भारत 2023 INDIA

स्वच्छ भारत

एक कदम स्वच्छता की ओर

MTNL

37th Annual Report 2022-23

MAHANAGAR TELEPHONE NIGAM LIMITED

Transparency makes us different !

MTNL

Thirty Seventh Annual Report 2022-23

MAHANAGAR TELEPHONE NIGAM LIMITED

(A Nav Ratna Company)

VISION OF MAHANAGAR TELEPHONE NIGAM LIMITED

"To be a leading integrated 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 & IT related services at an affordable prices and to achieve international Standards in all aspects".

IMPORTANT COMMUNICATION TO THE SHAREHOLDERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that the service of Notice/Documents including Annual Report can only be send by email to its Shareholders/Bondsholders. To support this Green Initiative of the Government in full measure, members who have not registered their email addresses, so far, are requested to register their email addresses, in respect of electronic holding with the Depositories through their concerned Depository Participant.

CONTENTS

BOARD OF DIRECTORS

(AS ON 31.07.2023)

Shri P.K.Purwar	CMD
Shri Arvind Vadnerkar	Director (HR&EB)
Shri Rajiv Kumar	Director (Finance)
Shri V. Ramesh	Director (Technical)
Shri Sunil Kumar Verma	Government Director
Shri Shivendu Gupta	
Shri Vishwas Pathak	Independent Director
Shri Yogesh Kumar Tamrakar	
Shri Sarv Daman Bharat	
Smt. Deepika Mahajan	
Shri Piyush Ranjan Nishad	

CHIEF FINANCIAL OFFICER (CFO)	**SULTAN AHMED**
COMPANY SECRETARY	**RATAN MANI SUMIT**
REGISTERED AND CORPORATE OFFICE	**Mahanagar Doorsanchar Sadan** 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003, **Tel:** 011-24319020, Fax: 011-24324243, **CIN:** L32101DL1986GOI023501. **Website:** www.mtnl.net.in / www.bol.net.in
STATUTORY AUDITORS	**M/s SPMG & Co.,** Chartered Accountants, 3322 A, 2nd Floor, Bank Street, Karol Bagh, New Delhi - 110005 **M/s SCV & Co., LLP Chartered Accountants**, B-41, Panchsheel Enclave, New Delhi - 110017
COST AUDITOR	**M/s R. M. Bansal & Co.,** **Cost Accountants** ,Flat No. 260, Pocket A, Sarita Vihar, New Delhi-110088 **Mob:** 9415134328, 8874341333
SECRETARIAL AUDITOR	**M/s R. P. Sehgal & Associates,** Company Secretaries, F-7, Street No. 3, Chander Nagar (west), Post Office Krishna Nagar, Delhi-110051 **Mob:** 9810076540, 9810126612. **e-mail:** sehgalrp@yahoo.co.in

BANKERS

BANKERS	**State Bank of India** New Delhi/Mumbai, **Indian Overseas Bank** New Delhi/Mumbai, **Punjab National Bank** Delhi/Mumbai, **ICICI Bank** New Delhi/Mumbai, **Bank of Baroda** New Delhi/Mumbai, **Union Bank of India** New Delhi/Mumbai, **Indian Bank** New Delhi, **Axis Bank** New Delhi/Mumbai, **Canara Bank** New Delhi, **Punjab & Sindh Bank** New Delhi, **Indusind Bank** Delhi/Mumbai, **Bank of India** New Delhi, **UCO Bank**

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 - 110062. Ph: 011-29961281-82, Fax : 011-29961284 **E-mail :** beetal@beetalfinancial.com, beetalrta@gmail.com **Website:** www.beetalfinancial.com **SEBI Registration Number :** INR000000262
E-VOTING AGENCY	**Central Depository Securities Limited (CDSL)** **E-mail** :helpdesk.evoting@cdslindia.com.
SCRUTINIZER	**M/s Hemant Singh & Associates,** Company Secretaries **E-mail :** hemantsinghcs@gmail.com
INVESTOR HELPDESK	**Tel:** 011-24317225/, **Fax:** 011-2431665 **E-mail** : mtnlcsco@gmail.com

37th Annual General Meeting of the members of **MAHANAGAR TELEPHONE NIGAM LIMITED** will be held on Friday, September 29, 2023 at 11.30 A.M. through Video Conferencing (VC)/Other Audio Visual Means (OVAM)

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

APPEAL TO THE SHAREHOLDERS

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

Name:

Folio No:

DP ID/ Client ID:

Email ID:

No. of Shares:

DIRECTOR'S REPORT

To

THE SHAREHOLDERS,

MAHANAGAR TELEPHONE NIGAM LIMITED,

Dear Shareholders,

Your Directors present the 37th 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 (CAG) on the Financial Statements for the Financial Year ended on March 31, 2023.

PERFORMANCE REVIEW OF MTNL FOR THE FY 2022-23

1. **Mobile Network:**

   i) Launching of 4G Services in Delhi and Mumbai: DoT vide Office memorandum No.30-04/2019-PSU affairs dated 29th Oct 2019 had informed that GoI in its cabinet meeting held on 23-10-2019 has approved the proposal of administrative allotment of spectrum for 4G services to BSNL and MTNL among other things so as to enable these PSUs to provide broadband and other data services. In a modification to this decision, the Group of Ministers (GoM) constituted on the matter of "Revival of BSNL and MTNL" approved allocation of 4G spectrum to BSNL in Delhi and Mumbai in place of MTNL in its meeting held on 21.12.2020. Accordingly, Mobile 4G network is being planned for roll out by BSNL in Delhi and Mumbai.

   ii) Mobile Network elements of BSNL such as OMCR, CNMC, EIR, SSTP, MNP gateway, SPAM filter have been integrated with MTNL mobile network and are being utilized on need basis. IOR setup for CIOR implementation is being developed by BSNL for BSNL and MTNL both. This IOR setup is under testing by BSNL and MTNL team. MTNL DLT platform is in the process of migration to BSNL.

2. **Wireline Network:**

   i) Up-gradation of MPLS Network: MTNL is planning to upgrade entire MPLS network along with the security solution to handle growing traffic needs of FTTH and 4G networks. MPLS expansion plan includes 6 Core routers, 78 Edge routers and 150 L-3 Switches. MPLS equipment for MTNL is under procurement as a part of BSNL's Tender. The Purchase Order for the same has already been placed. The survey of the sites is underway for installation of the equipment.

   ii) Firewalls for Data Centre: The requirement of firewall for CGO Complex Data Centre in Delhi, IT unit Data Centre at Minto Road Delhi as well as Prabhadevi Data Centre in Mumbai was shared with BSNL for inclusion in its BSNL's Tender. Purchase Order for the same has already been placed by BSNL and the Firewalls are going to be deployed soon in the network.

   iii) Deployment of Border Network Gateway (BNGs) for broadband network: Keeping in view upgradation of Broadband Network of MTNL, a need is felt to replace old

Broadband Remote Access Servers (BRASs) with new BNGs having better capabilities. Accordingly, the requirement of 4 BNGs was sent to BSNL for procurement through their tender. BSNL has placed the Purchase Order for 4 BNGs and the equipment shall be deployed in near future.

iv) Procurement of OTN: The requirement of backbone network of MTNL's transmission system is being catered by legacy DWDM equipment. MTNL plans to augment the backbone network by installing OTN equipment. The requirement of OTN equipment of MTNL (5 for Delhi and 19 for Mumbai) has been included in BSNL's OTN Tender, which is in process.

v) FTTH Revenue Share Policy: MTNL had worked out, finalized and made operational the policy to engage partners on revenue share basis to extend its FTTx services. The Policy has been significantly liberalized so as to attract more revenue share partners.

vi) FTTH Rollout Plan: A tender dated 22.01.2021 was floated for Procurement of GPON based FTTH equipment in Delhi & Mumbai wherein there was provision for 494 No's of GPON OLT & 21746 No's of GPON ONT. Instruction has been given to both the units to issue Purchase Order on M/s Tejas Networks as per the authorization, for the most essential quantity / immediate requirement only as per direction of CMD. Thus, a total order for the procurement of 64 OLTs and 6000 ONTs in Delhi and Mumbai has been placed.

vii) Procurement of Batteries and Power plants: The Power plants and batteries are the most important infrastructural items to run network. There was immediate requirement for replacement of 14 battery sets in Delhi and 10 sets in Mumbai. The matter was taken up with BSNL for procurement of batteries through their tender. Accordingly, BSNL is in process of placement of orders for urgent requirement of battery sets MTNL. Requirement of Battery sets and power plants for complete network of MTNL Delhi and Mumbai is being assessed.

3. **Synergy/Integration of Networks between MTNL & BSNL:** In order to reduce the CAPEX and OPEX, several synergy/Integration items have been identified and shared with BSNL to bring out the best possible technical solutions as given below--

i) Integration of BSNL Mobile network nodes with MTNL Mobile network: MNP Gateway, OMC-R, CNMC, EIR, SSTP, SPAM filter of BSNL has been integrated with MTNL mobile network.

ii) Mobile Service Billing: BSNL has placed a PO for TECH REFRESH of its Wireless billing application wherein requirement of MTNL Wireless billing would also be catered. Further, the procurement of servers and other hardware's for Billing is under process

iii) Sharing of NMS for MLLN: BSNL uses an upgraded NMS with latest servers and application version for managing MLLN network. MLLN network in BSNL and MTNL are of same OEM i.e. M/s Infinera (earlier M/s Tellabs). Sharing of NMS will lead to substantial saving of up-gradation cost. BSNL has placed a PO on M/s pertsol long back on 05.08.2021 for restoring their NOC DR site and for migration and integration of MTNL MLLN network with BSNL. However, the activities for migration of MTNL MLLN network has not started yet.

iv) Migration of MTNL landline subscribers on BSNL IMS core through diversion of spare LMGs from BSNL: Since, the NT switch installed in MTNL based on TDM technologies have become outdated and obsolete, it was decided to migrate MTNL landline subscribers on BSNL IMS core through diversion of spare LMGs from BSNL. MTNL had already successfully conducted the testing of voice and data with BSNL NGN in Delhi and Mumbai network. Orders for the diversion of about 6 lakhs LMG equipment has been issued by BSNL for MTNL Delhi and Mumbai which are in the process of diversion and installation at various exchange locations of Delhi and Mumbai.

v) Migration of FTTH VoIP subscribers on BSNL network: In view of obsolescence of C-DOT IMS Core installed in MTNL's network, it was decided to shift the MTNL FTTH voice subscribers on BSNL's Network. The migration has been completed in Delhi and Mumbai.

vi) CRM & CDR based Billing System: Common CDR based Billing system for all fixed line services (BB, FTTH, Landline and Leased circuit) for BSNL is under implementation in BSNL. A decision is already there to migrate the billing for all fixed line services of MTNL on BSNL CDR Platform. Further, CB-CRM system presently being used for wireless billing/IUC and MNP billing in MTNL will also be migrated to BSNL platform. BSNL has planned the implementation of the same after the launching of 4G services in Delhi and Mumbai.

vii) ILD for Voice & Data services: Outgoing ILD traffic of MTNL Delhi and MTNL Mumbai is being routed through BSNL Taxes.

FINANCIAL RESULTS OF MTNL FOR THE FY 2022-23

The Standalone Financial Results of your company along with Consolidated Financial Results for Financial Year 2022-23 is placed as an annexure to this Report.

The Standalone and Consolidated Financial highlights of your company for the Financial Year ended March 31st, 2023 are summarized as follows:

(Rs. In Crores)

	Standalone Result		**Consolidated Result (MTNL, its Subsidiaries, JV & Associates)**	
	2022-23	**2021-22**	**2022-23**	**2021-22**
Income from Operations	861.57	1,069.72	935.23	1,149.04
Expenditures (Excluding Finance Cost)	2,030.51	2,160.04	2,110.80	2,239.66
Operating Profit/(Loss)	**(1,168.93)**	**(1,090.33)**	**(1,175.57)**	**(1,090.62)**
Other Income	612.45	627.18	613.09	628.89
Finance Cost	2,354.26	2,139.45	2,354.38	2,139.62
Profit/(Loss) before Tax	**(2,910.74)**	**(2,602.59)**	**(2,916.85)**	**(2,601.36)**
Exceptional Items		-		-
Share of profit/(loss)in investments accounted for using equity methods		-	1.24	1.15
Tax Provision for the Year		-	(0.50)	2.91

	Standalone Result		Consolidated Result (MTNL, its Subsidiaries, JV & Associates)	
	2022-23	**2021-22**	**2022-23**	**2021-22**
Profit/ (Loss) for the Year from Continuing Operations	**(2,910.74)**	**(2,602.59)**	**(2,915.11)**	**(2,603.12)**
Profit/ (Loss) for the Year from Discontinuing Operations		-		-
Profit/ (Loss) for the Year	**(2,910.74)**	**(2,602.59)**	**(2,915.11)**	**(2,603.12)**
Other Comprehensive Income	(4.48)	(13.98)	(0.35)	(20.63)
Total Comprehensive Income for the Year	**(2,915.22)**	**(2,616.57)**	**(2,915.46)**	**(2,623.76)**
Appropriation		-		-
Interim/ Proposed Final Dividend	-	-	-	-
Dividend Tax	-	-	-	-
Transfer to/ (from):		-		-
a) Contingency Reserve	-	-	-	-
b) Debenture Redemption Reserve	-	-	-	-

SOURCES AND APPLICATION OF FUNDS FOR THE FY 2022-23 ARE GIVEN BELOW: -

SOURCES AND USES OF FUNDS	2022-23	2021-22	2022-23	2021-22
Authorised Capital	10,000.00	10,000.00	10,000.00	10,000.00
Issued, Subscribed & Paid Up Capital	630.00	630.00	630.00	630.00
Other Equity	(21,472.90)	(19,286.45)	(21,484.94)	(19,298.26)
Non-Current and Current Borrowings	28,174.01	26,606.48	28,174.01	26,606.48
Deferred Tax Liability (Net)	-	-	6.60	6.99
REPRESENTED BY				
Property, Plant and Equipment (Net Block)	2,697.87	2,982.74	2,761.67	3,045.19
Capital Work in progress	59.49	73.98	59.49	73.98
Investment Property	61.75	62.09	68.03	68.62
Intangible Asset (Net Block)	1,764.31	2,097.96	1,764.31	2,097.96
Investment	106.13	106.13	3.06	3.07
Other Assets	6,945.09	6,980.73	6,987.43	7,027.92
Other Liabilities	4,303.53	4,353.62	4,318.32	4,371.54

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

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

The Company has not transferred any amount to the Reserves in the absence of any profits during the Financial Year 2022-23.

DIVIDEND

Since there has been no operating profit, the Board of Directors of your company expresses its inability to recommend any dividend during FY 2022-23. However, the Company has formulated and adopted Dividend Distribution Policy in terms of Regulation 43A of SEBI (LODR) Regulations, 2015

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

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

CAPITAL AND DEBT STRUCTURE OF MTNL

During the Financial Year 2022-23, there was no increase in the Authorized Share Capital of your Company. The Authorized Share Capital as at March 31, 2023 of your company was Rs. 10,000 Crores comprising of 65 Crores of Preference Shares of Rs. 100 each and 350 Crores of Equity Shares of Rs 10 each. The Paid-up Equity Share Capital as at March 31, 2023 of your company was Rs. 630 Crores comprising of 63 Crores Equity Shares of Rs. 10 each.

During the Financial Year 2022-23, your company has neither issued any shares with differential voting rights nor has granted any stock option or sweats equity or issued any equity shares or preference shares or any securities which carry a right or option to convert or issue any Share warrants.

