td data-bbox="1076 667 1325 701">488</td> </tr> </tbody> </table> <p>The above does not include pending legal cases concerning tax matters which are listed in Note 35 of the standalone financial statements.</p> <p><u>Reasons of pendency</u> Courts / Arbitrators are required to dispose of the cases as per procedure prescribed under Law, Parties need to be given / reasonable opportunity of being heard, Further, Law provides appeal before higher courts. Reasons for pendency vary from case to case.</p> <p><u>Existence/effectiveness of monitoring system for expenditure on all legal cases (Foreign / Local)</u> There exists an effective monitoring system for expenditure on legal cases. As informed to us there are no legal or arbitration matters pending outside India.</p>		Period	No. of Active Cases	Prior to 2005	96	FY 2005 - 2007	62	FY 2008 - 2010	104	FY 2011 - 2013	153	FY 2014 - 2015	73	TOTAL	488
Period	No. of Active Cases																
Prior to 2005	96																
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FY 2014 - 2015	73																
TOTAL	488																

For V. K. DHINGRA & CO. CHARTERED
ACCOUNTANTS
Firm Regn. No. 000250N

For ARUN K. AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003917N

(SANJAY JINDAL)
PARTNER
M. NO. 087085

(SANJAY GUPTA)
PARTNER
M. NO. 095506

PLACE : NEW DELHI
DATED : MAY 30, 2015



MAHANAGAR TELEPHONE NIGAM LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	630.00	630.00
Reserves & Surplus	3	1,437.42	4,410.70
NON - CURRENT LIABILITIES			
Long Term Borrowings	4	10,008.97	8,110.00
Other Long Term Liabilities	5	2,965.43	3,212.64
Long Term Provisions	6	1,760.18	1,794.04
CURRENT LIABILITIES			
Short Term Borrowings	7	6,595.43	6,010.44
Trade Payables	8	208.56	183.47
Other Current Liabilities	9	3,070.48	2,885.64
Short Term Provisions	10	173.37	199.35
Total		26,849.84	27,436.28
ASSETS			
Non - Current Assets			
Fixed Assets			
(a) TANGIBLE ASSETS	11	5,976.84	6,425.42
(b) INTANGIBLE ASSETS	12	4,455.48	4,795.53
(c) CAPITAL WORK IN PROGRESS	13	133.84	382.57
Non Current Investments	14	161.98	181.98
Long Term Loans And Advances	15	9,158.59	9,006.00
Other Non Current Assets	16	4,835.00	4,269.18
CURRENT ASSETS			
Current Investments	17	20.00	20.00
Inventories	18	96.13	69.89
Trade Receivables	19	294.52	291.80
Cash & Cash Equivalents	20	70.64	246.31
Short Term Loans & Advances	21	1,203.08	1,435.12
Other Current Assets	22	443.74	312.48
Total		26,849.84	27,436.28
Significant Accounting Policies	1		

See accompanying notes (1 to 35) to the financial statements

In terms of our report of even date attached

For and on behalf of Board

For V. K. Dhingra & Co.
Chartered Accountants
FRN: 000250N

For Arun K. Agarwal & Associates
Chartered Accountants
FRN: 003917N

(S.R.Sayal)
Co. Secy.

(K. A. Sarma)
DGM (Accounts)

Sd/-
(Sanjay Jindal)
(Partner)
M.No: 087085

Sd/-
(Sanjay Gupta)
(Partner)
M.No: 095506

Sd/-
Sunil Kumar
Director (HR)

Sd/-
(P. K. Purwar)
Director (Finance) and CMD

Place : New Delhi
Date : 30th May, 2015



MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of Profit and Loss for the year ended 31st March, 2015

Particulars	Note No	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
REVENUE			
Net Revenue From Operations	23	3,400.08	3,391.73
Other Income	24	420.98	395.64
		<u>3,821.06</u>	<u>3,787.37</u>
EXPENSES			
Employee Benefits	25	2,653.19	2,615.40
Revenue Sharing	26	370.02	414.68
Licence Fees	27	221.54	209.53
Administrative, Operative And Other Expenses	28	880.52	1,074.91
Depreciation & Amortisation	29	1,158.59	1,165.74
Finance Cost	30	1,439.62	1,390.15
		<u>6,723.48</u>	<u>6,870.41</u>
Profit/(Loss) Before Exceptional, Prior Period Items & Tax		(2,902.40)	(3,083.04)
Exceptional Items	34	0.00	11,620.93
Profit/(Loss) Before Prior Period Items & Tax		(2,902.40)	8,537.89
Tax Expenses	31		
Current Tax/ Mat		0.00	497.18
Profit/(Loss) Before Prior Period Items But After Tax		(2,902.40)	8,040.71
Prior Period Items	32	(9.01)	215.58
Profit/(Loss) For The Period		(2,893.39)	7,825.13
Earnings/ (Loss) Per Equity Share			
(1) Basic (₹)		(45.93)	124.21
(2) Diluted (₹)		(45.93)	124.21

Significant Accounting Policies 1
See accompanying notes (1 to 35) to the financial statements
In terms of our report of even date attached

For and on behalf of Board

For V. K. Dhingra & Co.
Chartered Accountants
FRN: 000250N

For Arun K. Agarwal & Associates
Chartered Accountants
FRN: 003917N

(S.R.Sayal)
Co. Secy.

(K. A. Sarma)
DGM (Accounts)

Sd/-
(Sanjay Jindal)
(Partner)

Sd/-
(Sanjay Gupta)
(Partner)

Sd/-
Sunil Kumar
Director (HR)

Sd/-
(P. K. Purwar)
Director (Finance) and CMD

M.No: 087085

M.No: 095506

Place : New Delhi
Date : 30th May, 2015

Corporate Information

Mahanagar Telephone Nigam Limited (MTNL), a public sector enterprise, is engaged in providing telecom services in the geographical area of Mumbai and Delhi.

Note 1 : SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards specified under section 133 of Companies Act, 2013 read with Rule-7 of Companies (Accounts) Rules, 2014 & as amended time to time and the relevant provisions of the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical cost convention, except the following items, which are accounted for on cash basis:

- Interest income/liquidated damages, where realisability is uncertain.
- Annual recurring charges of amount up to ₹ 1.00 lakh each for overlapping period.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

3. Revenue Recognition

- (a) Revenue is recognized on accrual basis, including income from subscribers whose disputes are pending resolution, and closure of the subscribers' line. Revenue in respect of service connection is recognized when recoverability is established.
- (b) (i) Provision is made for wrong billing, disputed claims from subscribers (excluding operators covered under the agreements related to IUC/Roaming/MOU) and cases involving suspension of revenue realization due to proceedings in Court.
(ii) In case of landline services provision is made for debtors outstanding for more than 1 year but upto 3 years to the extent of 50 % and 100% in respect of more than 3 years.
(iii) In respect of closed connections, provision is made in respect of outstanding for more than 3 years along with spillover amount for upto 3 years.
- (iv) In case of wireless services (GSM & CDMA), provision is made for dues, which are more than 180 days.
- (c) Activation charges, in case of Landline, are recognized as income in the year of connection.
- (d) Activation charges, in case of Mobile Services (GSM), are recognized as revenue on connection.
- (e) Income from services includes income from leasing of infrastructure to other service providers.
- (f) The cost of stores and materials is charged to project or revenue job at the time of issue. However, spill over items at the end of the year lying at various stores are valued at weighted average method.
- (g) The sale proceeds of scrap arising from maintenance & project works are taken into miscellaneous income in the year of sale.
- (h) Bonus/ Exgratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company.

- (i) Income from services pertaining to prior years is not disclosed as prior period item. In respect of other income/expenditure, only cases involving sums exceeding ₹ 1.00 lakh are disclosed as prior period items.

4. Employee Retirement Benefits

- (a) In respect of officials who are on deemed deputation from DOT and other Govt. Departments, the provision for pension contribution is provided at the rates specified in Appendix 2(A) to FR 116 and 117 of FR. & SR. and provision for leave encashment is made @ 11% of pay as specified in appendix 2(B) of F.R.116 and 117 of F.R. & S.R. Provision of gratuity, in respect of these officers, is not required to be made.
- (b) (i) For absorbed combined service pension optee employees in MTNL, no provision is made for the pensionary benefits viz pension and gratuity, except for the amounts due to difference in pay scales of MTNL and BSNL which is payable by MTNL to the Government of India till next wage revision by which time MTNL and BSNL shall achieve pay scale parity.
- (ii) Annual pension contribution in respect of absorbed combined service pension optee employees in MTNL is payable to the Govt. of India as per FR-116 as in BSNL with equivalent BSNL pay scales and it is expensed off in the relevant year.
- (iii) Liability for leave encashment for all employees of MTNL is accounted for on Actuarial valuation basis.
- (iv) For absorbed CPF optees and direct recruits of MTNL, actuarial valuation is made for gratuity.
- (c) For post retirement medical benefits, no provision is made since insurance policy is taken periodically and the premium is expensed off in the relevant year.

5. Fixed Assets

- (a) Fixed Assets are carried at cost less accumulated depreciation. Cost includes directly related establishment expenses including employee remuneration and benefits and other administrative expenses. Establishment overheads and expenses incurred in units where project work is also undertaken are allocated to capital and revenue based either on time allocated or other attributable basis. Assets are capitalized, as per the practices described below, to the extent completion certificates have been issued, wherever applicable.
- (i) Land is capitalized when possession of the land is taken.
- (ii) Building is capitalized to the extent it is ready for use.
- (iii) Apparatus & Plants principally consisting of Telephone Exchange Equipments and Air Conditioning Plants are capitalized on commissioning of the exchange. Subscribers Installations are capitalized as and when the exchange is commissioned and put to use either in full or in part.
- (iv) Lines & Wires are capitalized as and when laid or erected to the extent completion certificates have been issued.
- (v) Cables are capitalized as and when ready for connection with the main system.
- (vi) Vehicles and Other Assets are capitalized as and when purchased.
- (vii) Intangible assets including application software are capitalized when ready for use. Entry fee for onetime payment for 3G spectrum is also capitalized.
- (b) The fixed assets of the company are being verified by the management at reasonable intervals i.e. once in every three years by rotation. The physical verification of underground cables is done on the basis of working of network and based on records available together with a certificate from the technical officers.
- (c) Expenditure on replacement of assets, equipments, instruments and rehabilitation work is capitalized if it results in enhancement of revenue earning capacity.

- (d) Upon scrapping / decommissioning of assets, these are classified in fixed assets at the lower of Net Book Value and Net Realisable Value and the resultant loss, if any, is charged to Statement of Profit and Loss.

6. Depreciation & Amortisation

- (a) Depreciation is provided on Straight Line Method on the basis of the useful lives prescribed in Schedule II of the Companies Act 2013 except in respect of Apparatus & Plant (including Towers, Transceivers, switching centres, transmission & other network equipments), which are depreciated at the rates based on technical evaluation of useful life of these assets i.e. 10 years, which is lower than the lives prescribed in Schedule II of the Companies Act 2013.
- (b) 100 % depreciation is provided on assets of small value in the year of purchase, other than those forming part of project, the cost of which is below ₹0.10 lakh in case of Apparatus & Plants, Training Equipment & Testing Equipment and ₹2.00 lakh for partitions.
- (c) Intangible assets represented by one-time upfront payment for 3G spectrum is amortized over the period of license i.e. 20 years.
- (d) Application software is amortised over the useful life of the assets which is considered as 10 years.
- (e) Value of Leasehold Land is amortized over the period of lease.

7. Inventories

Inventories being stores and spares are valued at cost or net realizable value, whichever is lower and the cost is determined on weighted average basis. However, inventories held for capital consumption are valued at cost.

8. Foreign Currency Transactions

Transactions in foreign currency are stated at the exchange rate prevailing on the transaction date. Year-end balances of current assets and liabilities are restated at the closing exchange rates and the difference adjusted to Statement of Profit & Loss.

9. Investments

Current investments are carried at the lower of cost & fair market value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

10. Taxes on Income:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.

Deferred Tax resulting from “timing differences” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in the future. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum Alternate Tax (MAT) credit is recognized, as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement.

11. Impairment of assets:

The company assesses at each balance sheet date whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

12. Provisions and contingent liabilities:

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and also in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where there is a possible obligation or a present obligation for which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent liabilities are disclosed in case of present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2015

NOTE - 2

SHARE CAPITAL

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
AUTHORISED CAPITAL		
80,00,00,000 Equity Shares of ₹10 each (80,00,00,000 Equity Shares of ₹10 each)	<u>800.00</u>	<u>800.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
63,00,00,000 Equity Shares of ₹10 each (63,00,00,000 Equity Shares of ₹10 each)	630.00	630.00
Total	<u>630.00</u>	<u>630.00</u>

Shareholders holding more than 5% shares

Name of the Shareholder	As at 31.3.2015		As at 31.3.2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India	354378740	56.25	354378740	56.25
LIC including LIC Fortune Plus Secured Fund	118515213	18.81	118514713	18.81

NOTE - 3

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
RESERVES & SURPLUS		
Share Premium Account		
Opening Balance	665.00	665.00
Addition	-	-
Deletion	-	-
Closing Balance	<u>665.00</u>	<u>665.00</u>
Surplus/ (Deficit)		
Opening Balance	(6,499.07)	(14,278.93)
Less: Depreciation adjustment due to revision of useful life*	(79.89)	-
Add: Profit during the year	-	7,825.13
Less: (Loss) during the year	(2,893.39)	-
Less: Transfer to Reserve for Debenture Redemption	-	(45.27)
Add: Transfer from Other Reserves	9,822.98	-
Closing Balance	<u>350.63</u>	<u>(6,499.07)</u>
Reserve for Contingencies**		
Opening Balance	345.72	345.72
Addition	-	-
Deletion	-	-
Closing Balance	<u>345.72</u>	<u>345.72</u>
Reserve for Research & Development		
Opening Balance	30.80	30.80
Addition	-	-
Deletion	-	-
Closing Balance	<u>30.80</u>	<u>30.80</u>
Reserve for Debenture Redemption		
Opening Balance	45.27	0.00
Addition	-	45.27
Deletion	-	-
Closing Balance	<u>45.27</u>	<u>45.27</u>

General Reserves

Opening Balance	9,822.98	9,822.98
Addition	-	-
Deletion	9,822.98	-
Closing Balance	0.00	9,822.98
Total	1,437.42	4,410.70

* Refer Point No. 13 of Note No. 35

** for Section 80-IA of the Income Tax Act, 1961.

NOTE - 4
LONG TERM BORROWINGS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
(A) Secured		
(a) Term Loans		
From Banks*	2,495.00	4,365.00
(Secured by floating first pari passu charge on all fixed and current assets)		
	2,495.00	4,365.00
(B) Unsecured		
(i) Debentures-Series 4D**	2,268.90	0.00
(22689 number of 8.29 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(ii) Debentures-Series 4C**	0.07	0.00
(7 number of 8.24 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.01 crore each)		
(iii) Debentures-Series 4B**	100.00	0.00
(1000 number of 8.28 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(iv) Debentures-Series 4A**	1,400.00	0.00
(14000 number of 8.24 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(v) Debentures-Series 3A**	765.00	765.00
(7650 number of 9.39 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(vi) Debentures-Series 2A**	1,975.00	1,975.00
(19750 number of 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(vii) Debentures-Series 1A**	1,005.00	1,005.00
(10050 number of 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
	7,513.97	3,745.00
Total	10,008.97	8,110.00

* Terms of Repayment and Rate of Interest of Term Loan from Banks are given as under:-

Name of Bank	Amount outstanding (₹ in crore)	No. of instalments	Weighted Average Rate of interest
Union Bank of India	0.00 (455.00)	NIL	11.42%
IDBI	2,000.00 (3,000.00)	6 (spread over from Sep., 2016 to Dec., 2017)	
Indian Overseas Bank	495.00 (910.00)	4 (spread over from Jul., 2017 to Jan., 2019)	
TOTAL	2,495.00 (4,365.00)		

**** Debentures-Series 1A**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 28.03.2023. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date.

**** Debentures-Series 2A**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 05.12.2023. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date.

**** Debentures-Series 3A**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 9.39 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 26.03.2024. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**** Debentures-Series 4A**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.24 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 19.11.2024. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**** Debentures-Series 4B**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.28 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 19.11.2024 and with call option exercisable at the end of 9th year. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**** Debentures-Series 4C**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.24 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 19.11.2024. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**** Debentures-Series 4D**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.29 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 28.11.2024. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**NOTE - 5
OTHER LONG TERM LIABILITIES**

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Payable to BSNL	2003.63	1828.25
Security Deposits from Customers	555.77	577.11
Trade Payables- Non Current	55.31	94.73
Other Long Term Liabilities	350.72	712.55
Total	2,965.43	3,212.64

**NOTE - 6
LONG TERM PROVISIONS**

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
(a) Provisions for Employee Benefits:		
Pension- Company Employees	791.55	832.55
Leave Encashment- Company Employees	914.00	903.40
Gratuity- Company employees	54.21	57.67
(b) Other long Term Provision	0.42	0.42
Total	1,760.18	1,794.04

**NOTE - 7
SHORT TERM BORROWINGS**

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
A. Loans repayable on demand		
Unsecured		
(i) From Banks- Overdrafts	4295.43	4310.44
(ii) From Banks- Short Term Loans	2300.00	1700.00
Total	6595.43	6010.44

Particulars	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Outstanding Amount	2300.00	1700.00
Weighted Average Rate of interest	10.62%	10.26%

**NOTE - 8
TRADE PAYABLES**

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
(i) For Goods and Services	208.56	183.47
(ii) Due under MSMED Act	0.00	0.00
Total	208.56	183.47

NOTE - 9
OTHER CURRENT LIABILITIES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Current maturities of long term debt	0.00	90.00
Interest Accrued but not due		
(i) On security deposits	0.13	2.11
(ii) On bonds	170.46	61.31
(iii) On borrowings- short term	3.56	23.65
(iv) On borrowings- long term	22.80	50.91
Income received in advance	81.85	100.82
Other Payables		
Deposits from :		
(i) Contractors	40.08	39.17
(ii) Customers	21.35	20.28
Unclaimed Bonds	0.07	0.07
Other Liabilities		
(i) For Salary & other benefits	239.00	257.01
(ii) GPF of MTNL optee	1757.96	1619.41
(iii) Service Taxes & withholding Taxes Payables	221.22	230.81
(iv) Advance received from customers	74.03	59.50
(v) Gratuity- company employees	0.00	0.00
(vi) Others	88.82	81.09
Amount Payable:		
(i) To DoT	45.71	37.82
(ii) To Subsidiary Companies	0.85	0.00
(iii) To contractors- for goods & services	25.75	0.00
(iv) To contractors- other than goods & services	152.15	118.72
(v) To other operators for revenue sharing (Other than BSNL)	124.69	92.96
Total	3070.48	2885.64

NOTE - 10
SHORT TERM PROVISIONS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Provision for employee benefits		
Pension contribution		
(i) Company employees	39.79	51.16
(ii) Others	0.72	0.51
Leave Encashment		
(i) Company employees	124.42	131.56
(ii) Others	0.96	0.68
Gratuity- Company Employees	7.27	15.29
OTHERS		
Provision for Wealth tax	0.77	0.49
Less: Payment of Wealth Tax	0.56	0.34
	0.21	0.15
Total	173.37	199.35

NOTE - 11 TANGIBLE FIXED ASSETS

Description	Gross Block (Rs In Crore)				Depreciation (Rs In Crore)				Net Block (Rs In Crore)		
	As at 1.4.2014	Additions During The Year	Adjustments During The year	Sales During The Year	As at 31.3.2015	As at 1.4.2014	For the year	Sales/ Adjustments During The year	Impairment loss during The Year	As at 31.3.2015	As at 31.3.2014
LAND:											
- FREEHOLD	19.05	-	-	-	19.05	-	-	-	-	19.05	19.05
- LEASEHOLD	319.29	0.00	-	-	319.29	49.28	3.38	-	-	266.63	270.01
BUILDING	1,729.78	83.93	(17.48)	-	1,796.23	592.46	70.07	23.71	-	1,109.99	1,137.32
LEASED PREMISES	5.35	1.18	-	-	6.53	1.33	0.26	-	-	4.94	4.02
LINES & WIRES	137.91	16.72	(2.06)	-	152.57	79.94	5.12	0.10	-	67.42	57.97
CABLES	7,570.43	73.65	(11.89)	-	7,632.19	5,843.92	201.07	(2.20)	-	6,042.79	1,726.52
APPARATUS & PLANT	9,531.55	380.12	(44.08)	0.84	9,866.75	6,502.94	507.20	14.39	17.19	2,825.03	3,028.61
VEHICLES	27.30	-	0.10	0.36	27.04	24.55	0.31	(0.18)	-	2.36	2.75
FURNITURE & FIXTURES	152.67	1.27	(1.23)	0.01	152.70	121.88	7.12	4.57	-	133.57	30.79
OFFICE MACHINERY & EQUIPMENTS	37.27	0.20	(1.50)	0.06	35.91	27.29	0.54	5.97	-	33.81	9.98
ELECTRICAL APPLIANCES	152.15	0.16	(0.65)	0.08	151.59	94.32	5.20	32.52	-	132.04	57.83
COMPUTERS	318.88	1.17	(11.11)	0.09	308.85	250.11	18.15	(2.21)	-	266.05	68.77
ASSETS SCRAPPED/ DECOMMISSIONED	11.81	0.29	(3.67)	0.01	8.43	-	-	-	-	-	11.81
TOTAL	20,013.44	556.70	(93.55)	1.45	20,477.14	13,588.02	818.41	76.68	17.19	14,500.30	6,425.42
Previous Year	19,495.38	601.49	(32.63)	50.80	20,013.44	12,801.43	830.55	(43.96)	0.00	13,588.02	6,425.42

NOTE - 12 INTANGIBLE FIXED ASSETS

Description	Gross Block (Rs In Crore)				Amortisation (Rs In Crore)				Net Block (Rs In Crore)		
	As at 1.4.2014	Additions During The Year	Adjustments During The year	Sales During The Year	As at 31.3.2015	As at 1.4.2014	For the year	Sales/ Adjustments During The year	Impairment loss during the year	As at 31.3.2015	As at 31.3.2014
APPLICATION SOFTWARE	131.24	0.13	-	-	131.37	46.31	11.98	-	-	58.29	73.08
3G & BWA LICENCE FEES	6,564.00	-	-	-	6,564.00	1,853.40	328.20	-	-	2,181.60	4,382.40
TOTAL	6,695.24	0.13	-	-	6,695.37	1,899.71	340.18	-	-	2,239.89	4,455.48
Previous Year	11,174.64	54.58	(4,533.97)	-	6,695.24	2,969.40	335.19	(1,404.88)	-	1,899.71	4,795.53

NOTE - 13
CAPITAL WORK IN PROGRESS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Buildings	3.78	14.51
Apparatus & Plants	40.44	213.38
Lines & Wires	3.16	2.93
Cables	57.52	111.75
Subscribers Installations	27.52	32.64
Air Conditioning Plants	1.42	7.36
Total	133.84	382.57

NOTE - 14
NON CURRENT INVESTMENTS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
LONG TERM INVESTMENTS (UNQUOTED)		
TRADE INVESTMENTS		
(i) INVESTMENTS IN EQUITY INSTRUMENTS		
Investment in Subsidiary Companies		
MillenniumTelecom Ltd. (Un Quoted 2875880 Equity shares of ₹10 each fully paid up)	2.88	2.88
Mahanagar Telephone Mauritius Ltd. (Un Quoted 572264029 Equity Shares)	100.97	100.97
Investment in Joint Ventures		
United Telecom Ltd. (Un Quoted 5736200 Equity Shares of Nepali ₹ 100 (INR 62.50) each fully paid up)	35.85	35.85
MTNLSTPI IT Services Ltd. (Un Quoted 2282000 Equity shares @ ₹10 each)	2.28	2.28
(ii) INVESTMENT IN PREFERENCE SHARES		
Investment in 10000000 8.75% Un Quoted preference shares of ₹ 100/- each fully paid up with M/s. ITI Ltd. Receivable in 5 equal instalments, three instalments of ₹20 crore each were due in 2012-13, 2013-14 and 2014-15 but still not received.	20.00	40.00
Total	161.98	181.98
Particulars	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Aggregate amount of quoted investments (Market value of ₹ Nil, Previous Year ₹ Nil)	0.00	0.00
Aggregate amount of unquoted investments	161.98	181.98
Total	161.98	181.98

NOTE - 15
LONG TERM LOANS AND ADVANCES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
SECURED, CONSIDERED GOOD		
Advances to employees		
(i) Housing Loan	28.83	42.51
(ii) Vehicle Loan	0.79	1.14
(iii) Other Loans	0.08	0.12
UNSECURED, CONSIDERED GOOD		
Capital Advance	2.28	3.53
Deposits with other Govt. Deptt. / Companies	34.97	29.55
Loans & Advances to subsidiaries and joint ventures	4.63	4.48
Cenvat	4.99	3.76
Amount recoverable from DoT	8248.51	8455.69
Others		
Advance Taxes		
Income Tax	1521.54	1015.05
Less: Provision for income tax	(936.00)	(906.43)
	585.54	108.62
FBT	273.71	382.35
Less: Provision for FBT	(25.74)	(25.75)
	247.97	356.60
UNSECURED, CONSIDERED DOUBTFUL		
Amount recoverable from DoT	0.01	0.01
Deposits with other Govt. Deptt. / Companies	15.70	16.07
Cenvat	0.00	0.05
Total	15.71	16.13
Less:		
Provision for Doubtful Deposits/ Advances	15.71	16.13
Total	9158.59	9006.00

NOTE - 16
OTHER NON CURRENT ASSETS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
SECURED, CONSIDERED GOOD		
Interest accrued on loans and advances	66.76	75.61
Interest accrued on deposit	0.96	0.39
Bank deposits (with more than 12 months maturity)*	7.30	6.81
UNSECURED, CONSIDERED GOOD		
Receivable from BSNL	4759.65	4186.04
UNSECURED, CONSIDERED DOUBTFUL		
Receivable from BSNL	6.22	6.22
Receivable from DoT	1.39	1.39
OTHERS		
Balance with bank**	0.33	0.33
Less:		
Provision for other non current assets	7.61	7.61
Total	4,835.00	4,269.18

* includes ₹7.30 crore (₹6.81 crore) under lien

** under lien on court directions

NOTE - 17
CURRENT INVESTMENTS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Investment in ITI Preference shares (Unquoted)	80.00	60.00
Investment in 10000000 8.75% Un Quoted preference shares of ₹ 100/- each fully paid up with M/s. ITI Ltd. Receivable in 5 equal instalments, three instalments of ₹20 crore each were due in 2012-13, 2013-14 and 2014-15 but still not received.		
Less: Provision for doubtful recovery of investment	60.00	40.00
Total	20.00	20.00

Particulars	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Aggregate amount of quoted investments (Market value of ₹ Nil, Previous Year ₹ Nil)	0.00	0.00
Aggregate amount of unquoted investments	80.00	60.00
Total	80.00	60.00

NOTE - 18
INVENTORIES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Lines and Wires	5.38	3.62
Cables	46.63	30.55
Exchange Equipment	31.36	42.54
WLL Equipments	0.08	0.08
Telephone & Telex Instrument	42.10	21.74
WLL Instruments	15.68	15.67
Telephone & Telex Spares	0.10	0.10
Installation Test Equipment	0.00	0.19
Mobile Handset & Sim cards	2.77	2.99
Total	144.10	117.48
Less:		
Provision for obsolete items	47.97	47.59
Total	96.13	69.89

NOTE - 19
TRADE RECEIVABLES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
UNSECURED		
(a) OUTSTANDING FOR LESS THAN SIX MONTHS		
Considered Good	133.50	137.54
Considered Doubtful	0.97	1.39
(b) OUTSTANDING FOR OVER SIX MONTHS		
Considered Good	118.61	144.73
Considered Doubtful	756.90	685.69
Total	1009.98	969.35
Less:		
Provision for doubtful debts	715.01	676.44
Provision for wrong billing	0.45	1.11
Total	294.52	291.80

Secured to the extent of security deposits to the tune of ₹577.12 crore (₹597.39 crore) which are under reconciliation.

NOTE - 20
CASH AND CASH EQUIVALENTS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Balances with banks	66.94	236.26
Cheques/ Drafts in hand	2.75	1.86
Cash in hand	1.18	0.95
Bank deposits (with less than 1 year maturity)*	0.90	8.37
Total	71.77	247.44
Less:		
Provision for doubtful bank balances	1.13	1.13
Provision for contingent loss of cash etc.	0.00	0.00
Total	70.64	246.31

NOTE - 21
SHORT TERM LOANS AND ADVANCES

	As at 31.3.2015 (Rs. in Crore)	As at 31.3.2014 (₹ in Crore)
LOANS & ADVANCES		
(1) To EMPLOYEES		
Secured, Considered good		
(i) Housing Loan	12.62	16.90
(ii) Vehicle Loan	0.37	0.56
(iii) Other Loans	0.04	0.16
Unsecured, Considered good;		
Festival, TA, LTC, Medical etc advances	0.40	59.31
(2) To OTHERS		
Unsecured, Considered good		
(i) Contractors	21.64	21.20
(ii) Advance payment of Taxes		
(a) Income Tax	11.47	0.00
(iii) Prepaid expenses	50.05	65.24
(iv) Deposits with Excise and Sales tax		
(a) Service Tax Recoverable - IUC operators	4.52	0.14
(b) Service Tax Recoverable - others	144.16	116.87
(c) Cenvat Credit	114.39	107.60
(v) Amount recoverable from		
(a) IUC Operators (Other than BSNL)	79.73	40.27
(b) DoT	110.13	0.98
(c) Others	653.56	1005.89
UNSECURED, CONSIDERED DOUBTFUL		
Festival, TA, LTC, Medical etc advances	0.01	0.02
Contractors	5.96	6.56
Others	80.79	111.97
Total	1289.84	1553.67
Less:		
Provision for Doubtful Claims/ Advances	86.76	118.55
Total	1203.08	1435.12

NOTE - 22
OTHER CURRENT ASSETS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
SECURED, Considered good		
Interest accrued on deposits	0.33	0.39
Interest accrued on loans and advances	14.98	14.44
UNSECURED, Considered good		
Interest accrued on Income Tax Refund	64.59	43.41
Income Tax Receivables	168.94	60.30
Unbilled Revenue	194.90	193.94
Total	443.74	312.48

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

**NOTE - 23
NET REVENUE FROM OPERATIONS**

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
(a) Revenue from Sale of Services		
FIXED TELEPHONE:		
Fixed Monthly Charges	568.44	569.01
Calls & other charges	506.92	538.66
Franchisee services	31.08	36.74
Rent & Junction Charges- Others	93.44	119.94
Access & other charges- Others	88.29	99.95
IPTV	0.02	0.37
Broadband	833.85	784.00
VCC	1.04	1.57
Circuits- Local	326.05	289.33
Circuits- Long Distance	33.66	26.31
ISDN - Fixed Monthly Charges	46.53	42.42
ISDN - Call Charges	36.91	36.58
MOBILE SERVICES:		
WLL-Fixed Charges	1.53	3.23
WLL-Call Charges	0.77	1.40
Interconnection Charges	78.98	82.33
Cellular- Fixed & Call Charges	122.70	121.11
Income from Roaming	251.89	257.09
Pre- paid income	233.49	245.18
Activation Charges	0.26	0.26
VAS	42.33	51.53
OTHER SERVICES:		
Internet	14.97	9.02
Free Phone	61.11	52.43
Premium Rate Services	0.31	0.31
VOIP	0.00	0.02
Miscellaneous	0.95	10.37
	3375.52	3379.16
(b) Other Operating Revenues		
Revenue from enterprise business	0.22	0.04
Surcharge on delayed payments	13.35	12.53
Others	10.99	0.00
	24.56	12.57
Total	3,400.08	3,391.73

NOTE - 24
OTHER INCOME

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
INTEREST		
(i) From Bank	2.31	1.56
(ii) From Employees	6.91	6.99
(iii) From Others	0.00	0.08
(iv) From Income Tax Refunds	24.82	99.21
OTHER NON OPERATING INCOME		
Sale of directories, forms etc.	0.25	0.14
Profit on sale of assets	0.30	4.36
Liquidated damages	12.43	10.35
Foreign Exchange Fluctuation Gain	0.08	0.00
Bad Debts Recovered	0.50	0.99
Excess Provision Written back	80.08	120.77
Rent on Quarters/ IQs/ Hostels & other services	10.08	8.23
Rental income from properties	112.09	83.61
Excess Liability Written back	134.82	0.00
Others	36.31	59.35
Total	420.98	395.64

NOTE - 25
EMPLOYEE BENEFITS

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Salary, Wages & Other Benefits	2401.50	2384.45
Bonus / Exgratia	0.01	0.00
Medical Expenses/ Allowances	92.56	89.41
Leave Encashment		
(i) Company Employees	121.64	186.92
(ii) Others	0.61	0.67
Pension Contribution		
(i) Company Employees	130.94	139.21
(ii) Others	1.10	1.23
Contribution To CPF	67.06	70.86
Gratuity	27.10	19.29
Staff Welfare Expenses	0.48	0.95
Others	(0.06)	0.00
Total	2,842.94	2,892.99
Less: Allocation To Capital Work in Progress	189.75	277.59
Total	2,653.19	2,615.40

NOTE -26
REVENUE SHARING

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Revenue Sharing	370.02	414.68
Total	370.02	414.68

NOTE -27
LICENCE FEES

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Licence Fees	221.54	209.53
Total	221.54	209.53

NOTE -28
ADMINISTRATIVE, OPERATIVE & OTHER EXPENSES

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Power, Fuel & Water	280.94	262.74
Rent	89.72	88.68
Repairs & Maintenance		
(i) Building	22.20	21.13
(ii) Plant & Machinery	123.76	115.88
(iii) Others	27.51	33.27
Seminar & Training Charges	1.97	1.05
Insurance	4.59	5.24
Rates & Taxes	44.74	73.00
Travelling Expenses	0.54	0.74
Postage & Courier	9.35	8.30
Printing & Stationery	7.74	7.22
Vehicle Expenses		
(i) Maintenance	0.79	0.83
(ii) Running	2.23	2.53
(iii) Hiring	7.92	8.27
Commission Paid To Franchisee Services	24.10	28.40
Advertising / Business Promotion Expenses	3.62	5.15

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Foreign Exchange Fluctuation Loss	1.19	3.01
Provision For Doubtful Debts	24.83	53.45
Provision For Doubtful Recovery Of Investment	20.00	20.00
Provision For Wrong Billing	0.45	0.00
Provision For Obsolete Store / Claim	0.96	10.48
Bad Debts Written Off	28.77	37.62
Professional & Consultancy Charges	5.19	5.79
Internet Charges	26.38	22.30
Loss On Sale Of Assets	1.49	9.33
Loss Of Assets (Other Than On Sale)	12.78	15.77
Loss on imparment of Assets (CDMA)	17.19	0.00
Spectrum Charges (WLL)	0.31	0.27
Spectrum Charges (MS)	48.76	44.10
Interest On Customer's Deposits	0.39	0.42
Provision For Doubtful Advances	2.86	43.38
Provision For Doubtful Claims	0.00	41.67
Miscellaneous Expenses	65.70	61.13
Total	908.97	1,031.15
Less:		
Allocation To Capital Work in Progress	28.45	(43.76)
Total	880.52	1,074.91

NOTE - 29

DEPRECIATION & AMORTIZATION EXPENSES

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Depreciation	818.41	830.55
Amortization -3G Spectrum	328.20	328.20
Amortization -Other Intangibles	11.98	6.99
Total	1,158.59	1,165.74

NOTE - 30

FINANCE COST

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Interest On Bonds	271.38	145.51
Interest On Loan	1104.39	1224.99
Commitment Fees	29.75	16.42
Interest On Income Tax	29.57	0.00
Other Borrowing Costs	4.53	3.23
Total	1,439.62	1,390.15

NOTE - 31
INCOME TAX EXPENSE

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Current Tax/ MAT	0.00	497.18
Total	0.00	497.18

NOTE - 32
PRIOR PERIOD ITEMS

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Prior Period Items (Debit)		
Depreciation	20.33	22.52
Licence Fee	1.28	0.00
Others (CY Nil, PY include ₹187.15 crore reversal of overhead from CWIP)	5.17	192.51
Less:-		
Prior Period Items (Credit)		
Income From Telephone	0.00	-0.50
Rates & Taxes	1.98	0.00
Pension/ Gratuity payout recoverable from DoT	32.60	0.00
Others	1.21	(0.05)
Total	(9.01)	215.58

NOTE - 33
PAYMENTS TO STATUTORY AUDITORS (Disclosure Note only)

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
(a) As Auditor	0.37	0.37
(b) For Taxation Matters	0.08	0.08
(c) For Other Services	0.21	0.21
(d) For Reimbursement of Expenses	0.11	0.11
Total	0.77	0.77

NOTE - 34
EXCEPTIONAL ITEMS

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Amortization of intangible assets (BWA spectrum) written back	0.00	1404.88
Provision written back - Pension and Gratuity	0.00	9013.39
Pension payout by MTNL recoverable from DoT (Net of Pension Contribution)	0.00	1102.67
Recoverable from Gratuity Trust due to reversal of liability in respect of combined service pension optees	0.00	99.99
Total	0.00	11620.93

Note 35: NOTES TO ACCOUNTS

		(₹ in Crore)	
1.	Contingent Liabilities	2014-15	2013-14
(a)	Income Tax Demands disputed and under appeal	774.87	870.30
(b)	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	478.90	454.13
(c)	(i) Interest to DDA on delayed payments/pending court cases/Tax cases	Amount Indeterminate	Amount Indeterminate
	(ii) Stamp duty payable on land and buildings acquired by the company	Amount Presently Unascertainable	Amount Presently Unascertainable
(d)	Claims against the company not acknowledged as Debts	3227.18	3227.18
(e)	Pending arbitration/court cases	1113.43	1000.17
(f)	Bank guarantee & Letter of Credit	110.60	109.13
(g)	Directory dispute	285.83	285.83
(h)	Interest demanded by DOT and disputed by company on account of delay in payment of Leave Salary and Pension Contribution.	173.81	173.81
(i)	Pending court cases against land Acquisition	4.61	4.61
(j)	License Fee related contingent liability w.r.t. BSNL charges paid on netting basis	140.36	140.36
(k)	Contingent Liability on account of Income Tax as shown in 1(a) above excludes various notices received from TDS department creating demand due to non-matching of their records with the returns filed.		
2.	Estimated amount of contracts remaining to be executed on capital account - ₹13.35 crore (₹ 23.29 crores). In respect of incomplete contracts where the expenditure already incurred has exceeded the contract value, the additional expenditure required to complete the same cannot be quantified.		
3.	Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the company and the landed properties acquired from DOT have not been transferred in the name of the company and in the case of leasehold lands, the documentation is still pending. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 1.4.1986, the documentation shall be contemplated at the time of sale or disposal as and when effected.		
4.	Department of Telecommunications (DOT) has levied one time 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 in the calculations. The calculations are further subject to changes in the quantum of spectrum holding and the remaining valid period of license as per D.O.T. MTNL has surrendered some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 Mhz spectrum in respect of CDMA. DOT has been apprised of the same and the matter is still under correspondence. Apart from this, the issue of charges for spectrum given on trial basis is also to be decided.		

Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by D.O.T. on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability.

Pending final outcome of the issue which itself is sub judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts as the amount is totally indeterminable. However the contingent liability of ₹3205.71 crores is shown on the basis of the demand raised by D.O.T.in respect of GSM.

5. License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement.

The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of ₹140.36 crores on this account upto the year 2011-12 has been shown as contingent liability.

6. In respect of sundry creditors, in Mobile services Mumbai, liability of ₹106.73 crores is provided in the books of accounts. The available records are showing ₹42.01 crores only as the liability to be retained. Pending reconciliation and review of records spread over from 2006-07 to 2012-13, no impact has been taken in the financial statements for the year ended 31st March 2015.

7. The company had subscribed to 8.75% Cumulative Preference Shares of M/s. ITI Limited, amounting to ₹100 crores during the year 2001-02. As per the terms of allotment, the above Preference Shares were proposed to be redeemed in five equal installments. Accordingly, five installments amounting to ₹20 crores each, aggregating to ₹100 crores have become redeemable, which have not been redeemed by ITI Limited. As per letter No.U-59011-10/2002-FAC dated 31.07.2009 issued by DOT, the repayment schedule of the above cumulative Preference Shares was deferred to 2012-13 onwards in five equal installments. The installments which were due in 2012-13, 2013-14 and 2014-15 have not been paid and necessary provision for the overdue installments has been made. Though in letter of Dept. of Telecom No: 20-37/2012-FAC.II dated 25-4-2014, the Cabinet Committee on Economic Affairs has approved the financial assistance to M/S ITI which includes the grants -in -aid for payment of commitments made by M/S ITI and as funds will be made available after budget 2014-15 is passed and hence repayment issue may be held in abeyance till such time. Subsequently M/S ITI vide letter no: ITI/Corp/Fin/MTNL dated 7-5-2014 informed that upon receipt of the financial assistance from the Govt. the redemption process would be initiated. Further DOT has also been reminded to issue directions to M/S ITI to redeem Preference Share capital and make repayment vide letter no.MTNL/CO/GM (BB & IA)/ITI Inve / 2013-14 dated 06.05.2015.

8. Certain claims in respect of damaged/lost fixed assets and inventory has been lodged with Insurance Companies by MTNL and accordingly gross block, accumulated depreciation and value of inventory have been withdrawn in the respective years pending settlement of the claim. The claims are still pending with Insurance companies. The final adjustment in respect of difference between amount claimed and assets withdrawn will be made in the year of settlement of claim.

9. a) The company had claimed benefit under section 80 - IA of the Income Tax Act, 1961 for the financial years from 1997-98 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 Courts of Delhi. The company has retained the provision of ₹400.33 crores (₹400.33 crores) for this claim for the financial years 1997-98, 1998-99 and 1999-2000, however, the demands on this account amounting to ₹345.72 crores (₹ 345.72 crores) for the financial years 1999-2000 to 2005-06 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80-IA of Income Tax Act, 1961.
- b) Income Tax receivable include appeal effect of ₹101.54 crores pertaining to financial year 1999-00 which is pending for settlement by the Income Tax Department. This include Tax amount of Rs 60.30 crores and interest accrued thereon amounting to ₹ 41.24 crores.
- c) The balances appearing in advance tax, provisions for income tax and interest on income tax refunds are subject to reconciliation with the figures of the tax records. The company is in the process of compilation of tax records on yearly basis and reconciliation thereof with the financial records.
10. Company has unabsorbed depreciation and brought forward business losses as on 31.3.2015. However, there is no virtual certainty of availability of sufficient future taxable income. Hence, the Deferred Tax Asset has not been accounted for. Deferred Tax asset shall be created in the year in which the company will have virtual certainty of future taxable income as required by Accounting Standard 22 - "Accounting for Taxes on Income" as per Rule 7 of Companies (Accounts) Rules, 2014.
11. The Company is entitled for credit for Tax paid as MAT under section 115JAA of the IT Act, 1961. However the Company has no convincing evidence that it will pay normal tax during the specified period as is required to avail MAT Tax Credit entitlement. Accordingly, the same has not been recognized in the current year. The same will be reviewed at each balance sheet date and will be appropriately accounted for.
12. Vacant Land and Guest Houses are valued at original value for the purpose of wealth tax provisions.
13. Lives of certain fixed assets have been revised consequent upon the changes in useful life of assets in Schedule-II of Companies' Act, 2013. Depreciation of ₹79.89 crores on account of assets, whose useful life is already exhausted before 01.04.2014, has been adjusted against opening retained earnings.
- 14. Litigations:**
- a) The MTNL entered into contracts with M/s. M & N Publications Limited for printing, publishing and supply of telephone directories for Delhi and Mumbai unit for a period of 5 years starting from 1993. After printing and issue of 1993 (main & supplementary) and 1994 main directory, M/s. M & N Publications Ltd terminated the contract prematurely on 04.04.1996. MTNL, Mumbai & Delhi invoked Bank Guarantees on 09.04.1996, issued Legal Notice on 22.07.1996 and terminated the contract.
- Sole Arbitrator has been appointed by CMD, MTNL. The Sole Arbitrator has since given his award on 09.04.2013 partly in favor of MTNL, Mumbai and on 31.07.2013 in favor of MTNL, Delhi. The claim and counter claim under arbitration will be accounted for in the year when the ultimate collection/ payment of the same becomes reasonably certain.
- M/s. M & N Publications has approached the Bombay & Delhi High Courts against the arbitration awards and MTNL also approached the Bombay & Delhi High Courts for balance amount due.
- The claim of ₹285.83 crores on this account has been shown as contingent liability.

- b) As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai ₹124.93 crores and ₹33.99 crores in 2004-05 and 2005-06 respectively against the claim of ₹158.92 crores. The company has recognised the amount realized as revenue in the respective period. The Hon'ble TDSAT has ordered for refund of ₹96.71 crores. The Company has filed a Civil Appeal and application for stay of operation of the order of TDSAT in the Hon'ble Supreme Court of India in which Supreme Court directed on 08.05.2014 that TDSAT will review the impugned order on seeking of it by appellant. MTNL filed review application which had been disposed off by Hon'ble TDSAT vide order dated 27.05.2014 on which MTNL filed CWP no.022764 dated 16.07.2014 in Hon'ble Supreme Court and the same is pending. Meanwhile UASL operator also filed appeal in Hon'ble Supreme Court.

The claim of ₹96.71 crores on this account has been shown as contingent liability.

- c) MTNL Mumbai has received claims from M/s. BEST, Electricity supply provider categorizing MTNL at Commercial tariff instead of Industrial tariff. The claim has been made with retrospective effect for the period Feb-2007 to May-2009 in respect of HT connection and Jan-2002 to Apr-2011 in respect of LT connection. MTNL has represented to BEST for reconsideration which has not been accepted by BEST. Hence MTNL has approached Hon'ble Mumbai High Court and got a stay on the arrears claimed by BEST amounting to ₹20.82 crores.

In the opinion of the management, there is remote possibility of the case being settled against MTNL.

- d) In respect of Mobile Services Delhi, a sum of ₹ 25.89 crores (₹ 25.89 crores) claimed by TCL towards ILD charges for the period Oct-09 to March-10 has not been paid due to heavy spurt in ILD traffic towards M/S TCL. On technical analysis it was found that these calls were made to some dubious and tiny destination. These destinations do not confirm to international numbering plan of the respective countries and are not approved destinations as per approved interconnect agreement. Further these calls have not got physically terminated to the destinations. The observations were shared with M/S TCL. M/S TCL has also been advised that the balance, which relates to fraudulent calls, is not payable and accordingly no provision has been made in the books of accounts. The matter was handed over to the committee for investigation. Subsequently M/S TCL filed a case in Hon'ble TDSAT for recovery of the amount, decision for which is awaited.

The claim of ₹25.89 crores on this account has been shown as contingent liability.

In addition, the company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The company's management perceive that these legal actions, when ultimately concluded and determined, will not have any material impact on the company's financial statements.

15. Settlements with BSNL:

- a) The amount recoverable from BSNL is ₹4765.87 crores (₹4192.26 crore) and amount payable is ₹2003.63 crores (₹ 1828.25 crores). The net recoverable of ₹2762.24 crores (₹ 2364.01 crores) is subject to reconciliation and confirmation.
- b) Certain claims of BSNL on account of Signaling charges ₹21.93 crores (₹ 21.93 crores), Transit tariff ₹25.19 crores (₹ 25.19 crores), MP Billing ₹6.01 crores (₹ 6.01 crores), Service Connections ₹40.15 crores (₹ 40.15 crores), IUC ₹10.14 crores (₹ 10.14 crores) and IUC from Gujrat Circle ₹1.11 crore (₹ 1.11 crore) are being reviewed. Pending settlement of similar other claims from BSNL, no provision is considered necessary
- c) Delhi Unit has accounted for the expenditure on account of telephone bills of service connections raised by BSNL towards MTNL for the period from 01.10.2000 to 30.09.2006 to the tune of ₹ 9.80

crores (₹ 9.80 crores) on the basis of actual reimbursement made for subsequent periods against the disputed claim of ₹31.27 crores (₹ 31.27 crores), since no details / justifications are received till date from BSNL in spite of repeated persuasion. The balance amount of ₹ 21.47 crores (₹ 21.47 crores) is shown as contingent liability.

- d) Based on expert opinion, the company has not been deducting tax deducted at source on IUC services rendered by BSNL.
16. The Bank Reconciliation Statements as at 31st March 2015 include unmatched/unlinked credits/debits amounting to ₹1.55 crore (₹ 1.48 crore) and ₹1.38 crore (₹ 1.63 crore) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.
17. Subscribers' dues and deposits:
- a) The total balance in the Subscribers' Deposit Accounts, in all the units, is to the tune of ₹577.12 crores (₹ 597.39 crores). Out of this, balance in Delhi Unit amounting ₹ 288.03 crores (₹ 293.12 crores) is under reconciliation.
- b) Interest Accrued and Due on the aforesaid subscriber deposit accounts for both the units of ₹0.13 crores (₹ 2.12 crores) is subject to reconciliation with the relevant subsidiary records.
- c) In Mumbai unit, on reconciliation of balance outstanding under refund due to subscribers account with actual amount due for refund, ₹37.13 crores (₹ 37.13 crores) was identified as excess liability appearing in the financial books. Pending decision on final treatment of this excess amount, the same is retained as liability in the financial books.
- d) Other current liabilities include credits on account of receipts including service tax from subscribers amounting to ₹10.43 crores (₹ 21.24 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.
18. The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation.
19. The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods. The collection received from the operators are matched in totality against the total bill wise but the allocation of collection to individual operator's account is pending in the absence of detailed information which is being sought. Therefore although the roaming income and expenditure are booked on actual basis, the roaming debtors are reconciled in totality in the absence of detailed information. Efforts are being made to allocate the collection on individual basis.
20. In case of Mumbai Unit, the balances with non-scheduled banks comprise of:

S.No.	Name of the Bank and Branch	Balance as on 31st March, 2015 (₹)	Maximum balance during the year ended 31st March, 2015 (₹)
A.	Patan Cooperative Bank Limited (account closed, considered doubtful)	27,634 (27,634)	27,634 (27,634)

B.	Indira Sahakari Bank Limited (considered doubtful)	5,594,189 (5,594,189)	5,594,189 (5,594,189)
C.	The Mogaveera Cooperative Bank Limited (account closed, considered doubtful)	35,445 (35,445)	35,445 (35,445)

21. Settlements with DOT:

- a) Amount recoverable on current account from DOT is ₹8360.03 crores (₹ 8458.07 crores) and amount payable is ₹45.71 crores (₹ 37.82 crores). The net recoverable of ₹8314.32 crores (₹ 8420.25 crores) is subject to reconciliation and confirmation. There is no agreement between the Company and DOT for interest recoverable/Payable on current account. Accordingly, no provision has been made for interest payable/receivable on balances during the year except charging of interest on GPF claims receivable from DOT.
 - b) Deposits from applicants and subscribers as on 31st March, 1986 were ₹81.32 crores (₹81.32 crores) in Mumbai unit as intimated provisionally by DOT. At the year end these deposits amounted to ₹103.28 crores (₹ 103.28 crores), the difference being attributable to connections/refunds granted in respect of deposits received prior to 31st March, 1986. In case of Delhi Unit, balance on this account still recoverable is ₹12.36 crores (₹12.36 crores).
 - c) The total provision for Leave Encashment is ₹1038.43 crores up to 31.3.2015 (₹ 1034.96 crores). Out of this, an amount of ₹ 65.37 crores (₹ 65.37 crores) and ₹ 43.37 crores (₹ 43.37 crores) is recoverable, from DOT in respect of Group C & D and Group B employees respectively for the period prior to their absorption in MTNL.
 - d) An amount of ₹1645.82 crores (₹ 1514.08 crores) towards GPF contribution is recoverable from DOT as on 31.3.2015. The amount pertains to Group C& D and Group B employees absorbed in MTNL w.e.f. 01.11.98 and 01.10.2000 respectively.
22. As per gazette notification no.GSR 138(E) dated 3rd March 2014 pensionary benefits in respect of absorbed combined service pension optees are being paid by the Government of India on BSNL pay scales. Gratuity provision for other than combined service pension optee employees of MTNL, and Leave Encashment provision for all of the employees of MTNL has been made on the basis of actuarial valuation.

23. Employee Benefits –AS-15(R)

- I. During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

a) Defined Contribution Plans

Particulars	(₹ in crores)	
	2014-15	2013-14
Employer Contribution to Provident Fund*	67.06	70.86
Leave Encashment Contribution for DOT employees**	0.61	0.76
Pension Contribution for DOT employees***	1.10	1.23
Pension Contribution for Company employees****	130.94	139.21

* Mentioned as Contribution to CPF

** Mentioned as Leave Encashment-Others

*** Mentioned as Pension contribution-Others

**** Mentioned as Pension contribution-Company Employees

b) Defined Benefit Plans

(₹ in crores)

Particulars	Gratuity* 31.03.15	Gratuity* 31.03.14
Current Service Cost	18.83	18.87
Interest Cost	26.03	115.16
Expected Return on Plan Assets	(89.90)	(114.84)
Surplus return on asset lying with trust	48.76	--
Actuarial(gain)/loss	23.37	(34.60)
Past Service Cost	--	--
Curtailment and Settlement Cost/(Credit)	--	--
Net Cost	27.09	(15.42)
Benefits paid during the year	(35.35)	(150.86)

*Mentioned as Gratuity for other than combined service pension optee employees.

II. The assumptions used to determine the Defined Benefit Obligations are as follows:

Particulars	31.03.2015 Gratuity	31.03.2014 Gratuity
Discount Rate	8.00%	8.50%
Future Salary increase	3.50%	3.50%
Future DA increase	4.00%	4.00%
Expected rate of return on Plan Assets	8.00%	8.00%

III. Reconciliation of opening and closing balances of benefit obligations and plan assets.

a) Benefit obligations:

Particulars	(₹ in crores)	
	Gratuity 31.03.15	Gratuity 31.03.14
Present value of obligation as at the beginning of the period	306.27	1418.17
Interest Cost	26.04	115.16
Current Service Cost	18.83	18.87
Past Service Cost	--	--

Liability Transfer to Govt. of India	--	(1045.61)
Benefit Paid	(35.35)	(150.86)
Actuarial (Gain)/loss on obligations	7.83	(49.46)
Present value of obligation as at the end of period	323.62	306.27

b) Plan Assets

Particulars	(₹ in crores)	
	Gratuity 31.03.15	Gratuity 31.03.14
Fair Value of plan assets at beginning of year	1123.77	1435.55
Expected Return on Plan Assets	89.90	114.84
Transfer To MTNL	(380.64)	(260.91)
Benefit Paid	--	(150.86)
Premium Redemption Reserve	(11.72)	--
Actuarial gain/(loss) on Plan Assets	(15.54)	(14.85)
Fair Value of Plan Assets at the end of the year	805.77	1123.77
Actual return on plan assets	25.60	99.99
Total expenses recognized during the year	27.09	(15.42)

IV. Category of Investment in Gratuity trust as on 31.03.2015.

Particulars	Amounts	
	(₹ in crores)	
Government of India Securities	299.00	(353.98)
Corporate Bonds	192.16	(397.62)
State Govt. Securities	278.80	(329.74)
Others	35.81	(42.43)
Total	805.77	(1123.77)

V. Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Mortality: 1994-96 LIC Ultimate table for mortality in service and LIC (1996-98) table for mortality in retirement.

VI. Mortality in service is assumed on the basis of LIC (1994-96) Ultimate and mortality in retirement is based on LIC (1996-98) table.

24. During the year, the Company has made an Insurance Policy for medical benefits in respect of its retired and working employees. The Insurance Policy is fully funded by the Company. This is in compliance with AS-15(Revised).

25. Information regarding Primary Business Segments: - AS – 17



Summary of the Segment Information for the year ended and as of March 31, 2015

(₹ in Crore)

Particulars	Business Segments			Elimination	Total
	Basic	Cellular	Unallocable		
Revenue:					
External Revenue	2,656.82	732.05	11.21	-	3,400.08
Inter-segment Revenue	10.25	3.50	-	(13.74)	-
Total Revenue	2,667.07	735.54	11.21	(13.74)	3,400.08
Segment result before interest income, exceptional items, finance cost, prior period items and tax	(974.32)	(439.90)	(82.61)	-	(1,496.83)
Interest Income	-	-	34.04	-	34.04
Finance costs	-	-	1,439.62	-	1,439.62
Exceptional items	-	-	-	-	-
Prior period items	-	-	(9.01)	-	(9.01)
Profit/ (Loss) before Tax					(2,893.39)
Provision for Tax	-	-	-	-	-
Profit/ (Loss) after Tax					(2,893.39)
Other Information:					
Segment Assets	12,644.35	7,150.23	7,055.25	-	26,849.83
Total Assets				-	26,849.83
Segment Liabilities	7,771.26	1,514.56	15,496.58	-	24,782.41
Total Liabilities				-	24,782.41
Capital Expenditure	504.39	54.25	0.19	-	558.83
Depreciation & Amortisation	625.41	532.98	0.20	-	1,158.59

Summary of the Segment Information for the year ended and as of March 31, 2014

(₹ in Crore)

Particulars	Business Segments			Elimination	Total
	Basic	Cellular	Unallocable		
Revenue:					
External Revenue	2,629.40	762.33	-	-	3,391.73
Inter-segment Revenue	16.28	4.55	-	(20.83)	-
Total Revenue	2,645.68	766.88	-	(20.83)	3,391.73
Segment result before interest income, exceptional items, finance cost, prior period items and tax	4,685.39	(105.05)	(6,381.07)	-	(1,800.73)
Interest Income	-	-	107.84	-	107.84
Finance costs	-	-	1,390.15	-	1,390.15



Exceptional items	-	-	11,620.93	-	11,620.93
Prior period items	-	-	215.58	-	215.58
Profit/(Loss) before Tax					8,322.31
Provision for Tax	-	-	497.18	-	497.18
Profit/ (Loss) after Tax					7,825.13
Other Information:					
Segment Assets	13,194.50	7,690.72	6,551.07	-	27,436.29
Total Assets					27,436.29
Segment Liabilities	(7,980.44)	(1,414.23)	(13,000.92)	-	(22,395.59)
Total Liabilities					(22,395.59)
Capital Expenditure	642.36	13.51	0.19	-	656.06
Depreciation & Amortisation	622.44	543.08	0.23	-	1,165.74

Notes:-

- The company has disclosed Business Segment as the Primary Segment. Segments have been identified taking into account the nature of the services, the deferring risks and returns, the organizational structure and internal reporting system.
- The company caters to the needs of mainly two metro cities viz. Delhi and Mumbai, wherein the risk and return are not different to each other. As such there are no reportable geographical segments.
- Segment Revenue, Segment Result, Segment Asset and Segment Liabilities include the respective amount identifiable to each of the segments. Items which are not directly relatable to the business segment are shown as unallocable.
- Finance cost is not allocated segment wise and is considered on over all basis.