During the Financial Year 2022-23 your company has issued following Debentures/Bonds: -

1. MTNL has issued 8.00% 61096 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VIIA/2022 (Date of Maturity - 15-11-2032) on 15-11-2022 amounting to Rs 6109.60 Cr.
2. MTNL has issued 7.87% 27579 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VIIB/2022 (Date of Maturity - 01-12-2032) on 01-12-2022 amounting to Rs 2757.9 Cr.
3. MTNL has issued 7.78% 16176 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VIIC/2023 (Date of Maturity - 10-02-2033) on 10-02-2023 amounting to Rs 1617.6 Cr.
4. MTNL has issued 7.80% 3615 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VIID/2023 (Date of Maturity - 24-02-2033) on 24-02-2023 amounting to Rs 361.5 Cr.

5. MTNL has issued 7.75% 634 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VII E/2023 (Date of Maturity - 24-03-2033) on 24-03-2023 amounting to Rs 63.4 Cr.

The NCDs are listed on the wholesale debt market segment of BSE Limited

During the Financial Year 2022-23 your company has redeemed the following NCDs on the relevant due date as per their respective terms of issue:

Sr.no	ISIN	Series	No. Bonds	Rate of interest	Allotment date	Maturity date
1.	INE153A08014	I	10050	8.57%	28.03.2013	28.03.2023

CREDIT RATING

CARE Ratings Limited has reaffirmed its 'CARE AAA (CE); Stable' rating on the Rs 24923.97 crore Non-Convertible Debentures of Mahanagar Telephone Nigam Limited (MTNL) vide its letter dtd 03.11.2022. There has been no change in the rating given by CARE in last three years i.e., 2020, 2021 and 2022. India Ratings & Research Private Limited had assigned INDAAA (CE)/Stable on the Rs 10910 crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL) vide its letter dtd 01.02.2022.

DETAILS OF PRIVATELY PLACED DEBT SECURITIES/BONDS OF MTNL AS ON 31ST MARCH 2023.

S. No.	Name of the issuer	ISIN Number	Issuance Date	Maturity Date	Coupon Rate	Payment Frequency	Embedded Option if Any	Embedded Option if Any Put option Detail	Embedded Option if Any Call option Detail	Amount Issued (in Rs)	Amount Outstanding (in Rs)	Name of the Debentur e Trustee	Company Remarks if any
1		INE153A08022	05.12.2013	05.12.2023	9.38%		No			19,75,00,00,000	19,75,00,00,000		-
2		INE153A08030	26.03.2014	26.03.2024	9.39%		No			7,65,00,00,000	7,65,00,00,000		
3		INE153A08048	19.11.2014	19.11.2024	8.24%		No			14,00,00,00,000	14,00,00,00,000		Semi annual
4	MTNL	INE153A08055	19.11.2014	19.11.2024	8.28%	Semi annual	Yes		Call option at the end of ninth year	1,00,00,00,000	1,00,00,00,000	SBI Cap Trustee Company Ltd	interest and principal repayment liability rest with
5		INE153A08063	19.11.2014	19.11.2024	8.24%		No			7,00,000	7,00,000		DoT (GOI)
6		INE153A08071	28.11.2014	28.11.2024	8.29 %		No			22,68,90,00,000	22,68,90,00,000		
7		INE153A08089	12.10.2020	11.10.2030	7.05%		No			43,61,40,00,000	43,61,40,00,000		
8		INE153A08097	21.12.2020	20.12.2030	6.85%		No			21,38,60,00,000	21,38,60,00,000		
9		INE153A08105	15.11.2022	15.11.2032	8.00%		No			61,09,60,00,000	61,09,60,00,000	BEACON TRUSTEESHIP LIMITED	
10		INE153A08113	01.12.2022	01.12.2032	7.87%		No			27,57,90,00,000	27,57,90,00,000		
11		INE153A08121	10.02.2023	10.02.2033	7.78%		No			16,17,60,00,000	16,17,60,00,000		
12		INE153A08139	24.02.2023	24.02.2033	7.80%		No			3,61,50,00,000	3,61,50,00,000		
13		INE15308147	24.03.2023	24.03.2033	7.75%		No			63,40,00,000	63,40,00,000		
		Grand Total								**2,39,18,97,00,000**	**2,39,18,97,00,000**		

ASSET MONETIZATION IN MTNL DURING FY 2022-23

MTNL had taken up its asset monetization programme through Department of Investment and Public Asset Management (DIPAM) in accordance with the Cabinet decision on revival of MTNL. DIPAM appointed International Property Consultant (IPC) for 5 land parcels and 398 quarters of MTNL and out of these properties, two properties reached to auction stage. Meanwhile, work of asset monetization had been transferred from DIPAM to Department of Public Enterprise (DPE) and the Inter Ministerial Group (IMG) decided to annul the auction process /bids received. A company National Land Monetization Corporation (NLMC) has been setup by DPE to undertake monetization of assets of CPSEs. Now, MTNL has submitted 3 assets of value more than Rs 100 Cr to DoT/NLMC for monetization. MTNL has also initiated monetization process for properties of value less than Rs 100 Cr, which shall be monetized by MTNL through Board of Directors and/or GoM approval and has identified 6 properties of value less than Rs 10 Cr and 5 properties of value more than Rs 10 Cr and up to Rs 100 Cr range. Valuation & legal due diligence have been completed. These proposals are in different stages of approval. Appointment of Transaction Advisor and auctioning agency are also under process in parallel. In addition to this, efforts are also being made for renting out spare-able office spaces to various Government Departments/PSU/Banks and other eligible organizations & MTNL has generated revenue of Rs 434 crs from renting of properties and Rs 54 crs from renting of towers in the Financial Year 2022-23.

PROCUREMENT DONE BY MTNL DURING FY 2022-23 (Rs. In Crores))

Sl. No.	PROCUREMENT DURING FY 2022-23	(Rs. in Crores)
1.	Total Procurement during the year	63.6076
2.	Annual Procurement from Micro and Small Enterprises (MSEs)	50.2898
3.	Annual procurement from MSEs owned by SC/ST Entrepreneurs	0.3038
4.	Annual procurement from MSEs owned by Women Entrepreneurs	1.9800
5.	Annual Procurement from GeM	10.18
6.	Annual Procurement from MSEs on GeM	10.12

REVIEW OF SUBSIDIARIES ASSOCIATES AND JOINT VENTURE COMPANIES

Pursuant to Section 129(3) of the Companies Act, 2013 ("Act"), the consolidated financial statements of the Company and its subsidiaries, associates and joint ventures, prepared in accordance with the relevant Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, form part of this Annual Report. Pursuant to the provisions of the said section, a statement containing the salient features of the financial statements of the Company's subsidiaries, associates and joint ventures in Form AOC-1 is given in this Annual Report. At present there is no material subsidiary company of MTNL, within the meaning of the Companies Act, 2013 / SEBI (LODR), 2015.

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

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

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: http://mtnl.in/policy_materialsubsidy.pdf

Performance highlights of Subsidiaries, Associates and Joint Venture Companies during FY 2022-23 are briefly given as under: -

SUBSIDIARIES

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

MTML is a 100% owned subsidiary of MTNL in Mauritius. The company is having license for Mobile Services, International Long Distance (ILD) Services and Internet Services. In a small Island country having a population of around 12.5 Lacs only and having Mobile Tele-density of more than 150%, MTML has been able to successfully position itself with Customer Centric Services. With patronage of more than 4,00,000 customers, MTML is able to compete well in a saturated telecom market. MTML is offering Mobile Services on latest state of the art technology having 4G (LTE) Services covering more than 90% of the total population and 2G/3G Network all over the Island. With increased coverage of high speed data services on 4G and migrating more and more subscribers to its 4G network, MTML customers are now generating more than 1700 TB of data every month. Data download has increased by more than 35% during the financial year 2022-23.MTML became the first operator in Mauritius to launch e-SIM Service which has helped it in acquiring higher ARPU customers. MTML has also acquired licence for 5G Services in Mauritius recently. Action on procurement of equipment has been started and it is expected to launch 5G Services in commercially important areas in due course. MTML has established its own brand CHILI in the Republic of Mauritius as trusted total telecom service provider. With more than 265 BTSs operating across the island, the quality of service is to the satisfaction of customers. Co-location with other telecom providers for mobile network has also started opening a new source of revenue for the company. MTML has been introducing innovative tariff packages to match current market dynamics with the state of art technology and is quite popular especially among youth. MTML has also diversified into retailing of Smartphones and the business has picked up well during past two years. During 2022-23, total Smartphone Sales reached nearly MUR 40 Million. All the expenses of the company are paid from its own internal resources. The CAPEX for procurement of equipment is met from its own internal resources. MTML is operating from its own building, constructed from internal resources, situated in Cyber City, Mauritius which is considered to be the heart of IT hub in Mauritius. There is no debt liability on the Company. The company is managed by CEO/CFO and 10 more officers, all on deputation from the parent company. Other operations are managed through local outsourcing. During the financial year under report, MTML has incurred a loss of Rs 3.71 crore as against a profit after tax of Rs 0.26 crore last year.

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

Millennium Telecom Ltd. (MTL): a wholly owned subsidiary of Mahanagar Telephone Nigam Limited, a Government of India CPSE, registered office in New Delhi. MTL was incorporated in February 2000. ICT related Services being offered by MTL include Cloud services, Wi-Fi solution; project one-governance, Managed services, Turnkey ICT solution, GIS based services, capacity building and skill development etc. MTL earned a net profit of Rs. 31.77 lakhs for the period ending 31st March 2023. MTL has also declared a dividend of Rs 14.38 Lakhs, which amounts to 5% of paid up capital. MTL's customer list includes Air India, Uttarkhand Government, J & K Government, Central University-(Mahendragarh) Haryana, UP Building and Other Constructions Workers Welfare Board (UP BOCWWB), Lucknow, Thane Municipal Corporation CIDCO, Film Division of India, Insurance Institute of India etc. MTL is also expanding its portfolio of service for providing generalized as well customized solutions to suit government and semi government institutions. MTL has empanelled Business Development Associates (BDAs) for 10 years through EOI. MTL has around 21 empanelled Business Development Associates (BDAs) for innovative projects in ICT related fields. During the financial year under report, MTL has registered a profit after tax of Rs 31,76,964 /- as against a profit after tax of Rs 19,78,963/- last year

JOINT VENTURE

(i) MTNL STPI IT SERVICES LTD. (MSITSL)

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 Rs. 50 Crores. In order to implement one of its core 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 Rs.477 lakhs. This Tier III Data Center is maintaining 99.98% uptime on 24X7. The commercial operation of the Data Center commenced in 2009. At present, the following are our prime customers who have co-located server/storage/network racks of their functions and operations in the MSITSL Data Centre:

- 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.
- M/s Repco Bank Ltd and its associates such as Repco Microfinance Ltd and Repco Home Finance Ltd have co-located server racks for banking/finance operation.

MEA approached MSITS for hosting PSP 2.0 at MSITS DC Chennai through TCS. In this regard, MSITS has installed non-computing infrastructure in the vacant area and established server farm area and handed over to TCS on 31.01.2023 for co-locating PSP 2.0. Thereafter, TCS has co-located 13 numbers racks and commenced PSP 2.0 in FY 2022-23. The revenue of the company has been increasing year after year from the date of its commercialization in 2009. The company has earned Rs. 7,14,49,910/-as revenue from operations for FY 2022-23 as against Rs. 6,88,29,548/- for FY 2021-22.

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

UTL is J.V. Company of MTNL which consists of TCL, TCIL, NVPL (Nepal) & MTNL. The company provides Mobile/ILD/data services in Nepal. At present MTNL is holding 26.68% of Equity in UTL. The company has not been performing well for the last few years. It has huge losses. The Customer base has also reduced. It is not able to pay the statutory dues like Royalty Fees, BTS site charges, and other dues to the Govt. of Nepal. The company does not have resources to clear outstanding. They have sought Equity/ Loan participation by its JV partners but MTNL, TCIL & TCL all the Indian JV partners have decided not to contribute any amount towards its Share Capital or Loan. All the Indian JV Partners have decided to exit from the JV and have exercised their Right to exit, on January 30, 2018 at par value. Notice of exit (Sale of our share in JV Company) was given on 30.01.2018 and was required to be accepted within 3 months i.e., on or before 30.04.2018 but so far, the same has not been given effect by the UTL/NVPL. Now, MTNL along with other Indian JV Partners are taking legal opinion on various options available to them for exit from UTL, which are: Reminder to implement the exit right already exercised and to hold board meeting for consideration of all such issues including the going concern status of the company, Sale of shares to NVPL via exercise of Exit Right, Sale of shares to a third-party buyer(s) and Liquidation etc.

DETAILS OF SYSTEM STATUS FOR THE FINANCIAL YEAR 2022-23 (AS ON 31st MARCH, 2023)

Your Company has the following equipped and used capacity of Landline, GSM, Broadband etc. as on 31st March, 2023: -

S. No.	Parameters	MTNL Delhi	MTNL Mumbai	MTNL Total
1	Number of Switches	288	339	627
2	**Details of Capacity**			
2a	Fixed Phones	2013129	2464710	4477839
2b	GSM (Mobile)	1900000	2800000	4700000
2c	Broadband Capacity (in Ports)	788736	845020	1633756
3	**DELs (including Fixed-Line, GSM, Broadband & FTTH)**	1887392	2174502	4061894
3a	Land Line	781605	1264742	2046347
3b	GSM (Mobile)	861619	660482	1522101
3c	Broadband Subscribers	215487	227240	442727
3d	FTTH Subscribers	28681	22038	50719
4	ISDN	6629	8,241	14870
5	DLC (No.)	30	32	62
6	Tax Capacity	80000	115200	195200
7	Tandem Capacity	215500	331240	546740
8	**Optical Fibre Cable**			
8a	OFC in Route Kms	9522.778	10193.238	19716.016
8b	OFC in Fibre Kms	312492.210	327717.035	640209.245
9	Leased Circuits	8825	12313	21138

HUMAN RESOURCE DEVELOPMENT

The Company attaches the highest priority to the quality of intellectual capital at its disposal and believes that knowledge and skills of its employees are the key to achievements of its corporate mission. It has sound recruitment policy and comprehensive training system. During the past one year, our company has laid greater emphasis on Human Resources Development. We have been devoting substantial resources on building a skilled workforce that has capability to counter threats posed by ever changing customer base. The Company has been conducting various training and development activities which apart from reorienting the employees towards the greater organizational purpose are also focusing on eliminating any skill gap and technical obsolescence. The management's view on training is one of development of employee's overall personality and enabling them in becoming a vital productive resource.

TRAINING ACHIEVEMENTS

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

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

The Institute of Telecom Technology and Management, ITTM, Shadipur, New Delhi is a state of the art training center of MTNL, Delhi engaged in imparting induction training and short duration training to its officers and employees in the field of Telecom, IT, Computer System and Management. ITTM has the necessary infrastructure, technical and academic competence and excellence for providing training in specialized courses in the field of GSM, Broadband Technology, Switching, Transmission, External Plant, IT, Computer System, Management and various wellness and Life Style Management subjects comprising of Motivation, Positive Thinking, Stress Management and cyber security, RTI. In addition to this, ITTM also conducts Industrial Training and Visits for students from Engineering Colleges and Various Schools of India. ITTM conducts regular executives upgradation training for financially upgraded executives from E2 to E7 cadre (E2-E3, E3-E4, E4-E5, E5-E6, E6-E7) in core competency (Telecom, Civil, Finance, Electrical, HR/Marketing/CS/Legal) and management module of one week duration each. From April 2022 to March 2023, total 474 executives have undergone up-gradation training and awareness programs. Total 81 Graduate engineering students have undergone Industrial Visit during period April 2022 to March 2023.

Details of ITTM's achievements during financial year 2022-23 are as follows:

S.No.	Mode of training	Name of programs	Number of training programs	Number of trainees trained
	E-mode	Financial up-gradation	06	35
	Off-line	Financial up-gradation	32	321
		General awareness programs like RTI/Cyber Security/Yoga	9	69
		Classes on topics like FTTH / OFC /Excel	6	49
		Industrial Visit	2	81

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

The Centre for Excellence in Telecom Technology & Management (CETTM), an ISO 9001:2015 certified institute, is situated at Technology Street, Hiranandani Gardens, Powai, Mumbai. CETTM's achievements during financial year 2022-23 are as follows: CETTM has conducted various short duration Technical as well as Management related courses for MTNL employees on need basis to improve MTNL business and services. CETTM successfully conducted in all 21 training programs and trained 181 in-house personnel achieving a figure of 181 Trainee days. Total 1727 number of students in 79 batches from 32 different Engineering/Polytechnic Colleges took part in the "Industrial Visit Programme" at CETTM in the year 2022-23. CETTM is suiting up to conduct classroom mode trainings with foreign ITEC batches from June-2023 subject to all the Government SOPs and guidelines time to time. CETTM has generated total revenue of Rs. 24.84 Cr during the F.Y.2022-23 with an increase of 25% as compared to Rs. 19.82 Cr revenue in F.Y.2021-22. CETTM continues to be the first choice for conducting training courses, interviews, workshops, seminar etc. by our esteemed clients. Top clients include LIC, IITM, IITB, Informist, Hare Krishna Movement, etc. CETTM has leased additional 70 hostel rooms & 3rd floor (6868 Sq.Ft) of academic building to MNLU in the F.Y.2022-23. Proposals of leasing 50 more hostel rooms to MNLU and leasing of entire 5th floor (approx 14000 Sq.Ft) to BIS are in pipeline. CETTM started leasing of its infrastructure on short duration basis for the shooting of web series, films by prominent production houses and generated substantial business this year. Further avenues of generating revenue through other production houses are also under process.

(II) IMPLEMENTATION OF MISSION KARMAYOGI IN MTNL

DoT vide letter dated 16.09.2022 had conveyed that in September 2020, Government of India has launched Mission Karmayogi, a National Programme for Civil Services Capacity Building (NPCSCB). The programme aims at building a future-ready civil service with the right attitude, skills and knowledge, aligned to the vision of New India. It also aims to prepare Civil Servants for the future by making them more creative, constructive, imaginative, proactive, innovative, progressive, professional, energetic, transparent and technology-enabled. The Mission envisages a comprehensive reform of the capacity building apparatus at the individual, institutional and process levels for efficient public service delivery. The capacity building will be delivered through iGOT Karmayogi Digital Platform. This platform will act as a launch-pad for the NPCSCB.

Accordingly, the roadmap for implementation of Mission Karmayogi in MTNL was conveyed to DoT. Under Mission Karmayogi, MTNL Corporate office has issued the FRACing Units in MTNL. In this regard assistance is being taken from BSNL for completion of FRACing exercise in MTNL. 10 officers each from MTNL, Delhi/MTNL, Mumbai would be undergoing training at ALTTC, Ghaziabad under Mission Karmayogi. These 20 nominated officers after undergoing training under the BSNL Master Trainer will further train the non-executives in MTNL. A Consultative workshop-iGOT Karmshala organized by Karmayogi Bharat, DoPT was held on 2nd May, 2023 at Vigyan Bhawan which was attended by officers from MTNL. All employees of MTNL will undergo training at iGOT platform.

INDUSTRIAL RELATIONS

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

EMPLOYEES' WELFARE

1. Employees Welfare Schemes like subsidized Canteen, Housing, Medical facilities, Group Insurance etc. continued and maintained by the Company for its employees. Sports and Cultural activities were also given priority during the year.
2. Married/unmarried female employees with less than two surviving children are entitled to maternity leave for a period of 180 days on the production of medical certificate from an authorized medical officer. During the period of such leave, the female employees are paid leave salary equal to the pay drawn immediately before proceeding on leave.
3. OPD reimbursement has been enhanced and working spouse has been included in OPD.
4. In view of ongoing pandemic situation due to COVID-19, and for providing relief to the employees and their families, the ceiling for outdoor medical claim in a financial year has been increased to 10 days salary (Basic +IDA) as on 01.04.2020.
5. Changeover of Contributory Group Health Insurance Scheme for retirees to CGHS- After pursuance of MTNL with DoT, Ministry of Health issued instructions to CGHS for enrolment of MTNL retirees (drawing Govt. Pension) in the CGHS. To facilitate the same an incentive is being provided to the retirees concerned. As on date, approximately '18162' retirees in MTNL have benefited from this scheme.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

In Mahanagar Telephone Nigam Limited (MTNL), more and more correspondence in Hindi, office work in files/e-files, computers, compliance of bilingual provisions related to all items of the official work at Head Office (Corporate Office) as well as Delhi and Mumbai Units and area GM offices, Telephone Exchanges under those Units was emphasized in compliance with the Official Language Policy. Thereby, prompt efforts were done towards attaining the national goal of doing official work in Hindi, the Official Language. Towards this, compliance of the provisions of Official Language Policy and directions of the Department of Official Language and Department of Telecommunications, issued from time to time, by holding the quarterly meetings, inspections, workshops-training, bilingual versions & updation of the main website as well as websites of the Units etc. more and more use of Official Language by officers and officials was emphasized.

IMPLEMENTATION OF RESERVATION POLICY FOR SC/ST/OBC/PHYSICAL CHALLENGED AND ECONOMICALLY WEAKER SECTION

The Company has endeavored to fulfill all the statutory requirements with regard to implementation of reservation policy for candidates to SC/ ST/ OBC communities as well as Physically Challenged and Economically Weaker Section candidates.

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

The Company has constituted an internal Committee to look into the complaints on Prevention, Prohibition & Redressal of Sexual Harassment of Women at workplace and matters connected therewith or incidental thereto covering all aspects as contained in the Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013. During FY 2022-23 one case was received and which was resolved.

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

MANPOWER STATUS

As on 31st March, 2023, the total strength of employees including SC/ST & OBC Category working in the company as per details is given below: -

Group	Working	SC	ST	OBC*
A	211	51	23	22
B	1001	182	43	193
C	1473	329	27	79
D	880	279	19	47
TSM	2	-	-	-
Grand Total	**3567**	**841**	**112**	**341**

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

TOTAL NO. OF EMPLOYEES (MALE & FEMALE) AS ON 31.03.2023

Total (A)	Male		Female	
	No. (B)	% (B/A)	No. (C)	% (C/A)
3567	2863	80.26	704	19.74

TOTAL NO. OF DIFFERENTLY ABLED EMPLOYEES AS ON 31.03.2023

Total (A)	Male		Female	
	No. (B)	% (B/A)	No. (C)	% (C/A)
3567	21	0.59	3	0.08

TURNOVER RATE FOR PERMANENT EMPLOYEES DURING FY 2022-23

	Turnover rate in FY 2022-23		
	Male	Female	Total
Permanent Employees	21	4	25

MECHANISM AVAILABLE TO RECEIVE AND REDRESS GRIEVANCES FOR THE EMPLOYEES

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

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

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

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

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

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

1. In order to ensure a safe and healthy workplace, requisite security measures, installation and maintenance of fire extinguishers and housekeeping measures have been taken in MTNL.
2. MTNL being an essential service provider of telecom services, MTNL has been scrupulously following COVID prevention and management guidelines for all its stakeholders like social distancing, wearing of masks, and frequent hand sanitization.
3. Proper cleaning and frequent sanitization of workplace particularly of frequent touched surfaces at regular intervals has been ensured.
4. Downloading and updating of Aarogya Setu app has been made mandatory.
5. Quarantine Leave has been provided for employees whose family members have been infected with COVID.
6. For employees and their family members requiring hospitalization due to COVID, Group Health insurance coverage upto Rs.6 Lakhs is being provided under Group Health Insurance Scheme.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has been suffering losses for the last few years and hence. The provisions of Section 135 of the Companies Act, 2013 are not applicable. However, the company has constituted a CSR Committee and also formed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines on the subject. MTNL is undertaking non funding CSR activities like sending SMS to the public for spreading awareness on spread of COVID 19, awareness on Swachh Bharat, Pulse Polio, other moves of the Government, etc. For details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of this Report. The CSR Policy is available on the website of the company https://mtnl.in/csr_2014.pdf

VIGILANCE

The vigilance wing of MTNL is headed by Chief Vigilance Officer. At present, Smt Shefali Swaroop, (IFS) CVO DoT is in additional charge of CVO, MTNL. CVO is responsible for complete vigilance administration in MTNL. During the year 2022-23, emphasis was laid on preventive vigilance and to enhance the awareness of transparency and accountability in working by carrying out various types of field inspections. Further, training program / seminars on vigilance matters/complaints handling and disciplinary proceedings have been conducted during the year 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 October 31st, 2022 to November 6th, 2022 with the theme "भ्रष्टाचार मुक्त भारत – विकसित भारत" "Corruption free India for a developed Nation"

As a precursor to Vigilance Awareness Week 2022, Preventive Vigilance cum internal housekeeping activities was taken up w.r.t Property Management, Management of assets, Record Management, Technological initiatives, updation of guidelines/circulars and disposal of complaints. During this week, various activities like administering of integrity pledge, release of information booklet on the Vigilance & Disciplinary matters, Preventive Vigilance and other general conduct (Do's & Dont's) among the employees of MTNL was distributed. Also various programmes such as seminars, workshops, essay, poster as well as Quiz competitions were organized during Vigilance Awareness Week.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

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

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

There are no significant and material orders passed by the Regulators/Courts/Tribunals that would impact the going concern status of the Company and its future operations. Kindly refer Note no 50 of Standalone financial statements pertaining to contingent liabilities, pending litigations etc.

DETAILS OF APPLICATION / ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Neither any application was made nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2022-23.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

As company has not done any one time settlement of loans from the banks or financial institutions during the year under review, hence no disclosure is required.

INTEGRITY PACT PROGRAME WITH TRANSPARENCY INTERNATIONAL INDIA

MTNL has signed a Memorandum of Understanding (MoU) with Transparency International India (TII) for implementing an Integrity Pact Programme (IPP) focused on enhancing transparency in its business transactions, contracts and procurement process. Under this MoU, MTNL is committed to implementing the Integrity Pact in all its major procurement and work contract activities. The Integrity Pact has strengthened the established system and procedures by creating trust in various stakeholders. Two Independent External Monitors (IEMs) being persons of eminence nominated by the Central Vigilance Commission (CVC), to monitor the activities. As on 31.03.2023, Smt. Rashmi Goel, IRAS (Retd) and Shri Bibhuti Bhushana Mishra, IPS (Retd.) are acting as IEMs of MTNL.

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

The provision of Section 134(m) of the Companies Act, 2013 do not apply to the Company as your Company is a service provider. The total foreign exchange earning was Rs. 4.45 Crore and the total foreign exchange expenditure was Rs. 1.39 Crore.

ENTERPRISE RISK MANAGEMENT

The Board of Directors of the Company has formed a Enterprise Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee also has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of Risk Management Policy has been covered in the Management Discussion and Analysis Report as required in terms of SEBI(LODR) Regulations, which forms part of this Report.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under report, the Board of Directors of your Company met Four times during the Financial Year 2022-23. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 & the Listing Regulations i.e. the maximum interval between any two Board Meetings did not exceed 120 (One hundred and twenty) days. Details of Board Meetings and Directors attending the same are given in the Corporate Governance Report forming part of this Report. At these meetings, the Board held 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 Telephone and other value-added services.

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

MTNL being a Government Company, the appointment and the terms and conditions of appointment (including remuneration) of the Whole-Time Directors are decided by the Government of India. However, the Board has constituted a Nomination & Remuneration Committee. The Government Nominee Directors do not get any remuneration from the Company. The Independent Directors are being paid sitting fee of Rs. 10,000/- for attending each meeting of the Board or Committee thereof. They are reimbursed travel expenses & hotel expenses on this account, if any in addition to the sitting fees. Details of remuneration paid to the Whole time Directors and KMP as well as sitting fees paid to Independent Directors for the year under review are given in the Corporate Governance Report which is attached as annexure to this report.

PERFORMANCE EVALUATION OF DIRECTORS

Ministry of Corporate Affairs (MCA), through General Circular dated 5th June, 2015, has exempted Government Companies from the provisions of Section 178 (2) of the Companies Act, 2013 which provides about manner of performance evaluation of Board of Directors, Committee of Board of Directors and Director by the Nomination and Remuneration Committee. The aforesaid circular of MCA further exempted listed Govt. Companies from provisions of Section 134 (3) (p) of the Companies Act, 2013 which requires mentioning the manner of formal evaluation of its own performance by the Board and that of its Committees and Individual Director in Board's Report, if directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government as per its own evaluation methodology. Now, MCA, through Notification dated 05.07.2017, has amended Schedule IV of the Companies Act, 2013 with respect to performance evaluation of directors of the Government Companies that in case of matters of performance evaluation are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies, such provisions of Schedule IV are exempt for the Government Companies. Similar exemption has been requested by PSUs wing of CII from SEBI under the SEBI LODR for all PSUs. In this regard, Department of Public Enterprises (DPE) has already laid down a mechanism for performance appraisal of all functional directors. DPE vide its Office Memorandum No. 9(14)/2009-GM-Part-3-FTs-9036 dtd. 30.05.2022 has intimated MTNL that assessment of performance of Non-official Directors/Independent directors is to be done on annual basis from now onwards. Your Company enters into a Memorandum of Understanding (MOU) with Government of India each year, demarcating key performance parameters for the Company. The performance of the Company and Board of Directors are evaluated by the Department of Public Enterprises vis-à-vis MOU entered into with the Government of India.

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under report, the Company has not entered into any Material Transaction with any of its related parties. The Company's major Related Party Transactions are generally with its subsidiaries and associates. All Related Party Transactions, if any, were in ordinary course of Business and were negotiated at an Arm's Length basis and they were intended to further the company's interest. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of Companies Act, 2013 in Form AOC-2 is not applicable. Web link for Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transactions has been provided in the Report on Corporate Governance which forms part of Annual Report. Details of Related Parties and transaction with your Company are given in Notes to the financial statement which is a part thereof. Pursuant to Regulation 23(9) of SEBI (LODR) Regulations, your company has filed the reports on Related party Transactions with the Stock exchanges on Half yearly basis.

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

During the Year under report, there was no loan or Guarantee given or investments made by the MTNL under Section 186 of the Companies Act, 2013.

DETAILS OF MONEY ACCEPTED FROM DIRECTOR

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company

CORPORATE GOVERNANCE

Your company has complied with the Corporate Governance requirement under the Act, Listing Regulations and the relevant guidelines issued by Department of Public Enterprises (DPE). Your company is also complying with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). A Certificate from M/s Mritunjay Shekhar & Associates, Practising Company Secretaries, regarding compliance of conditions of Corporate Governance as stipulated under Schedule V (E) of SEBI (LODR), 2015 for the FY 2022-23 and Annual Secretarial Compliance Report for the FY 2022-23 pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 has also been obtained from M/s Mritunjay Shekhar & Associates, Practising Company Secretaries are also placed at Annexure to this Report. Further, a separate section on Corporate Governance is also placed as annexure to this report.