26. Related Parties Disclosure under AS-18

- a) List of Related Parties and Relationships (as identified by the management and relied upon by the auditors)

Party	Relation
Millennium Telecom Limited	Wholly owned Subsidiary
Mahanagar Telecom Mauritius Ltd.	Wholly owned Subsidiary
MTML Data Ltd.	Step down Subsidiary
MTML International Ltd.	Step down Subsidiary
United Telecom Limited	Joint Venture
MTNL STPI IT Services Ltd.	Joint Venture

b) Balances of related parties:

(₹ in crores)

Particulars	Millennium Telecom Limited	Mahanagar Telecom Mauritius Ltd.	United Telecom Limited	MTNL STPI IT Services Ltd.
Loans & Advances	0.36 (0.24)	3.98 (3.95)	--	0.28 (0.28)
Trade Payable	0.85 (NIL)	--	--	--



c) Key Management Personnel:

(i) List of Key Management Personnel:

Mr. A.K. Garg	C.M.D. upto 31.05.2014
Mr. P. K. Purwar	C.M.D. (from 24.06.2014) & Director (Finance)
Mr. Sunil Kumar	Director (HR)
Mr. B. K. Mittal	Executive Director, Delhi
Mr. Peeyush Aggarwal	Executive Director, Mumbai
Mr. A.K. Srivastava	CGM, WS, Mumbai
Mr. D. P. Singh	CGM, WS, Delhi
Mr. S.R. Sayal	Company Secretary

(ii) Remuneration Paid to

Key Management Personnel ₹1.54 crore (₹1.55 crore)

27. The diminutions in value of investments in Subsidiaries & Joint Ventures are considered as temporary in nature.

28. Earning /(Loss) Per Share – AS – 20

1) Profit/(Loss) after Tax	₹ (-)2893.39 crores (₹7825.13 crores)
2) Number of Shares	63 crores
3) Nominal value of shares	₹ 10/-
4) Basic/ diluted EPS	₹(-) 45.93 (₹ 124.21)

29. Consolidated Financial Statements – AS-21 & AS-27

The financial statements of Millennium Telecom Limited & Mahanagar Telephone Mauritius Limited (wholly owned subsidiaries of the Company) and MTML Data Ltd & MTML International Ltd. (Step down subsidiaries) are consolidated in accordance with the Accounting Standard – 21. Consolidation of the financial statements of United Telecom Limited & MTNL STPI IT Services Limited (Joint Ventures) has been done in accordance with the Accounting Standard – 27.

MTNL holds 26.68% of Equity Shares in UTL and 50% in MTNL STPI IT Services Limited and consolidated in the accounts as under:-

(₹ in crores)

Name of JV & Subsidiary	Income	Expenditure	Profit/(Loss)	Total As-sets	Total Liabilities
UTL	4.39	15.73	(11.34)	22.49	22.49
MTNL STPI IT Services Ltd.	2.23	1.90	0.33	3.06	3.06
Millenium Telecom Limited	2.91	2.78	0.13	6.48	6.48
Mahanagar Telecom Mauritius Limited	88.01	84.92	3.09	156.78	156.78



MTML Data Ltd.	--	--	--	0.35	0.35
MTML International Ltd.	--	--	--	1.74	1.74
Total	97.54	105.33	(7.79)	190.90	190.90

30. There is no indication of any impairment of assets of the Company, on the basis of the company as a whole as a CGU under Accounting Standard 28. However during the year, provision towards difference of W.D.V. and expected realizable value of CDMA exchange, Delhi amounting to ₹17.19 crores has been provided towards impairment based on value in use consequent upon closure of CDMA operations.

31. Disclosures pursuant to General instructions for preparation of Statement of Profit & Loss as per Para 5 (viii)(a), (b) and (e) of Schedule III to the Companies Act, 2013 :

(a) Value of Imports calculated on C.I.F. basis

(i) Raw Material - Nil

(ii) Components and Spare Parts -Nil

(iii) Capital Goods -Nil

(b) Expenditure in Foreign Currency

(i) Professional & Consultancy Fees = ₹ NIL (NIL)

(ii) Travel = ₹ NIL (NIL)

(iii) Others = ₹ 5.09 crores (₹ 4.45 crores)

(c) Earning in Foreign Exchange = ₹ 5.45 crores (₹ 8.75 crores)

(d) Additional Information required under paragraphs 5 (viii) (c) of Schedule III to the Companies Act, 2013 is not ascertainable, since (i) consumption of stores is included under the normal heads of capital expenditure and/or repairs and maintenance, and (ii) the issues of imported and indigenous items are not separately priced/ identified.

32. Dues to Micro, Small and Medium Enterprises:

There is no reported Micro, Small and Medium enterprise as defined in the MSMED Act, 2006, to whom the company owes dues as at 31.3.2015. No interest has been paid during the year on account of delayed payments as required under the MSMED Act, 2006.

33. As per the accounting policy, Bonus/ Exgratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company. In view of losses, no provision for Bonus/ Exgratia has been made during the year.

34. **Debenture Redemption Reserve:** In view of losses, Debenture Redemption Reserve had not been created in current financial year in respect of Redeemable Non-Convertible Debentures (in the form of Bonds).

35. **Corporate Social Responsibility:** No funds have been spent towards CSR activities by the company during the year as there is no average net profit made by the company during the three immediately preceding financial years as per the requirement of section 135 of Companies Act 2013.

36. There is no delay in transferring amount, required to be transferred, to Investor Education and Protection Fund by the company.



37. The Company has no foreseeable losses, which requires provision under applicable laws or accounting standards on long-term contracts and not dealing into derivative contracts at all.

38. Addition under the head 'Building' in the Note No.11 (Tangible Fixed Assets) includes ₹1.18 crores being cost of tenements in the building at Govandi, Mumbai (MMRDA), which is not yet registered in the name of the company. However, the possession thereof has already been given to the company.

39. Figures have been rounded off to the nearest crore. Previous year figures have been regrouped / recast to confirm to current year's presentation. Amounts in brackets represent the previous year's figures.

(S. R. Sayal)

Company Secretary

(K. A. Sarma) (Sunil Kumar)

DGM(A/cs)

Director (HR)

(P. K. Purwar)

Chairman & Managing Director
and Director (Finance)

For V.K. Dhingra & Co .

Chartered Accountants

FRN No.000250N

For Arun K. Agarwal & Associates

Chartered Accountants

FRN No.003917N

Sanjay Jindal

(Partner)

Membership No. 087085

Place : New Delhi

Date : 30.05.2015

Sanjay Gupta

(Partner)

Membership No.095506



MAHANAGAR TELEPHONE NIGAM LIMITED
Cash Flow Statement for the year ended 31st March, 2015

	2014-15 (₹ in Crore)	2013-14 (₹ in Crore)
A. Cash Flow from Operating Activities		
Net profit/ (loss) before Tax	(2,902.40)	8,537.89
Adjustment for:		
Prior period adjustment (net)	29.34	(193.07)
Depreciation adjustment due to revision of useful life	(79.89)	0.00
Profit on sale of fixed assets	(0.30)	(4.36)
Loss on sale of fixed assets	1.49	9.33
Depreciation & Amortisation	1,158.59	1,165.74
Finance Cost	1,439.62	1,390.15
Interest Income	(34.04)	(107.84)
Operating cash profit/ (loss) before working capital changes	(387.59)	10,797.84
Adjustment for:		
Trade and other receivables	(227.20)	(6,134.82)
Inventories	(26.24)	12.06
Trade and other payables	(136.15)	(9,342.83)
Cash generated from operations	(777.19)	(4,667.75)
Direct Taxes paid/adjusted (Net)	(379.69)	418.63
Net Cash Flow from Operating Activities	(1,156.88)	(4,249.12)
B. Cash Flow from Investing Activities		
Purchase of fixed assets (including Capital WIP)	(313.23)	(128.29)
Sale of fixed assets	170.48	3,162.96
Interest received	20.66	115.76
Investments	0.00	0.00
Net Cash Flow from Investing Activities	(122.11)	3,150.43
C. Cash Flow from Financing Activities		
Proceeds from borrowings	2,483.96	2,581.75
Finance Charges (including interest) paid	(1,380.65)	(1,346.64)
Net Cash Flow from Financing Activities	1,103.31	1,235.11
D. Net Increase/ (Decrease) in Cash and Cash Equivalent	(175.67)	136.42
Cash and Cash equivalent as at the beginning of the year	246.31	109.89
Cash and cash equivalent as at the end of the year	70.64	246.31
Cash and cash equivalent as at the end of year represented by		
Cash in hand (including cheques/drafts in hand)	3.93	2.81
Balance with bank in current account (net of provisions)	65.81	235.13
Balance with bank in Fixed Deposit account	0.90	8.37
TOTAL	70.64	246.31

Note:-

1. Previous year figures have been regrouped/rearranged/reclassified wherever necessary
In terms of our report of even date attached

For V. K. Dhingra & Co.
Chartered Accountants
FRN: 000250N

For Arun K. Agarwal & Associates
Chartered Accountants
FRN: 003917N

Sd/-
(S.R.Sayal)
Co. Secy.

Sd/-
(K. A. Sarma)
DGM (Accounts)

Sd/-
(Sanjay Jindal)
(Partner)
M.No: 087085

Sd/-
(Sanjay Gupta)
(Partner)
M.No: 095506

Sd/-
Sunil Kumar
Director (HR)

Sd/-
(P. K. Purwar)
Director (Finance) and CMD

Place : New Delhi
Date : 30th May, 2015



ARUN K AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
105, South Ex Plaza – I,
389, Masjid Moth, South Ex Part – II,
New Delhi – 110049
Phone : 011- 26251200, 26257400
Fax : 011- 26251200

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

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO,
THE MEMBERS OF
MAHANAGAR TELEPHONE NIGAM LIMITED
Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **MAHANAGAR TELEPHONE NIGAM LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred as "the Group") and its associate companies, comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statements of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred as "the consolidated financial statement").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate companies in accordance with accounting principles generally accepted in India; including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Account) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgment 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 financial 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 consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

- (i) *The Company has certain balances receivables from and payables to BSNL. The net amount recoverable of ₹ 2762.24 crores is subject to reconciliation and confirmation. In view of non reconciliation/ confirmation and also in view of various pending disputes regarding claims and counter claims, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the financial statements of the Company. (Also refer point no. 14 (a) of note no.35A to the financial statements).*
- (ii) *The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of ₹ 8314.32 crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the financial statements of the Company. (Also refer point no. 18 (a) of note no.35A to the financial statements).*
- (iii) *Upto financial year 2011-12 License Fee payable to the DOT on IUC charges to BSNL was worked out on accrual basis as against the terms of License agreements requiring deduction for expenditure from the gross revenue to be allowed on actual payment basis. From financial year 2012-13, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. The Company continues to reflect the difference in license fee arising from working out the same on accrual basis as aforesaid for the period upto financial year 2011-12 by way of contingent liability of ₹ 140.36 crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (Also refer point no. 7 of note no.35A to the financial statements).*
- (iv) *The Company continues to allocate the establishment overheads towards capital works on estimated / adhoc basis. In view of the basis being not in line with the accepted accounting practices and Accounting Standard -10 "Accounting for Fixed Assets" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014, the same results into overstatement of capital work in progress/ fixed assets and understatement of loss. The actual impact of the same on the financial statements for year is*

not ascertainable and quantifiable. (Also refer note no. 25A and 28A to the financial statements).

- (v) Except for impairment of CDMA assets of Delhi unit due to closure of CDMA operations, no adjustment has been considered on account of impairment loss during the year, with reference to AS-28 "Impairment of Assets" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. In view of uncertainty in achievement of future projections made by the Company, we are unable to ascertain and comment on the provision required in respect of impairment in carrying value of cash generating units and its consequent impact on the loss for the year, accumulated balance of reserve and surplus and also the carrying value of the cash generating units. (Also refer point no. 20 of note no.35A to the financial statements).
- (vi) To work out the liability towards wealth tax, vacant land and guest houses/inspection quarters are taken at their book values instead of valuation the same as per Wealth Tax Act / Rules resulting into understatement of loss resulting from lower wealth tax and also corresponding understatements of liabilities. In the absence of valuation as at the year end, we are not in a position to ascertain and quantify the impact thereof on financial statements. (Also refer point no. 11 of note no.35A to the financial statements).
- (vii) Amount receivables from and payables to the various parties are subject to confirmation and reconciliation. Pending such confirmation and reconciliations, the impact thereof on the financial statements is not ascertainable and quantifiable. (Also refer point no.16 of note no.35A to the financial statements).
- (viii) Dues from the operators are not taken into account for making provision for doubtful debts. Also no provision for doubtful debts is made for disputed cases outstanding for less than one year in Basic and for less than 180 days in GSM/CDMA. In the absence of any working, the impact thereof on the financial statements cannot be ascertained and quantified. (Also refer point no. 3(b) of note no.1A to the financial statements).
- (ix) (a) In Delhi Unit, reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on financial statements cannot be ascertained and quantified at present. (Also refer point no. 15(a) of note no.35A to the financial statements).
- (b) Unlinked credit of ₹ 10.43 crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables are appearing as liabilities in the balance sheet. To that extent, trade receivables and other current liabilities are overstated. (Also refer point no. 15(c) of note no.35A to the financial statements).
- (x) In the absence of detailed information i.e. break up of amount received with relation to the individual invoices raised through MACH, invoice wise reconciliation of the roaming debtors is pending. Pending such reconciliation, the impact of the same on the financial statements cannot be ascertained and quantified. (Also refer point no. 17 of note no.35A to the financial statements).
- (xi) Fixed assets are generally capitalised on the basis of completion certificates issued by the engineering department. Due to delays in issuance of the completion certificates, there are cases where capitalisation of the fixed assets gets deferred to next year. The resultant impact of the same on the statement of profit and loss by way of depreciation and amount of fixed assets capitalised in the balance sheet cannot be ascertained.
- (xii) Pending reconciliation of income from recharge coupons/ITC cards/prepaid calling cards and stock of such coupons/cards, the impact thereof on the financial statements cannot be ascertained and quantified.

- (xiii) *In respect of sundry creditors, in Mobile Services, Mumbai, liability towards one of the vendors of ₹ 106.73 crores is appearing in the financial books as against the liability of ₹ 42.01 crores to be retained as per the other available records. Pending reconciliation and review of records spread over the years from 2006-07 to 2012-13, no corrective entries have been passed in the financial books during the year. Impact of the same on the financial statements of the Company cannot be ascertained pending the said reconciliation and review. (Refer point no 8 of Note no. 35A to the financial statements).*
- (xiv) *The Company had invested ₹100 crores in 8.75% Cumulative Preference Shares of M/S. ITI Limited during the year 2001-02. As per the terms of allotment, the said preference shares were to be redeemed in five equal instalments. As per letter no. U-59011-10/2002-FAC dated 31.07.2009 issued by DOT, the repayment schedule of the said preference shares was deferred to 2012-13 onwards in five equal instalments. M/s. ITI Ltd. has failed to meet its rescheduled obligation in respect of first three instalments of ₹ 20 crores each payable in 2012-13, 2013-14 & 2014-15. Since M/s. ITI Ltd. has not complied with even rescheduled commitments, the Company has made a provision for the first three instalment of ₹ 60 crores only instead of providing for full investment of ₹ 100 crores. This has resulted into understatement of loss by ₹ 40 crores and overstatement of non current investments by ₹ 20 crores and also overstatement of current investments by ₹ 20 crores. (Also refer point no. 9 of note no.35A to the financial statements).*
- (xv) *Certain Land and Buildings transferred to MTNL from DOT in earlier years have been reflected as leasehold. In the absence of relevant records, we are not in a position to comment on the classification of the same as leasehold and also the consequential impacts, if any, of such classification not backed by relevant records. In the absence of relevant records, impact of such classification on the financial statements cannot be ascertained and quantified.*
- (xvi) *Department of Telecommunication (DOT) had raised a demand of ₹ 3313.15 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 licence already elapsed and also for the remaining valid period of licence including spectrum given on trial basis. As explained the demand for spectrum usage for CDMA has been revised by ₹ 107.44 crores on account of rectification of actual usage.*
Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallisation of issue by the DOT in view of the claim being contested by the Company and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by DOT on this account and ₹ 3205.71 crores has been disclosed as contingent liability.
In view of the above we are not in a position to comment on the correctness of the stand taken by the Company and the ultimate implications of the same on the financial statements of the Company. (Also refer point no. 6 of note no.35A to the financial statements).
- (xvii) *Other current assets include claim of Income tax refund for F.Y. 1999-2000 of ₹ 101.54 crores arising from pending appeal effect / rectification under Section 154 of Income Tax Act, 1961 by income tax department. This includes tax amount of ₹ 60.30 crores and interest accrued thereon amounting to ₹ 41.24 crores. In the absence of complete records, we are not in a position to comment on the correctness and recoverability of the same and consequential impact on the financial statements of the Company.*
- (xviii) *The balances appearing in the advance tax/income tax receivable / tax deducted at source / interest on*

income tax and provisions for taxes are subject to reconciliation with the tax records. Pending reconciliations we are not in a position to comment on the correctness of the same and consequential impact of the same on the financial statements of the Company.

- (xix) *In Mumbai unit, on reconciliation of balance outstanding under refund due to subscribers account with actual amount due for refund, ₹ 37.13 crores was identified as excess liability appearing in the financial books. Pending decision on the final treatment of this excess amount, the same has been retained as liability in the financial books resulting into overstatement of loss and overstatement of current liabilities. (Refer point no. 15(b) of note no.35A to the financial statements).*

In the absence of information, the effect of which can not be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii), (iv), (v), (vi), (vii), (viii), (ix)(a), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii) and (xviii) on the consolidate financial statements of the Company for the year ended on 31st March 2015.

We further state that without considering the impact of items stated in preceding para, the effect of which could not be determined, had the observations made by us in point nos (iii), (ix)(b), (xiv) and (xix) been considered in the consolidate financial statements, loss for the year would have been ₹ 3044.39 crores as against the reported figure of ₹ 2901.16 crores in the Statement of Profit and Loss and Trade receivables under the head Current Assets would have been ₹290.85 crores as against the reported figure of ₹ 301.28 crores, Non Current Investments and Current Investments would have been ₹ NIL and ₹ NIL as against the reported figures of ₹ 20 crores and ₹ 20 crores respectively, Other Current Liabilities would have been ₹ 3169.94 crores as against the reported figure of ₹ 3077.14 crores in the Balance Sheet.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its associates as at 31st March 2015 and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following notes on the consolidate financial statements being matters pertaining to Mahanagar Telephone Nigam Limited requiring emphasis by us. Our opinion is not qualified in respect of these matters:

- (i) Point no. 19 of note no.35A to the financial statements regarding non provision of diminution in the value of investments in joint ventures/subsidiary as these diminutions are considered temporary in nature.
- (ii) Point no. 10(a) of note no.35A to the financial statements regarding the adequacy or otherwise of the provision and / or contingency reserve held by the Company with reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Company u/s 80 IA of the Income Tax Act, 1961.
- (iii) Point no.13(a) of note no.35A to the financial statements regarding accounting of claims and counter claims of MTNL with M/S M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, in the year when the ultimate collection / payment of the same becomes reasonably certain.

- (iv) Point no. 14(d) of note no.35A to the financial statements regarding non deduction of tax at source for IUC services rendered by BSNL based on the expert opinion taken by the Company.
- (v) Classification of trade receivables as unsecured without considering the security deposit which the Company has received from the subscribers. (Also refer note no. 19A to the financial statements).
- (vi) Amount receivable from BSNL has been reflected as loans and advances instead of bifurcating the same into trade receivables and other receivables. (Also refer note no. 19A to the financial statements).
- (vii) Disclosure of consumption of imported and indigenous stores and spares and percentage to the total consumption as required by Schedule III of the Companies Act, 2013 has not been made by the Company in the financial statements.

Other Matters

- a) We did not audit the financial statements of the subsidiary companies whose financial statements reflect total assets of Rs 156.78 crores as at 31st March, 2015 and total revenues of ₹ 88.01 crores and net cash flows amounting to ₹ 11.02 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.
- b) We have relied on the unaudited financial statement of one subsidiary and two step subsidiaries whose financial statements reflect total assets of ₹ 8.57 crores, total revenue of ₹ 2.91 crores and cash flows amounting to ₹ (0.01) crores for the year ended on that date and on the unaudited financial statements of the associates wherein group's share of loss aggregate ₹ 11.01 crores. These unaudited financial statements / consolidated financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report insofar as it relates to the amounts included in respect of these subsidiaries and associates is based solely on such approved unaudited financial statements / consolidated 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. Our opinion 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 report of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditor's reports of the Holding company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

The financial statements / financial information of the subsidiary companies and associate companies do not have the statement on the matters specified in paragraphs 3 and 4 of the Order as either they are unaudited or incorporated out India. Therefore, comments of the auditors in terms of sub-section (11) of section 143 of the Act are not available and hence not considered in the Annexure.

2. As required by section 143 (3) of the Companies Act, 1956, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements except for the matters described in point nos. (i), (ii), (iv), (v), (vi), (vii), (viii), (ix)(a), (x), (xi), (xii),(xiii), (xv), (xvi), (xvii) and (xviii)of the paragraph on Basis of Qualified Opinion given above ;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2015 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules,2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. the Company has disclosed the impact of pending litigations, wherever quantifiable, on its financial position in its financial statements. Refer point no. 3 and 13 of Note no. 35A to the financial statements.
 - ii. the Company is not required to make any provision for any material foreseeable losses under any law or accounting standards on long terms contracts. Also the Company is not dealing into derivatives contracts. Refer point no. 25 of Note no. 35A to the financial statements.
 - iii. There has been no delay in transferring any amount to the Investor Education and Protection Fund during the year. Refer point no 24 of Note No. 35A to the financial statements.

For V. K. DHINGRA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 000250N

For ARUN K. AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003917N

(SANJAY JINDAL)
PARTNER
M. NO. 087085

(SANJAY GUPTA)
PARTNER
M. NO. 095506

PLACE : NEW DELHI
DATED : MAY 30, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MAHANAGAR TELEPHONE NIGAM LIMITED ON THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015.

- (i) (a) Delhi unit has maintained records of fixed assets. However in MS unit-Delhi, identification numbers are not mentioned. It has been noticed that records of the Estates Department in respect of land and building do not match with the records as per financial books. In case of Mumbai unit (both basic and WS), fixed assets registers have been maintained w.e.f. 01.04.2002. However, the fixed assets records maintained by the Mumbai unit are not updated and reconciled with the financial records. Also identification numbers are not mentioned in respect of most of the items. The corporate office has maintained fixed assets records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the accounting policy of the company, fixed assets are required to be physically verified by the management on rotation basis, once in three years, which in our opinion is reasonable and adequate in relation to the size of the Company and the nature of its business. As certified by the management, the office machinery and equipments, leased premises and cables were physically verified in accordance with programme of verification by the management during the year and no material discrepancies were noticed on such verification. However no documentary evidence in respect of physical verification of cables was made available to us for our verification. Therefore, we are unable to comment on material discrepancies, if any, noticed on such verification.
- (ii) (a) In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, internal control system is reasonably adequate and broadly commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. The same needs to be strengthened further. We have not observed any continuing failure to correct major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act, 2013 or rules framed thereunder.
- (vi) As per information and explanation given to us, Company is required to maintain the cost records under Section 148(1) of the Companies Act 2013. As explained the Company has not yet maintained the required cost records for 2014-15.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, wherever applicable, have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax duty of customs, duty of excise, value added tax, cess or other material statutory dues were in arrears as at 31 March 2015.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sale tax, service tax, wealth tax, duty of customs, duty of excises, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute except for the following dues:

Delhi Unit

i. Sales Tax

Name of the Statute	Amount (₹ in Crores) L.S.T (Net)	Period	Authority where Forum where the dispute is pending
Delhi Sales Tax Act	12.21	2007-08	Addl. Comm. Sales Tax
Delhi Sales Tax Act	62.60	2009-10 & 2010-11 (CWG 2010)	Addl. Comm. Sales Tax
Delhi Sales Tax Act	0.04	2012-13	Addl. Comm. Sales Tax
TOTAL	74.85		

ii. Service Tax

Name of the Statute	Amount (₹ in Crores) (Net)	Period	Forum where the dispute is pending
Service tax	7.96	2005-06	Addl. Comm. Service Tax
Service tax	22.03	2007-08	Addl. Comm. Service Tax
TOTAL	29.99		

iii. Labour Cess

Name of the Statute	Amount (₹ in Crores) (Net)	Period	Forum where the dispute is pending
Building and other Construction Workers Welfare Cess Act, 1996.	2.68	1996 to 2001	Deputy Labor Commissioner
Building and other Construction Workers Welfare Cess Act, 1996.	5.93	2002 to 2005	Deputy Labor Commissioner

Building and other Construction Workers Welfare Cess Act, 1996.	1.48	2005 to 31.03.2015	Deputy Labor Commissioner
TOTAL	10.09		

Mumbai Basic Unit
Sales Tax:

Name of the Statute	Nature of Dues	Amount under dispute (₹ in Crores) (Net)	Year to which amount relates	Forum where the dispute is pending
BST ACT	Assessed Amount	0.36	1993-94	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	5.32	1996-97	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	1.91	1998-99	Jt. Commissioner of Sales Tax (Appeal) II Mumbai
BST ACT	Assessed Amount	3.52	1999-2000	Jt. Commissioner of Sales Tax (Appeal) II Mumbai
BST ACT	Assessed Amount	5.48	2000-01	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	10.16	2001-02	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	216.11	2003-04	Maharashtra Sales Tax Tribunal, Mumbai
BST ACT	Assessed Amount	101.57	2004-05	Maharashtra Sales Tax Tribunal, Mumbai
Total		344.43		

Mumbai MS Unit
Central Excise:

Name of the Statute	Nature of dues	Amount Under dispute not deposited (₹ in Crores)	Year to Which Amount Relates	Forum where the dispute is pending
Central Excise Act	Installation of BTS Site	0.29	2004-05	CESTAT
Central Excise Act	Installation of BTS Site	0.26	2005-06	CESTAT
Central Excise Act	Installation of BTS Site	0.32	2006-07	CESTAT
Total		0.87		



- (c) According to the information and explanations given to us the amounts required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under have been transferred to such fund within time .
- (viii) The company does not have accumulated losses as at 31st March 2015. The Company has incurred cash losses during the current financial year. However, the Company did not have cash losses in the preceding financial year.
- (ix) The Company has not defaulted in the repayment of dues to banks or debenture holders. The Company has not taken any loan from any financial institution.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company has not taken any term loan during the year.
- (xii) Based on audit procedures applied and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended on 31st March 2015 except for the following three cases:

Nature of Fraud	Amount (₹ in Crores)	Remarks
Major Discrepancy found in reconciliation of E-recharge through Demo Sim. Short remittances of E-recharge.	0.02	Investigation in Progress
Improper record keeping of recharge coupons, non reconciliation of stock time to time and probable siphoning of amount collected.	0.11	Investigation in Progress
Theft of blank cheques and enacted by forged signature.	0.05	Amount has been credited to MTNL Account by Bank.
TOTAL	0.18	

For V. K. DHINGRA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 000250N

For ARUN K. AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003917N

(SANJAY JINDAL)
PARTNER
M. NO. 087085

(SANJAY GUPTA)
PARTNER
M. NO. 095506

PLACE : NEW DELHI
DATED : MAY 30, 2015



MAHANAGAR TELEPHONE NIGAM LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2A	630.00	630.00
Share Application Money		9.05	0.00
Reserves & Surplus	3A	1,419.52	4,412.74
NON - CURRENT LIABILITIES			
Long Term Borrowings	4A	10,008.97	8,110.00
Deferred Tax Liabilities		3.34	1.84
Other Long Term Liabilities	5A	2,966.35	3,213.58
Long Term Provisions	6A	1,760.18	1,794.04
CURRENT LIABILITIES			
Short Term Borrowings	7A	6,599.08	6,016.41
Trade Payables	8A	227.67	230.18
Other Current Liabilities	9A	3,077.14	2,894.29
Short Term Provisions	10A	188.87	212.25
Total		26,890.17	27,515.33
ASSETS			
Non - Current Assets			
Fixed Assets			
(a) Tangible Assets	11A	6,113.24	6,580.38
(b) Intangible Assets	12A	4,456.47	4,796.83
(c) Capital Work In Progress	13A	134.07	407.90
Non Current Investments	14A	20.00	40.00
Deferred Tax Assets		0.03	0.34
Long Term Loans And Advances	15A	9,156.53	9,003.22
Other Non Current Assets	16A	4,835.23	4,269.63
CURRENT ASSETS			
Current Investments	17A	20.00	20.00
Inventories	18A	97.78	71.94
Trade Receivables	19A	301.28	304.26
Cash & Cash Equivalents	20A	98.96	263.10
Short Term Loans & Advances	21A	1,212.34	1,444.78
Other Current Assets	22A	444.24	312.95
Total		26,890.17	27,515.33
Significant Accounting Policies	1A		

See accompanying notes (1A to 35A) to the financial statements
 In terms of our report of even date attached

For and on behalf of Board

For V. K. Dhingra & Co.
 Chartered Accountants
 FRN: 000250N

For Arun K. Agarwal & Associates
 Chartered Accountants
 FRN: 003917N

(S.R.Sayal)
 Co. Secy.