SECRETARIAL STANDARDS

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of the Company Secretaries of India and such systems are adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

As provided under Section 92 of the Act and rules framed thereunder the extract of Annual Return in Form MGT-9 is given as Annexure which forms part of this report. In compliance with Section 134 (3) (a) of the Act, an extract of Annual Return for the FY 2022-23 is also uploaded on MTNL Website and can be accessed at www.mtnl.net.in.

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

In accordance with the MCA and SEBI Circulars and to ensure compliance of Green Initiative, your Company has sent various documents including Notice of the 37th AGM, Audited Financial Statements, Directors' Report, Auditors' Report for the F.Y. 2022-23 etc. to its Shareholders and Debenture holders only in electronic form, at the e-mail addresses provided / registered by members and made available to us by the Depositories (NSDL/CDSL). The members are advised to update by registering changes, if any, in their e-mail address, with the concerned Depository Participant.

Your Company shall also display full text of Notice of 37th AGM & Annual Report 2022-23 at its website http://mtnl.in/annual.html. Your Company looks forward towards active participation of Shareholders in this "Green Initiative" and requests all Shareholders, who have not so far supplied their e-mail addresses, to give the same at the earliest. There will be no dispatch by Post of Notice of 37th AGM and Annual Report 2022-23 to Shareholders and Debenture holders having no email ids in compliance with Circulars of MCA and SEBI.

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 had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating efficiently.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company had maintained, in all respects, adequate internal financial controls over financial reporting and such internal control over financial reporting were operating effectively during the Financial Year 2022-23, based on the internal control over financial reporting criteria established by the Company considering the essential components on internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). Report on the Internal Financial Control under Section 143(3)(1) of the Companies Act, 2013 for the FY 2022-23 is attached as annexure to the Independent Auditors Report which is part of the report.

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

The provisions of Section 197(12) of Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company as being a Govt. Company.

BUSINESS RESPONSIBILITY & SUSTAINABLITY REPORT (BRSR)

In accordance with Regulation 34(2)(f) of the SEBI (LODR) Regulations 2015, the Securities and Exchange Board of India ('SEBI'), in May 2021, introduced new sustainability related reporting requirements to be reported in the specific format of Business Responsibility and Sustainability Report ('BRSR'). BRSR is a notable departure from the existing Business Responsibility Report and a significant step towards giving platform to the companies to report the initiatives taken by them in areas of Environment, Social and Governance. Further, SEBI has mandated top 1,000 listed companies, based on market capitalization, to transition to BRSR from FY2022-23 onwards. Accordingly, we are glad to present our inaugural BRSR for FY2022-23 part of Annexure to this Report.

STATUTORY AUDITORS

M/s SPMG & Co., Chartered Accountants and M/s SCV & CO., LLP, Chartered Accountants have been appointed as Joint Statutory Auditors of your Company by the Comptroller and Auditor General (CAG) of India for the Financial Year 2022-23 and the Board has already ratified their appointment on 14.11.2022.

COST AUDITORS

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 cost records as 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 for the FY 2022-23. The Cost Audit Report alongwith the Annexures for the Financial Year 2021-22 have been submitted to the Central Government in the Form CRA 4 in XBRL format on MCA Portal on 18.10.2022.

SECRETARIAL AUDITORS

Your Company has appointed M/s R. P. Sehgal & Associates, Practising Company Secretaries, to conduct the Secretarial Audit of the Company for the Financial Year 2022-23. The Secretarial Audit Report of M/s R. P. Sehgal & Associates are given in as annexure to this report.

AUDITORS QUALIFICATIONS AND MANAGEMENT REPLY THERE TO

The replies to the observation of the Statutory Auditors for the Financial Year 2022-23 are given as Annexure to the Directors' Report. The Comments of the Comptroller and Auditor General of India (CAG) on the Financial Statements and the replies of the Management thereon are also given in the Annexure to the Directors' Report.

FRAUD REPORTED BY AUDITORS

The Statutory Auditors nor the Secretarial Auditors of the Company have not reported any fraud during FY 2022-23 as specified under second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being enforce).

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

(i) Qualification: - The Board of Directors of MTNL has formulated the job description for the posts of CMD and other Functional Directors.The selection of Whole time Directors is done by Public Enterprise Selection Board (PESB) on the basis of such criteria.

(ii) Positive Attribute: - Apart from the duties of Directors as prescribed in the Companies Act the Directors are expected to demonstrate high standards of ethical behavior, communication skills and independent judgment. The Directors are also expected to abide by the respective code of conduct as applicable to them

(iii) Independence: - A Director is considered as independent if he/she meets the criteria laid down in Section 149(6) of the Act, the Rules framed their under and Regulations 16(1)(b) of the Listing Regulations.

INDEPENDENT DIRECTOR

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry, Government of India, Ministry of Communications, Department of Telecommunications (DoT).

As on 31.03.2023, MTNL has five Independent Directors on the Board of MTNL.

1. Shri Yogesh Kumar Tamrakar
2. Shri Sarv Daman Bharat
3. Shri Vishwas Pathak
4. Ms. Deepika Mahajan
5. Shri Piyush Ranjan Nishad

All the Independent directors have made declaration that criteria of independence as specified under Section 149(6) of the Companies Act, 2013 & Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015 has been complied with. Pursuant to Part ©(2)(i) of Schedule V of SEBI(LODR 2015, the Board of directors of your Company also gave its confirmation that the Independent Director fulfill the conditions specified in SEBI (LODR) Regulations and are independent of the Management.

Due to non-appointment of one Independent Director till 31.03.2023, MTNL was unable to comply the provisions relating to Board Composition [Regulation 17].

The matter for appointment of one more Independent Director has already been taken up with the Government of India.

DIRECTORS & KEY MANAGERIAL PERSONNEL

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

List of Present Directors of MTNL as on 31.03.2023 & 31.07.2023 is given in the Corporate Governance Report. During the period under report, the following changes took place in the Directorship/Key Managerial Personnel (KMP) of your Company: -

1. Shri V. Ramesh was appointed as Director (Technical) vide DoT Letter No.E-2-2/2021-PSA dtd. 22.03.2022 w.e.f. 01.04.2022.
2. Shri Piyush Ranjan Nishad was appointed as Independent Director of the Company vide DoT Letter No. E-5-3/2018-PSA dtd. 23.03.2022 w.e.f. 21.04.2022.
3. Shri Navneet Gupta, Government Nominee Director has ceased to be Government Nominee Director w.e.f. 17.05.2022.
4. Shri Premjit Lal was appointed as Government Nominee Director vide DoT letter No. E-5-3/2021-PSA dtd. 17.05.2022 & 18.05.2022 w.e.f. 17.05.2022 and ceased to be Government Nominee Director w.e.f. 17.11.2022.
5. Shri Amitabh Ranjan Sinha, Government Nominee Director has ceased to be Government Nominee Director w.e.f. 30.05.2022.
6. Ms. Yashashri Shukla was appointed as Government Nominee Director vide DoT Letter No.E-5-3/2021-PSA –Part(1) dtd. 26.05.2022 w.e.f. 30.05.2022 and ceased to be Government Nominee Director w.e.f. 26.12.2022.
7. Ms. Yojana Das, Director (Finance) ceased to be Director (Finance) w.e.f. 30.11.2022.
8. Shri Sunil Kumar Verma was appointed as Government Nominee Director vide DoT letter No.E-5-2/2021-PSA dtd. 17.11.2022 w.e.f. 23.11.2022.
9. Shri Rajiv Kumar was appointed as Director (Finance) vide DoT letter No.E-1-5/2022-PSA dtd. 30.11.2022 w.e.f. 02.12.2022.
10. Shri Shivendu Gupta was appointed as Government Nominee Director vide DoT letter No. No. E-5-3/2021-PSA dtd. 26.12.2022 w.e.f. 05.01.2023.
11. Shri Sultan Ahmed, GM (Finance) MTNL CO was appointed as Chief Financial Officer (CFO) of the Company w.e.f. 14.02.2023.
12. Shri S.R.Sayal ceases to be Company Secretary & KMP of the Company w.e.f. 28.02.2023 on account of superannuation.
13. Shri Ratan Mani Sumit was appointed as a Company Secretary & KMP of the Company w.e.f. 01.03.2023.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel (KMP) of your Company as on 31.03.2023 are: -

i) Shri Sultan Ahmed, Chief Financial Officer (CFO)

ii) Shri Ratan Mani Sumit, Company Secretary (CS)

Apart from the above, no other Director (including Independent Directors) or KMP were appointed or had retired or resigned during the Financial Year 2022-23 and till the date of approval of Directors Report by the Board of Directors. Details of Board of Directors are given separately in the Corporate Governance Report.

RETIREMENT OF DIRECTORS BY ROTATION

In accordance with the provisions of Section 152 of the Companies act, 2013 read with Article 66 F of the Articles of Association of the Company Shri P.K.Purwar, CMD and Shri V.Ramesh, Director (Technical) retire by rotation at the 37th Annual General Meeting to be held on 29.09.2023 and being eligible, offer themselves for reappointment. Brief particulars of director seeking re-appointment together with their Directorships in other Companies and Committee Memberships have been given in the Annexure to the Notice of 37th Annual General Meeting in pursuance to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standards 2 issued by ICSI.

COMMITTEES OF THE BOARD

The Company has Five Board Level Committees as on 31.03.2023:-

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

Details of terms and reference of the Committees, Committees membership changes and attendance of Directors at meeting of the Committees are provided in the Report on Corporate Governance, a part of this Annual Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to gratefully acknowledge the help, guidance and support received from Department of Telecom (DoT) and various Ministries of the Government of India. Your Directors are especially grateful to its Bankers, all stakeholders and investors including bondholders, for their continued patronage and confidence reposed in the company. The Directors would like to express their thanks for the sincere hard work and dedicated services rendered by every employee of the company. The Board is confident that with the employees' continued enthusiasm, initiatives 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, FTTH and other Value Added services.

For and on behalf of the Board of Directors

Sd/-

(P. K. PURWAR)

CHAIRMAN & MANAGING DIRECTOR

PLACE: NEW DELHI

DATE:11-08-2023

ANNEXURE I TO DIRECTORS' REPORT

CS R. P. Sehgal & Associates
Company Secretaries
e-Mail: sehgalrp@yahoo.co.in
M. No.: 9810076540, 9810126612

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

MAHANAGAR TELEPHONE NIGAM LIMITED

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

We have conducted the Secretarial Audit for the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHANAGAR TELEPHONE NIGAM LIMITED** (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 the information provided by the company and verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, 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 2023 generally compiled with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there-under,

(ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there-under,

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under,

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings,

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations.

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit Period).

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client with respect to issue of securities.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period).

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

(i) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) (LODR) Regulations, 2015 and

vi) The other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on their Sectors/Businesses are:

(a) The Telecom Regulatory Authority of India Act 1997 (TRAI) and Rules and Regulations made there-under.

(b) The Indian Telegraph Act, 1885.

(c) The Indian Wireless Telegraphy Act, 1933

(d) Information Technology Act, 2000 and the rules made thereunder;

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

(ii) The Listing Agreements entered into by the Company with NSE and BSE

read with the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015.

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

i) *One Half of the Board was not comprised of Independent Directors from 01.04.2022 to 31.03.2023.*

ii) *The Board requires 6 (Six) Independent Directors from 01-04-2022 to 31-03-2023 but it had only 5 (Five) independent directors on the Board during the period.*

iii) *The Company has not complied with the Regulation 3(5) & 3(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015.*

We further report that

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

The Composition of the Board of Directors of MTNL as on March 31, 2023 is as follows:

Category of Directors	Board Structure	Actual Strength as on March 31,2023
Chairman & Managing Director	1	1
Whole-time Executive (Functional) Directors	3	3
Part-time Official Directors (Government Nominees) representing the Department of Telecommunication (DoT), Government of India	2	2
Part-time Non-official (Independent) Directors	6	5
Total	**12**	**11**

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are made by the Administrative Ministry, Government of India, i.e. Ministry of Communications & Information Technology. As on 31.03.2023, MTNL had four Executive Directors, two Govt. Nominee Directors and five Independent Director (including one women independent director) on its Board. In order to comply with provisions of Regulation 17(1) of SEBI (LODR) 2015, MTNL need six independent directors i.e. fifty percent of the total strength as MTNL had six directors (including four functional and two Government Nominee directors) including Executive Chairman. In the circumstances, MTNL needs one more Independent Director on its Board. Due to non-appointment of one independent director till 31.03.2023, the Composition of the Board was not in conformity with Regulations 17 of SEBI (LODR) Regulation, 2015 and DPE Guidelines on Corporate Governance. The Company has also informed that the matter for appointment of one more Independent Director has already been taken up with the Government of India.

As informed by the Company and as per inspection of records, the Company is maintaining data in the Excel Sheet which is required under Regulation 3(5) & 3(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and not using any software to preserve data with adequate control and checks. Also it is informed by the Company is in process of arranging the Hardware and Software requirement for installation of Structure Digital Database Software and is presently maintaining data in the excel sheet.

Adequate notices were given to all directors to schedule the Board Meetings in advance, agenda and detailed notes on agenda were sent in advance of the Meetings. The system exists in the Company for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

All decisions of the Board and Committee Meetings were carried out unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee(s) of the Board as the case may be. No dissenting views of any Director were recorded in the minutes maintained by the Company.

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

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

We further report that during the audit period, MTNL has issued following Debentures/Bonds: -

1. MTNL has issued 8.00% 61096 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VIIA/2022 (Date of Maturity - 15-11-2032) on 15-11-2022 amounting to Rs 6109.60 Cr.
2. MTNL has issued 7.87% 27579 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VIIB/2022 (Date of Maturity - 01-12-2032) on 01-12-2022 amounting to Rs 2757.9 Cr.
3. MTNL has issued 7.78% 16176 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VIIC/2023 (Date of Maturity - 10-02-2033) on 10-02-2023 amounting to Rs 1617.6 Cr.
4. MTNL has issued 7.80% 3615 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VIID/2023 (Date of Maturity - 24-02-2033) on 24-02-2023 amounting to Rs 361.5 Cr.
5. MTNL has issued 7.75% 634 (face value Rs. 1000000/-) Unsecured Rated Listed Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the Nature of Debentures Series VII E/2023 (Date of Maturity - 24-03-2033) on 24-03-2023 amounting to Rs 63.4 Cr.

Total amount of Bonds issued during the Financial Year 2022-23 is Rs. 10910 Crore.

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

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

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

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

R.P. SEHGAL & ASSOCIATES

Company Secretaries

Sd/-

(R.P. SEHGAL)

Membership No. FCS-1468

CP No. 14936

UDIN-F001468E000316134

Place: New Delhi

Date: 16.05.2023

ANNEXURE II TO DIRECTORS' REPORT

MRITUNJAY SHEKHAR & ASSOCIATES
COMPANY SECRETARIES
E-mail – shekharmritunjay3@gmail.com
M. No.: 9540043975/8076567045

311B , Vikas Surya Galaxy,
Plot No. 09, Sector-4,
Dwarka, New Delhi 110078
Website: https://www.msaonline.info/
FRN-S2018DE619000 P R -2919/2023

COMPLIANCE CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE FOR FY 2022-23

The Members of
Mahanagar Telephone Nigam Limited

New Delhi.