(K. A. Sarma)
 DGM (Accounts)

Sd/-
(Sanjay Jindal)
 (Partner)

Sd/-
(Sanjay Gupta)
 (Partner)

Sd/-
Sunil Kumar
 Director (HR)

Sd/-
(P. K. Purwar)
 Director (Finance) and CMD

M.No: 087085

M.No: 095506

Place : New Delhi

Date : 30th May, 2015



MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of Consolidated Profit and Loss for the year ended 31st March, 2015

Particulars	Note No	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
REVENUE			
Net Revenue From Operations	23A	3,496.54	3,475.66
Other Income	24A	422.07	396.49
TOTAL REVENUE		<u>3,918.61</u>	<u>3,872.15</u>
EXPENSES			
Employee Benefits	25A	2,656.53	2,618.57
Revenue Sharing	26A	386.63	422.83
Licence Fees	27A	237.10	217.13
Administrative, Operative And Other Expenses	28A	920.12	1,118.75
Depreciation & Amortisation	29A	1,185.46	1,191.52
Finance Cost	30A	1,440.10	1,390.79
TOTAL EXPENSES		<u>6,825.94</u>	<u>6,959.60</u>
Profit/(Loss) Before Exceptional, Prior Period Items & Tax		(2,907.33)	(3,087.45)
Exceptional Items	34A	0.00	11,620.70
Profit/(Loss) Before Prior Period Items & Tax		(2,907.33)	8,533.25
Tax Expenses		31A	
Current Tax/ Mat		0.25	497.29
Deferred Tax		2.59	(0.36)
Taxes of Earlier Period Paid/Written Back		0.00	0.02
Less: Mat Credit Entitlement		0.00	0.00
Profit/(Loss) Before Prior Period Items But After Tax		(2,910.17)	8,036.30
Prior Period Items	32A	(9.01)	215.58
Profit/(Loss) For The Period		(2,901.16)	7,820.72
Earnings/ (Loss) Per Equity Share			
(1) Basic (₹)		(46.05)	124.14
(2) Diluted (₹)		(46.05)	124.14

Significant Accounting Policies 1A
See accompanying notes (1A to 35A) to the financial statements
In terms of our report of even date attached

For and on behalf of Board

For V. K. Dhingra & Co.
Chartered Accountants
FRN: 000250N

For Arun K. Agarwal & Associates
Chartered Accountants
FRN: 003917N

(S.R.Sayal)
Co. Secy.

(K. A. Sarma)
DGM (Accounts)

Sd/-
(Sanjay Jindal)
(Partner)
M.No: 087085

Sd/-
(Sanjay Gupta)
(Partner)
M.No: 095506

Sd/-
Sunil Kumar
Director (HR)

Sd/-
(P. K. Purwar)
Director (Finance) and CMD

Place : New Delhi
Date : 30th May, 2015

Corporate Information

Mahanagar Telephone Nigam Limited (MTNL), a public sector enterprise, is engaged in providing telecom services in the geographical area of Mumbai and Delhi.

Note 1A : SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards specified under section 133 of Companies Act, 2013 read with Rule-7 of Companies (Accounts) Rules, 2014 & as amended time to time and the relevant provisions of the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical cost convention, except the following items, which are accounted for on cash basis:

- Interest income/liquidated damages, where realisability is uncertain.
- Annual recurring charges of amount up to ₹ 1.00 lakh each for overlapping period.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

3. Revenue Recognition

- (a) Revenue is recognized on accrual basis, including income from subscribers whose disputes are pending resolution, and closure of the subscribers' line. Revenue in respect of service connection is recognized when recoverability is established.
- (b) (i) Provision is made for wrong billing, disputed claims from subscribers (excluding operators covered under the agreements related to IUC/Roaming/MOU) and cases involving suspension of revenue realization due to proceedings in Court.
(ii) In case of landline services provision is made for debtors outstanding for more than 1 year but upto 3 years to the extent of 50 % and 100% in respect of more than 3 years.
(iii) In respect of closed connections, provision is made in respect of outstanding for more than 3 years along with spillover amount for upto 3 years.
(iv) In case of wireless services (GSM & CDMA), provision is made for dues, which are more than 180 days.
- (c) Activation charges, in case of Landline, are recognized as income in the year of connection.
- (d) Activation charges, in case of Mobile Services (GSM), are recognized as revenue on connection.
- (e) Income from services includes income from leasing of infrastructure to other service providers.
- (f) The cost of stores and materials is charged to project or revenue job at the time of issue. However, spill over items at the end of the year lying at various stores are valued at weighted average method.
- (g) The sale proceeds of scrap arising from maintenance & project works are taken into miscellaneous income in the year of sale.

- (h) Bonus/ Exgratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company.
- (i) Income from services pertaining to prior years is not disclosed as prior period item. In respect of other income/expenditure, only cases involving sums exceeding ₹ 1.00 lakh are disclosed as prior period items.

4. Employee Retirement Benefits

- (a) In respect of officials who are on deemed deputation from DOT and other Govt. Departments, the provision for pension contribution is provided at the rates specified in Appendix 2(A) to FR 116 and 117 of FR. & SR. and provision for leave encashment is made @ 11% of pay as specified in appendix 2(B) of F.R.116 and 117 of F.R. & S.R. Provision of gratuity, in respect of these officers, is not required to be made.
- (b) (i) For absorbed combined service pension optee employees in MTNL, no provision is made for the pensionary benefits viz pension and gratuity, except for the amounts due to difference in pay scales of MTNL and BSNL which is payable by MTNL to the Government of India till next wage revision by which time MTNL and BSNL shall achieve pay scale parity.
(ii) Annual pension contribution in respect of absorbed combined service pension optee employees in MTNL is payable to the Govt. of India as per FR-116 as in BSNL with equivalent BSNL pay scales and it is expensed off in the relevant year.
(iii) Liability for leave encashment for all employees of MTNL is accounted for on Actuarial valuation basis.
(iv) For absorbed CPF optees and direct recruits of MTNL, actuarial valuation is made for gratuity.
- (c) For post retirement medical benefits, no provision is made since insurance policy is taken periodically and the premium is expensed off in the relevant year.

5. Fixed Assets

- (a) Fixed Assets are carried at cost less accumulated depreciation. Cost includes directly related establishment expenses including employee remuneration and benefits and other administrative expenses. Establishment overheads and expenses incurred in units where project work is also undertaken are allocated to capital and revenue based either on time allocated or other attributable basis. Assets are capitalized, as per the practices described below, to the extent completion certificates have been issued, wherever applicable.
 - (i) Land is capitalized when possession of the land is taken.
 - (ii) Building is capitalized to the extent it is ready for use.
 - (iii) Apparatus & Plants principally consisting of Telephone Exchange Equipments and Air Conditioning Plants are capitalized on commissioning of the exchange. Subscribers Installations are capitalized as and when the exchange is commissioned and put to use either in full or in part.
 - (iv) Lines & Wires are capitalized as and when laid or erected to the extent completion certificates have been issued.
 - (v) Cables are capitalized as and when ready for connection with the main system.
 - (vi) Vehicles and Other Assets are capitalized as and when purchased.
 - (vii) Intangible assets including application software are capitalized when ready for use. Entry fee for onetime payment for 3G spectrum is also capitalized.

- (b) The fixed assets of the company are being verified by the management at reasonable intervals i.e. once in every three years by rotation. The physical verification of underground cables is done on the basis of working of network and based on records available together with a certificate from the technical officers.
- (c) Expenditure on replacement of assets, equipments, instruments and rehabilitation work is capitalized if it results in enhancement of revenue earning capacity.
- (d) Upon scrapping / decommissioning of assets, these are classified in fixed assets at the lower of Net Book Value and Net Realisable Value and the resultant loss, if any, is charged to Statement of Profit and Loss.

6. **Depreciation & Amortisation**

- (a) Depreciation is provided on Straight Line Method on the basis of the useful lives prescribed in Schedule II of the Companies Act 2013 except in respect of Apparatus & Plant (including Towers, Transceivers, switching centres, transmission & other network equipments), which are depreciated at the rates based on technical evaluation of useful life of these assets i.e. 10 years, which is lower than the lives prescribed in Schedule II of the Companies Act 2013.
- (b) 100 % depreciation is provided on assets of small value in the year of purchase, other than those forming part of project, the cost of which is below ₹0.10 lakh in case of Apparatus & Plants, Training Equipment & Testing Equipment and ₹2.00 lakh for partitions.
- (c) Intangible assets represented by one-time upfront payment for 3G spectrum is amortized over the period of license i.e. 20 years.
- (d) Application software is amortised over the useful life of the assets which is considered as 10 years.
- (e) Value of Leasehold Land is amortized over the period of lease.

7. **Inventories**

Inventories being stores and spares are valued at cost or net realizable value, whichever is lower and the cost is determined on weighted average basis. However, inventories held for capital consumption are valued at cost.

8. **Foreign Currency Transactions**

Transactions in foreign currency are stated at the exchange rate prevailing on the transaction date. Year-end balances of current assets and liabilities are restated at the closing exchange rates and the difference adjusted to Statement of Profit & Loss.

9. **Investments**

Current investments are carried at the lower of cost & fair market value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

10. **Taxes on Income:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.

Deferred Tax resulting from “timing differences” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in the future. In situations where the company has unabsorbed depreciation

or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum Alternate Tax (MAT) credit is recognized, as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement.

11. **Impairment of assets:**

The company assesses at each balance sheet date whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

12. **Provisions and contingent liabilities:**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and also in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where there is a possible obligation or a present obligation for which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent liabilities are disclosed in case of present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.



NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2015

NOTE - 2A SHARE CAPITAL

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
AUTHORISED CAPITAL		
80,00,00,000 Equity Shares of ₹10 each (80,00,00,000 Equity Shares of ₹10 each)	<u>800.00</u>	<u>800.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
63,00,00,000 Equity Shares of ₹10 each (63,00,00,000 Equity Shares of ₹10 each)	630.00	630.00
Total	<u>630.00</u>	<u>630.00</u>

Shareholders holding more than 5% shares

Name of the Shareholder	As at 31.3.2015		As at 31.3.2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India	354378740	56.25	354378740	56.25
LIC including LIC Fortune Plus Secured Fund	118515213	18.81	118514713	18.81

NOTE - 3A

RESERVES & SURPLUS	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Share Premium Account		
Opening Balance	665.00	665.00
Addition	0.00	0.00
Deletion	0.00	0.00
Closing Balance	<u>665.00</u>	<u>665.00</u>
Surplus/ (Deficit)		
Opening Balance	(6510.53)	(14282.73)
Less: Depreciation adjustment due to revision of useful life*	(79.95)	0.00
Add: Profit during the year	3.54	7828.06
Less: (Loss) during the year	(2904.73)	(7.34)
Less: Proposed/ Final Dividend	0.00	0.00
Less: Transfer to Other Reserves	(0.02)	(45.27)
Add: Transfer from Other Reserves	9822.98	0.00
Less: Amortization of initial expense	(0.23)	0.00
Less: Income taxes of previous year	(0.09)	0.00
Solidarity Levy paid for prior period	0.00	(3.25)
Closing Balance	<u>330.97</u>	<u>(6510.53)</u>
Reserve for Contingencies**		
Opening Balance	345.72	345.72
Addition	0.00	0.00
Deletion	0.00	0.00
Closing Balance	<u>345.72</u>	<u>345.72</u>
Reserve for Research & Development		
Opening Balance	30.80	30.80
Addition	0.00	0.00
Deletion	0.00	0.00
Closing Balance	<u>30.80</u>	<u>30.80</u>

Reserve for Debenture Redemption		
Opening Balance	45.27	0.00
Addition	0.00	45.27
Deletion	0.00	0.00
Closing Balance	45.27	45.27
Reserve for Foreign Currency Translation		
Opening Balance	13.40	13.40
Addition	(11.72)	0.00
Deletion	0.00	0.00
Closing Balance	1.68	13.40
General Reserves		
Opening Balance	9823.08	9823.08
Addition	0.00	0.00
Deletion	9822.98	0.00
Less: Depreciation adjustment due to revision of useful life	(0.03)	0.00
Closing Balance	0.07	9823.08
Total	1419.52	4412.74

* Refer Point No. 13 of Note No. 35

** for Section 80-IA of the Income Tax Act, 1961.

NOTE - 4A

LONG TERM BORROWINGS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
(A) Secured		
(a) Term Loans		
From Banks*	2,495.00	4,365.00
(Secured by floating first pari passu charge on all fixed and current assets)	2,495.00	4,365.00
(B) Unsecured		
(i) Debentures-Series 4D**	2,268.90	0.00
(22689 number of 8.29 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(ii) Debentures-Series 4C**	0.07	0.00
(7 number of 8.24 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.01 crore each)		
(iii) Debentures-Series 4B**	100.00	0.00
(1000 number of 8.28 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(iv) Debentures-Series 4A**	1,400.00	0.00
(14000 number of 8.24 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(v) Debentures-Series 3A**	765.00	765.00
(7650 number of 9.39 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(vi) Debentures-Series 2A**	1,975.00	1,975.00
(19750 number of 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
(vii) Debentures-Series 1A**	1,005.00	1,005.00
(10050 number of 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) of INR 0.10 crore each)		
Total	7,513.97	3,745.00
	10,008.97	8,110.00

* Terms of Repayment and Rate of Interest of Term Loan from Banks are given as under:-

Name of Bank	Amount outstanding (₹ in crore)	No. of instalments	Weighted Average Rate of interest
Union Bank of India	0.00 (455.00)	NIL	11.42%
IDBI	2,000.00 (3,000.00)	6 (spread over from Sep., 2016 to Dec., 2017)	
Indian Overseas Bank	495.00 (910.00)	4 (spread over from Jul., 2017 to Jan., 2019)	
TOTAL	2,495.00 (4,365.00)		

**** Debentures-Series 1A**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 28.03.2023. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date.

**** Debentures-Series 2A**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 05.12.2023. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date.

**** Debentures-Series 3A**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 9.39 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 26.03.2024. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**** Debentures-Series 4A**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.24 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 19.11.2024. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**** Debentures-Series 4B**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.28 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 19.11.2024 and with call option exercisable at the end of 9th year. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**** Debentures-Series 4C**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.24 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 19.11.2024. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**** Debentures-Series 4D**

The Debentures as mentioned above are Government of India Guaranteed, Unsecured, Listed, 8.29 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with Redemption date being 28.11.2024. The coupon payment frequency is semi annual interest payment. There was no installment due as on Balance Sheet date. The liability of interest and principal thereof shall be settled by DoT (GOI).

**NOTE - 5A
OTHER LONG TERM LIABILITIES**

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Payable to BSNL	2003.63	1828.25
Security Deposits from Customers	555.77	577.11
Trade Payables- Non Current	55.31	94.73
Other Long Term Liabilities	351.64	713.49
Total	2,966.35	3,213.58

**NOTE - 6A
LONG TERM PROVISIONS**

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
(a) Provisions for Employee Benefits:		
Pension- Company Employees	791.55	832.55
Leave Encashment- Company Employees	914.00	903.40
Gratuity- Company employees	54.21	57.67
(b) Other long Term Provision	0.41	0.42
Total	1,760.18	1,794.04

**NOTE - 7A
SHORT TERM BORROWINGS**

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
A. Loans repayable on demand		
Unsecured		
(i) From Banks- Overdrafts	4299.08	4316.41
(ii) From Banks- Short Term Loans	2300.00	1700.00
Total	6599.08	6016.41

Particulars	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Outstanding Amount	2300.00	1700.00
Weighted Average Rate of interest	10.62%	10.26%

**NOTE - 8A
TRADE PAYABLES**

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
(i) For Goods and Services	227.67	230.18
(ii) Due under MSMED Act	0.00	0.00
Total	227.67	230.18

NOTE - 9A
OTHER CURRENT LIABILITIES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Current maturities of long term debt	0.00	90.00
Interest Accrued but not due		
(i) On security deposits	0.13	2.12
(ii) On bonds	170.46	61.31
(iii) On borrowings- short term	3.56	23.65
(iv) On borrowings- long term	22.80	50.91
Income received in advance	82.08	100.82
Other Payables		
Deposits from :		
(i) Contractors	40.32	41.17
(ii) Customers	24.49	23.75
Unclaimed Bonds	0.07	0.07
Other Liabilities		
(i) For Salary & other benefits	239.01	257.16
(ii) ExGratia/ Bonus	0.00	0.04
(iii) GPF of MTNL optee	1,757.96	1,619.41
(iv) Service Taxes & withholding Taxes Payables	221.46	232.12
(v) Advance received from customers	74.03	59.50
(vi) Others	92.37	82.46
Amount Payable:		
(i) To DoT	45.98	37.85
(ii) To Subsidiary Companies	0.85	0.00
(iii) To contractors- for goods & services	25.75	0.00
(iv) To contractors- other than goods & services	148.15	114.48
(v) To other operators for revenue sharing (Other than BSNL)	127.67	97.47
Total	3,077.14	2,894.29



MTNL

NOTE - 10A
SHORT TERM PROVISIONS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Provision for employee benefits		
Pension contribution		
(i) Company employees	39.79	51.16
(ii) Others	0.72	0.51
Leave Encashment		
(i) Company employees	124.42	131.56
(ii) Others	0.96	0.68
Gratuity- Company Employees	7.27	15.29
Others		
Provision for ExGratia/Bonus	0.14	0.00
Others	15.34	12.90
OTHERS		
Provision for Wealth tax	0.77	0.49
Less: Payment of Wealth Tax	0.56	0.34
Total	188.87	212.25

NOTE - 11A TANGIBLE FIXED ASSETS

Description	Gross Block (Rs In Crore)					Depreciation (Rs In Crore)					Net Block (Rs In Crore)	
	As at 1.4.2014	Additions During The Year	Adjustments During The year	Sales During The Year	As at 31.3.2015	As at 1.4.2014	For the year	Sales/ Adjustments During The year	Impairment loss during The Year	As at 31.3.2015	As at 31.3.2014	
LAND:												
- FREEHOLD	19.21	-	-	-	19.21	-	-	-	-	-	19.21	19.21
- LEASEHOLD	319.29	0.00	-	-	319.29	49.28	3.38	-	-	52.66	270.01	270.01
BUILDING	1,729.78	106.56	(17.48)	-	1,818.85	592.46	71.08	23.71	-	687.25	1,137.32	1,137.32
LEASED PREMISES	5.35	1.18	-	-	6.53	1.33	0.26	-	-	1.59	4.94	4.02
LINES & WIRES	137.91	16.72	(2.06)	-	152.57	79.94	5.12	0.10	-	85.15	67.42	57.97
CABLES	7,570.43	73.65	(11.89)	-	7,632.19	5,843.92	201.07	(2.20)	-	6,042.79	1,589.41	1,726.52
APPARATUS & PLANT	9,781.75	380.55	(67.17)	0.84	10,094.29	6,614.35	531.83	(6.20)	17.19	7,157.17	2,937.13	3,167.40
VEHICLES	28.12	0.33	0.10	0.36	28.19	24.84	0.45	(0.18)	-	25.11	3.08	3.28
FURNITURE & FIXTURES	155.09	1.42	(1.23)	0.01	155.26	122.69	7.55	4.58	-	134.82	20.44	32.40
OFFICE MACHINERY & EQUIPMENTS	38.52	0.21	(1.50)	0.06	37.18	27.84	0.79	5.99	-	34.62	2.56	10.68
ELECTRICAL APPLIANCES	152.16	0.16	(0.65)	0.08	151.60	94.32	5.20	32.52	-	132.04	19.55	57.83
COMPUTERS	319.73	1.18	(11.11)	0.09	309.71	250.81	18.24	(2.21)	-	266.85	42.86	68.92
ASSETS SCRAPPED / DECOMMISSIONED	11.81	0.29	(3.67)	0.01	8.43	-	-	-	-	-	8.43	11.81
TOTAL	20,269.14	582.25	(116.65)	1.45	20,733.29	13,701.78	844.97	56.11	17.19	14,620.05	6,113.24	6,502.63
Previous Year	19,729.90	651.84	(56.34)	56.26	20,269.14	12,902.23	855.96	(56.41)	-	-	6,425.42	-

NOTE - 12 INTANGIBLE FIXED ASSETS

Description	Gross Block (Rs In Crore)					Depreciation (Rs In Crore)					Net Block (Rs In Crore)	
	As at 1.4.2014	Additions During The Year	Adjustments During The year	Sales During The Year	As at 31.3.2015	As at 1.4.2014	For the year	Sales/ Adjustments During The year	Impairment loss during The Year	As at 31.3.2015	As at 31.3.2014	
APPLICATION SOFTWARE	131.24	0.13	-	-	131.37	46.31	11.98	-	-	58.29	73.08	84.93
3G & BWA LICENCE FEES	6,567.50	-	-	-	6,567.50	1,855.60	328.51	-	-	2,184.11	4,383.39	4,711.91
TOTAL	6,698.74	0.13	-	-	6,698.87	1,901.91	340.49	-	-	2,242.40	4,456.47	4,796.83
Previous Year	11,178.11	54.60	(4,533.97)	-	6,698.74	2,971.23	335.56	(1,404.88)	-	1,901.91	4,796.83	-

NOTE - 13A
CAPITAL WORK IN PROGRESS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Buildings	3.78	39.36
Apparatus & Plants	40.67	213.86
Lines & Wires	3.16	2.93
Cables	57.52	111.75
Subscribers Installations	27.52	32.64
Air Conditioning Plants	1.42	7.36
Total	134.07	407.90

NOTE - 14A
NON CURRENT INVESTMENTS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
LONG TERM INVESTMENTS (UNQUOTED)		
INVESTMENT IN PREFERENCE SHARES		
Investment in 10000000 8.75% Un Quoted preference shares of ₹ 100/- each fully paid up with M/s. ITI Ltd. Receivable in 5 equal instalments, three instalments of ₹20 crore each were due in 2012-13, 2013-14 and 2014-15 but still not received.	20.00	40.00
Total	20.00	40.00

Particulars	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Aggregate amount of quoted investments (Market value of ₹ Nil, Previous Year ₹ Nil)	0.00	0.00
Aggregate amount of unquoted investments	20.00	40.00
Total	20.00	40.00

NOTE - 15A
LONG TERM LOANS AND ADVANCES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
SECURED, CONSIDERED GOOD		
Advances to employees		
(i) Housing Loan	28.83	42.51
(ii) Vehicle Loan	0.79	1.14
(iii) Other Loans	0.08	0.14
UNSECURED, CONSIDERED GOOD		
Capital Advance	2.28	3.53
Deposits with other Govt. Deptt. / Companies	35.22	29.55
Cenvat	5.67	3.76
Amount recoverable from DoT	8,248.51	8,455.69
Others		
Advance Taxes		
Income Tax	1,524.25	1,017.64
Less: Provision for income tax	(937.06)	(907.34)
	587.19	110.30
FBT	273.71	382.35
Less: Provision for FBT	(25.75)	(25.75)
	247.96	356.60
UNSECURED, CONSIDERED DOUBTFUL		
Deposits with other government departments	15.70	16.07
Cenvat	0.00	0.05
Amount recoverable from DoT	0.01	0.01
Total	15.71	16.13
Less:		
Provision for Doubtful Deposits/ Advances	15.71	16.13
Total	9,156.53	9,003.22

NOTE - 16A
OTHER NON CURRENT ASSETS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
SECURED, CONSIDERED GOOD		
Interest accrued on deposit	0.96	0.39
Interest accrued on loans and advances	66.76	75.61
Bank deposits (with more than 12 months maturity)*	7.30	6.81
UNSECURED, CONSIDERED GOOD		
Receivable from BSNL	4,759.65	4186.04
UNSECURED, CONSIDERED DOUBTFUL		
Receivable from DOT	1.39	1.39
Receivable from BSNL	6.22	6.22
OTHERS		
Balance with bank**	0.33	0.32
Others	0.23	0.46
Less:		
Provision for other non current assets	7.61	7.61
Total	4,835.23	4,269.63

* includes ₹7.30 crore (₹6.81 crore) under lien

** under lien on court directions

NOTE - 17A
CURRENT INVESTMENTS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Investment in ITI Preference shares (Unquoted)	80.00	60.00
Investment in 10000000 8.75% Un Quoted preference shares of ₹ 100/- each fully paid up with M/s. ITI Ltd. Receivable in 5 equal instalments, three instalments of ₹20 crore each were due in 2012-13, 2013-14 and 2014-15 but still not received.		
Less: Provision for doubtful recovery of investment	60.00	40.00
Total	20.00	20.00

Particulars	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Aggregate amount of quoted investments (Market value of ₹ Nil, Previous Year ₹ Nil)	0.00	0.00
Aggregate amount of unquoted investments	80.00	60.00
Total	80.00	60.00

NOTE - 18A
INVENTORIES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Lines and Wires	5.38	3.62
Cables	46.63	30.55
Exchange Equipment	31.53	42.54
WLL Equipments	0.08	0.08
Telephone & Telex Instrument	42.59	22.65
WLL Instruments	15.68	15.67
Telephone & Telex Spares	0.10	1.24
Installation Test Equipment	0.00	0.19
Mobile Handset & Sim cards	3.76	2.99
Total	145.75	119.53
Less:		
Provision for obsolete stores	47.97	47.59
Total	97.78	71.94

NOTE - 19A
TRADE RECEIVABLES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
UNSECURED		
(a) OUTSTANDING FOR LESS THAN SIX MONTHS		
Considered Good	146.21	157.04
Considered Doubtful	8.55	1.42
(b) OUTSTANDING FOR OVER SIX MONTHS		
Considered Good	118.77	144.73
Considered Doubtful	756.93	685.68
Total	1,030.46	988.87
Less:		
Provision for Doubtful Debts	728.73	683.50
Provision for Wrong Billing	0.45	1.11
Total	301.28	304.26

Secured to the extent of security deposits to the tune of ₹580.26 crore (₹600.86 crore) which are under reconciliation.

NOTE - 20A
CASH AND CASH EQUIVALENTS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
Balances with banks	81.24	248.74
Cheques/ Drafts in hand	2.75	1.86
Cash in hand	1.19	0.95
Bank deposits (with less than 1 year maturity)	14.91	12.68
Total	100.09	264.23
Less:		
Provision for doubtful bank balances	1.13	1.13
Total	98.96	263.10

NOTE - 21A
SHORT TERM LOANS AND ADVANCES

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
OTHER LOANS & ADVANCES		
(1) To EMPLOYEES		
Secured, Considered good		
(i) Housing Loan	12.62	16.90
(ii) Vehicle Loan	0.37	0.56
(iii) Other Loans	0.04	0.16
Unsecured, Considered good;		
Festival, TA, LTC, Medical etc advances	0.40	59.35
(2) To OTHERS		
Unsecured, Considered good		
(i) Contractors	23.47	23.90
(ii) Advance payment of Taxes		
(a) Income Tax	11.54	0.43
(b) Others	0.00	1.77
(iii) Prepaid expenses	54.24	68.28
(iv) Deposits with Excise and Sales tax		
(a) Service Tax Recoverable - IUC operators	4.52	0.14
(b) Service Tax Recoverable - others	144.16	116.87
(c) Cenvat Credit	114.43	107.65
(v) Amount recoverable from		
(a) IUC Operators (Other than BSNL)	79.73	40.27
(b) DoT	110.13	0.98
(c) Others	656.70	1,007.53
UNSECURED, CONSIDERED DOUBTFUL		
Festival, TA, LTC, Medical etc advances	0.01	0.02
Contractors	5.95	6.56
Others	80.79	111.97
Total	1,299.10	1,563.33
Less:		
Provision for Doubtful Claims/ Advances	86.76	118.55
Total	1,212.34	1,444.78

NOTE - 22A
OTHER CURRENT ASSETS

	As at 31.3.2015 (₹ in Crore)	As at 31.3.2014 (₹ in Crore)
SECURED, Considered good		
Interest accrued on deposits	0.47	0.53
Interest accrued on loans and advances	14.98	14.44
Interest accrued on Income Tax Refund	64.59	43.41
Income Tax Receivables	169.30	60.63
Unbilled Revenue	194.90	193.94
Total	444.24	312.95



NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

**NOTE - 23A
NET REVENUE FROM OPERATIONS**

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
(a) Revenue from Sale of Services		
FIXED TELEPHONE:		
Fixed Monthly Charges	568.44	569.01
Calls & Other Charges	524.00	550.03
Franchisee Services	31.08	36.74
Rent & Junction Charges- Others	93.44	119.94
Access Calls & Other Charges- Others	88.29	99.95
IPTV	0.02	0.37
Broadband	833.85	784.00
VCC	1.04	1.57
Circuits- Local	326.66	289.33
Circuits- Long Distance	33.66	27.13
ISDN - Fixed Monthly Charges	46.53	42.42
ISDN- Call Charges	36.91	36.58
MOBILE SERVICES:		
WLL-Fixed Charges	1.53	3.23
WLL-Call Charges	0.77	1.40
Interconnection Charges	88.24	82.91
Cellular- Fixed & Call Charges	123.22	157.52
Income from Roaming	265.35	270.89
Pre- paid income	282.14	249.54
Activation Charges	0.26	0.26
VAS	42.33	51.53
OTHER SERVICES:		
Internet	15.74	9.73
Free Phone	61.11	52.43
Premium Rate Services	0.31	0.31
VOIP Services	0.00	0.02
Miscellaneous	7.05	26.24
(b) Other operating revenues		
Revenue from enterprise business	0.22	0.04
Surcharge on delayed payments	13.36	12.54
Others	10.99	0.00
Total	3,496.54	3,475.66

NOTE - 24A
OTHER INCOME

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
INTEREST		
(i) From Bank	2.87	2.00
(ii) From Employees	6.91	6.99
(iii) From Others	0.00	0.33
(iv) From Income Tax Refunds	24.82	99.21
OTHER NON OPERATING INCOME		
Sale of directories, forms etc.	0.30	0.14
Profit on sale of assets	0.41	4.38
Liquidated damages	12.45	10.35
Foreign Exchange Fluctuation Gain	0.40	0.14
Bad Debts Recovered	0.50	0.99
Excess Provision Written back	80.08	120.77
Rent on Quarters/ IQs/ Hostels & other services	10.08	8.23
Rental income from properties	112.11	83.61
Excess Liability Written back	134.82	0.00
Others	36.32	59.35
Total	422.07	396.49

NOTE - 25A
EMPLOYEE BENEFITS

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Salary, Wages & Other Benefits	2,404.45	2,387.58
Bonus/ Exgratia	0.01	0.00
Medical Expenses/ Allowances	92.62	89.41
Leave Encashment		
(i) Company Employees	121.64	186.92
(ii) Others	0.61	0.67
Pension Contribution		
(i) Company Employees	130.94	139.21
(ii) Others	1.10	1.23
Contribution to CPF	67.06	70.87
Gratuity	27.09	19.29
Staff Welfare Expenses	0.50	0.97
Others	0.26	0.00
Total	2,846.28	2,896.15
Less:		
Allocation To Capital Work in Progress	189.75	277.58
Total	2,656.53	2,618.57

NOTE -26A
REVENUE SHARING

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Revenue Sharing	386.63	422.83
Total	386.63	422.83

NOTE -27A
LICCENCE FEES

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Liccence Fees	237.10	217.13
Total	237.10	217.13

NOTE -28A
ADMINISTRATIVE, OPERATIVE & OTHER EXPENSES

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Power, Fuel & Water	286.75	268.24
Rent	94.83	90.74
LEASE RENTALS OTHER THAN ON CWG	0.03	0.00
REPAIRS & MAINTENANCE		
(1) Building	24.58	21.13
(2) Plant & Machinery	126.95	117.62
(3) Others	27.80	33.87
Seminar & Training Charges	1.97	1.05
Insurance	4.80	5.49
Rates & Taxes	45.19	73.49
Travelling Expenses	0.65	1.41
Postage & Courier	9.65	8.31
Printing & Stationery	8.01	7.50
Vehicle Expenses		
(i) Maintenance	0.82	0.83
(ii) Running	2.34	2.74
(iii) Hiring	7.93	8.27
Commission paid to Franchisee Services	29.74	33.21
Advertising/ Business Promotion Expenses	5.95	8.40

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Foreign Exchange Fluctuation Loss	1.19	3.06
Provision for Doubtful Debts	27.96	59.04
Provision for Doubtful Recovery of Investment	20.00	20.00
Provision for Wrong Billing	0.45	0.00
Provision for Obsolete Store/ Claim	0.96	13.49
Bad Debts Written Off	28.77	37.62
Professional & Consultancy Charges	5.29	5.98
PSTN Charges	0.00	0.05
Internet Charges	28.17	23.70
Loss On Sale Of Assets	3.82	9.82
Loss of Assets (Other than on sale)	12.78	15.77
Loss on impairment of Assets (CDMA)	17.19	0.00
Spectrum Charges (WLL)	0.31	0.27
Spectrum Charges (MS)	49.31	44.10
Interest on Customer's Deposits	0.39	0.42
Provision for Doubtful Advances	2.86	43.38
Provision for Doubtful Claims	0.00	41.67
Miscellaneous Expenses	71.11	74.32
Total	948.57	1,074.99
Less:		
Allocation To Capital Work In Progress	28.45	(43.76)
Total	920.12	1,118.75

NOTE - 29A

DEPRECIATION & AMORTIZATION EXPENSES

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Depreciation	844.97	855.96
Amortization 3G	328.20	328.20
Amortization others	12.29	7.36
Total	1,185.46	1,191.52

NOTE - 30A

FINANCE COST

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Interest On Bonds	271.38	145.51
Interest On Loan	1,104.88	1,225.63
Commitment Fees	29.74	16.42
Interest On Income Tax	29.57	0.00
Other Borrowing Costs	4.53	3.23
Total	1,440.10	1,390.79

NOTE - 31A
INCOME TAX EXPENSE

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Current Tax/ (MAT)	0.25	497.29
Deferred Tax	2.59	(0.36)
Taxes Of Earlier Period Paid/ Written Back	0.00	0.02
Total	2.84	496.95

NOTE - 32A
PRIOR PERIOD ITEMS

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
PRIOR PERIOD ITEMS (DEBIT)		
Depreciation	20.33	22.52
Licence Fee	1.28	0.00
Others (includes ₹1871.48 million reversal of overhead from CWIP)	5.17	192.51
Less:-		
Prior Period Items (Credit)		
Income From Telephone	(0.00)	(0.50)
Rates & Taxes	1.98	0.00
Pension/ Gratuity payout recoverable from DoT	32.60	0.00
Others	1.21	(0.05)
Total	(9.01)	215.58

NOTE - 33A
PAYMENTS TO STATUTORY AUDITORS (Disclosure Note only)

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
(a) As Auditor	0.41	0.37
(b) For Taxation Matters	0.08	0.08
(c) For Other Services	0.19	0.22
(d) For Reimbursement of Expenses	0.11	0.10
Total	0.79	0.77

NOTE - 34A
EXCEPTIONAL ITEMS

	For the year ended 31.3.2015 (₹ in Crore)	For the year ended 31.3.2014 (₹ in Crore)
Amortization of intangible assets (BWA spectrum) written back	0.00	1404.88
Provision written back - Pension and Gratuity	0.00	9013.39
Pension payout by MTNL recoverable from DoT (Net of Pension Contribution)	0.00	1102.67
Recoverable from Gratuity Trust due to reversal of liability in respect of combined service pension optees	0.00	99.99
Others	0.00	(0.23)
Total	0.00	11,620.70

Note 35 A: Notes to Accounts to Consolidated Financial Statements
1. Principles of Consolidation

The consolidated financial statements relate to Mahanagar Telephone Nigam Limited ('the Company') and its subsidiary companies and joint ventures. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are amalgamated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- b) Interest in Joint Ventures has been accounted for by using the proportionate consolidation method as per Accounting Standard (AS) 27 – "Financial Reporting of Interest in Joint Ventures".
- c) In the foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the closing rate prevailing at the end of the year. All assets and liabilities are converted at rates prevailing at the end of the year.
- d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

2. Investments other than in subsidiaries and JVs have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

3. Contingent Liabilities

	Particulars	2014-15	2013-14
(a)	Income Tax Demands disputed and under appeal	774.87	870.30
(b)	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	478.90	454.13
(c)	(i) Interest to DDA on delayed payments/pending court cases/Tax cases	Amount Indeterminate	Amount Indeterminate
	(ii) Stamp duty payable on land and buildings acquired by the company	Amount Presently Unascertainable	Amount Presently Unascertainable
(d)	Claims against the company not acknowledged as Debts	3227.18	3227.18
(e)	Pending arbitration/court cases	1113.43	1000.17
(f)	Bank guarantee & Letter of Credit	110.60	109.13
(g)	Directory dispute	285.83	285.83
(h)	Interest demanded by DOT and disputed by company on account of delay in payment of Leave Salary and Pension Contribution.	173.81	173.81

(i)	Pending court cases against land Acquisition	4.61	4.61
(j)	License Fee related contingent liability w.r.t. BSNL charges paid on netting basis	140.36	140.36
(k)	Contingent Liability on account of Income Tax as shown in 1(a) above excludes various notices received from TDS department creating demand due to non-matching of their records with the returns filed.		
(l)	Contingent liabilities and commitments of JVs and Subsidiaries	19.41	16.43

4. Estimated amount of contracts remaining to be executed on capital account - ₹13.35 crore (₹ 23.29 crores). In respect of incomplete contracts where the expenditure already incurred has exceeded the contract value, the additional expenditure required to complete the same cannot be quantified.
5. Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the company and the landed properties acquired from DOT have not been transferred in the name of the company and in the case of leasehold lands, the documentation is still pending. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 1.4.1986, the documentation shall be contemplated at the time of sale or disposal as and when effected.
6. Department of Telecommunications (DOT) has levied one time 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 in the calculations. The calculations are further subject to changes in the quantum of spectrum holding and the remaining valid period of license as per D.O.T. MTNL has surrendered some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 Mhz spectrum in respect of CDMA. DOT has been apprised of the same and the matter is still under correspondence. Apart from this, the issue of charges for spectrum given on trial basis is also to be decided.
- Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by D.O.T. on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability.
- Pending final outcome of the issue which itself is sub judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts as the amount is totally indeterminable. However the contingent liability of ₹3205.71 crores is shown on the basis of the demand raised by D.O.T.in respect of GSM.
7. License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set

aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement.

The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of ₹140.36 crores on this account upto the year 2011-12 has been shown as contingent liability.

8. In respect of sundry creditors, in Mobile services Mumbai, liability of ₹106.73 crores is provided in the books of accounts. The available records are showing ₹42.01 crores only as the liability to be retained. Pending reconciliation and review of records spread over from 2006-07 to 2012-13, no impact has been taken in the financial statements for the year ended 31st March 2015.
9. The company had subscribed to 8.75% Cumulative Preference Shares of M/s. ITI Limited, amounting to ₹100 crores during the year 2001-02. As per the terms of allotment, the above Preference Shares were proposed to be redeemed in five equal installments. Accordingly, five installments amounting to ₹20 crores each, aggregating to ₹100 crores have become redeemable, which have not been redeemed by ITI Limited. As per letter No.U-59011-10/2002-FAC dated 31.07.2009 issued by DOT, the repayment schedule of the above cumulative Preference Shares was deferred to 2012-13 onwards in five equal installments. The installments which were due in 2012-13, 2013-14 and 2014-15 have not been paid and necessary provision for the overdue installments has been made. Though in letter of Dept. of Telecom No: 20-37/2012-FAC.II dated 25-4-2014, the Cabinet Committee on Economic Affairs has approved the financial assistance to M/S ITI which includes the grants -in -aid for payment of commitments made by M/S ITI and as funds will be made available after budget 2014-15 is passed and hence repayment issue may be held in abeyance till such time. Subsequently M/S ITI vide letter no: ITI/Corp/Fin/MTNL dated 7-5-2014 informed that upon receipt of the financial assistance from the Govt. the redemption process would be initiated. Further DOT has also been reminded to issue directions to M/S ITI to redeem Preference Share capital and make repayment vide letter no.MTNL/CO/GM (BB & IA)/ITI Inve / 2013-14 dated 06.05.2015.
10. a) The company had claimed benefit under section 80 - IA of the Income Tax Act, 1961 for the financial years from 1997-98 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 Courts of Delhi. The company has retained the provision of ₹400.33 crores (₹400.33 crores) for this claim for the financial years 1997-98, 1998-99 and 1999-2000, however, the demands on this account amounting to ₹345.72 crores (₹ 345.72 crores) for the financial years 1999-2000 to 2005-06 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80-IA of Income Tax Act, 1961.
 - b) Income Tax receivable include appeal effect of ₹101.54 crores pertaining to financial year 1999-00 which is pending for settlement by the Income Tax Department. This include Tax amount of Rs 60.30 crores and interest accrued thereon amounting to ₹ 41.24 crores.
 - c) The balances appearing in advance tax, provisions for income tax and interest on income tax refunds are subject to reconciliation with the figures of the tax records. The company is in

the process of compilation of tax records on yearly basis and reconciliation thereof with the financial records.

11. Vacant Land and Guest Houses are valued at original value for the purpose of wealth tax provisions.
12. Lives of certain fixed assets have been revised consequent upon the changes in useful life of assets in Schedule-II of Companies' Act, 2013. Depreciation of ₹79.95 crores on account of assets, whose useful life is already exhausted before 01.04.2014, has been adjusted against opening retained earnings.

13. Litigations:

- a) The MTNL entered into contracts with M/s. M & N Publications Limited for printing, publishing and supply of telephone directories for Delhi and Mumbai unit for a period of 5 years starting from 1993. After printing and issue of 1993 (main & supplementary) and 1994 main directory, M/s. M & N Publications Ltd terminated the contract prematurely on 04.04.1996. MTNL, Mumbai & Delhi invoked Bank Guarantees on 09.04.1996, issued Legal Notice on 22.07.1996 and terminated the contract.

Sole Arbitrator has been appointed by CMD, MTNL. The Sole Arbitrator has since given his award on 09.04.2013 partly in favor of MTNL, Mumbai and on 31.07.2013 in favor of MTNL, Delhi. The claim and counter claim under arbitration will be accounted for in the year when the ultimate collection/payment of the same becomes reasonably certain.

M/s. M & N Publications has approached the Bombay & Delhi High Courts against the arbitration awards and MTNL also approached the Bombay & Delhi High Courts for balance amount due.

The claim of ₹285.83 crores on this account has been shown as contingent liability.

- b) As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai ₹124.93 crores and ₹33.99 crores in 2004-05 and 2005-06 respectively against the claim of ₹158.92 crores. The company has recognised the amount realized as revenue in the respective period. The Hon'ble TDSAT has ordered for refund of ₹96.71 crores. The Company has filed a Civil Appeal and application for stay of operation of the order of TDSAT in the Hon'ble Supreme Court of India in which Supreme Court directed on 08.05.2014 that TDSAT will review the impugned order on seeking of it by appellant. MTNL filed review application which had been disposed off by Hon'ble TDSAT vide order dated 27.05.2014 on which MTNL filed CWP no.022764 dated 16.07.2014 in Hon'ble Supreme Court and the same is pending. Meanwhile UASL operator also filed appeal in Hon'ble Supreme Court.

The claim of ₹96.71 crores on this account has been shown as contingent liability.

- c) MTNL Mumbai has received claims from M/s. BEST, Electricity supply provider categorizing MTNL at Commercial tariff instead of Industrial tariff. The claim has been made with retrospective effect for the period Feb-2007 to May-2009 in respect of HT connection and Jan-2002 to Apr-2011 in respect of LT connection. MTNL has represented to BEST for reconsideration which has not been accepted by BEST. Hence MTNL has approached Hon'ble Mumbai High Court and got a stay on the arrears claimed by BEST amounting to ₹20.82 crores.

In the opinion of the management, there is remote possibility of the case being settled against MTNL.

- d) In respect of Mobile Services Delhi, a sum of ₹ 25.89 crores (₹ 25.89 crores) claimed by TCL towards ILD charges for the period Oct-09 to March-10 has not been paid due to heavy spurt in ILD traffic towards M/S TCL. On technical analysis it was found that these calls were made to some dubious and tiny destination. These destinations do not confirm to international numbering plan of the respective countries and are not approved destinations as per approved interconnect agreement. Further these calls have not got physically terminated to the destinations. The observations were shared with M/S TCL. M/S TCL has also been advised that the balance, which relates to fraudulent calls, is not payable and accordingly no provision has been made in the books of accounts. The matter was handed over to the committee for investigation. Subsequently M/S TCL filed a case in Hon'ble TDSAT for recovery of the amount, decision for which is awaited.

The claim of ₹25.89 crores on this account has been shown as contingent liability.

In addition, the company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The company's management perceive that these legal actions, when ultimately concluded and determined, will not have any material impact on the company's financial statements.

14. Settlements with BSNL:

- a) The amount recoverable from BSNL is ₹4765.87 crores (₹4192.26 crore) and amount payable is ₹2003.63 crores (₹ 1828.25 crores). The net recoverable of ₹2762.24 crores (₹ 2364.01 crores) is subject to reconciliation and confirmation.
- b) Certain claims of BSNL on account of Signaling charges ₹21.93 crores (₹ 21.93 crores), Transit tariff ₹25.19 crores (₹ 25.19 crores), MP Billing ₹6.01 crores (₹ 6.01 crores), Service Connections ₹40.15 crores (₹ 40.15 crores), IUC ₹10.14 crores (₹ 10.14 crores) and IUC from Gujrat Circle ₹1.11 crore (₹ 1.11 crore) are being reviewed. Pending settlement of similar other claims from BSNL, no provision is considered necessary
- c) Delhi Unit has accounted for the expenditure on account of telephone bills of service connections raised by BSNL towards MTNL for the period from 01.10.2000 to 30.09.2006 to the tune of ₹ 9.80 crores (₹ 9.80 crores) on the basis of actual reimbursement made for subsequent periods against the disputed claim of ₹31.27 crores (₹ 31.27 crores), since no details / justifications are received till date from BSNL in spite of repeated persuasion. The balance amount of ₹ 21.47 crores (₹ 21.47 crores) is shown as contingent liability.
- d) Based on expert opinion, the company has not been deducting tax deducted at source on IUC services rendered by BSNL.

15. Subscribers' dues and deposits:

- a) The total balance in the Subscribers' Deposit Accounts, in all the units, is to the tune of ₹577.12 crores (₹ 597.39 crores). Out of this, balance in Delhi Unit amounting ₹ 288.03 crores (₹ 293.12 crores) is under reconciliation.
- b) In Mumbai unit, on reconciliation of balance outstanding under refund due to subscribers account with actual amount due for refund, ₹37.13 crores (₹ 37.13 crores) was identified as excess liability appearing in the financial books. Pending decision on final treatment of this excess amount, the same is retained as liability in the financial books.

- c) Other current liabilities include credits on account of receipts including service tax from subscribers amounting to ₹10.43 crores (₹ 21.24 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.
16. The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation.
17. The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods. The collection received from the operators are matched in totality against the total bill wise but the allocation of collection to individual operator's account is pending in the absence of detailed information which is being sought. Therefore although the roaming income and expenditure are booked on actual basis, the roaming debtors are reconciled in totality in the absence of detailed information. Efforts are being made to allocate the collection on individual basis.
- 18. Settlements with DOT:**
- a) Amount recoverable on current account from DOT is ₹8360.03 crores (₹ 8458.07 crores) and amount payable is ₹45.71 crores (₹ 37.82 crores). The net recoverable of ₹8314.32 crores (₹ 8420.25 crores) is subject to reconciliation and confirmation. There is no agreement between the Company and DOT for interest recoverable/Payable on current account. Accordingly, no provision has been made for interest payable/receivable on balances during the year except charging of interest on GPF claims receivable from DOT.
- b) Deposits from applicants and subscribers as on 31st March, 1986 were ₹81.32 crores (₹81.32 crores) in Mumbai unit as intimated provisionally by DOT. At the year end these deposits amounted to ₹103.28 crores (₹ 103.28 crores), the difference being attributable to connections/ refunds granted in respect of deposits received prior to 31st March, 1986. In case of Delhi Unit, balance on this account still recoverable is ₹12.36 crores (₹12.36 crores).
- c) The total provision for Leave Encashment is ₹1038.43 crores up to 31.3.2015 (₹ 1034.96 crores). Out of this, an amount of ₹ 65.37 crores (₹ 65.37 crores) and ₹ 43.37 crores (₹ 43.37 crores) is recoverable, from DOT in respect of Group C & D and Group B employees respectively for the period prior to their absorption in MTNL.
- d) An amount of ₹1645.82 crores (₹ 1514.08 crores) towards GPF contribution is recoverable from DOT as on 31.3.2015. The amount pertains to Group C& D and Group B employees absorbed in MTNL w.e.f. 01.11.98 and 01.10.2000 respectively.
19. The diminutions in value of investments in Subsidiaries & Joint Ventures are considered as temporary in nature.
20. There is no indication of any impairment of assets of the Company, on the basis of the company as a whole as a CGU under Accounting Standard 28. However during the year, provision towards



difference of W.D.V. and expected realizable value of CDMA exchange, Delhi amounting to ₹17.19 crores has been provided towards impairment based on value in use consequent upon closure of CDMA operations.

21. During the financial year 2014-15, UTL, Nepal has called for 9th and 10th tranches of share holding subscription firstly from Joint venturers and on refusal by joint venturers other than NPVL (Local venturer) the second call for subscription was offered to NPVL which had made payment of the same. Pending the approval of office of Companies Registrar (OCR) Nepal, the received paid up capital amounting to INR 33,93,75,000 has been shown as unallocated and accordingly the share holding pattern remains unchanged as at 31.3.2015. Therefore the consolidation of accounts of UTL with MTNL's accounts has been done on the basis of existing share of MTNL i.e. 26.68%.
22. MTML (fully owned subsidiary of MTNL) has got incorporated two subsidiaries Viz. MTML Data Limited and MTML International Limited during the financial year 2014-15 and their accounts have also been consolidated with MTNL's accounts.
23. The consolidation of accounts of Joint ventures and subsidiaries has been done on the basis of audited accounts except in case of UTL, Nepal. Closing date being 26.07.2015 of UTL's accounts, the unaudited results of UTL have been compiled.
24. There is no delay in transferring amount, required to be transferred, to Investor Education and Production Fund by the company.
25. The Company has no foreseeable losses, which requires provision under applicable laws or accounting standards on long-term contracts and not dealing into derivative contracts at all.
26. Figures have been rounded off to the nearest crore. Previous year figures have been regrouped / recast to confirm to current year's presentation. Amounts in brackets represent the previous year's figures.
27. The notes to accounts of the Standalone Financial Statements of the company which are considered material for Consolidated Financial Statements have been reproduced with Consolidated Financial Statements.

(S. R. Sayal)
Company Secretary

(K. A. Sarma)
DGM(A/cs)

(Sunil Kumar)
Director (HR)

(P. K. Purwar)
Chairman & Managing Director
and Director (Finance)

For V.K. Dhingra & Co .
Chartered Accountants
FRN No.000250N

For Arun K. Agarwal & Associates
Chartered Accountants
FRN No.003917N

Sanjay Jindal
(Partner)
Membership No. 087085

Sanjay Gupta
(Partner)
Membership No.095506

Place : New Delhi

Date : 30.05.2015



MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Cash Flow Statement for the year ended 31st March, 2015

	2014-15 (₹ in Crore)	2013-14 (₹ in Crore)
A. Cash Flow from Operating Activities		
Net profit/ (loss) before Tax	(2,907.33)	8,533.25
Adjustment for:		
Prior period adjustment (net)	29.34	(196.32)
Depreciation adjustment due to revision of useful life	(79.95)	0.00
Profit on sale of fixed assets	(0.41)	(4.37)
Loss on sale of fixed assets	3.82	9.81
Depreciation & Amortisation	1,185.46	1,191.53
Finance Cost	1,440.10	1,390.79
Interest Income	(34.60)	(108.53)
Foreign Exchange Loss	(10.88)	13.40
Operating cash profit/ (loss) before working capital changes	(374.46)	10,829.56
Adjustment for:		
Trade and other receivables	(223.49)	(6,129.56)
Inventories	(25.84)	11.69
Trade and other payables	(161.66)	(9,317.30)
Cash generated from operations	(785.47)	(4,605.60)
Direct Taxes paid/adjusted (Net)	(381.55)	419.45
Net Cash Flow from Operating Activities	(1,167.02)	(4,186.15)
B. Cash Flow from Investing Activities		
Purchase of fixed assets (including capital WIP)	(298.67)	(198.31)
Sale of Fixed Assets	170.79	3,166.18
Interest received	21.21	116.48
Investment	0.00	0.00
Net Cash Flow from Investing Activities	(106.67)	3,084.36
C. Cash Flow from Financing Activities		
Proceeds from borrowings	2,481.64	2,584.11
Finance Charges (including interest) paid	(1,381.15)	(1,347.29)
Share Application Money	9.05	0.00
Net Cash Flow from Financing Activities	1,109.54	1,236.82
D. Net Increase/ (Decrease) in Cash and Cash Equivalent	(164.14)	135.02
Cash and Cash equivalent as at the beginning of the year	263.10	128.08
Cash and cash equivalent as at the end of the year	98.96	263.10
Cash and cash equivalent as at the end of year represented by		
Cash in hand (including cheques/drafts in hand)	3.94	2.82
Balance with bank in current account (net of provisions)	80.11	247.60
Balance with bank in Fixed Deposit account	14.91	12.68
TOTAL	98.96	263.10

Note:-

1. Previous year figures have been regrouped/rearranged/reclassified wherever necessary
In terms of our report of even date attached

For V. K. Dhingra & Co.
Chartered Accountants
FRN: 000250N

For Arun K. Agarwal & Associates
Chartered Accountants
FRN: 003917N

Sd/-
(S.R.Sayal)
Co. Secy.

Sd/-
(K. A. Sarma)
DGM (Accounts)

Sd/-
(Sanjay Jindal)
(Partner)
M.No: 087085

Sd/-
(Sanjay Gupta)
(Partner)
M.No: 095506

Sd/-
Sunil Kumar
Director (HR)

Sd/-
(P. K. Purwar)
Director (Finance) and CMD

Place : New Delhi
Date : 30th May, 2015



Annexure to Director's Report

Auditors' Qualifications and reply: (F.Y. 2014-15)

Sr. No.	Auditors Report	Reply of the Management
1	The Company has certain balances receivables from and payables to BSNL. The net amount recoverable of ₹ 2762.24 crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation and also in view of various pending disputes regarding claims and counter claims, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the financial statements of the Company. (Also refer point no. 15 (a) of note no.35 to the 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.
2	The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of ₹8314.32 crores is subject to reconciliation and confirmation. In view of non reconciliation and non confirmation, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the financial statements of the Company. (Also refer point no. 21 (a) of note no.35 to the financial statements).	Management has taken up the matter of reconciliation and settlement of amounts which ever not confirmed with the Administrative ministry. However the recoverable amount of Rs 8314.32 crores includes the GPF (RS 1790.56 Crs), Excess pension paid from 1-10 2000 (Rs1179.36 Crs) and Bonds issued in lieu of refund of OT entry fees of BWA Spectrum (Rs4533.97 Crs) totalling to ₹7503.89 crores identified and acknowledged for settlement.
3	Upto financial year 2011-12 License Fee payable to the DOT on IUC charges to BSNL was worked out on accrual basis as against the terms of License agreements requiring deduction for expenditure from the gross revenue to be allowed on actual payment basis. From financial year 2012-13, the license fee payable to the DOT has been worked out strictly in terms of the license agreements. The Company continues to reflect the difference in license fee arising from working out the same on accrual basis as aforesaid for the period upto financial year 2011-12 by way of contingent liability of ₹ 140.36 crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (Also refer point no. 5 of note no.35 to the financial statements).	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.

4	<p>The Company continues to allocate the establishment overheads towards capital works on estimated / adhoc basis. In view of the basis being not in line with the accepted accounting practices and Accounting Standard -10 "Accounting for Fixed Assets" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014, the same results into overstatement of capital work in progress/ fixed assets and understatement of loss. The actual impact of the same on the financial statements for year is not ascertained and quantified. (Also refer note no. 25 and 28 to the financial statements).</p>	<p>As regards the allocation of over heads in line with AS-10, the allocation is made on the basis of approved policy formulated taking into account related factors of contribution to capital works by various units of MTNL. However MTNL has already appointed a consultant to get the old policy reviewed and on receipt of his final report necessary further action will be taken to bring it more aligned to the company act 2013 related rules and also AS-10.</p>
5	<p>Except for impairment of CDMA assets of Delhi unit due to closure of CDMA operations, no adjustment has been considered on account of impairment loss during the year, with reference to AS-28 "Impairment of Assets" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. In view of uncertainty in achievement of future projections made by the Company, we are unable to ascertain and comment on the provision required in respect of impairment in carrying value of cash generating units and its consequent impact on the loss for the year, accumulated balance of reserve and surplus and also the carrying value of the cash generating units. (Also refer point no. 30 of note no.35 to the financial statements).</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 out as at 31.3.2015 there is no impairment loss and there are also no specific indicators of such loss.</p>
6	<p>To work out the liability towards wealth tax, vacant land and guest houses/inspection quarters are taken at their book values instead of valuation of the same as per Wealth Tax Act / Rules resulting into understatement of loss resulting from lower wealth tax and also corresponding understatements of liabilities. In the absence of valuation as at the year end, we are not in a position to ascertain and quantify the impact thereof on financial statements. (Also refer point no. 12 of note no.35 to the financial statements).</p>	<p>The properties have been acquired by the company for its use and most of them are not titled in the name of MTNL and are given on perpetual lease by the municipal authorities and therefore the same were valued at cost at which the same were acquired only.</p>
7	<p>Amount receivables from and payables to the various parties are subject to confirmation and reconciliation. Pending such confirmation and reconciliations, the impact thereof on the financial statements is not ascertainable and quantifiable. (Also refer, point no. 18 of note no.35 to the financial statements).</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. No confirmations are processed to creditors and their liabilities are accounted for as per the terms and</p>

		conditions of the contracts and the same are paid as per the same which are final unless there is any dispute in which case the same is either referred for resolution through arbitration or courts and NLD and ILD operators dues are paid on regular basis on the basis of interconnect agreements and hence no specific confirmation is not needed for them. Since the payables and receivables are settled as stated above and the same is a continuous process, there is no impact otherwise and wherever necessary adjustments are also made .
8	Dues from the operators are not taken into account for making provision for doubtful debts. Also no provision for doubtful debts is made for disputed cases outstanding for less than one year in Basic and for less than 180 days in GSM/CDMA. In the absence of any working, the impact thereof on the financial statements cannot be ascertained and quantified. (Also refer point no. 3(b) of note no.1 to the financial statements).	The dues of other operators are not provided like other debts as they are based on the interconnectivity regime and are governed by mutual agreements with clauses of arbitration and the debtors are identifiable and are in constant business relationship with MTNL. As such the treatment given to normal debtors cannot be applied in this case. The provision for other debts relating to Basic/GSM/CDMA has been done as per the policy.
9 (a)	In Delhi Unit, reconciliation of balances of subscriber's deposits as per subsidiary records with financial books (WFMS) is still in progress and the impact, if any, of the differences arising out of such reconciliation on financial statements cannot be ascertained and quantified at present. (Also refer point no. 17(a) of note no.35 to the financial statements).	The reconciliation is in process. Necessary adjustments entries, if any, shall be passed only after reconciliation as done in the case of Mumbai unit.
9 (b)	Unlinked credit of ₹ 10.43 crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables are appearing as liabilities in the balance sheet. To that extent, trade receivables and other current liabilities are overstated. (Also refer point no. 17(d) of note no.35 to the financial statements).	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.
10	In the absence of detailed information i.e. break up of amount received with relation to the individual invoices raised through MACH, invoice wise reconciliation of the roaming debtors is pending. Pending such reconciliation, the impact of the same on the financial statements cannot be ascertained and quantified. (Also refer point no.19 of note no.35 to the financial statements).	Amounts received with reference to the settlements made based on reports of M/S "MACH", nodal agency with wide experience and represented around 650 operators, are allocated on regular basis M/s MACH is a nodal agency for both the sides for national/ international operators and is an internationally acclaimed agency. As the payments are received as per the settlements being done on the basis of MACH reports on an overall basis and the process of

		reconciliation and identification to invoices is going on a continuous and perennial basis and also no irregularity has been noticed on this account till date there is no impact as per the understanding of Management. However efforts are being made to get the reconciliation done to the micro level of invoice also.
11	Fixed assets are generally capitalised on the basis of completion certificates issued by the engineering department. Due to delays in issuance of the completion certificates, there are cases where capitalisation of the fixed assets gets deferred to next year. The resultant impact of the same on the statement of profit and loss by way of depreciation and amount of fixed assets capitalised in the balance sheet cannot be ascertained.	Noted and necessary instructions have been reiterated and WIP review is also continuously being done to ensure that the works are completed in time and there is no delay in the submission of completion certificates in case of works already completed but shown under WIP and as a result of such review the WIP has been reduced to ₹133.84 crs as at 31-3-15 compared to ₹ 382.57 crs as at 31-3-14 reduced by ₹ 248.73 crs in the year 2014-15.
12	Pending reconciliation of income from recharge coupons/ITC cards/prepaid calling cards and stock of such coupons/cards, the impact thereof on the financial statements cannot be ascertained and quantified.	Reconciliation of such items is ongoing process. The income on the recharge coupons, prepaid calling cards etc. is booked on sale and at the end of accounting period the unspent value of talk time is taken as advance income for appropriate accounting.
13	In respect of sundry creditors, in Mobile Services, Mumbai, liability towards one of the vendors of ₹ 106.73 crores is appearing in the financial books as against the liability of ₹ 42.01 crores to be retained as per the other available records. Pending reconciliation and review of records spread over the years from 2006-07 to 2012-13, no corrective entries have been passed in the financial books during the year. Impact of the same on the financial statements of the Company cannot be ascertained pending the said reconciliation and review. (Refer point no 6 of Note no. 35 to the financial statements).	The reconciliation of liability spread over from 2006-07 to 2012-13 is under process and is expected to be completed at the earliest and on completion of reconciliation the liability not required to be maintained, if any, will be adjusted and as such no entry reversing the liability without ascertainment of facts could be passed in the accounts of 2014-15.
14	The Company had invested ₹100 crores in 8.75% Cumulative Preference Shares of M/S. ITI Limited during the year 2001-02. As per the terms of allotment, the said preference shares were to be redeemed in five equal instalments. As per letter no. U-59011-10/2002-FAC dated 31.07.2009 issued by DOT, the repayment schedule of the said preference shares was deferred to 2012-13 onwards in five equal instalments. M/s. ITI Ltd. has failed to meet its rescheduled obligation in respect of first three instalments of ₹ 20 crores each	The company had subscribed to 8.75% Cumulative Preference Shares of M/s. ITI Limited, amounting to ₹100 crores during the year 2001-02. As per the terms of allotment, the above Preference Shares were proposed to be redeemed in 5 equal instalments. Accordingly, five instalments amounting to Rs.20 Crores each, aggregating to ₹100 crores have become redeemable, which have not been redeemed by ITI Limited. As per letter No.U-59011-10/2002-FAC dated 31.07.2009 issued by DOT, the repayment schedule of the above cumulative Preference Shares