1. We have examined the compliance of the conditions of Corporate Governance by Mahanagar Telephone Nigam Limited ('Company') for the year ended on March 31, 2023, as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub- regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and also DPE Guidelines on Corporate Governance for CPSEs, 2010 as amended from time to time.
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 generally complied with the conditions of Corporate Governance as stipulated in the listing regulations except that:
   i) *One Half of the Board was not comprised of Independent Directors from 01.04.2022 to 31.03.2023.*
   ii) *The Board requires 6 (Six) Independent Directors from 01-04-2022 to 31-03-2023 but it had only 5 (Five) independent directors on the Board during the period.*

We further state that the compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management conducted the affairs of the Company.

For MRITUNJAY SHEKHAR & ASSOCIATES
Company Secretaries
Sd/-
MRITUNJAY CHANDRA SHEKHAR
ACS/ FCS No.: 17250
C P No.: 20871
UDIN number A017250E000258799
Peer Review No: 2919/2023

Date: 05/05/2023
Place: NEW DELHI

ANNEXURE III TO DIRECTORS' REPORT

MRITUNJAY SHEKHAR & ASSOCIATES
COMPANY SECRETARIES
Email – shekharmritunjay3@gmail.com
M. No.: 9540043975/8076567045

311B , Vikas Surya Galaxy,
Plot No. 09, Sector-4,
Dwarka, New Delhi 110078
Website: https://www.msaonline.info/
FRN-S2018DE619000 P R -2919/2023

ANNUAL SECRETARIAL COMPLIANCE REPORT

OF

M/S. MAHANAGAR TELEPHONE NIGAM LIMITED

FOR THE YEAR ENDED 31st MARCH 2023

(Pursuant to Circular CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by the Securities Exchange Board of India)

We, **Mritunjay Shekhar & Associates, Company Secretaries** have examined:

- All the documents and records made available to us and explanation provided by **M/s Mahanagar Telephone Nigam Limited.**
- the filings/ submissions made by the listed entity to the stock exchanges,
- the website of the listed entity,
- any other document/ filing, as may be relevant,

Which has been relied upon to make this certification, for the year ended 31st March 2023 ("Review Period") in respect of compliance with the provisions of :-

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI"); The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -
  - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Take over Regulations) Regulations, 2011;
  - (d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and based on the above examination,

We hereby report that, during the Review Period:

(a) **The listed entity has complied with the provisions of the above Regulations and Circulars/ Guidelines issued thereunder except in respect of matters specified below:-**

SI No.	Compliance Requirement (Regulations/ Circulars / guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	Composition of Board of Directors	Regulation 17(1) of SEBI (LODR) Regulations, 2015	Non-compliance with the requirements pertaining to the Composition of the Board of Directors,	NSE & BSE	IMPOSITION OF FINES	GIVEN IN ANNEXURE TO THE REPORT	GIVEN IN ANNEXURE TO THE REPORT	As per the Information received from the Company, the Composition of Board of Directors is not in the terms of SEBI (LODR) Regulations, 2015 for the FY 2022-23.	Reply of MTNL is given in Annexure (I,II, IV & V) to this Report	
2.	Prior Intimation of the Board Meeting	Regulation 29(2)(3) of SEBI (LODR) Regulations, 2015	Non-compliance with the requirements pertaining to the Prior Intimation of the Board Meeting	NSE	Imposition of Fine	GIVEN IN ANNEXURE TO THE REPORT	GIVEN IN ANNEXURE TO THE REPORT	Non-compliance with the requirements pertaining to the Prior Intimation of the Board Meeting	Reply of MTNL is given in Annexure (III) to this Report	
3	Maintenance of SDD Software	Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Not using any software to preserve data with adequate control and checks	NSE	Pointed out during Virtual Inspection	Company is maintaining data in the excel sheet and not using any software to preserve data with adequate control and checks	NIL	Company is maintaining data in the excel sheet and not using any software to preserve data with adequate control and checks	The Company is in process of arranging the Hardware and Software requirement for installation of SDD Software, presently maintaining data in the excel sheet.	

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

SI No.	Compliance Requirement (Regulations/ Circulars / guidelines including specific clause)	Regulation/ Circular no.	Deviations	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	Composition of the Board including failure to appoint woman director and quorum for meeting of the Board of Directors, Provisions pertaining to Audit Committee Composition, Provisions pertaining to Nomination and Remuneration Committee Composition, Provisions pertaining to Stakeholders Relationship Committee Composition and Provisions pertaining to Risk Management Committee Composition.	Regulation 17(1), 17(2A), 18 (1), 19(1)/19(2) and 20 of SEBI (LODR) Regulations, 2015	Non-compliance with the requirements pertaining to the Composition of the Board including failure to appoint woman director and quorum for meeting of the Board of Directors, Provisions pertaining to Audit Committee Composition, Provisions pertaining to Nomination and Remuneration Committee Composition, Provisions pertaining to Stakeholders Relationship Committee Composition and Provisions pertaining to Risk Management Committee Composition.,	NSE & BSE	IMPOSITION OF FINES			Detailed in the Annexure to the Report	The Board of Directors of MTNL in its 348th Board Meeting held on 12.11.2021 has appointed Four Independent Directors. Also one more Independent director was appointed on 21.04.2022.	

ADDITIONAL AFFIRMATIONS:-

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations /Remarks by PCS*
1.	**Secretarial Standards:** The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable.	YES	
2.	Adoption and timely updation of the Policies: • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities • All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/circulars/ guidelines issued by SEBI	• YES • YES	All the policies are in conformity with SEBI Regulations whereas the company is in the process of updating its Related Party Transaction Policy
3.	Maintenance and disclosures on Website: • The Listed entity is maintaining a functional website • Timely dissemination of the documents/ information under a separate section on the website • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website	YES	
4.	Disqualification of Director: None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	YES	
5.	To examine details related to Subsidiaries of listed entities: (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries	a. NOT APPLICABLE b. YES	
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	YES	

7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	NA	MCA through General circular dated 05/06/2015 has exempted Govt. Companies from the Provisions of 178(2) of the Companies Act 2013
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee	NA	
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 alongwith Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	YES	
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	NO	The Company is in process of arranging the Hardware and Software requirement for installation of SDD Software.
11.	Actions taken by SEBI or Stock Exchange(s), if any: No Actions taken against the listed entity/ its promoters/directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	NO	Detailed in Annexure to the report.
12.	Additional Non-compliances, if any: No any additional non-compliance observed for all SEBI regulation/circular/guidance note etc.	N/A	

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

For MRITUNJAY SHEKHAR & ASSOCIATES
Company Secretaries
Sd/-
MRITUNJAY CHANDRA SHEKHAR
ACS/ FCS No.: 17250
C P No.: 20871
UDIN: A017250E000257820
Peer Review No. 2919/2023

Date: 05-05-2023
Place: NEW DELHI

ANNEXURES TO ANNUAL SECRETARIAL COMPLIANCE REPORT OF M/s. MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31st MARCH 2023

ANNEXURE I

Clarifications submitted by MTNL vide its letter no. MTNL/SECTT/SE/2022 Dated 24/05/2022 to NSE letter no. NSE/LIST-SOP/COMB/FINES/0823 dtd. 20/05/2022 and BSE email dtd. 20/05/2022 is as follows: -

Kindly refer our earlier letters wherein it has been stated that MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are made by the Administrative Ministry, Government of India, i.e. Ministry of Communications & Information Technology. The Board of Directors of MTNL in its 348th Board Meeting held on 12.11.2021 has appointed the following Independent Directors for a period of three years, or until further orders whichever is earlier pursuant to the Department of Telecommunication Letter No. No.E-5-3/2018-PSA dtd. 01.11.2021:-

(i) Sh. Sarv Daman Bharat

(ii) Ms. Deepika Mahajan

(iii) Sh. Yogesh Kumar Tamrakar and

(iv) Sh. Vishwas Pathak.

For the Quarter ended 31.03.2022, MTNL had four Executive Directors, two Govt. Nominee Directors and four Independent Director (including women directors) on its Board.In order to comply with provisions of Regulation 17(1) of SEBI (LODR) 2015, we need six independent directors i.e. fifty percent of the total strength as we have six executive directors (including four functional and two Government Nominee directors) including Executive Chairman. Hence MTNL needs two more independent directors on its Board as on 31.03.2022 for which we have already sent letter to the Government of India. Further, we wish to hereby inform you that Shri Piyush Ranjan Nishad has been appointed as an Independent Director on the Board of MTNL for a period of three years, or until further orders whichever is earlier pursuant to the Department of Telecommunications, Ministry of Communications, Govt. of India vide its Letter No.E-5-3/2018-PSA dtd. 23.03.2022 w.e.f. 21.04.2022.Due to non-appointment of two more Independent Directors, we were unable to comply with provisions relating to Board Composition (Regulation 17) i.e. Half of the Board is not Non – Executive as on 31.03.2022.

ANNEXURE – II

Clarification submitted by MTNL vide its letter no. MTNL/SECTT/SE/2022 Dated 23/08/2022 to NSE Email/ letter no. NSE/LIST-SOP/COMB/FINES/0664 dtd. 22/08/2022 and BSE email dtd. 22/08/2022 is as follows: -

Kindly refer our earlier letters wherein it has been stated that MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are made by the Administrative Ministry, Government of India, i.e. Ministry of Communications & Information Technology. For the Quarter ended 30.06.2022, MTNL had four Executive Directors, two Govt. Nominee Directors and Five Independent Director (including women directors) on its Board. In order to comply with provisions of Regulation 17(1) of SEBI (LODR) 2015, we need six independent directors i.e. fifty percent of the total strength as we have six executive directors (including four functional and two Government Nominee directors) including Executive Chairman. Hence MTNL needs one more independent director on its Board as on 30.06.2022 for which we have already sent letter to the Government of India. Due to non-appointment of one more Independent Directors, we were unable to comply with provisions relating to Board Composition (Regulation 17) i.e. Half of the Board is not Non – Executive as on 30.06.2022.

ANNEXURE III

Clarifications submitted by MTNL vide its letter no. MTNL/SECTT/SE/2022 dated 19/09/2022 to NSE letter no. NSE/LIST-SOP/COMB/FINES/0740 dtd. 14/09/2022 is as follows: -

In this regard, MTNL state as under:-Vide our letter/email dtd. 22.08.2022, MTNL has already clarified its position on compliance with regulation 29(2)(3) of SEBI (LODR) 2015. Further, The Union Cabinet in its meeting held on 27th July 2022 had considered and approved the debt restructuring plan of MTNL for FY 2022-23 and FY 2023-24. The approval was conveyed to MTNL by Department of Telecommunications (DoT) vide para 2.6 of its OM No. 20-28/2022-PR dated 02nd August 2022, to raise Sovereign Guarantee Bonds, with tenure of 10 years or more, for an amount of Rs. 17,571/- Crores (Rs. 10,910/- Crores for FY 2022-23 and Rs 6,661/- Crores for FY 2023-24), with waiver of guarantee fee to repay high cost debt and restructure it with new substantial loan. The above decision of Union Cabinet was available in all the print/social media under heading "Cabinet approves Rs 1.64-trn package for revival of BSNL". Therefore, the information of fund raising was already available in public domain. It may be mentioned that MTNL is a Central Public Sector Enterprise (CPSE) and Government of India is holding 56.25% of shares of MTNL. It has to comply with the directions issued by the Union Cabinet and its Administrative Ministry i.e. Department of Telecommunications with the concurrence/approval of the Board. Therefore, decision to raise Sovereign Guarantee Bonds by MTNL which was already taken by the Union Cabinet in its meeting held on 27.07.2022 was put up to the Board of Directors of MTNL in its meeting held on 12.08.2022, and the Board took note of the same. MTNL had already intimated NSE on 25.07.2022 that MTNL's Board meeting to approve the Unaudited Reviewed Financial Results for the Quarter ended on June 30, 2022 will be held on 12.08.2022.The above mentioned Cabinet Approval was also pleased before the Board Meeting. Thus, MTNL has not violated the provision of Regulation 29(2)(3) of SEBI (LODR) Regulations.

ANNEXURE – IV

Clarifications submitted by MTNL vide its letter no. MTNL/SECTT/SE/2022 dated 24/11/2022 to NSE Letter No. NSE/LIST-SOP/COMB/FINES/0946 dtd. 21/11/2022 and BSE email dtd. 21/11/2022 is as follows: -

Kindly refer our earlier letters wherein it has been stated that MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are made by the Administrative Ministry, Government of India, i.e. Ministry of Communications & Information Technology. For the Quarter ended 30.09.2022, MTNL had four Executive Directors, two Govt. Nominee Directors and five Independent Director (including women directors) on its Board. In order to comply with provisions of Regulation 17(1) of SEBI (LODR) 2015, we need six independent directors i.e. fifty percent of the total strength as we have six executive directors (including four functional and two Government Nominee directors) including Executive

Chairman. Hence MTNL needs one more independent director on its Board as on 30.09.2022 for which we have already sent letter to the Government of India. Due to non-appointment of one more Independent Directors, we were unable to comply with provisions relating to Board Composition (Regulation 17) i.e. Half of the Board is not Non – Executive as on 30.09.2022.

ANNEXURE – V

Clarifications submitted by MTNL vide its letter no. MTNL/SECTT/SE/2022 dated 27/02/2023 to NSE Email/ letter no. NSE/LIST-SOP/COMB/FINES/0190 dtd. 21/02/2023 and BSE Email dtd. 21/02/2023 is as follows: -

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are made by the Administrative Ministry, Government of India, i.e. Ministry of Communications & Information Technology. As on 26.12.2022 (quarter end) MTNL had four Executive Directors, two Govt. Nominee Directors and five Independent Director (including one woman independent director) on its Board. As on 31.12.2022 (quarter end) MTNL had four Executive Directors, one Govt. Nominee Directors and five Independent Director (including one woman independent director) on its Board. In order to comply with provisions of Regulation 17(1) of SEBI (LODR) 2015, we need six independent directors as we have Six Directors other than Independent Directors (Four functional and Two Government Nominee directors including Executive Chairman) till 26.12.2022. In the circumstances, MTNL needs one more Independent Director on its Board. On 26.12.2022, the Govt. had withdrawn the nomination of one director and nominated another in her place who joined as Govt Nominee Director w.e.f 05.01.2023 (Date of obtaining DIN). The total no of directors excluding Independent directors from 27.12.2022 to 31.12.2022 was five and the total no of independent directors during this aforesaid period was also five hence, we were Technically compliant (as we have equal (5) independent Director on 31.12.2022.The matter for appointment of one more Independent Director has already been taken up with the Government of India. Due to non-appointment of one Independent Director till 26.12.2022, we were unable to comply with provisions relating to Board Composition (Regulation 17) i.e. Half of the Board is not Non – Executive. Even after 26.12.2022 we are non-compliant (technically) because as per our compliant we still require one more Independent Director.

For MRITUNJAY SHEKHAR & ASSOCIATES

Company Secretaries

Sd/-

MRITUNJAY CHANDRA SHEKHAR

ACS/ FCS No.: 17250

C P No.: 20871

UDIN : A017250E000257820

Peer Review No. 2919/2023

Date: 05-05-2023

Place: NEW DELHI

ANNEXURE IV TO DIRECTORS' REPORT

REPLY OF MTNL TO QUALIFICATIONS IN SECRETARIAL AUDIT REPORT, COMPLIANCE CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AND ANNUAL SECRETARIAL COMPLIANCE REPORT OF MTNL FOR FINANCIAL YEAR 2022-23

S. No.	Qualifications	Observations/Remarks of the Company
1.	One Half of the Board was not comprised of Independent Directors from 01.04.2022 to 31.03.2023.	MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are made by the Administrative Ministry, Government of India, i.e. Ministry of Communications & Information Technology. For the Quarter ended 31.03.2023, MTNL had four Executive Directors, two Govt. Nominee Directors and five Independent Director (including one women independent director) on its Board. In order to comply with provisions of Regulation 17(1) of SEBI (LODR) 2015, we need six independent directors i.e. fifty percent of the total strength as we have six directors (including four functional and two Government Nominee directors including Executive Chairman). Hence MTNL needs one more independent director on its Board as on 31.03.2023 for which we have already sent letter to the Government of India. Due to non-appointment of one more Independent Director, we were unable to comply with provisions relating to Board Composition (Regulation 17) i.e. Half of the Board is not Independent from 01.04.2022 till 31.03.2023.The matter for appointment of one more Independent Director has already been taken up with the Government of India.
2.	The Company has not complied with the Regulation 3(5) & 3(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.	The Company is in process of arranging the Hardware and Software requirement for installation of SDD Software. The Company has entered into agreement with M/s KP Corporate Solutions Limited for providing necessary SDD software.

ANNEXURE V TO DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2023

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

REGISTRATION AND OTHER DETAILS:

CIN: - L32101DL1986GOI023501

Registration Date:- 28th February, 1986

Name of the Company: -Mahanagar Telephone Nigam Limited

Category/ Sub-Category of the Company: - Government of India Enterprises

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

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, **Email ID:** beetalrta@gmail.com, beetal@beetalfinancial.com, **website:** www.beetalfinancial.com .

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S.No.	Name and Description of the main products/ services	NIC Code of the Product/services	% to total turnover of the company
1	Telecommunication Service	611&612	100%

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and Address of the Company	CIN/GIN	Holding / Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahanagar Telephone Mauritius Limited (MTML) MTML Square, 63, Cyber City, Ebene City, Mauritius	N.A.	Wholly Owned Overseas Subsidiary	100%	2 (87)
2	Millennium Telecom Ltd. (MTL) Room No. 4208, 4th Floor Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi-110003.	U64200DL2000GOI333459	Wholly Owned Indian Subsidiary	100%	2 (87)

3	MTNL STPI IT Services Ltd. (MSITS), Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, LodhiRoad, New Delhi-110003	U72901DL2006PLC148310	Joint Venture	50%	2(6)
4	United Telecommunications Ltd. (UTL) Triveni Complex, Putali Sadak, Kathmandu.	N.A.	Associate	26.68%	2(6)

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

Category of Share-holders	No. of Shares held at the Beginning of the Year i.e. 01/04/2022				No. of Shares held at the end of the Year i.e. 31/03/2023				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A) Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0		0	0.00	0
b) Central govt/ State Govt(s)	354378740	0	354378740	56.25	354378740	0	354378740	56.25	0
Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0
e) Any Other	0	0	0	0.00	0	0	0	0.00	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	0	0	0.00	0
b) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0
c) Bank/FI	0	0	0	0.00	0	0	0	0.00	0
d) Any Other	0	0	0	0.00	0	0	0	0.00	0
Sub-Total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	**354378740**	**0**	**354378740**	**56.25**	**354378740**	**0**	**354378740**	**56.25**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	100	4400	4500	0.00	100	4400	4500	0.00	-0
b) Banks/FI/ Insurance Companies	86647076	2200	86649276	13.75	86647076	2200	86649276	13.75	0
c) Central Govt/ State Govt.	2500	0	2500	0.00	3500	0	3500	0.00	-0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f) Foreign Fin Inst./ Banks/ Foreign Portfolio Investors	2283326	600	2283926	0.33	2954255	0	2954255	0.33	0
g) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
h) Others(Specify)	0	0	0	0.00	0	0	0	0.00	0
(i)Stressed Asset	0	0	0	0.00	0	0	0	0.00	0
Sub-Total (B)(1):-	**88933002**	**7200**	**88940202**	**14.08**	**89604931**	**6600**	**89611531**	**14.08**	**-0**

Category of Share-holders	No. of Shares held at the Beginning of the Year i.e. 01/04/2022				No. of Shares held at the end of the Year i.e. 31/03/2023				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutions									
a) Bodies Corp. (Indian & Overseas)	7273320	6000	7279320	1.16	6690519	6000	6696519	1.06	-0.09
b) Individuals									
(i) Individual Shareholders holding nominal Share Capital Upto Rs. 2 lakh	100295367	60502	100355869	15.93	98835073	50735	98885808	15.70	-0.23
(ii) Individual Shareholders holding nominal Share Capital in excess of Rs. 2 lakh	59373560	0	59373560	9.42	61403326	49517	61452843	9.75	0.33
c) Others (Specify)									
Trusts	468990	0	468990	0.07	442980	0	442980	0.07	-0
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0
NRI & Foreign Corporate Bodies	2111875	0	2111875	0.34	1791595	600	1792195	0.28	-0.05
c-ii) Clearing Members	1119569	0	1119569	0.18	979906	0	979906	0.16	-0.02
HUF	8932481	0	8932481	1.42	9495202	0	9495202	1.51	0.089
Sub-Total (B)(2):-	**179575162**	**66502**	**179641664**	**28.51**	**179638601**	**106852**	**179745453**	**28.53**	**0.016**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**268508164**	**73702**	**268581866**	**42.60**	**269243532**	**113452**	**269356984**	**42.61**	**0.015**
C. Shares held by Custodian for GDRs & ADRs	**7039394**	**0**	**7039394**	**1.12**	**6264276**	**0**	**6264276**	**0.99**	**-0.12**
Grand Total (A+B+C)	**629926298**	**73702**	**630000000**	**100.00**	**629886548**	**113452**	**630000000**	**100.00**	**0**

CATEGORY-WISE SHAREHOLDING

i) SHAREHOLDING OF PROMOTERS DURING F.Y. 2022-23

S NO.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2022			Shareholding at the end of the year as on 31.03.2023			% 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**

(i) CHANGE IN PROMOTERS' SHAREHOLDING DURING THE F.Y. 2022-23 (PLEASE SPECIFY, IF THERE IS NO CHANGE)

S NO.		Shareholding at the Beginning of the year as on 01.04.2022		Cumulative Shareholding during the year (2022-23)	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year (as on 01.04.2022)	354378740	56.25	354378740	56.25

	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	N.A.	—	N.A.	—
	At the end of the year (as on 31.03.2023)	354378740	56.25	354378740	56.25

 # There is no change in the Total Shareholding of Promoters i.e. President of India between 01.04.2022 and 31.03.2023 (during F.Y. 2022-23).

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31.03.2023:

S. NO.	NAME	Shareholding at the beginning of the year as on 01.04.2022					Cumulative Shareholding during the year (2022-23)	
		No. of Shares at the beginning of the year (01.04.2022) end of the year (31.03.2022)	% of total shares of the Company	DATE	Increase /Decrease in shareholding	Reason	No. of shares	% of total shares of the company
1	LIFE INSURANCE CORPORATION OF INDIA	82659957	13.1206	31-Mar-22		NIL MOVEMENT DURING THE YEAR	82659957	13.1206
		82659957	13.1206	31-Mar-23			82659957	13.1206
			0	- -				0
2	KAMLESH B SHAH	8039765	1.2762	31-Mar-22		NIL MOVEMENT DURING THE YEAR	8039765	1.2762
		8039765	1.2762	31-Mar-23			8039765	1.2762
			0	- -				0
3	THE BANK OF NEW YORK MELLON	7039394	1.1174	31-Mar-22				0
			0	07-Oct-22	-27400	Sell	7011994	1.113
			0	28-Oct-22	-747718	Sell	6264276	0.9943
			0	24-Feb-23	-2156	Sell	6262120	0.994
		6262120	0.994	31-Mar-23			6262120	0.994
			0	- -				0
4	PRAKASH BABALAL SHAH	2149900	0.3413	31-Mar-22		NIL MOVEMENT DURING THE YEAR	2149900	0.3413
		2149900	0.3413	31-Mar-23			2149900	0.3413
			0	- -				0
5	ELARA INDIA OPPORTUNITIES FUND LIMITED	1611000	0.2557	31-Mar-22		NIL MOVEMENT DURING THE YEAR	1611000	0.2557
		1611000	0.2557	31-Mar-23			1611000	0.2557
			0	- -				0
6	THE NEW INDIA ASSURANCE COMPANY LIMITED	1594544	0.2531	31-Mar-22		NIL MOVEMENT DURING THE YEAR	1594544	0.2531
		1594544	0.2531	31-Mar-23			1594544	0.2531
			0	- -				0

S. NO.	NAME	Shareholding at the beginning of the year as on 01.04.2022					Cumulative Shareholding during the year (2022-23)	
		No. of Shares at the beginning of the year (01.04.2022) end of the year (31.03.2022)	% of total shares of the Company	DATE	Increase /Decrease in shareholding	Reason	No. of shares	% of total shares of the company
7	THE ORIENTAL INSURANCE COMPANY LIMITED	1392970	0.2211	31-Mar-22		NIL MOVEMENT DURING THE YEAR	1392970	0.2211
		1392970	0.2211	31-Mar-23			1392970	0.2211
			0	- -				0
8	RAVIKUMAR RAMKISHORE SANWALKA	1058000	0.1679	31-Mar-22		NIL MOVEMENT DURING THE YEAR	1058000	0.1679
		1058000	0.1679	31-Mar-23			1058000	0.1679
			0	- -				0
9	RAJESH KUMAR SAHU	1700000	0.2698	31-Mar-22				0
			0	27-May-22	10000	Purchase	1710000	0.2714
			0	03-Jun-22	15000	Purchase	1725000	0.2738
			0	19-Aug-22	25000	Purchase	1750000	0.2778
			0	23-Dec-22	27887	Purchase	1777887	0.2822
			0	31-Dec-22	12113	Purchase	1790000	0.2841
			0	06-Jan-23	10000	Purchase	1800000	0.2857
			0	24-Feb-23	-825000	Sell	975000	0.1548
		975000	0.1548	31-Mar-23			975000	0.1548
			0	- -				0
10	CENTRAL BANK OF INDIA	901746	0.1431	31-Mar-22		NIL MOVEMENT DURING THE YEAR	901746	0.1431
		901746	0.1431	31-Mar-23			901746	0.1431

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL AS ON 31ST MARCH 2023:

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year as on 01.04.2022		Cumulative Shareholding during the year (FY 2022-23)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Pravin Kumar Purwar, CMD	NIL		NIL	
2.	Rajiv Kumar , Director (Finance) Appointed Director w.e.f. 02.12.2022)	NIL		NIL	
3.	V Ramesh Director (Technical) Appointed Director w.e.f. 01.04.2022)	NIL		NIL	
4.	Yojana Das, Director (Finance) (Ceased to be Director w.e.f. 30.11.2022)	NIL		NIL	
5.	Arvind Vadnerkar, Director (HR&EB) (Appointed Director w.e.f. 01.09.2021)	NIL		NIL	
6.	Navneet Gupta, Govt. Nominee Director (Ceased to be Director w.e.f. 17.05.2022)	NIL		NIL	

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year as on 01.04.2022		Cumulative Shareholding during the year (FY 2022-23)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7.	Amitabh Ranjan Sinha, Govt. Nominee Director (Ceased to be Director w.e.f. 30.05.2022)	NIL		NIL	
8.	Sunil Kumar Verma, Govt. Nominee Director (Appointed to be Director w.e.f. 23.11.2022)	NIL		NIL	
9.	Shivendu Gupta, Govt. Nominee Director (Appointed to be Director w.e.f. 05.01.2023)	NIL		NIL	
10.	Vishwas Pathak, Independent Director (Appointed Director w.e.f. 12.11.2021)	NIL		NIL	
11.	Deepika Mahajan, Independent Director (Appointed Director w.e.f. 23.11.2021)	NIL		NIL	
12.	Sarv Daman Bhagat, Independent Director (Appointed Director w.e.f. 12.11.2021)	NIL		NIL	
13.	Yogesh Kumar Tamrakar, Independent Director (Appointed Director w.e.f. 12.11.2021)	NIL		NIL	
14.	S.R. Sayal, Company Secretary (Ceased to be Company Secretary as on 28.02.2023)	NIL		NIL	
15.	Ratan Mani Sumit, Company Secretary (Appointed as a Company Secretary on 01.03.2023)	NIL		NIL	

V. INDEBTEDNESS

(a) Indebtedness of the Company including interest outstanding/accrued but not due for payment during F.Y. 2022-23 as per Ind AS

(in Crores)

	SECURED LOANS EXCLUDING DEPOSITS (LTL)	UNSECURED LOANS BOND+STL+OD	DEPOSITS	TOTAL INDEBTNESS
Indebtedness at the beginning of the Financial Year as on 01.04.2022				
i) Principal Amount	10,186.12	16,420.35		26,606.47
ii) Interest due but not paid				
iii) Interest accrued but not due	4.37	244.92		249.29
Total (i+ii+iii)	**10,190.49**	**16,665.27**		**26,855.76**
Change in Indebtedness during the Financial Year 2022-23				
Addition		7,205.28		7,205.28
Reduction	5,362.09			5,362.09
Net Change	**5,362.09**	**7,205.28**		**1,843.19**
Indebtedness at the end of the financial year as on 31.03.2023				
i) Principal Amount	4,822.96	23,351.05		28,174.01
ii) Interest due but not paid				
iii) Interest accrued but not due	5.44	519.51		524.94
Total (i+ii+iii)	**4,828.40**	**23,870.56**		**28,698.95**

Note: Government of India approved the financial support to the Company in the year 2014 and on surrender of Broadband Wireless Access (BWA) Spectrum by MTNL, upfront charges paid by the Company in the year 2011 for such spectrum amounting to Rs. 4533.97 crores were agreed to be funded by way of issuance of debentures by the Company on behalf of Government of India (GOI) and for which GOI provided sovereign guarantee with attendant condition for repayment of principal on maturity as well as the interest payments through DOT. Accordingly, the Company does not have any liability toward repayment of principal and interest on the bonds issued and has been offset against the amount recoverable from DOT of equivalent amount.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole – time Directors and/or Manager during the F.Y. 2022-23:

S. NO.	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/MANAGER					TOTAL AMOUNT IN RUPEES
		Pravin Kumar Purwar, CMD	Arvind Vadnerkar, Director (HR & EB)	Yojana Das Director (Finance) (Ceased to be Director w.e.f. 30.11.2022)	V.Ramesh, Director (Technical) (Appointed Director w.e.f. 01. 04.2022)	Rajiv Kumar, Director (Finance) (Appointed director w.e.f. 02.12.2022),	
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 Value of perquisites u/s 17(2) Income –tax Act, 1961 Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL	NIL	
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL	
4.	Commission As % of profit Other, specify…	NIL	NIL	NIL	NIL	NIL	
5.	Others, please specify (Gratuity + LE)	NIL	NIL	NIL	NIL	NIL	
	Total (A)	NIL	NIL	NIL	NIL	NIL	NIL
	Ceiling as per the Act						

B. Remuneration to other Directors during the F.Y. 2022-23: -

S. No.	Particulars of Remuneration	NAME OF INDEPENDENT DIRECTORS				Piyush Ranjan Nishad
		Deepika Mahajan	Sarv Daman Bharat	Vishwas Pathak	Yogesh Kumar Tamrakar	
1.	**Independent Directors**					
2.	Fee for attending Board and its committee meetings, Commission, Others, please specify	90000	80000	80000	NIL*	20000
3.	**Total (1)**	**90000**	**80000**	**80000**	**NIL**	**20000**
4.	**Other Non-Executive Directors**	**Navneet Gupta (Ceased to be director w.e.f. 17.05.2022)**	**Amitabh Ranjan Sinha (Ceased to be director w.e.f. 30.05.2022)**	**Sunil Kumar Verma (Appointed director w.e.f. 23.112022)**	**Shivendu Gupta (Appointed director w.e.f. 05.01.2023)**	