	<p>payable in 2012-13, 2013-14 & 2014-15. Since M/s. ITI Ltd. has not complied with even rescheduled commitments, the Company has made a provision for the first three instalment of ₹ 60 crores only instead of providing for full investment of ₹ 100 crores. This has resulted into understatement of loss by ₹ 40 crores and overstatement of non current investments by ₹ 20 crores and also overstatement of current investments by ₹ 20 crores. (Also refer point no. 7 of note no.35 to the financial statements).</p>	<p>was deferred to 2012-13 onwards in five equal instalments. The instalments which were due in 2012-13, 2013-14 and 2014-15 have not been paid and necessary provision for the overdue instalments has been made. Though in letter of Dept. of Telecom No: 20-37/2012-FAC.II dated 25-4-2014, the Cabinet Committee on Economic Affairs has approved the financial assistance to M/S ITI which includes the grants -in -aid for payment of commitments made by M/S ITI and as funds will be made available after budget 2014-15 is passed and hence repayment issue may be held in abeyance till such time. Subsequently M/S ITI vide letter no: ITI/Corp/Fin/MTNL dated 7-5-2014 informed that upon receipt of the financial assistance from the Govt. the redemption process would be initiated.</p>
15	<p>Certain Land and Buildings transferred to MTNL from DOT in earlier years have been reflected as leasehold. In the absence of relevant records, we are not in a position to comment on the classification of the same as leasehold and also the consequential impacts, if any, of such classification not backed by relevant records. In the absence of relevant records, impact of such classification on the financial statements cannot be ascertained and quantified.</p>	<p>The perpetual lease is given to these properties and DOT transferred these on as is where is basis as per sale deed with liability to pay stamp duty at the time of registration in the name of MTNL as and when the same is needed. As such there is no impact expected due to the classification.</p>
16	<p>Department of Telecommunication (DOT) had raised a demand of ₹ 3313.15 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 licence already elapsed and also for the remaining valid period of licence including spectrum given on trial basis.</p> <p>As explained the demand for spectrum usage for CDMA has been revised by ₹ 107.44 crores on account of rectification of actual usage.</p> <p>Also as explained, pending finality of the issue by the Company regarding surrender of a part of the spectrum, crystallisation of issue by the DOT in view of the claim being contested by the Company and because of the matter being sub-judice in the Apex Court on account of dispute by other private operators on the similar demands, the amount payable, if any, is indeterminate. Accordingly, no liability has been created for the demand made by</p>	<p>Dept. of Telecom has levied one time 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 in calculations. The calculations are further subject to changes in the quantum of spectrum holding and the remaining valid period of license as per D.O.T. MTNL has surrender some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 Mhz spectrum in respect of CDMA.</p> <p>D.O.T. has been apprised of the same and the matter is still under correspondence Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub-judice as on date whereas MTNL's case is also to be decided by D.O.T. on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as</p>

	<p>DOT on this account and ₹ 3205.71 crores has been disclosed as contingent liability.</p> <p>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 financial statements of the Company. (Also refer point no.4 of note no.35 to the financial statements).</p>	<p>on date the position is totally indeterminable as to the quantum of charges and also the liability. Pending final outcome of the issue which itself is sub-judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts. However the contingent liability of ₹3205.71 crores is shown on the basis of the demand raised by D.O.T.in respect of GSM.</p>
17	<p>Other current assets include claim of Income tax refund for F.Y. 1999-2000 of ₹ 101.54 crores arising from pending appeal effect / rectification under Section 154 of Income Tax Act, 1961 by income tax department. This includes tax amount of ₹ 60.30 crores and interest accrued thereon amounting to ₹ 41.24 crores. In the absence of complete records, we are not in a position to comment on the correctness and recoverability of the same and consequential impact on the financial statements of the Company.</p>	<p>Income Tax receivables include appeal effect of ₹101.54 crores pertaining to financial year 1999-00 which is pending for settlement by the Income Tax Department. This includes Tax amount of Rs 60.30 crores and interest accrued thereon amounting to ₹ 41.24 crores. The case is under pursuance and as per the advice of tax consultant, appropriate action will be taken as per the decision of Income tax authorities.</p>
18	<p>The balances appearing in the advance tax/income tax receivable / tax deducted at source / interest on income tax and provisions for taxes are subject to reconciliation with the tax records. Pending reconciliations we are not in a position to comment on the correctness of the same and consequential impact of the same on the financial statements of the Company.</p>	<p>The balances appearing in advance tax, provisions for income tax and interest on income tax refunds are subject to reconciliation with the figures of the tax records and the process is being done in a continuous manner and the same is completed for the years from 2004-05 to 2014-15 and for years from 1995-96 to 2003-04 action plan to resolve the same is in progress and effect of it, if any, will be taken as and when the issues get either reconciled or effected due to allowing of refund or otherwise or settlement of appeals etc.</p>
19	<p>In Mumbai unit, on reconciliation of balance outstanding under refund due to subscribers account with actual amount due for refund, ₹ 37.13 crores was identified as excess liability appearing in the financial books. Pending decision on the final treatment of this excess amount, the same has been retained as liability in the financial books resulting into overstatement of loss and overstatement of current liabilities. (Refer point no. 17(c) of note no.35 to the financial statements).</p>	<p>Mumbai Unit is in process of reconciliation. Necessary adjustments entries will be passed in the financial year 2015-16 after reconciliation.</p>



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कार्यालय
महानिदेशक लेखापरीक्षा, डाक व दूरसंचार
शाम नाथ मार्ग, (समीप पुराना सचिवालय), दिल्ली-110054

OFFICE OF THE
Director General of Audit, Post & Telecommunications
Sham Nath Marg, (New Old Secretariat), Delhi-110054

क्रमांक Report-PSU A/cs./F-111/CFS MTNL/14-15/371
No.

Dated : 20/07/2015

To

The Chairman and Managing Director,
Mahanagar Telephone Nigam Limited,
Delhi.

Subject: Comments of The Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Mahanagar Telephone Nigam Limited (Consolidated) for the year 31st March, 2015.

Sir,

I am to forward herewith 'Nil Comments' certificate under Section 143(6)(b) of the Companies Act, 2013 on the annual accounts of MTNL (Consolidated) for the year ended 31st March, 2015 for information and further necessary action.

Kindly acknowledge receipt.

Yours faithfully,

Sd/-
(Meera Swarup)
Director General of Audit (P&T)

Encl(s): As above



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2015.

The preparation of consolidated financial statements of MAHANAGAR TELEPHONE NIGAM LIMITED for the year ended 31 March, 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139(5) or 139(7) read with section 129(4) of the Act is/are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated May 30 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of MAHANAGAR TELEPHONE NIGAM LIMITED for the year ended 31 March, 2015. We conducted a supplementary audit of the financial statements of Millennium Telecom Limited, but did not conduct supplementary audit of financial statements of Mahanagar Telephone Mauritius Limited (wholly owned subsidiary of the company), MTML Data Ltd. & MTML International Ltd. (Step down subsidiaries) but it did not conduct supplementary audit of the financial statements of United Telecom Limited & MTNL STPI IT Services Ltd. (jointly controlled entities) for the year ended on that date. This supplementary audit has been carried out independently without access to the working paperst of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on the behalf of the
Comptroller & Auditor General of India**

Place: New Delhi

Date: 20-07-2015

Sd/-
(Meera Swarup)
Director General of Audit
Post and Telecommunication



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कार्यालय
महानिदेशक लेखापरीक्षा, डाक व दूरसंचार
शाम नाथ मार्ग, (समीप पुराना सचिवालय), दिल्ली-110054

OFFICE OF THE
Director General of Audit, Post & Telecommunications

Sham Nath Marg, (New Old Secretariat), Delhi-110054

क्रमांक _____ Report-PSU A/cs./F-96/Ann. Acct./MTNL/14-15/395
No.

Dated : 30/07/2015

To

The Chairman and Managing Director,
Mahanagar Telephone Nigam Limited,
Delhi.

Subject: Comments of The Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Mahanagar Telephone Nigam Limited (MTNL) for the year 31st March, 2015.

Sir,

I am to forward herewith the comments of the Comptroller and Auditor General in India under Section 143(6)(b) of the Companies Act, 2013 on the annual accounts of MTNL for the year ended 31st March, 2015 for information and further necessary action.

Kindly acknowledge receipt.

Yours faithfully,

Sd/-

(Meera Swarup)

Director General of Audit (P&T)

Encl(s): As above



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of Mahanagar Telephone Nigam Limited, for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated May 30, 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Mahanagar Telephone Nigam Limited, for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

Balance-Sheet

A. Current Assets - Short Term Loans and Advances - Note No.21 – ₹ 1203.08 crore - Deposits with Excise and Sales Tax - Cenvat Credit – ₹ 114.39 crore

As per the Service Tax Returns filed by the Company, the balance of Cenvat Credit available was only ₹ 9.77 crore but the same was shown as ₹ 114.39 crore in the Balance Sheet. The Company replied that major portion out of ₹ 104.62 crore pertains to Cenvat on bills issued by BSNL which is taken in books of accounts but the same has not been included in the Cenvat balance of S T-3 return as the payment has not been made and in ST-3 return, the Cenvat credit available for adjustment is only being shown. Accounting of amount as receivable pending payment of the same is not in order and has resulted in overstatement of Current Assets by ₹ 104.62 crore with consequent understatement of losses by the same amount.



Statement of Profit and Loss

License Fee-(Note-27) – ₹ 221.54 crore

The Department of Telecommunication raised demand for ₹ 590.59 crore towards provisional assessment of License fee dues for the period from 2007-08 to 2010-11 and 2012-13. The same has not been provided for by the Company in the current year Accounts. Non-provision for License Fees pertaining to the period from 2007-08 to 2010-11 demanded by Department of Telecommunication resulted in understatement of current liabilities and overstatement of profit by ₹ 590.59 crore.

**For and on the behalf of the
Comptroller & Auditor General of India**

Place: New Delhi

Date: 30-7-2015

**Sd/-
(Meera Swarup)
Director General of Audit
(Post and Telecommunications)**



Comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the accounts of Mahanagar Telephone Nigam Limited (MTNL) for the year 31st March 2015.

Comments of CAG of India

Reply of MTNL Management

Balance-Sheet

A. Current Assts-Short Term Loans and Advances-Note No.21- ₹1203.08 crore-Deposits with Excise and Sales Tax-Cenvat Credit- ₹114.39 crore

As per the Service Tax returns filed by the company, the balance of Cenvat Credit available was only ₹ 9.37 crore but the same was shown as ₹114.39 crore in the Balance Sheet. The Company replied that major portion out of ₹104.62 crore pertains to cenvat on bills issued by BSNL which is taken in books of accounts but the same has not been included in the cenvat balance of ST-3 return as the payment has not been made and in ST-3 return, the cenvat credit available for adjustment is only being shown. Accounting of amount as receivable pending payment of the same is not in order and has resulted in overstatement of Current Assets by ₹ 104.62 crore with consequent understatement of losses by the same amount.

Statement of Profit and Loss

License Fee-(Note-27)-₹ 221.54 crore

The Department of telecommunication raised demand for ₹ 590.59 crore towards provisional assessment of License fee dues for the period from 2007-08 to 2010-11 and 2012-13. The same has not been provided for by the Company in the current year accounts. Non-provision for license fees pertaining to the period from 2007-08 to 2010-11 demanded by Department of telecommunication resulted in understatement of current liabilities and overstatement of profit by ₹ 590.59 crore.

In ST-3 return, the cenvat credit available for adjustment is only being shown. The difference in figures in books of accounts and final ST-3 return is ₹ 103.92 crores due to accounting procedures.As per which liabilities due to BSNL are already booked as expenditure with corresponding credit to "Sundry creditors-BSNL" where as the "service tax payable" on such payments is debited to "Cenvat credit receivable" account with per contra credit to BSNL account, since service tax payment is not a liability but adjustable against Service tax liability of MTNL.

As such, this difference is due to Cenvat credit receivable and cenvat credit available accounts only and, therefore neither there is any overstatement of assets nor understatement of losses .

In respect of the demand of ₹ 590.59 crores raised by DoT towards Provisional Assessment of License Fee dues for the period from 2007-08 to 2010-11 and 2012-13, MTNL represented to DoT that the calculation of Adjusted Gross Revenue (AGR) and disallowance of deductions claimed from Gross Revenue for computation of license fee is not as per the agreement and needs to be reviewed in view of points like inclusion of Internet income and other non-revenue items in the AGR of Basic service, as well as, disallowances of pass through charges paid to BSNL on netting basis as per the arrangement between MTNL & BSNL and Inter unit adjustments incorrectly.

The representations of MTNL dated 13.06.2014,21.06.2014,1 0.07.2014,30.07.2014,19.09.2014 & 23.09.2014 are made to concerned authorities in DoT explaining all the above aspects.

Thereafter the issue is under review by DoT. As per MTNL records no license fee dues are pending. Since there is no acknowledged debt as of date, in view of the issue not attaining finality and confirmation by DoT, there is no justification for creation of provision for it. Hence, there is no understatement of current liabilities and overstatement of profit in this regard.

Sd/-
(Meera Swarup)
Director General of Audit
(Post and Telecommunications)

Sd/-
P.K. Purwar
Director Finance



Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part “ A ” : Subsidiaries

1.	Sl. No.:	01
2.	Name of the Subsidiary:	Millenium Telecom Limited
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	Same as Holding Company
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.:	Not Applicable
5.	Share capital:	Rs.2.88 crores
6.	Reserves & surplus:	Rs.1.52 crores
7.	Total assets:	Rs.6.48 crores
8.	Total Liabilities:	Rs.6.48 crores
9.	Investments:	Nil
10.	Turnover:	Rs.2.71 crores
11.	Profit before taxation:	Rs.0.18 crores
12.	Provision for taxation:	Rs.0.05 crores
13.	Profit after taxation:	Rs.0.13 crores
14.	Proposed Dividend:	Nil
15.	% of shareholding:	100%



Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

- | | |
|---|---|
| 1. Sl. No.: | 02 |
| 2. Name of the Subsidiary: | Mahanagar Telephone (Mauritius) Limited |
| 3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: | Same as Holding Company |
| 4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries: | Reporting currency-Mauritian Rupees(MUR), Exchange rate-1 Rs. is 0.5749 MUR |
| 5. Share capital: | Rs.117.19 crores |
| 6. Reserves & surplus: | Rs.11.52 crores |
| 7. Total assets: | Rs.156.78 crores |
| 8. Total Liabilities: | Rs.156.78 crores |
| 9. Investments: | Rs2.09 crores |
| 10. Turnover: | Rs.87.35 crores |
| 11. Profit before taxation: | Rs.4.19 crores |
| 12. Provision for taxation: | Rs.1.10 crores |
| 13. Profit after taxation: | Rs.3.09 crores |
| 14. Proposed Dividend: | NIL |
| 15. % of shareholding: | 100% |
-
- | | |
|--|----------------|
| 1. Names of subsidiaries which are yet to commence operations: | Not Applicable |
| 2. Names of subsidiaries which have been liquidated or sold during the year: | Not Applicable |



Part “B” : Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:

Name of Associate/ Joint Ventures	United Telecommu- nication Limited (Joint Venture)	MTNLSTPI IT Services Limited (Joint Venture)
1. Latest audited Balance Sheet Date	31.03.2015	31.03.2015
2. Shares of Associate/ Joint Ventures held by the com- pany on the year end		
No.	5736200	2282000
Amount of investment in Associates/ Joint Venture	Rs.35.85 crores	Rs.2.28 crores
Extend of Holding %	26.68%	50%
3. Description of how there is significant influence	Holding more than 20% shares	Holding more than 20% shares
4. Reason why the associate/ joint venture is not consolidated	Not applicable since already consolidated to the extent of share- holding.	Not applicable since already consoli- dated to the extent of shareholding.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	Rs.12.08 crores	Rs.2.51 crores
6. Profit/ Loss for the year	(Loss)	Profit
i. Considered in Consolidation	Rs.11.34 crores	Rs.0.33 crores
ii. Not Considered in Consolidation	Rs.31.15 crores	Rs.0.33 crores

- Names of associates or joint ventures which are yet to commence operations: Not Applicable
- Names of associates or joint ventures which have been liquidated or sold during the year: Not Applicable

For and on behalf of
Mahanagar Telephone Nigam Limited

(S. R. Sayal)
Company Secretary

(K. A. Sarma)
DGM (Accounts)

(P. K. Purwar)
Director (Finance)

(Sunil Kumar)
Director (HR)

(N. K. Yadav)
Chairman & Managing Director

Place: New Delhi
Date: 18-08-2015



MILLENNIUM TELECOM LIMITED

(A wholly owned subsidiary of MTNL)

DIRECTOR'S REPORT

Dear Shareholders,

The Board of Directors of your company have pleasure in presenting the 15th Annual Report of your Company together with the Statement of Accounts and Auditors Report for the year ended on 31st March, 2015 and report as under:

FINANCIAL PERFORMANCE

Your company was in loss for many years. But now it is moving ahead towards the path of revival. In 2014-15, the company turned into profit by System Integration, other ICT related works at Pan India level. During the financial year under report, your Company has registered a net profit of ₹ 12,73,000/- as against a Net loss of ₹16,97,258 last year.

With continuous pursuance with Income Tax department, the company has received a refund of ₹ 4,20,000 and got overall refund orders issued for ₹ 96 lakhs approximately.

OPERATIONS

Your Company was formed by Mahanagar Telephone Nigam Limited (MTNL) as its wholly owned subsidiary company basically for providing internet and other value added services in the year 2000. During the financial year 2014-15 the Board of MTL has proposed to take up the new business for increasing the revenue and making the Company profitable simultaneously. Some of the new work orders being undertaken by the company are as follows:

- (i) Design and finalization of MTL stationary like letterheads, file covers, envelopes etc.
- (ii) Registration with Service tax and Sales Tax authorities.
- (iii) Developed standard template for Tender and EOI documents which have been duly approved by MTL board.
- (iv) Development and approval of Working Procedure in MTL
- (v) Development and approval of Standard Operating Procedure in MTL
- (vi) To undertake Infrastructure Leasing Business of MTNL Mumbai.
- (vii) To undertake the Data centers Leasing /Hiring of MTNL and other PSU telecoms like M/s BSNL, ITI, MSITS.
- (viii) To undertake remote monitoring of customer network.
- (ix) To undertake capacity building and skill development programme.
- (x) To perform end-to-end ICT Solution provider along with operation & maintenance.
- (xi) To launch, operate, provide and maintained Cloud and managed services.
- (xii) Surveillance and perimeter security including emergency communication.



(xiii) Campus wide Wi-Fi , surveillance projects.

(xiv) Provision of RF links for Captive use.

The Board of Directors of your Company proposes to provide the following services in the time to come:

E-Tendering services (Online Tendering Services), Sale of ISP packs and collection from Cyber café services, Dial up services, ISDN Dial Up services, Lease Line Services, Web page hosting services, Internet kiosks, On-line registration of new telephone connection, presentation and bill payment services, Internet Access on Broadband, Portal Services , Virtual Private Network (VPN) services, Certification Gateway for Digital signatures to enable E- commerce transactions, High Speed ATM services for LAN interconnection, video on demand , Video Conferencing, Telemedicine, Distance Education and Bandwidth on Demand , Data centre/ Call Center.

The Board of the company is working on the above lines of businesses and is hopeful to generate more revenue in the years to come.

STATUS OF WORK ORDERS RECEIVED SO FAR :

MTL has executed work of more than ₹ 30 Lacs for ICT for SC/ST/women in Dept of IT, J & K Govt. in FY 2014-15. The total value of the projects is ₹ 1.3 crore for two years. We have received the order for second year Repeat order for Web Hosting Services for National Highway Authority of India has been received.

RF link at Air- India is also working smoothly.

Campus wide wired and wireless network commissioned at Central University Haryana. Two RF links were also installed. Total value of the project was ₹ 3.3 crores.

Some Tie-ups were also carried out by MTL like M/s Lattice Bridge Infotech- Chennai for Security & Surveillance Services, M/S TCIL for Patch Management Services of IBM etc.

The Orders of ₹ 100 Crore approximately are in pipeline at various stages.

PERSONNEL

Your Company has not appointed any regular employee on its rolls. Some officers of MTNL have been nominated to take care of the work of MTL in addition to their existing duties & responsibilities. This is done for gearing up of MTL organization since lot of businesses is available in the market.

SURRENDER OF ISP-IT LICENCE

Your Company had obtained ISP-IT licence in the year 2002. At that time there was neither any license acquisition charge nor licence burden on the part of licence. Though license was acquired, MTL never established its own network for service roll out in last 12 years. In 2012, on the ground of creating level playing field among service providers proposal was initiated in DoT to impose license fee as a percentage of AGR on ISP-IT license also. In its recommendations issued on 01.05.2014, TRAI has also recommended for imposing license fee on ISP-IT license.

As the holding company MTNL was internet service provider, the Board took a decision to surrender the said ISP License to avoid license fee on MTL AGR. MTL has already completed all its formalities regarding surrendering ISP-IT license and it is under process in Department of Telecom.

SHARE CAPITAL

There has been no change in the Share Capital and Shareholding of the Company.



The paid up Share Capital of the Company is ₹ 2, 87, 58,800/- (28, 75,880 equity shares of ₹ 10/- each). All the shares are held by MTNL and its nominees.

DIVIDEND

In the absence of adequate profit, the Board of Directors of your Company has decided not to declare any dividend for the Financial Year 2014-15.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and belief confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis and
- (e) the directors, in the case of a listed Company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating efficiently;
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

No material changes and commitment affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report.

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

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to the Company as your Company is a service provider. During the year, there was no foreign exchange earnings and expenditure in foreign exchange.

PARTICULARS OF EMPLOYEES & RELATED DISCLOSURES

During the year under report, there was no employee who was in receipt of remuneration in excess of limits prescribed under the revised provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



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

During the Financial Year 2014-15 no case has been referred / reported to the Committee on Sexual Harassment.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS IN THE FINANCIAL YEAR 2014-15

During the Financial Year 2014-15 five meetings of Board of directors of your company were held. Details of Board meetings are given below:-

Sl. No.	Meeting No.	Date	Place
1	68	28.05.2014	New Delhi
2	69	14.08.2014	New Delhi
3	70	03.09.2014	Mumbai
4	71	10.12.2014	New Delhi
5	72	12.02.2015	New Delhi

DIRECTORS

Shri. Sunil Kumar, Shri. Peeyush Agrawal, Shri. Pankaj Yadav continue to be Nominee Directors of MTNL (the holding Company) and R K Mishra, DDG(SU) continue to be Govt. Nominee Director of Department of Telecom.

Shri Sunil Kumar has been acting as Chairman of the Company.

CHIEF OPERATING OFFICER

Shri Gunjan Prasad Sinha, GM (EB& MKTG) MTNL Corporate Office, continues to be the Chief Operating Officer (COO) of your company. Shri Ajay Kumar Sahu, GM (EB-I & II)- MTNL Mumbai was nominated as Chief Operating Officer (COO-II) of your Company w.e.f 3rd September, 2014.

EXTRACT OF ANNUAL RETURN UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 [(MGT-9) PURSUANT TO SECTION 134(3)(a) OF THE COMPANIES ACT,2013]

Pursuant to Section 134(3)(a) of the Companies Act, 2013 Extract of Annual Return under section 92(3) (in Form-MGT-9) of the Companies Act, 2013 is annexed to this Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The provisions of Section 135 relating to constitution of Corporate Social Responsibility Committee and undertaking Corporate Social responsibility activities are not applicable to the Company.

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

During the year under report, there were no loans given, guarantees provided or investments made by the Company under Section 186 of the Companies Act, 2013.

FIXED DEPOSITS

During the year under report, the Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date on this account.



PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH REALTED PARTIES

The Company has not entered into any Contract with Related Parties. Details of Transaction which do not attract Section 188 of the Companies Act, 2013 have been annexed as Note No. 25.1.

AUDITORS

M/s A.M. Jain & Co., Chartered Accountants (FRN: 103883W) Mumbai has been appointed as Statutory Auditors of your company by Comptroller & Auditors General of India (C&AG) for the year 2014-15 vide letter no. Reg/ A/cs 106/27 dtd. 27.04.2015. M/s. A.M. Jain & Co. had conducted the Statutory Audit of the Company last year also.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013.

Pursuant to Section 143(6)(b) of the Companies Act, 2013, Comments of the Comptroller and Auditor General of India are annexed.

ACKNOWLEDGEMENT

The Board of Directors expresses its gratitude to the holding company i.e. MTNL, Department of Telecom (DoT) and other Govt. Ministries / Departments for their help, guidance and support extended to the company from time to time.

The Board feels pleasure in placing on record its sincere appreciation for the valuable services rendered by the management and officials of MTNL at all levels, in running the Company.

For and on behalf of Board of Directors

SUNIL KUMAR
CHAIRMAN
DIN:06628803

Place: New Delhi
Date: 30th July, 2015

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March, 2015

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

- 1. REGISTRATION AND OTHER DETAILS :** No Share
- i) **CIN:-** U64200MH2000GOI124302
- ii) **Registration Date:-** 17th February , 2000
- iii) **Name of the Company:** - Millennium Telecom Limited
- iv) **Category/ Sub-Category of the Company:-** Wholly Owned Subsidiary of MTNL.
- v) **Address of the Registered Office and contacts details:-** 15th Floor, Telephone House, VS Marg, Dadar(West) Mumbai-400028
Tele-022-24310645, Fax-022-24367168
- vi) **Whether listed company Yes / No:-** No
- vii) **Name, Address and Contact details of Registrar and Transfer Agent, If any:-** NIL
- 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

Sr. No.	Name and Description of the main products/ services	NIC Code of the Product/ services	% to total turnover of the company
1	Information Technology/Data	892	92%

3. PARTICULARS OF HOLDING , SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Mahanagar Telephone Nigam Limited (MTNL) Mahanagar Doorsanchar Sadan,5 th Floor, 9 CGO Complex, Lodi Road,New Delhi-110003.	L32101D 1986GOI023501	Holding Company	100%	2 (87)

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

(I) Category – wise Share Holding \

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A)Promoters									
(1) Indian									
g) Individual/HUF	0	0	0	0.00	0	0	0	0	0
h) Central Govt/ State Govt(s)	0	0	0	0.00	0	0	0	0	0
j) Bodies Corp. (MTNL)	0	2875880	2875880	100.0	0	2875880	2875880	100	0
k) Banks/FI	0	0	0	0.00	0	0	0	0	0
l) Any Other	0	0	0	0.00	0	0	0	0	0
Sub- total	0	2875880	2875880	100	0	0	2875880	2875880	0
(A) (1):-									
(2)Foreign									
a) NRIs- Individuals	0	0	0	0.00	0	0	0	0	0
c) Bodies Corp.	0	0	0	0.00	0	0	0	0	0
d)Bank/FI	0	0	0	0.00	0	0	0	0	0
e) Any other....	0	0	0	0.00	0	0	0	0	0
Sub- total(A)	0	0	0	0.00	0	0	0	0	0
(2):-									
Total shareholding of Promoter (A)=(A) (1)+(A)(2)	0	2875880	2875880	100	0	2875880	2875880	100	0
B. Public shareholding	0	0	0	0.00	0	0	0	0.00	0
1.Institutions	0	0	0	0.00	0	0	0	0.00	0
Sub-total (B)	0	0	0	0.00	0	0	0	0.00	0
(1):-									
2. Non Institutions	0	0	0	0.00	0	0	0	0.00	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B) (2)	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDR&ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	2875880	2875880	100	0	2875880	2875880	100	0

(II) Shareholding of Promoters

Sr. NO.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of Pledged/ encumbered to total shares	
1.	Mahanagar Telephone Nigam Limited	2875880	100.00	Nil	2875880	100.0	Nil	NIL
	Total	287580	100.00	Nil	2875880	100.0	Nil	NIL

(III) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. NO.		Shareholding at the Beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2875880	100.00	2875880	100.00
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	2875880	100.00	2875880	100.00

(IV) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) : NOT APPLICABLE

(V) Shareholding of Directors and Key Managerial Personnel: NIL

(VI) INDEBTNESS

Indebtness of the Company including interest outstanding/accrues but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtness at the beginning of the financial				
i) Principal Amount		4886347.00	NIL	4886347.00
ii) Interest due but not paid	NIL	--	--	--
iii) Interest accrued but not due		--	--	--
Total (i+ii+iii)	NIL	4886347.00	NIL	4886347.00
Change in Indebtness during the financial year				
• Addition		200987.00		200987.00
• Reduction	NIL	--	NIL	--
Net Change	NIL	200987.00	NIL	200987.00
Indebtness at the end of the financial year	NIL	5087334.00		5087334.00
i) Principal Amount		--	NIL	--
ii) Interest due but not paid		--		--
iii) Interest accrued but not due		--		--
Total (i+ii+iii)	NIL	5087334.00		5087334.00

(VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: At Present there exist no employees on the roll of MTNL.