5.	Fee for attending Board Committee Meetings, Commission, Others, please specify	NIL	NIL	NIL	NIL	
6.	**Total (2)**	**NIL**	**NIL**	**NIL**	**NIL**	
7.	**Total (B)=(1+2)**	**90000**	**80000**	**80000**	**NIL**	**20000**
8.	**TOTAL MANAGERIAL REMUNERATION (A+B) Rs.**					**270000**
9.	Overall Ceiling as per the Act					

C Remuneration to Key Managerial Personnel other than MD/Manager/WTD during the F.Y. 2022-23: -

S.NO.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL			
		CHIEF FINANCIAL OFFICER (CFO)	COMPANY SECRETARY (CS)		TOTAL (Amount in Rs)
		Sultan Ahmed (Appointed CFO w.e.f. 14.02.2023)	S.R. Sayal (Ceased to be Company Secretary w.e.f. 28.02.2023)	Ratan Mani Sumit (Appointed Company Secretary w.e.f. 01.03.2023)	
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income – tax Act, 1961 Value of perquisites u/s 17(2) Income-tax Act, 1961	**420185** **4680**	**25,27,170** **59578**	**150338** **NIL**	**30,97,693** **64,258**
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission as % of Profit Others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify	**-**	-	-	NIL
	Total	**424865**	**2586748**	**150338**	**3161951**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES DURING THE F.Y. 2022-23: --- 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)
COMPANY		NIL			
Penalty					
Compounding					
DIRECTORS					
Penalty					
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty					
Compounding					

ANNEXURE VI TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2022-23

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

(I) The Composition of the Board of Directors as on March 31, 2023 is as follows:

Category of Directors	Board Structure	Actual Strength as on March 31,2023
Chairman & Managing Director	1	1
Whole-time Executive (Functional) Directors	3	3
Part-time Official Directors (Government Nominees) representing the Department of Telecommunication (DoT), Government of India	2	2
Part-time Non-official (Independent) Directors	6	5
Total	**12**	**11**

The Company has a very balanced and diversified Board of Directors with an optimum mix of Executive [represented by CMD, Director (HR & EB), Director (Technical) and Director (Finance) and Non-Executive [represented by Government Directors and Independent Directors]. As on 31.03.2023, MTNL had four Executive Directors, two Government Nominee Directors and five Independent Directors on its Board. There is one Women Independent Director on the Board of MTNL as on 31.03.2023.

As on 31.03.2023, the Composition of the Board was not in conformity with Regulations 17 of SEBI (LODR) Regulations, 2015 read with Section 149 of the Act and DPE Guidelines on Corporate Governance. Due to non-appointment of one Independent Director till 31.03.2023, MTNL was unable to comply with provisions relating to Board Composition (Regulation 17) i.e. Half of the Board is not Non – Executive.

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

(II) Board Level Committee in MTNL

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

(I) **(A) The List of Directors & Chairmanship/Membership in Board Level Committee in MTNL (as on 31.03.2023) and their Directorship in other Companies are given below: -**

The names and categories of the Directors on the Board, their attendance at the Board meetings held during the year and at the last Annual General Meeting ("AGM") held through Video-Conferencing/ Other Audio-Visual Means and the number of Directorships and Committee Chairmanships/Memberships held by them in other Public Limited Companies as on March 31, 2023 are given below. Other directorships do not include directorships of associations, Private Limited Companies, Foreign Companies, Companies Incorporated under Section 8 of the Act, Government Bodies and Alternate Directorships. For the purpose of determination of limit of the Board Committees, Chairmanship and Membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of the SEBI (LODR) Regulations.

NAME	CATEGORY	DETAILS OF DIRECTORSHIP IN OTHER COMPANIES	DETAILS OF COMMITTEE CHAIRMANSHIP AND MEMBERSHIP IN MTNL
PRAVIN KUMAR PURWAR CMD DIN :06619060	EXECUTIVE	1. BSNL – CMD 2. BHARAT BROADBAND NETWORK LIMITED - CMD 3. MTNLSTPI IT Services Ltd. – Chairman & Director 4. BSNL Tower Corporation Ltd – Director 5. Mahanagar Telephone Mauritius Ltd (MTML) - Chairman & Director 6. United Telecom Ltd – Director	NIL
ARVIND VADNERKAR DIRECTOR (HR&EB) DIN : 08597016	EXECUTIVE	1. Bharat Sanchar Nigam Limited (BSNL)- Director 2. MTNLSTPI IT Services Ltd. – Director 3. Millennium Telecom Ltd. - Chairman & Director	Chairman – CSR Committee
RAJIV KUMAR, DIRECTOR (FINANCE) DIN: 09811051 (Appointed Director w.e.f. 02.12.2022)	EXECUTIVE	1. Bharat Sanchar Nigam Limited (BSNL)- Director 2. BSNL Tower Corporation Ltd – Director 3. MTNLSTPI IT Services Ltd. – Director 4. Bharat Broadband Network Limited- Director	Chairman -Enterprise Risk Management Committee Member - Stakeholders Relationship Committee and CSR Committee
V RAMESH DIRECTOR (TECHNICAL) DIN : 08771524 (Appointed Director w.e.f. 01.04.2022)	EXECUTIVE	1. Bharat Sanchar Nigam Limited (BSNL)- Director 2. BSNL Tower Corporation Ltd – Director 3. MTNLSTPI IT Services Ltd. – Director. 4. Bharat Broadband Network Limited- Director	Member - Enterprise Risk Management Committee
SUNIL KUMAR VERMA DIN : 09800644 (Appointed Director w.e.f. 23.11.2022)	GOVERNMENT NOMINEE DIRECTOR	1. Bharat Sanchar Nigam Limited (BSNL)- Director	Chairman -Stakeholders Relationship Committee Member - Nomination & Remuneration Committee

NAME	CATEGORY	DETAILS OF DIRECTORSHIP IN OTHER COMPANIES	DETAILS OF COMMITTEE CHAIRMANSHIP AND MEMBERSHIP IN MTNL
SHIVENDU GUPTA DIN: 09850201 (Appointed Director w.e.f. 05.01.2023)	GOVERNMENT NOMINEE DIRECTOR	1. Bharat Sanchar Nigam Limited (BSNL)- Director	Member - Audit Committee
VISHWAS PATHAK DIN: 00093771	INDEPENDENT DIRECTOR	1. Maharashtra State Power Generation Company Limited 2. MSEB Holding Company Limited 3. Maharashtra State Electricity Distribution Company Limited 4. Maharashtra State Electricity Transmission Company Limited	Chairman - Audit Committee Member - Enterprise Risk Management Committee & CSR Committee
SARV DAMAN BHARAT DIN: 09393017	INDEPENDENT DIRECTOR		Member - Audit Committee, Nomination & Remuneration Committee & Stakeholders Relationship Committee
DEEPIKA MAHAJAN DIN: 09408802	INDEPENDENT DIRECTOR		Chairperson - Nomination & Remuneration Committee Member - Audit Committee & CSR Committee
YOGESH KUMAR TAMRAKAR DIN: 00070734	INDEPENDENT DIRECTOR	1. Vindhya Boards Pvt Ltd 2. Yogi Builders Pvt Ltd	NIL
PIYUSH RANJAN NISHAD DIN: 09579746 (Appointed Director w.e.f. 21.04.2022)	INDEPENDENT DIRECTOR		NIL

(B) LIST OF DIRECTORS IN MTNL WHO RETIRED DURING THE PERIOD 01.04.2022 TO 31.03.2023.

Sl No.	Name of the Director	Category	Date of Cessation
1.	NAVNEET GUPTA	GOVERNMENT NOMINEE DIRECTOR	17.05.2022
2.	AMITABH RANJAN SINHA	GOVERNMENT NOMINEE DIRECTOR	30.05.2022
3.	PREMJIT LAL	GOVERNMENT NOMINEE DIRECTOR	17.11.2022
4.	YOJANA DAS	DIRECTOR (FINANCE)	30.11.2022
5.	YASHASHRI SHUKLA	GOVERNMENT NOMINEE DIRECTOR	26.12.2022

(C) LIST OF DIRECTORS IN MTNL WHO WERE APPOINTED DURING THE PERIOD 01.04.2022 TO 31.03.2023.

Sl No	Name of the Director	Category	Date of Appointment
1.	V RAMESH	DIRECTOR (TECHNICAL)	01.04.2022
2.	PIYUSH RANJAN NISHAD	INDEPENDENT DIRECTOR	21.04.2022
3.	PREMJIT LAL	GOVERNMENT NOMINEE DIRECTOR	17.05.2022
4.	YASHASHRI SHUKLA	GOVERNMENT NOMINEE DIRECTOR	26.05.2022
5.	SUNIL KUMAR VERMA	GOVERNMENT NOMINEE DIRECTOR	23.11.2022
6.	RAJIV KUMAR	DIRECTOR (FINANCE)	02.12.2022
7.	SHIVENDU GUPTA	GOVERNMENT NOMINEE DIRECTOR	05.01.2023

(D) CHANGES IN THE LIST OF DIRECTORS & CHAIRMANSHIP/MEMBERSHIP IN BOARD LEVEL COMMITTEE IN MTNL (BETWEEN 01.04.2023 AND 31.07.2023) AND THEIR DIRECTORSHIP IN OTHER COMPANIES: -NIL

None of the Directors of the Company are related to each other and there are no inter-se relationships between the Directors. As on March 31, 2023, none of the Directors hold equity shares in the Company. The Company has not issued any convertible instruments. None of the Directors on the Board is a Director in more than 7 listed entities. None of the Non – Executive Directors is an Independent Director in more than 7 listed entities as required under the SEBI (LODR) Regulations. Further, CMD and other functional directors do not serve as Independent Directors in any listed company. None of the Directors held Directorships in more than 20 Indian Companies, with more than 10 Public Limited Companies. None of the Directors on the Board is a member of more than 10 Committees or Chairman of 5 Committees (Committees being Audit Committee and Stakeholder Relationship Committee) across all Public Companies in India, in which he/she is a Director.

All Directors are in compliance with the limit on Directorships/Independent Directorships of Listed Companies as prescribed under Regulation 17A of the SEBI (LODR) Regulations.

Necessary disclosures i.e., Form MBP-1 i.e., Notice of Interest by Director for the pursuant to Section 184(1) of Companies Act, 2013 and Rule 9 (1) of Companies (Meeting of Board and its Power) Rule 2014 have been obtained from all the directors. Also Certificate pursuant to Regulation 26(3) of SEBI (LODR) Regulation, 2015 regarding Membership/Chairmanship of Board Level Committee for the Financial Year 2022-23 has been taken from all the directors.

(IV) Attendance of Directors at the Board Meetings during the Financial Year 2022-23 and in the last Annual General Meeting (36th AGM held on 10.10.2022).

The Company holds regular Board Meetings as per the provisions of the Companies Act, 2013 and adheres to the Secretarial Standards on the Board & Committee Meetings as prescribed by The Institute of Company Secretary of India (ICSI). The Board has complete access to all information of the Company. The Company Secretary in consultation with the Chairman & Managing Director sends a written notice of each Board Meeting to each Director. The agenda papers containing all necessary information/documents are available to the Board/Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. The information as specified in the SEBI (LODR) Regulation, 2015 is regularly made available to the Board, whenever applicable, for discussion & consideration. The directors can suggest inclusion of any item(s) in the agenda at the Board meeting. The agenda is placed before the Board inter alia includes the information as mentioned in Schedule II Part A of SEBI (LODR) Regulation 2015. During the Financial Year 2022-23, a total of 04 meetings of the Board were held and the gap between two meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings as per the Companies Act 2013. The minutes of the meetings of all the Board and Committees are circulated to all the Directors after incorporating the comments of the Directors.

NAME OF THE DIRECTOR	NO. OF BOARD MEETINGS		PERCENTAGE OF ATTENDANCE (%)	ATTENDANCE AT THE LAST AGM i.e. 36TH AGM (HELD ON 10.10.2022)	REMARKS
	HELD DURING THEIR TENURE	ATTENDED DURING THEIR TENURE			
PRAVIN KUMAR PURWAR, CMD	4	4	100%	Yes	
YOJANA DAS, DIRECTOR (FINANCE)	3	3	100%	YES	Ceased to be Director of MTNL w.e.f. 30.11.2022
ARVIND VADNERKAR DIRECTOR (HR&EB)	4	4	100%	YES	
V. RAMESH DIRECTOR (TECHNICAL)	4	4	100%	NO	Was Appointed Director w.e.f. 01.04.2022
RAJIV KUMAR, DIRECTOR (FINANCE)	1	1	100%	NA	Was Appointed Director w.e.f. 02.12.2022
NAVNEET GUPTA, GOVERNMENT NOMINEE DIRECTOR	NA	NA	NA	NA	Ceased to be Director of MTNL w.e.f. 17.05.2022
AMITABH RANJAN SINHA, GOVERNMENT NOMINEE DIRECTOR	NA	NA	NA	NA	Ceased to be Director of MTNL w.e.f. 30.05.2022
PREMJIT LAL, GOVERNMENT NOMINEE DIRECTOR	3	1	33.33%	NO	Was Appointed Director w.e.f. 17.05.2022 & Ceased to be Director of MTNL w.e.f. 17.11.2022
YASHASHRI SHUKLA, GOVERNMENT NOMINEE DIRECTOR	3	0	0	YES	Was Appointed Director w.e.f. 26.05.2022 & Ceased to be Director of MTNL w.e.f. 26.12.2022
VISHWAS PATHAK INDEPENDENT DIRECTOR	4	4	100%	YES	
SARV DAMAN BHARAT INDEPENDENT DIRECTOR	4	3	75%	YES	
DEEPIKA MAHAJAN INDEPENDENT DIRECTOR	4	4	100%	YES	
YOGESH KUMAR TAMRAKAR INDEPENDENT DIRECTOR	4	2	50%	NO	
PIYUSH RANJAN NISHAD INDEPENDENT DIRECTOR	4	2	50%	NO	Was Appointed Director w.e.f. 21.04.2022

(V) DETAILS OF BOARD MEETINGS AND DATES & PLACES AT WHICH HELD DURING THE FINANCIAL YEAR 2022-23 (01.04.2022 TO 31.03.2023) ARE GIVEN BELOW: -

S. No.	Meeting No.	Date	Place	No. of Directors present
1	350	30.05.2022	New Delhi	9/11
2	351	12.08.2022	New Delhi	7/11
3	352	14.11.2022	New Delhi	8/11
4	353	14.02.2023	New Delhi	10/11

(VI) INDEPENDENT DIRECTORS

Independent Directors are appointed by the Govt. of India and hold the position of Non-executive Directors as defined under Regulation 16(1) (b) of the SEBI (LODR) Regulation, 2015 read with Section 149(6) of the Act. The maximum tenure of Independent Directors is three years. As required under Regulation 46(2)(b) of the SEBI(LODR) Regulations, the Company will give Formal Letter of Appointment to Independent Directors. The terms and conditions of their appointment will be posted on the Company's website. Each newly appointed Independent Director will be provided with an appointment letter which sets out their Role, Functions, Duties & Responsibilities and copy of the Code of Conduct is also made available to them.