A. Remuneration to other directors : Not Applicable

B. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD : NA

(VIII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : NIL



**A.M. JAIN & CO.
CHARTERED ACCOUNTANTS**

103-33, 1st Floor, Malhotra Chamber,
Police Court Lane, Near Handloom
House, Fort, Mumbai-400001.
Tel: 22622503/66355022
Fax: 2265 4662
Email: amjainandco@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Millennium Telecom Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Millennium Telecom Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
8. As required by section 143(3) of the Act, we further report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law (except statutory records as required under the Companies Act 2013) have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e. on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:.
 - (i) The Financial statements disclose the impact of pending litigation on its financial position. Refer Note No.24 of the financial statement.
 - (ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

**For A.M. Jain & Co.,
Chartered Accountants
FRN: 103883W**

**Arun Kumar Jain
Partner
M.No.038983**

**Place: Mumbai
Date: 30th May 2015.**

Annexure referred to in paragraph 7 Our Report of even date to the members of Millennium Telecom Limited on the accounts of the company for the year ended 31st March, 2015

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However fixed asset register was not yet updated as per the Companies Act 2013;
- (b) As explained to us, fixed assets have not been physically verified by the management during the year;
- (ii) (a) As explained to us, no physical verification of inventory has been conducted by the management and hence comment on clause (b) is not applicable;
- (b) Company is maintaining records of inventory which needs to be timely updated.
- (iii) The company has granted interest free loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 189 of the Act.
 - (a) Receipt of the principal amount and interest wherever applicable is regular, and
 - (b) Since loans are in the nature of current account and unconditional no overdue amount exceeding rupees one lakh outstanding for recovery of principal and interest.
- (iv) In our opinion and according to the information and explanations given to us, there is further scope for strengthening the internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services.
- (v) The Company has not accepted deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India. No undisputed tax dues were outstanding for more than six months from the date they become payable as at the last day of financial year;
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes except following Income tax liabilities pending with Commissioner of Income Tax & ITAT;



Assessment Year	Demand	Paid under Protest
2003-2004	1,05,30,998	59,83,525
2004-2005	34,96,764	34,96,764
2005-2006	43,49,058	29,82,670
2007-2008	6,34,050	Nil
2008-2009	4,61,669	Nil
2009-2010	8,22,985	Nil
2010-2011	23,057	Nil

- (c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise;
- (viii) As at 31st March, 2015, the Company has been registered for more than 5 years; its accumulated losses at the end of financial year was not less than 50% of its net worth and Company has not incurred cash loss during the year or in the immediately previous year;
- (ix) According to the records of the company examined by us and as per the information and explanations given to us, the company has not availed of any loans from any financial institution or banks and has not issued debentures;
- (x) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year;
- (xi) In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year;
- (xii) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For A.M. Jain & Co.,
Chartered Accountants
FRN: 103883W

Arun Kumar Jain
Partner
M.No.038983

Place: Mumbai
Date: 30th May 2015



MILLENNIUM TELECOM LIMITED

Balance Sheet as at 31 March, 2015

		Amount in Rupees	
Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	28,758,800	28,758,800
(b) Reserves and surplus	4	15,165,381	17,369,443
		43,924,181	46,128,243
3 Non-current liabilities			
(a) Long term borrowings		-	-
(b) Deferred tax liabilities (net)		-	4,539
(c) Other long-term liabilities	5	2,177,000	-
(d) Long-term provisions		-	-
		2,177,000	4,539
4 Current liabilities			
(a) Short-term borrowings	6	4,886,347	5,087,334
(b) Trade payables	7	8,996,959	76,572
(c) Other current liabilities	8	979,458	6,189,235
(d) Short term provisions	9	3,863,562	290,947
		18,726,326	11,644,088
	TOTAL	64,827,507	57,776,870
B ASSETS			
1 Non-current assets			
(1) (a) Fixed assets			
(i) Tangible assets	10	43,855	314,917
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
		43,855	314,917
(b) Non-current investments			
(c) Deferred tax assets (net)	11	67,302	-
(d) Long-term loans and advances	12	174,213	1,74,213
(e) Other non-current assets	13	2,264,200	4,528,400
		2,505,715	4,702,613
2 Current assets			
(a) Current investments		-	-
(b) Inventories	14	2,999,818	-
(c) Trade receivables	15	20,095,662	13,637,395
(d) Cash and cash equivalents	16	21,847,857	21,919,152
(e) Short-term loans and advances		-	-
(f) Other current assets	17	17,334,599	17,202,793
		62,277,936	52,759,340
TOTAL		64,827,507	57,776,870

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1, 2, 24 & 25

As per our report attached

For M/s A.M.Jain & Co.

Chartered Accountants

Firm's Registration No.:103883W

CA. ARUN KUMAR JAIN

Partner

Membership No. 038983

Sunil Kumar

Chairman & Director

Gunjan Sinha

Chief Operating Officer, Delhi

Place : Delhi

Date : 29-May-2015

For and on behalf of the Board of Directors

Pankaj Yadav

Director

UMESH D PRABHU

IFA

Place: Mumbai

Date : 30-May-2015



MILLENNIUM TELECOM LIMITED
PART II – STATEMENT OF PROFIT AND LOSS
Profit and Loss Statement for the year ended 31 March, 2015

		Amount in Rupees		
Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	
1	2	3	4	
A CONTINUING OPERATIONS				
I Revenue from operations	18	27,501,478	0	
II Other income	19	2,031,741	1,839,036	
III Total revenue (I+II)		29,533,219	1,839,036	
IV Expenses				
(a) Cost of material consumed				
(b) Purchase of Stock in Trade	20	19,576,637	0	
(c) Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	(2,999,818)	0	
(d) Employee benefits expense				
(e) Finance costs	22	35,055	281	
(f) Depreciation and amortisation expense	10	0	51,641	
(g) Other expenses	23	11,163,617	1,202,818	
Total expenses		27,775,491	1,254,740	
V Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		1,757,728	584,296	
VI Exceptional items		0	2,264,200	
VII Profit / (Loss) before extraordinary items and tax (V-VI)		1,757,728	(1,679,904)	
VIII Extraordinary items		0	0	
IX Profit / (Loss) before tax (VII-VIII)		1,757,728	(1,679,904)	
X Tax expense:				
(a) Current tax		556,569	19,250	
(b) Deferred Tax		(71,841)	(1,896)	
		484,728	17,354	
XI Profit / (Loss) from continuing operations		1,273,000	(1,697,258)	
XII Profit / (Loss) from discontinuing operations				
XI Tax expenses for discontinuing operations				
XIV Profit / (Loss) from discontinuing operations after tax (XII-XIII)		0	0	
XV Profit / (Loss) for the period (XI-XIV)		1,273,000	(1,697,258)	
XVI Earnings per share				
(a) Basic		0.44	(0.59)	
(b) Diluted		0.44	(0.59)	

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1, 2, 24 to 25

For M/s A.M.Jain & Co.
Chartered Accountants
Firm's Registration No.:103883W

For and on behalf of the Board of Directors

CA. ARUN KUMAR JAIN
Partner
Membership No. 038983

Sunil Kumar
Chairman & Director

Pankaj Yadav
Director

Gunjan Sinha
Chief Operating Officer-Delhi

UMESH D PRABHU
IFA

Place: Mumbai
Date : 30-May-2015

Place : Delhi
Date : 29-May-2015



MILLENNIUM TELECOM LIMITED

Cash Flow Statement for the year ended 31 March, 2015

2014-15	Figures as at the end of current reporting period		Figures as at the end of previous reporting period	
	(RUPEES)	(RUPEES)	(RUPEES)	(RUPEES)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		1,757,728		(1,679,904)
<i>Adjustments for:</i>				
Depreciation and amortisation	0		51,641	
Finance costs	35,055		281	
Interest income	(1,736,857)		(1,839,036)	
Income Tax earlier year	(941,800)		(206,890)	
Other non-cash charges	0	(2,643,602)	2,264,200	270,196
Net unrealised exchange (gain) / loss			-	
Operating profit / (loss) before working capital changes		<u>(885,874)</u>		<u>(1,409,708)</u>
<i>Changes in working capital:</i>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(2,999,818)		-	
Trade receivables	(6,458,267)		-	
Short-term loans and advances	-		174,213	
Other current assets	(131,806)		(16,986,676)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	8,920,387		(2,969,777)	
Other current liabilities	(5,209,777)		486,655	
Other Long-term liabilities	2,177,000		0	
Short-term provisions	3,572,615		290,947	
Long-term provisions	-	(129,666)		(19,004,638)
		<u>(1,015,540)</u>		<u>(20,414,346)</u>
Cash flow from extraordinary items				
Cash generated from operations		(1,015,540)		(20,414,346)
Net income tax (paid) / refunds		(556,569)		(19,250)
Net cash flow from / (used in) operating activities (A)		<u>(1,572,109)</u>		<u>(20,433,596)</u>
B. Cash flow from investing activities				
Bank balances not considered as Cash and cash equivalents				
- Matured	-		-	
Interest received				
- Others Bank FD	1,699,019	1,736,857	1,839,036	1,839,036
- Others	37,838			



	1,736,857	1,839,036
Net income tax (paid) / refunds		-
Net cash flow from / (used in) investing activities (B)	<u>1,736,857</u>	<u>1,839,036</u>
C. Cash flow from financing activities		
Proceeds from other long-term advances		16,851,523
Repayment of other short-term borrowings	(200,987)	(596,593)
Finance cost	(35,055)	(281)
Net cash flow from / (used in) financing activities (C)	(236,042)	16,254,649
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(71,294)	(2,339,911)
Cash and cash equivalents at the beginning of the year	21,919,152	24,259,063
Cash and cash equivalents at the end of the year	<u>21,847,857</u>	<u>21,919,152</u>
Reconciliation of Cash and cash equivalents with the balance		
Cash and cash equivalents as per Balance Sheet (Refer Note 19)	21,847,857	21,919,152
Less: Bank balances not considered as Cash and cash equivalents	-	-
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>) included in Note 19	21,847,857	21,919,152
Add: Current investments considered as part of Cash and cash	-	-
Cash and cash equivalents at the end of the year *	21,847,857	21,919,152
Cash and cash equivalents at the end of the year *		
* Comprises:		
(a) Cash on hand	-	-
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	1,630,027	173,677
(ii) In deposit accounts with original maturity of less than 3 months	20,217,830	21,745,475
	<u>21,847,857</u>	<u>21,919,152</u>

As per our report attached
For M/s A.M.Jain & Co.
Chartered Accountants
Firm's Registration No.:103883W

CA. ARUN KUMAR JAIN
Partner
Membership No. 038983

Place: Mumbai
Date : 30-May-2015

Sunil Kumar
Chairman & Director

Gunjan Sinha
Chief Operating Officer-Delhi

Place : Delhi
Date : 29-May-2015

For and on behalf of the Board of Directors

Pankaj Yadav
Director

UMESH D PRABHU
IFA



MILLENNIUM TELECOM LIMITED

Statement of Segment Report for the year ended 31 March, 2015

	Figures as at the end of current reporting period (RUPEES)	Figures as at the end of previous reporting period (RUPEES)
1 SEGMENT WISE REVENUE		
(a) Revenue from Trading	20,500,541	-
(b) Revenue from Services		
-Service's with Holding Company	4,752,635.00	-
-RF connectivity to AIR India	80,820.00	-
-Web Hosting Charges to NHAI	844,292.00	-
-Training & Education Services	1,323,190.00	-
TOTAL SEGMENT REVENUE	<u>27,501,478.00</u>	<u>-</u>
2 SEGMENT WISE RESULT		
(a) Margin from Trading	923,904.00	
(b) Margin from Services		
-Service's with Holding Company	226,315	-
-RF connectivity to AIR India	10,820	
-Web Hosting Charges to NHAI	77,622	
-Training & Education Services	67,610	
TOTAL	<u>1,306,271</u>	
Unallocable Expenses	(1,545,229)	(1,202,818)
Depriciation	-	(51,641)
Other Income	2,031,741	1,839,036
Finance Cost	(35,055)	(281)
Exceptional Items	-	(2,264,200)
Tax Expenses	(484,728)	(17,354)
Profit / (Loss) after exceptional items and tax	<u>1,273,000.00</u>	<u>-1,697,258.00</u>
3 SEGMENT WISE CAPITAL EMPLOYED		
(a) Trading		
(b) Services		
-Service's with Holding Company		
-RF connectivity to AIR India		
-Web Hosting Charges to NHAI		
-Training & Education Services		
Unallocable Capital Employed	43,924,181	46,128,243
TOTAL CAPITAL EMPLOYED	<u>43,924,180.74</u>	<u>46,128,243.00</u>

As per our report attached
For M/s A.M.Jain & Co.
Chartered Accountants
Firm's Registration No.:103883W

CA. ARUN KUMAR JAIN
Partner
Membership No. 038983

Sunil Kumar
Chairman & Director

Gunjan Sinha
Chief Operating Officer-Delhi

Place : Delhi
Date : 29-May-2015

For and on behalf of the Board of Directors

Pankaj Yadav
Director

UMESH D PRABHU
IFA

Place: Mumbai
Date : 30-May-2015



MILLENNIUM TELECOM LIMITED
Notes forming part of the financial statements

Note	Particulars
1	Corporate information “MILLENNIUM TELECOM LIMITED (MTL), a wholly owned subsidiary of MAHANAGAR TELEPHONE NIGAM LIMITED (MTNL), is set up to set up submarine cable project & to provide IT solutions. Following are the list of services which are intended to be provided by MTL in INDIA. E-Tendering services (Online Tendering Services), Sale of ISP packs and collection from Cyber café services, Dial up services, ISDN Dial Up services, Lease Line service, Web page hosting service, Web server hosting service, Internet kiosks, On-line registration of new telephone connection, presentation and bill payment services, Internet Access on Broadband, Portal Services, Virtual Private Network (VPN) services, Certification Gateway for digital signatures to enable E-commerce transactions, High speed ATM services for LAN interconnection, Video on demand, Video Conferencing, Telemedicine, Distance Education and Bandwidth on demand, Data Centre / Call Center.”
2	Significant accounting policies
2.1	Basis of accounting and preparation of financial statements The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
2.2	Use of estimates The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.
2.3	Cash and cash equivalents (for purposes of Cash Flow Statement) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
2.4	Cash flow statement Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
2.5	Depreciation and amortisation Depreciation has been provided on the straight-line method as per the rates prescribed based on useful life of asset in Schedule II to the Companies Act, 2013, after keeping residual value of 5 percent. Assets already fully depreciated as on 01-Apr-2014, were kept at Re 1/- only.

The excess / short carrying cost of asset as on 01-apr-2014 were transferred to retained earning as per schedule II of Companies Act, 2013

2.6 Other income

Interest income is accounted on accrual basis.

2.7 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes incidental expenses incurred up to the date the asset is ready for its intended use. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

2.8 Employee benefits

No provision for retirement benefits has been made since there are no employees.

2.9 Segment reporting

The Company have started business after 9 years, in Training, Webhosting service's, RF Connectivity and Trading, the revenue and result of these activity are reported as per AS 17 but segment reporting of Capital employed not presented as per AS 17 as it doing business in common platform.

2.10 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.11 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.12 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a

reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.13 Taxes on income

“Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognized in equity are recognized in equity and not in the Statement of Profit and Loss.

2.14 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.15 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.16 Valuation of Inventories

Work in progress stocks are valued at cost. (Cost incurred for rendering the services)



MILLENNIUM TELECOM LIMITED
Notes forming part of the financial statements

Note 3
Share capital

Particulars	Figures as at the end of current reporting period		Figures as at the end of previous reporting period	
	Number of shares	(RUPEES)	Number of shares	(RUPEES)
(a) Authorised				
Equity shares of `Rs.10 each with voting rights	100,000,000	1,000,000,000	100,000,000	100,000,000
(b) Issued				
Equity shares of `Rs.10 each with voting rights	2,875,880	28,758,800	2,875,880	28,758,800
(c) Subscribed and fully paid up				
Equity shares of `Rs.10 each with voting rights	2,875,880	28,758,800	2,875,880	28,758,800
Total	2,875,880	28,758,800	2,875,880	28,758,800

Particulars

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue / Bonus / ESOP	Conversion / Buy Back	Closing Balance
Equity shares with voting rights Issued, Subscribed and fully paid up				
Year ended 31 March, 2015				
- Number of shares	2,875,880	`	`	2,875,880
- Amount (Rs.)	28,758,800	`	`	28,758,800
Year ended 31 March, 2014				
- Number of shares	2,875,880	`	`	2,875,880
- Amount (Rs.)	28,758,800	`	`	28,758,800

Notes:

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	
Number of shares	Equity shares with voting no of shares
As at 31 March, 2015	
Mahanagar Telephone Nigam Limited, the holding company	2,875,880
As at 31 March, 2014	
Mahanagar Telephone Nigam Limited, the holding company	2,875,880

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	Figures as at the end of current reporting period		Figures as at the end of previous reporting period	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights Mahanagar Telephone Nigam Limited	2,875,880	100	2,875,880	100

Note 4
Reserves and surplus

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
(i) Revenue Reserve		
Opening balance	995,181	995,181
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year		
Amortization of fixed assets as per new Companies Act, 2013	(271,062)	-
Closing balance	724,119	995,181
(ii) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	16,374,262	18,278,410
Add: Profit / (Loss) for the current year	1,273,000	(1,697,258)
Add/Less: Tax for earlier Years	(941,800)	(206,890)
Add/Less: Amortization of 20% of of initial expenses of submarine cable project written off #	(2,264,200)	-
Closing balance	14,441,262	16,374,262
Total	15,165,381	17,369,443

Note 5
Other Long Term Liabilities

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
Mobilization Advance Received from Jammu & Kashmir E-Gov	2,177,000	-
Total	2,177,000	-



Note 6
Short-term borrowings

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
(a) Loans and advances from related parties		
Unsecured Interest free Running Account	4,886,347	5,087,334
(Period and Amount of continuing default)		
The loan are for the expenses of MTL incurred by its Holding company MTNL. And this is unconditional interest free loan.	4,886,347	5,087,334
Total	4,886,347	5,087,334

Notes:

(i) Details of Unsecured Loans and advances from related parties:

Loans and advances from related parties:

MAHANAGAR TELEPHONE NIGAM LIMITED, holding company

MTNL Delhi	3,637,928	2,447,473
MTNL Mumbai	1,248,419	2,639,861
Total - Loans and advances from related parties	4,886,347	5,087,334

(ii): There is no default in repayment of loans and interest.

Note 7

Trade payables

Particulars	Figures as at the end of current reporting period	Figures as at the end of previ- ous reporting period
	(RUPEES)	(RUPEES)
Trade payables:		
a) Other than Acceptances	8,991,173	-
b) Others	5,786	76,572
Total	8,996,959	76,572

Note 8

Other current liabilities

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
(a) Income Received in Advance	149,856.00	-
(b) Other payables		
(i) Statutory remittances (Professional Tax, Service Tax, TDs payable)	819,602	794,851
(ii) Trade / security deposits received	10,000	5,394,384
Total	979,458	6,189,235

Note 9
Provision for expenses

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
Others (Provision for expenses)	3,863,562	290,947
Total	3,863,562	290,947

Note 10
Fixed assets

A. Tangible assets	Gross block				
	Balance as at 1 April, 2014	Additions	Disposals	Other adjustments	Balance as at 31 March, 2015
	(RUPEES)	(RUPEES)	(RUPEES)	(RUPEES)	(RUPEES)
Owned Assets					
(a) Plant and Equipment	-	-	-	-	82,639
(b) Furniture and Fixtures	-	-	-	-	474,252
(c) Vehicles	-	-	-	-	636,216
(d) Office equipment	-	-	-	-	340,610
(e) Electrical Fittings	-	-	-	-	62,215
(f) Others (Computers)	-	-	-	-	2,158,850
Total	-	-	-	-	3,754,782
Previous year	-	-	-	-	3,754,782

A. Tangible assets	Accumulated depreciation and impairment			Net block		
	Balance as at 1 April, 2014	Depreciation / amortisation expense for the year	Disposal/ Other adjustment	Balance as at 31 March, 2015	Balance as at 31 March, 2015	Balance as at 31 March, 2014
	(RUPEES)	(RUPEES)	(RUPEES)	(RUPEES)	(RUPEES)	(RUPEES)
Owned Assets						
(a) Plant and Equipment	82,639	-	-	82,639	-	-
(b) Furniture and Fixtures	342,633	-	107,906	450,539	23,713	131,619
(c) Vehicles	636,215	-	-	636,215	1	1
(d) Office equipment	176,777	-	146,804	323,581	17,029	163,833
(e) Electrical Fittings	42,752	-	16,352	59,104	3,111	19,463
(f) Others (Computers)	2,158,849	-	-	2,158,849	1	1
Total	3,439,865	-	271,062	3,710,927	43,855	314,917
Previous year	3,388,224	51,641	-	3,439,865	314,917	366,558

B. Depreciation and amortisation relating to continuing operations:			
		Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	Depreciation and amortisation for the year on tangible assets	-	51,641
	Depreciation and amortisation for the year on intangible assets	-	-
	Less: Utilised from revaluation reserve	-	-
	Depreciation and amortisation relating to discontinuing operations	-	-
	Depreciation and amortisation relating to continuing operations	-	51,641
Notes:			
(i) There are no amounts written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during the preceding 5 years:			
(ii) There are no assets acquired under hire purchase agreements:			
(iii) There are no assets jointly owned by the Company:			

Note No 11
Deferred Tax (Liability) / Asset 2014-15

Note	Particulars	Figures as at the end of cur- rent reporting period	Figures as at the end of previous reporting period
		(RUPEES)	(RUPEES)
11	Deferred tax (liability) / asset		
	Tax effect of items constituting deferred tax liability		
	On difference between book balance and tax balance of fixed assets	-	(4,539)
	Tax effect of items constituting deferred tax liability		(4,539)
	Tax effect of items constituting deferred tax assets		
	On difference between book balance and tax balance of fixed assets	67,302.00	-
	Tax effect of items constituting deferred tax assets	67,302.00	-
	Net deferred tax (liability) / asset	67,302.00	(4,539.00)

Note 12
Long-term loans and advances

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
Unsecured considered good		
(a) Loans to related parties		
Loan to Holding Company Mahanagar Telephone Nigam Ltd	174,213	174,213
Total	174,213	174,213

Note 13
Other non-current assets

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
(a) Others to the extent of not write off		
(i) Others: Sub Marine Cable Project Initial Expenses	2,264,200	4,528,400
Total	2,264,200	4,528,400

Note 14
Inventories

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
Work in Progress (Valued at cost)	2,999,818	-
	2,999,818	-

Note 15
Trade receivables

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good due from MAHANAGAR TELEPHONE NIGAM LIMITED, holding company	9,790,985	13,637,395
Trade receivables outstanding for a period within six months from the date they were due for payment		
Unsecured, considered good due from MAHANAGAR TELEPHONE NIGAM LIMITED, holding company	8,962,090	0
Unsecured, considered good due from others	1,342,587	-
Doubtful	273,971	273,971
	20,369,633	13,911,366
Less: Provision for doubtful trade receivables	273,971	273,971
Total	20,095,662	13,637,395

Note 16
Cash and cash equivalents

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
Balances with banks		
(i) In current accounts	1,630,027	173,677
(ii) In deposit fixed deposit accounts with 12 months maturity (Refer Note (i) below)	20,217,830	21,745,475
Total	21,847,857	21,919,152
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	21,847,857	21,919,152

Note 17
Other current assets

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
A. Taxation		
a) Advance income tax /TDS (Net of Provisions of Rs-10075465)	7,617,318	7,623,854
b) Income Tax and Penalties Paid under protest	9,561,635	9,561,635
B. Non-Taxation		
a) Advance recoverable in cash or in kind	155,646.00	17,304.00
Total	17,334,599.00	17,202,793.00

Note 18
Revenue from Operation

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
(a) Sales of Products	20,500,541	-
(b) Sales of Services	7,721,228	-
(c) Other Operating Revenues		
Gross Revenue	28,221,769	-
Less: Service Tax	720,291	
Net Revenue from operations	27,501,478	-

Note 19
Other income

Particulars	Figures as at the end of current reporting period	Figures as at the end of pre- vious reporting period
	(RUPEES)	(RUPEES)
(a) Interest income	1,736,857	1,839,036
(b) Foreign Exchange Fluctuation	90,684	
(c) Tender & EMD forfeiture	204,200	
Total	2,031,741	1,839,036

Note 20
Purchase of Stock Trade

Particulars	Figures as at the end of current reporting period	Figures as at the end of previ- ous reporting period
	(RUPEES)	(RUPEES)
(a) Cost of Goods Traded		
Opening Stock	-	-
Purchases	19,576,637	
Closing Stock	-	
Total	19,576,637	-

Note 21
Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(RUPEES)	(RUPEES)
(a) Inventories at end of year		-
-Traded goods	-	-
-Work in Progress	2,999,818	-
-Finished Goods	-	-
	2,999,818	-
(b) Inventories at beginning of year		-
-Traded goods	-	-
-Work in Progress	-	-
-Finished Goods	-	-
Net changes in Inventories	-2,999,818	-

Note 22
Finance costs

Particulars	Figures as at the end of cur- rent reporting period	Figures as at the end of previous reporting period
(a) Interest expense on others		
- Bank Charges	6,414	
- Interest on Indirect Statutory Payments	653	281
- Interest on Licence fees	27,988	-
Total	35,055	281

Note 23
Other expenses

Particulars	Figures as at the end of current reporting period	Figures as at the end of previ- ous reporting period
Direct Expenses:	96,18,388	
	96,18,388	-
Other Expenses (Indirect)		
Meeting Expenses	13,869	-
Rates and taxes	2,500	3,500
Travelling and conveyance	116,393	51,583
Printing and stationery	5,349	-
Licence surrender Fees	1,000,000	
Licence Fees	147,648	147,123
Legal and professional	147,033	412,729
RoC Filing Fees	1,728	5,500
Payments to auditors	65,000	65,000
Exchange Fluctuation Loss		507,015
Prior period items	34,537	6,962
Miscellaneous expenses	11,172	3,406
Total	1,545,229	1,202,818
Total	11,163,617	1,202,818



MILLENNIUM TELECOM LIMITED
Notes forming part of the financial statements
2014-2015

Note	Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
		(RUPEES)	(RUPEES)
24	Contingent liabilities and commitments (to the extent not provided for)		
(i)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt (give details)		
	As Regards Income Tax of Rs.10503998/- pertaining to Assessment year 2003-2004, Rs.34,96,764/- pertaining to Assessment Year 2004-2005, Rs.43,49,058 pending with CIT (appeal) pertaining to Assessment Year 2005-2006 and Rs.6,34,050/- pertaining to Assessment Year 2007-2008, Rs 461669 pertaining to AY 2008-09, Rs 822985 pertaining to AY 2009-10 and Rs 23057 pertaining to AY 2010-11, as per demand notice received from Income Tax Department. The company has filed appeals against the Assessment & penalty Orders and the appeals are pending against Commissioner of Income Tax & ITAT. The company has paid the above income tax of Rs 9561635/- under protest.	15,771,108	14,463,397
	(b) Guarantees: Guarantee given by Banks		
	Indian Overseas Bank (PBG) for ISP License valid upto 23.04.16	20,000,000	2,00,00,000
	Indian Overseas Bank (FBG) for ISP License valid upto 22.08.16	1,000,000	1,000,000
	(c) Claim not acknowledged as debt (Axiom France)	15,198,193	
(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Intangible assets	-	
	As Regards of Sub Marine Cable Project, Payment to Consulting Firm M/s Axiom is pending up to Rs.4,39,00,000/- out of total contract price Rs. 5,20,00,000/-.		43,900,000
24.2	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006: The company has no dues to micro and small enterprises during the year ended March 31, 2015 and March 31, 2014.		
	Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		



24.3	The information relating to Value of imports calculated on CIF basis, Expenditure in foreign currency, Earnings in foreign exchange & Amounts remitted in foreign currency during the year on account of dividend; is Nil. The company has made re-payment of security deposit to Axiom France of \$90,000 in this F.Y. 2014-2015.
24.4	Details of consumption of imported and indigenous items are Nil for the company. The company has made domestic trading purchases of Rs19576637.26/- and made trading sales of Rs 20500541/- & WIP stock of Rs 2999818/- The gross sale of services was Rs 7721228/-
24.5	In the opinion of Board of Directors, current assets, loans & advances, have value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities has been made in the accounts.
24.6	Since the submarine cable project was abandoned, the payment of Rs.1,13,21,000/- made for its pre-operative expenses had been treated as deferred revenue expenses and accordingly they are shown under other non-current assets to be amortized in 5 years. As these deferred revenue expenses pertain to the earlier year, this would not impact to the financial statements of the company for the year. Therefore, Rs 22,64,200/- have been amortized or deducted from surplus / (deficit) in statement of Profit & Loss under the head of 'Reserve & Surplus' from the financial year 2014-15.
24.7	The MTNL & BSNL have entered into Joint venture project through the Company for the purpose of submarine cable project vide shareholder agreement dated 16.12.2009. As per para 4.1.1 BSNL and affiliates shall subscribed upto to 50% of equity shares capital (i.e. 1 crore equity shares of Rs.10/- each) but B.S.N.L has not contributed for said share. As per para 4.1.2 of the agreement BSNL has agreed to contribute the 50% of the sum of preoperative and preliminary expenses incurred by MTNL in respect of formation of MTL subject to ceiling of Rs. 34,80,405/- The Company has not collected the preliminary and preoperative expenses as per the terms of Joint venture agreement.
24.8	As per 59th Board meeting dated 19.6.2013 DoT has directed to keep BSNL as a partner upto 50%. But BSNL withdrawn from the Joint Venture and after the dismantling of the submarine cable project Board desired that this fact be brought to the notice of DoT. But BSNL letter dated 29.02.2013 intimating their withdrawal from joint venture and letter of MTL intimating the fact of withdrawal of Joint venture to DoT are not available on record for verification.
24.9	Account balance confirmation and reconciliation not available for transactions and balances with Holding Company MTNL.
24.10	No details available regarding status of Statutory remittances pending as per Annexure to Note No.8 towards service tax liability of Rs.540054/-.
24.11	Detailed year wise break-up is not available for provision for income tax Rs. 9133665/- reduced from Advance Tax & TDS shown in note No.17.



MILLENNIUM TELECOM LIMITED

Notes forming part of the financial statements

2014-15

Note	Particulars				
25.1	Related party transactions				
25.1.a	Details of related parties:				
	Description of relationship	Names of related parties			
	Ultimate Holding Company	None			
	Holding Company	Mahanagar Telephone Nigam Ltd.			
	Ultimate Holding Company	None			
	Subsidiaries	None			
	Fellow Subsidiaries	Mahanagar Telephone (Mauritius) Ltd			
	Associates	1. Bharat Sanchar Nigam Ltd.			
		2. United Telecom Ltd is a joint venture of MTNL.TCIL,TCL and NVPL.MTNL hold 26.68% of shares in UTL.			
		3. MTNL STPI IT SERVICES LTD (MSITS)			
	Key Management Personnel (KMP)	Shri Sunil Kumar, Chairman& Director, Shri. Piyush Agarwal, Director, Shri Pankaj Yadav, Director, Shri N K Joshi Director, Shri. R. K Mishra, Director, Shri Gunjan Sinha, COO, Shri A K Sahu COO No transaction with any of them.			
	Relatives of KMP	No transactions			
	Company in which KMP / Relatives of KMP can exercise significant influence	No Transactions			
	Note: Related parties have been identified by the Management.				
	Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:				
25.1.b		Associates : Bharat Sanchar Nigam Ltd. / United Telecom Ltd	Ultimate Holding Company : Mahanagar Telephone Nigam Ltd.	Fellow Subsidiaries : Mahanagar Telephone Nigam (Mauritius) Ltd	Total
	Sale of goods	0	20,500,541	0	20,500,541
		(0)	(0)	(0)	(0)
	Sale of Services		4,752,635		4,752,635
			(0)		(0)
	Finance (including loans and equity contributions in cash or in kind)	0	0	-	0
		(0)	0	(0)	0

Guarantees and collaterals	0		-	0
	(0)	(0)	(0)	(0)
Management contracts including for deputation of employees	0	0	-	0
	(0)	(0)	(0)	(0)
Balances outstanding at the end of the year				
Trade receivables	0	18,753,075	-	18,753,075
	(0)	(13,637,395)	(0)	(13,637,395)
Loans and advances	0	174,213	-	174,213
	(0)	(174,213)	(0)	(174,213)
Trade payables	0			0
	(0)		(0)	0
Borrowings	0	4,886,347	-	4,886,347
	(0)	(5,087,334)	(0)	(5,087,334)
Provision for doubtful receivables, loans and advances	0	0	-	0
	(0)	(0)	(0)	(0)
Note: Figures in bracket relates to the previous year				
25.2	The Revised Schedule III has become effective from 1 April, 2014 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.			

as per our report attached.

For and on behalf of the Board of Directors

For M/s A.M.Jain & Co.

Chartered Accountants

Firm's Registration No.:103883W

CA. ARUN KUMAR JAIN

Partner

Membership No. 038983

Sunil Kumar

Chairman & Director

Pankaj Yadav

Director

Gunjan Sinha

Chief Operating Officer-Delhi

UMESH D PRABHU

IFA

Place: Mumbai

Date : 30-May-2015

Place : Delhi

Date : 29-May-2015



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHANAGAR TELEPHONE (MAURITIUS) LTD

This report is made solely to the members of **MAHANAGAR TELEPHONE (MAURITIUS) LTD** (the "Company"), as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the financial statements

We have audited the financial statements of **MAHANAGAR TELEPHONE (MAURITIUS) LTD**, set out on pages 13 to 36, which comprise the statement of financial position at 31 March 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk



assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 13 to 36 give a true and fair view of the financial position of the company at 31 March 2015 and of its financial performance, its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act, 2001 and the Financial Reporting Act 2004.

Report on other legal and regulatory requirements

Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with or interests in the company other than in our capacity as auditors.
- we have obtained all the information and explanations we have required.
- in our opinion, proper accounting records have been kept by the company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") and whether the disclosures are consistent with the requirements of the Code.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

MOORE STEPHENS
Chartered Accountants

Ashvin Mawven, ACA
Licensed by FRC

Port Louis
Mauritius



MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Notes	2015 Rs.	2014 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	5	702,003,205	708,597,193
Asset under construction	6	-	129,220,768
Investment in subsidiaries	7	12,000,000	-
		<u>714,003,205</u>	<u>837,817,961</u>
Current assets			
Inventories	8	4,447,697	5,902,128
Trade and other receivables	9	73,524,422	75,335,310
Cash and cash equivalents	10	140,523,734	69,524,551
		<u>218,495,853</u>	<u>150,761,989</u>
TOTAL ASSETS		<u>932,499,058</u>	<u>988,579,950</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	11	673,717,949	673,717,949
Accumulated losses	12	(17,406,555)	(35,161,078)
Total equity		<u>656,311,394</u>	<u>638,556,871</u>
Non-current liabilities			
Deferred taxation	16	15,746,484	9,403,346
Current liabilities			
Trade and other payables	13	260,441,180	340,619,733
TOTAL EQUITY AND LIABILITIES		<u>932,499,058</u>	<u>988,579,950</u>

Sd/-
DIRECTOR

Sd/-
DIRECTOR



MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 Rs.	2014 Rs.
Turnover	3(c)	502,193,327	392,720,709
Cost of sales	25	<u>(126,601,673)</u>	<u>(97,673,811)</u>
Gross profit		375,591,654	295,046,898
Personnel expenses	26	(13,907,885)	(12,870,348)
Licence fees	27	(19,093,600)	(17,847,000)
Administrative expenses	28	(161,863,012)	(120,706,761)
Marketing expenses	29	(21,165,290)	(22,440,886)
Depreciation		<u>(139,244,829)</u>	<u>(104,717,819)</u>
Profit from operations	18	20,317,038	16,464,084
Other income	14	382,486	100,797
Net finance income	15	<u>3,398,137</u>	<u>2,896,061</u>
Profit before tax		24,097,661	19,460,942
Taxation	16	<u>(6,343,138)</u>	<u>(5,659,970)</u>
PROFIT FOR THE YEAR		<u>17,754,523</u>	13,800,972
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>17,754,523</u>	<u>13,800,972</u>
Earnings per share	17	<u>0.03</u>	<u>0.02</u>



MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Stated capital Rs.	Accumulated losses Rs.	Total Rs.
Balance at 01 April 2013	673,717,949	(35,737,043)	637,980,906
Solidarity levy paid for prior period	-	(13,225,007)	(13,225,007)
Profit for the year	-	13,800,972	13,800,972
Other comprehensive income for the year, net of income tax	-	-	-
Balance at 31 March 2014	<u>673,717,949</u>	<u>(35,161,078)</u>	<u>638,556,871</u>
Balance at 01 April 2014	673,717,949	(35,161,078)	638,556,871
Profit for the year	-	17,754,523	17,754,523
Other comprehensive income for the year, net of income tax	-	-	-
Balance at 31 March 2015	<u>673,717,949</u>	<u>(17,406,555)</u>	<u>656,311,394</u>



MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 Rs.	2014 Rs.
Cash flow from operating activities			
Profit before tax		24,097,661	19,460,942
Adjustments for:-			
Depreciation		139,244,829	104,717,819
Interest received		(1,563,231)	(2,143,695)
Cost of subscribers acquisition (obsolete stock written-off)		-	15,652,621
Profit on disposal of motor vehicle		-	(83,647)
Operating profit before working capital changes		161,779,259	137,604,040
Decrease in inventories		1,454,431	-
Decrease in trade and other receivables		1,810,888	101,516,525
(Decrease) / increase in trade and other payables		(80,178,552)	86,171,073
Cash generated from operations		84,866,026	325,291,638
Solidarity levy paid for prior year		-	(13,225,007)
Interest received		1,563,231	2,143,695
Net cash generated from operating activities		86,429,257	314,210,326
Cash flows from investing activities			
Proceeds from disposal of motor vehicle		-	500,000
Purchase of investment in subsidiary		(12,000,000)	-
Equipment under construction		129,220,768	(31,938,640)
Purchase of property, plant and equipment		(132,650,842)	(255,013,487)
Net cash used in investing activities		(15,430,074)	(286,452,127)
Net increase in cash and cash equivalents		70,999,183	27,758,199
Movements in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		69,524,551	41,766,352
Cash and cash equivalents at the end of the year	10	140,523,734	69,524,551
Net increase in cash and cash equivalents		70,999,183	27,758,199



MAHANAGAR TELEPHONE (MAURITIUS) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. CORPORATE INFORMATION

Mahanagar Telephone (Mauritius) Ltd is a private limited Company incorporated in Mauritius on 14 November 2003. The address of the registered office is MTML Square, 63 Cyber City, Ebene, Mauritius. The principal activity of the Company is to provide telecommunication services.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

- *Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities*

The Company has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements. The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Company's financial statements.

- *Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets*

The Company has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Company's financial statements.

- *Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*

The Company has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

from the preparation of consolidated financial statements as: (i) The Company is a wholly-owned subsidiary of another company;

(ii) The Company's debt or equity instruments are not traded in a public market;

(iii) The Company's financial statements will not be filed with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and

(iv) Consolidated financial statements are prepared by the Company's holding company, Mahanagar Telephone Nigam Ltd, a Government of India Enterprise. The consolidated financial statements are available for public use.

The subsidiaries of the Company are disclosed in Note 7 to the financial statements. The accounting policy on investment in subsidiaries is disclosed in Note 3(g) to the financial statements.

(d) Revenue recognition

Revenue from sale of goods and rendering of services

Revenue relates to the provision of telephone services, data communication services, phone cards and other corollary services.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances and is shown net of Value Added Tax.

International revenue is derived from outgoing calls from Mauritius and from payments by foreign network operators for calls and other traffic that originate outside Mauritius but which use the Company's network.

The Company pays a proportion of the international traffic revenue it collects from its customers to transit and destination network operators. These revenues and costs are stated gross in the financial statements. Amount payable and receivable from the same foreign network operators are shown net in the statement of financial position where a right of set off exists.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(e) Functional and presentation currency

(i) Reporting currency

The financial statements are presented in Mauritian Rupees (Rs), which is the Company's functional and presentation currency. This represents the currency of the primary economic environment in which the entity operates.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies at year end exchange rates are recognised in the statement of comprehensive income.

(f) Operating lease

The Company as lessee

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(g) *Investment in Subsidiaries*

Subsidiaries are entities over which the Company has control. The Company controls an entity if and only if it has power over the entity and when it is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect those returns. The Company will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

(h) *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(i) *Stated capital*

Ordinary shares are classified as equity.

(j) Related parties

For the purpose of these financial statements, parties are considered to be related to the company if they have the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the company is subject to common control or common significant influence. Related parties may be individuals or other entities.

(k) Financial Instruments

The Company classifies non-derivative financial assets into the following category: loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy.

(v) Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the branch

and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Additions during the year bear a due proportion of the annual depreciation charge.

During the year under review, the Board of Directors of the company decided to reduce the remaining useful lives of existing assets. The depreciation rates for the current and future years were adjusted accordingly.

The annual depreciation rates used are as follows:

Building	- 4.75 %
Computer equipment	- 31.67 %
Furniture, fixtures and fittings	- 9.5 %
Office equipment	- 19 %
Motor vehicles	- 11.88 %
Plant and equipment (Outdoor)	- 10.00 %
Plant and equipment (Indoor)	- 13.57 %

Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit.

(n) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the FIFO basis.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the period of the revision and future periods if the revision affects both current and future periods.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Key sources of estimation uncertainty

With regards to the nature of the Company’s business there were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2 Going concern

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5. Property, Plant and Equipment

	Building	Computer equipment Rs	Furniture, fixtures and fittings Rs	Office equipment Rs	Motor vehicles Rs	Plant and equipment Rs.	Total Rs
COST/VALUATION							
At 01 April 2014	-	952,102	9,875,340	1,162,101	2,763,311	1,106,659,018	1,121,411,872
Additions	130,067,355	15,756	836,039	16,392	1,715,300	-	132,650,842
Disposal	-	-	-	-	-	-	-
At 31 March 2015	<u>130,067,355</u>	<u>967,858</u>	<u>10,711,379</u>	<u>1,178,493</u>	<u>4,478,611</u>	<u>1,106,659,018</u>	<u>1,254,062,714</u>
DEPRECIATION							
At 01 April 2014	-	711,376	1,445,415	282,143	630,553	409,745,192	412,814,680
Charge for the year	5,796,948	136,361	2,117,328	632,292	552,075	130,009,825	139,244,829
Disposal adjustment	-	-	-	-	-	-	-
At 31 March 2015	<u>5,796,948</u>	<u>847,737</u>	<u>3,562,743</u>	<u>914,435</u>	<u>1,182,628</u>	<u>539,755,017</u>	<u>552,059,509</u>
NET BOOK VALUE							
At 31 March 2015	<u>124,270,407</u>	<u>120,121</u>	<u>7,148,636</u>	<u>264,058</u>	<u>3,295,983</u>	<u>566,904,001</u>	<u>702,003,205</u>
At 31 March 2014	-	240,726	8,429,925	879,958	2,132,758	696,913,826	708,597,193

6. Asset under construction

	2015 Rs.	2014 Rs.
Building under construction	-	129,220,768

The construction of the building was completed during the year ended 31 March 2015, and is now accounted for under property, plant and equipment.

7. Investment in subsidiaries

	2015 Rs.	2014 Rs.
Unquoted investment at cost		
At 01 April 2014	-	-
Additions	12,000,000	-
As 31 March 2015	12,000,000	-

Details of Company's investment in subsidiaries:-

2015

Name of Company	Country of Incorporation	Class of Shares	Principal Activity	Nominal Value of Investment Rs.	Holding %
MTML Data Ltd	Mauritius	Ordinary	Telecommunications	2,000,000	100
MTML International Ltd	Mauritius	Ordinary	Telecommunications	10,000,000	100

8. Inventories

	<u>2015</u> Rs.	<u>2014</u> Rs.
Stock of Subscribers Equipment	<u>4,447,697</u>	<u>5,902,128</u>

Note:

- All stocks were at costs
- All costs of inventories have been expensed during the year.
- The above inventories are held free of any charge.

9. Trade and other receivables

	<u>2015</u> Rs.	<u>2014</u> Rs.
Trade receivables	<u>58,136,639</u>	57,943,033
Other receivables and prepayments	<u>15,387,783</u>	17,392,277
	<u>73,524,422</u>	<u>75,335,310</u>

10. Cash and cash equivalents

	<u>2015</u> Rs.	<u>2014</u> Rs.
Interest bearing deposits	<u>59,495,000</u>	5,000,000
Cash at bank	<u>81,001,401</u>	64,479,814
Cash in hand	<u>27,333</u>	44,737
	<u>140,523,734</u>	<u>69,524,551</u>

11. Stated Capital

Ordinary shares of no par value	<u>673,717,949</u>	<u>673,717,949</u>
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12. Accumulated losses

	<u>2015</u> Rs.	<u>2014</u> Rs.
At 01 April 2014	<u>(35,161,078)</u>	(35,737,043)
Solidarity levy paid for prior period	-	(13,225,007)
Total comprehensive income for the year	<u>17,754,523</u>	13,800,972
At 31 March 2015	<u>(17,406,555)</u>	<u>(35,161,078)</u>

13. Trade and other payables

	2015	2014
	Rs.	Rs.
Trade payables	80,647,477	99,961,015
Other payables	155,393,028	216,258,043
Amount due to holding company	24,400,675	24,400,675
	260,441,180	340,619,733

14. Other income

Other income	382,486	100,797
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15. Net Finance Income

Interest income	1,563,231	2,143,695
Foreign exchange gain	1,834,906	752,366
	3,398,137	2,896,061

16. Taxation

The Company is liable to income tax at the rate of 15% (2014: 15%) on its profit as adjusted for tax purposes. No provision for corporate tax was made in the accounts as the company has accumulated tax losses brought forward.

	2015	2014
	Rs.	Rs.
Current tax charge	-	-
Corporate Social Responsibility (CSR) provision	-	-
Deferred tax charge	6,343,138	5,659,970
Total tax expense for the year	6,343,138	5,659,970
Reconciliation of effective taxation		
Profit before taxation	24,097,661	19,460,942
Income tax at 15%	3,614,649	2,919,141
Non-allowable expenses	28,489	40,829
Tax rate differential	2,700,000	2,700,000
	6,343,138	5,659,970
Deferred tax assets		
At 01 April 2014	(9,403,346)	(3,743,376)
Movement during the year	(6,343,138)	(5,659,970)
At 31 March 2015	(15,746,484)	(9,403,346)
Deferred tax assets are analysed as follows:		
Accelerated capital allowances	(51,758,924)	(53,122,340)
Tax losses	33,312,440	41,018,994
Provision for bad debts	2,700,000	2,700,000
	(15,746,484)	(9,403,346)

17. Earnings per share

The calculation of earnings per share is based on total comprehensive income for the year after taxation attributable to ordinary shareholders and on the number of shares in issue throughout the two years ended 31 March, 2015.

18. Profit from operations

	2015 Rs.	2014 Rs.
Profit from operations is arrived at after charging the following items:-		
Staff costs	13,907,885	12,870,348
Director's fees	15,000	30,000
Depreciation on property, plant and equipment	139,244,829	104,717,819
Auditors' remuneration	90,000	90,000
Number of employees at end of the year	13	12

19. Related party transactions

The Company had the following transactions and balances with related parties.

Remuneration and other short term benefits to key management personnel	3,797,897	3,654,697
Amount due to holding company	24,400,675	24,400,675

All related party transactions are priced on commercial terms and conditions.

20. Holding company

The Holding Company is Mahanagar Telephone Nigam Ltd, a Government of India Enterprise.

21. Commitments

(a) Operating leases

Leases as lessee

The future aggregate minimum lease payments for operating leases cancellable with six months amount to Rs. 11,559,617.

(b) Bank guarantee

There is a contingent liability not provided for in the accounts in respect of guarantees given to third parties amounting to Rs 17,245,848/-. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

(c) Capital commitments

Capital expenditure contracted and not provided for in the financial statements amount to NIL.

22. Financial instruments

Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company and additional needs for capital.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Fair value

The Company's financial assets and liabilities include trade and other receivables, cash and cash equivalents and trade and other payables.

Fair values of financial assets and liabilities

As at 31 March 2015, the carrying amounts of the following financial assets and financial liabilities shown on the statement of financial position represent or approximate their fair value.

	2015		2014	
	Carrying amount Rs.	Fair value Rs.	Carrying amount Rs.	Fair value Rs.
<i>Financial assets</i>				
Trade and other receivables	73,524,422	73,524,422	75,335,310	75,335,310
Cash and cash equivalents	140,523,734	140,523,734	69,524,551	69,524,551
	214,048,156	214,048,156	144,859,861	144,859,861
<i>Financial liabilities</i>				
Trade and other payables	260,441,180	260,441,180	340,619,733	340,619,733

(a) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Currency risk*

The Company has assets and liabilities denominated in foreign currencies. Consequently, the Company is exposed to the risk that the exchange rate of the MUR relative to the foreign currencies may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in foreign currencies. The figures in the table below are all presented in MUR.

	2015		2014	
	Financial assets Rs	Financial liabilities Rs	Financial assets Rs	Financial liabilities Rs
Mauritian Rupee (MUR)	13,60,73,637	17,71,38,975	10,18,79,543	14,33,48,425
United States Dollar (USD)	32,427,595	83,302,205	29,589,729	197,271,308
Euro (EUR)	45,546,924	-	13,390,589	-
	21,40,48,156	26,04,41,180	14,48,59,861	34,06,19,733

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

	<u>Rate – MUR/USD</u>		<u>2015</u>	<u>2014</u>
	<u>2015</u>	<u>2014</u>	<u>Rs</u>	<u>Rs</u>
Assume increase of 1% in exchange rate				
Before sensitivity analysis	35.81	29.73	(50,874,610)	(167,681,579)
Increase of 1%	36.17	30.03	(51,383,356)	(169,358,395)
Difference			508,746	1,676,816

A 1 percent weakening of MUR against USD at 31 March would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

	<u>Rate – MUR/USD</u>		<u>2015</u>	<u>2014</u>
	<u>2015</u>	<u>2014</u>	<u>Rs</u>	<u>Rs</u>
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	35.81	29.73	(50,874,610)	(167,681,579)
Decrease of 1%	35.45	29.43	(50,365,864)	(166,004,763)
Difference			(508,746)	(1,676,816)

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

	<u>Rate – MUR/EUR</u>		<u>2015</u>	<u>2014</u>
	<u>2015</u>	<u>2014</u>	<u>Rs</u>	<u>Rs</u>
Assume increase of 1% in exchange rate				
Before sensitivity analysis	38.75	40.87	4,55,46,924	1,33,90,589
Increase of 1%	39.14	41.28	4,60,02,393	1,35,24,495
Difference			(4,55,469)	(1,33,906)

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

	<u>Rate – MUR/EUR</u>		<u>2015</u>	<u>2014</u>
	<u>2015</u>	<u>2014</u>	<u>Rs</u>	<u>Rs</u>
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	38.75	40.87	45,546,924	13,390,589
Decrease of 1%	38.36	40.46	45,091,455	13,256,683
Difference			(455,469)	(133,906)

(ii) Interest rate risk

Financial instruments subject to interest rate risk consist of bank balances. Interest rates applicable to bank balances fluctuate with movements in the prime lending rate and are comparable with rates currently available on the market. The Company's variable interest rate instruments are analysed as follows:

	2015	2014
	Rs.	Rs.
Bank balances	4,04,96,401	6,94,79,814

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the Company's net profit for the year ended 31 March 2015 would have increased by **Rs. 702,481** (2014: Rs. 347,399).

If interest rates had been 50 basis points lower it would have had the equal but opposite effect, on the basis that all other variables remain the same.

(a) Market risk (Continued)

(iii) Price risk

The Company is not faced with any price risk.

(b) Credit risk

The Company has no significant concentration of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations, associated with its financial liabilities, when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash. In addition, the Company has access to its holding company for its financing needs.

(d) Fair value estimation

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

23. Financial summary	2015	2014	2013	2012
	Rs.	Rs.	Rs.	Rs.
Issued and fully paid up share capital	67,37,17,949	67,37,17,949	67,37,17,949	7,37,17,949
Accumulated losses	(1,74,06,555)	(3,51,61,078)	(4,24,41,705)	(4,24,41,705)
Profit before taxation	2,40,97,661	1,94,60,942	1,11,31,109	3,18,52,131
Profit after taxation	1,77,54,523	1,38,00,972	67,04,662	2,45,16,154

24. Events after the reporting period

There are no events after the reporting period which may have a material effect on the financial statements at 31 March 2015.

25. Cost of sales

	2015	2014
	Rs.	Rs.
Roaming Charges	7,993,088	3,821,582
ICTA Special account fee / Universal Service Fund Charges	30,426,869	19,609,529
Carrier charges	30,759,747	17,712,917
IPLC charges	13,186,588	9,445,630
Cost of subscribers acquisition (obsolete stock written-off)	-	15,652,616
IUC charges	44,235,381	31,431,537
	126,601,673	97,673,811

26. Personnel expenses

Salaries and allowances	11,731,688	10,305,419
Other benefits	2,176,197	2,564,929
	13,907,885	12,870,348

27. Licence fees

PLMN	8,000,004	8,000,004
ILD	1,999,992	1,999,992
Microware	1,864,008	1,090,008
Spectrum	3,174,600	2,952,000
ISP	50,000	50,000
Dealership	5,000	5,000
GSM Spectrum	999,996	999,996
GSM 3G	3,000,000	2,750,000
	19,093,600	17,847,000

28. Administrative expenses

	2015	2014
	Rs.	Rs.
Meeting expenses	189,928	262,046
Fraud tracking charges	21,405,537	13,986,020
Rental for ebene	327,000	327,000
Rental accomodation	979,356	1,054,260
Rental BTS sites	17,387,090	14,835,378
Electricity	28,425,272	25,025,154
Water charges	375,278	51,675
Motor vehicle running expenses	642,258	911,613
Vehicle hire charges	69,436	-



Repairs and maintenance - mess	-	45,720
Repairs and maintenance - office	1,006,393	830,386
Repairs and maintenance - shop	403,920	467,898
Repairs and maintenance - Equipment	17,026,250	7,083,486
Repairs and maintenance	584,025	576,599
Maintenance sites	12,666,374	2,892,224
Printing	1,217,775	1,006,319
Stationery	297,800	362,230
Communication expenses	1,730,314	2,185,891
Bank charges	1,047,623	734,487
Library books	19,470	15,485
Horticulture expenses	233,520	30,737
Computer consumables and repairs	129,166	105,146
Professional charges	222,392	421,997
General expenses	281,727	183,624
Entertainment	-	10,149
Commission and brokerage fees	32,426,141	24,997,298
Office insurance	1,014,443	789,424
Security charges	623,599	579,304
Rates and taxes	2,583,652	2,563,758
Provision for bad debts	18,000,000	18,000,000
Lease rental	168,000	168,000
Freight charges	19,319	-
Directors fee	15,000	30,000
Custom duty and clearance	344,954	173,453
	<u>161,863,012</u>	<u>120,706,761</u>

29. Marketing expenses

Electricity for shops	435,044	379,883
Club membership	18,323	28,000
Rent of shops	2,997,386	3,038,234
Call centre charges	5,966,640	5,719,510
Printing expenses		
Publicity and advertisement	11,729,097	12,699,309
Charitable donations	-	500,000
Website development and maintenance	18,800	75,950
	<u>21,165,290</u>	<u>22,440,886</u>

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.net.in / www.bol.net.in

PROXY FORM (MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014]

CIN : **L32101DL1986GOI023501**
Name of the Company : **MAHANAGAR TELEPHONE NIGAM LIMITED**
Registered Office : **Mahanagar Doorsanchar Sadan, 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi-110003**
Name of the Member :
Registered Address :
Email ID :
Regd. Folio No./Client ID :
DP ID :

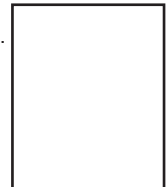
I/We, being a member/members of shares of the above named Company, hereby appoint

- 1. Name: Address:
 Email ID: Signature:..... Or failing him
- 2. Name: Address:
 Email ID: Signature:..... Or failing him
- 3. Name: Address:
 Email ID: Signature:..... Or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Tuesday 29th September at 11.30 A.M. at Auditorium, Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi-110003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1. 2. 3.
- 4. 5. 6.



Signed this.....day of.....2015 Signature of Shareholder:
Signature of Proxy Holder(s):

Notes:

This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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.net.in / www.bol.net.in

ADMISSION SLIP

Name..... Folio No..... No. of Shares.....
DP-Id*..... Client Id*.....

I hereby record my presence at the 29th Annual General Meeting of Mahanagar Telephone Nigam Ltd. being held at **Auditorium, Mahanagar Doorsanchar Sadan, , 9 CGO Complex, Lodhi Road, New Delhi-110003** on 29th September, 2015 At 11.30 A.M.

Signed this.....day of.....2015 Signature of Shareholder:
Signature of Proxy Holder(s):

NAME OF PROXY, IF APPLICABLE (IN BLOCK LETTERS)

- 1. Members/proxies are requested to bring the duly signed Admission Slip to the meeting and hand it over at the Registration Counter.

*Applicable in the case of shares held in electronic form.

Please note that no gifts of any sort would be distributed at the AGM.



Transparency makes us different !

MAHANAGAR TELEPHONE NIGAM LIMITED

Registered & Corporate Office
Mahanagar Doorsanchar Sadan,
5th Floor, 9, CGO Complex, Lodhi Road,
New Delhi - 110 003
Tel.: 91-11-24319020 Fax : 91-11-24324243