On 21.04.2022, One Independent director i.e. Shri Piyush Ranjan Nishad has been appointed by the Govt. of India. The total number of Independent directors as on 31.03.2023 now stands at 5 (five). Formal Letter of Appointment was given to him and is also uploaded in the website https://mtnl.in/letterofappointment.pdf.

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

The Independent Directors are paid an amount of Rs.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 etc. incurred by Independent Directors for attending such meetings are also reimbursed.

The Sitting fees paid to the Independent Directors during the Financial Year 2022-23 is as under:

S1. No	Name Of the Independent Director	Sitting fees						
		Board Meetings	Committee Meetings					Total Amount in Rupees
			Audit Committee	CSR Committee	Nomination & Remuneration Committee	Stakeholder Relationship Committee	Enterprise Risk Management Committee	
1.	SARV DAMAN BHARAT	30000	30000	NA	10000	10000	NA	80000
2*.	DEEPIKA MAHAJAN	40000	40000	NA	10000	NA	NA	90000

3**.	VISHWAS PATHAK	30000	40000	NA	NA	NA	10000	80000
4**.*	YOGESH KUMAR TAMRAKAR	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5.	PIYUSH RANJAN NISHAD	20000	NA	NA	NA	NA	NA	20000

*Ms. Deepika Mahajan attended Audit Committee Meeting on 12.08.2022 and 14.11.2022 as Special Invitee.

**Shri Vishwas Pathak did not take sitting fees for Board & Audit Committee held on 30.05.2022 respectively

***Shri Yogesh Tamrakar, Independent Directors of MTNL has relinquished their right to receive the sitting fees for attending the Board and its Committee Meetings.

(VII) MEETING OF INDEPENDENT DIRECTORS

A separate meeting of Independent Directors of the Company without the presence of the Functional Directors & the Management Representatives was held on February 14, 2023 as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the SEBI (LODR) Regulations.

All the Independent Directors except Shri Piyush Ranjan Nishad of the Company attended the Meeting of Independent Directors held on February 14, 2023. The Independent Directors expressed their satisfaction to the desired level on the governance of the Board.

(VIII) SERVICE CONTRACTS AND SEVERANCE FEE

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

(VIII) FAMILIARIZATION PROGRAMME FOR DIRECTORS

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

(IX) SEPARATION OF POSTS OF CHAIRMAN & CHIEF EXECUTIVE OFFICER

Separation of posts of Chairman & Chief Executive Officer which is made as discretionary requirement vide amendment to LODR issued on 22.03.2022 to Part -E of Schedule -II read with Regulation 27 of LODR is not applicable as it is discretionary only and also as appointment of CMDs in PSUs is made by Govt. for a tenure of 5 years.

(X) INTERNAL CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN DEALING WITH SECURITIES OF MTNL

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors of the Company has adopted the Revised Internal Code of Conduct for Prevention of Insider Trading in Dealing with Securities of MTNL. All the Directors, Employees of the Company and their immediate relatives and other connected persons who could have access to the Unpublished Price Sensitive Information of the Company, are governed under this Insider Trading Code. The Company Secretary of the Company is the 'Compliance Officer' for the purpose of this Regulation. The policy is available in the following link https://mtnl.in/internalcodeofconduct.pdf

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

As required under the SEBI (LODR) Regulations, the list of core skills/ expertise/ competencies as identified by the Board of Directors in the context of its business and sector for it to function effectively and those available with the Board are as under:

Matrix of skills / expertise/competencies:

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

b) **Behavioural Skills:** Attributes and Competencies to use their knowledge and skills to function well as a team-members and to interact with key stakeholders.

c) **Strategic thinking and Planning:** Appreciation of long-term trends, strategic choices, and experience in guiding and leading management teams to make decisions in uncertain environments.

d) **Financial Skills**

e) **Governance:** Experience in developing governance practices, serving the best interest of all stakeholders, maintaining Board and Management accountability, building long-term effective stakeholders engagements and driving corporate ethics and values.

f) **Technical/Professional skills and specialized Knowledge** to assist the ongoing aspects of the business. The Board of the Company is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, sector expertise and special skills.

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

S.NO.	POST OF FUNCTIONAL DIRECTOR	SKILLS/EXPERTISE/COMPETENCIES REQUIRED
1.	**CMD**	Applicant should have proven Managerial Ability in manning a large Telecom Organization. Engineering Graduate candidates shall be preferred. He should possess leadership quality, vision and drive etc. He should be a Person of Outstanding Personality, Professional Competency and proven Managerial Ability. As the Head of the organization, he/she should be able to co-ordinate and interact effectively with various other institutions and agencies. Shri P.K.Purwar the present CMD is having the requisite qualification and experience. Further w.e.f. 15.04.2020, he was entrusted with additional charge of CMD apart from a Regular Charge of CMD of BSNL.Additional charge of CMD BBNL is also entrusted with him.
2.	**Director (HR & EB)**	The incumbent should have Post Graduate Degree/Diploma in Personnel Management or M.B.A. with specialization in Personnel Management/ Industrial Relations. A degree in Law will be an added advantage. A Person should have vast experiences in Industrial Relations & in a Service/ Manufacturing Sector. Shri Arvind Vadnerkar the present Director (HR & EB) is having the requisite qualification and experience. Further w.e.f. 01.09.2021 he was entrusted with additional charge of Director (HR) apart from his Regular Charge of Director (HR) of BSNL.
3.	**Director (Finance)**	The incumbent should possess a Cost Accountant/Chartered Accountant/ MBA (Finance) degree from a recognized University/Institution with good academic record with managerial experience at a senior level in Corporate Financial Management and accounts including Cost, Budgetary Control, Institutional Finance, Working Capital Management etc. Shri Rajiv Kumar, the present Director (Finance) is having the requisite qualification and experience. Further w.e.f. 02.12.2022 he was entrusted with additional charge of Director(Finance) apart from his Regular Charge of Director(Finance) of BSNL.Additional charge of Director(Finance) BBNL is also entrusted with him.
4.	**Director (Technical)**	The incumbent should be an Engineering Graduate or equivalent preferably in Telecommunications Engineering with good academic record from a recognized University/Institution. He should have adequate experience at senior level in large organization of good repute. Preferably in the field of Operations, Mtce., Planning and Development of large Telecom Network. Shri V.Ramesh, the present Director (Technical) is having the requisite qualification and experience.Further w.e.f. 01.04.2022 he was entrusted with additional charge of Director (Technical) apart from his Regular Charge of Dir(Technical) of BSNL.Additional charge of Director (Technical) BBNL is also entrusted with him.

Presently i.e. as on 31.03.2023, MTNL has four Functional Directors, five Independent Directos and two Government Nominee Directors on its Board. The Govt. Nominee Directors hold requisite qualification and joined Central Govt. Services through UPSC.

2. AUDIT COMMITTEE

A qualified and independent Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations.

(I) TERMS OF REFERENCE OF AUDIT COMMITTEE

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

1. Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
2. Reviewing with Management the Quarterly and Annual Financial Statements alongwith related party transactions, if any, before submission to the Board.
3. Approval or any subsequent modification of transactions of the Company with related parties.
4. Reviewing with the Management and Statutory and Internal Auditors, the adequacy of internal control systems.
5. Discussion with Internal Auditors on Annual Internal Audit Program, Significant Audit Findings and follow up on such issues.
6. Discussion with Statutory Auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern.
7. Reviewing the Company's financial and risk management policies. - Evaluation of internal financial controls and risk management systems.
8. Reviewing with the Management, the observations / comments / assurances of Statutory Auditors and the Comptroller & Auditor General of India (CAG).
9. Review with the Management, the follow-up action taken on the recommendations of the Parliamentary Committee on Public Undertaking (CoPU), if any.
10. Review of Cost Audit Report.
11. To examine, decide and deal with all issues relating to Ethics in the Company.
12. Review of functioning of Whistle Blower Policy.
13. Carrying out any other function as may be referred to the Committee by the Board.

(II) COMPOSITION OF AUDIT COMMITTEE

As on 31.07.2023, the Audit Committee consists of the following Members: -

1.	Shri Vishwas Pathak, Independent Director	Chairman
2.	Shri Sarv Daman Bharat, Independent Director	Member
3.	Shri Shivendu Gupta, Government Nominee Director	Member
4.	Ms. Deepika Mahajan, Independent Director	Member

As on 31.03.2023, the Audit Committee consists of the following Members: -

1.	Shri Vishwas Pathak, Independent Director	Chairman
2.	Shri Sarv Daman Bharat, Independent Director	Member
3.	Shri Shivendu Gupta, Government Nominee Director	Member
4.	Ms. Deepika Mahajan, Independent Director	Member

The Members of the Audit Committee have requisite financial and management expertise. All the recommendations of the Audit Committee made in the Financial Year 2022-23 have been accepted by the Board of Directors. The Audit Committee meetings are usually attended by Director (Finance), CFO & GM (Finance), MTNL CO and G.M.s(Finance) Delhi & Mumbai and officers of Accounts Section. The Statutory Auditors & Internal Auditors also attend the Audit Committee meetings by invitation. The Company Secretary acts as the Secretary to the Committee.

(III) ATTENDANCE OF DIRECTORS AT THE AUDIT COMMITTEE MEETINGS DURING THE FINANCIAL YEAR 2022-23.

The Audit Committee held 05 meetings during the Financial Year 2022-23 and the gap between two meetings did not exceed one hundred and twenty days.

NAME OF THE DIRECTOR	NO. OF AUDIT COMMITTEE MEETINGS ATTENDED	PERCENTAGE (%)	REMARKS
Shri Amitabh Ranjan Sinha, Government Nominee Director	NA	NA	Ceased to be Member w.e.f. 30.05.2022
Shri Vishwas Pathak, Independent Director	5/5	100%	
Shri Sarv Daman Bharat, Independent Director	3/5	100%	
Shri Premjit Lal, Government Nominee Director	2/2	100%	Became Member w.e.f. 30.05.2022 and Ceased to be Member w.e.f. 17.11.2022
Ms. Deepika Mahajan, Independent Director	2/2	100%	Became Member w.e.f. 28.12.2022
Shri Sunil Kumar Verma, Government Nominee Director	NA	NA	Became Member w.e.f. 28.12.2022 and Ceased to be Member w.e.f. 05.01.2023
Shri Shivendu Gupta, Government Nominee Director	1/1	100%	Became Member w.e.f. 14.02.2023

(IV) DETAILS OF AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2022-23 (01/04/2022 TO 31/03/2023)

Sl. No.	Meeting No.	Date	Place	No. of Members Attended
1	132	30.05.2022	New Delhi	2/2
2	133	12.08.2022	New Delhi	2/3
3	134	14.11.2022	New Delhi	3/3
4.	135	12.01.2023	Mumbai	2/3
5.	136	14.02.2023	New Delhi	4/4

4. NOMINATION & REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee (NRC) has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the SEBI (LODR) Regulations.

(I) Terms of Reference of Nomination & Remuneration Committee

MTNL being a Government Company, the appointment and the terms and conditions of appointment (including remuneration) of the Whole-Time Directors are decided by the Government of India. However, the Board has constituted a Nomination & Remuneration Committee. The Government Nominee Directors do not get any remuneration from the Company. The Independent Directors are being paid sitting fee of Rs. 10,000/- for attending each meeting of the Board or Committee thereof. They are reimbursed travel expenses & hotel expenses on this account, if any in addition to the sitting fees. The Company does not have any Employee Stock Option Scheme.

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

(II) COMPOSITION OF NOMINATION & REMUNERATION COMMITTEE

As on 31.07.2023, the Nomination & Remuneration Committee consists of the following Members: -

1.	Ms. Deepika Mahajan, Independent Director	Chairperson
2.	Shri Sarv Daman Bharat, Independent Director	Member
3.	Shri Sunil Kumar Verma, Government Nominee Director	Member

As on 31.03.2023, the Nomination & Remuneration Committee consists of the following Members: -

1.	Ms. Deepika Mahajan, Independent Director	Chairperson	Became Chairperson & Member w.e.f. 23.11.2021
2.	Shri Amitabh Ranjan Sinha, Government Nominee Director	Member	Became Member w.e.f. 01.09.2021 and Ceased to be Member w.e.f. 30.05.2022
3.	Shri Premjit Lal, Government Nominee Director	Member	Became Member w.e.f. 30.05.2022 and Ceased to be Member w.e.f. 17.11.2022
4.	Shri Sarv Daman Bharat, Independent Director	Member	Became Member w.e.f. 12.11.2021
5.	Shri Sunil Kumar Verma, Government Nominee Director	Member	Became Member w.e.f. 28.12.2022

The Company Secretary acts as the Secretary to the Committee.

(III) ATTENDANCE OF DIRECTORS AT THE NOMINATION & REMUNERATION COMMITTEE DURING THE FINANCIAL YEAR 2022-23

One meeting of the Nomination & Remuneration Committee was held during the Financial Year 2022-23 which was attended by all the members of the Committee.

Sl. No.	Date	Place	No. of Members Attended
1	14.02.2023	New Delhi	3/3

NAME OF THE DIRECTOR	NO. OF NOMINATION & REMUNERATION COMMITTEE MEETING ATTENDED	PERCENTAGE (%)
Ms. Deepika Mahajan, Chairperson & Independent Director	1/1	100%
Shri Sarv Daman Bharat, Independent Director	1/1	100%
Shri Sunil Kumar Verma, Government Nominee Director	1/1	100%

(IV) THE DETAILS OF REMUNERATION PAID TO THE WHOLE- TIME DIRECTORS DURING FY 2022 -23 ARE GIVEN BELOW:

NAME OF THE WHOLE TIME DIRECTORS	ALL ELEMENTS OF REMUNERATION PACKAGE I.E., SALARY, PF CONTRIBUTION, PENSION, GRATUITY ETC	PERFORMANCE LINKED INCENTIVES*	OTHER BENEFITS (PERQUISITES)	TOTAL AMOUNT IN RUPEES
Shri Pravin Kumar Purwar, CMD	NIL	NIL	NIL	NIL
Shri Arvind Vadnerkar, Director (HR & EB)	NIL	NIL	NIL	NIL
Ms Yojana Das, Director (Finance) (Ceased to be Director w.e.f. 30.11.2022	NIL	NIL	NIL	NIL
Shri V. Ramesh, Director (Technical) (Appointed Director w.e.f. 01.04.2022)	NIL	NIL	NIL	NIL
Shri Rajiv Kumar, Director (Finance) (Appointed Director w.e.f. 02.12.2022)	NIL	NIL	NIL	NIL

** relating to FY 2022-23*

The Company also reimburses out-of-pocket expenses (travel expenses, hotel expenses etc.) incurred by the Independent Directors for attending Board and its Committee meetings.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178 (5) of the Act and Regulation 20 of the SEBI (LODR) Regulations.

(I) Terms of Reference of Stakeholder Relationship Committee

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

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholder.
3. Review of adherence to the service standards adapted by the listed entity in respect of various services being rendered by the Registered & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports notices by the shareholders of the company."

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

Letters of Shareholders received through SEBI (SCORES)/Stock Exchange/MCA/Depositories/RTA/Other Statutory Authorities are considered as complaints. The day-to-day requests received from shareholders are taken up by M/s Beetal Financial & Computer Services (P) Ltd, the RTA of the Company directly and are not included in the complaints. During the F.Y. 2022-23, 2 complaints were received from the Shareholders directly or through SEBI (SCORES)/Stock Exchange/MCA, etc. and all the 2 complaints have been resolved. The Shareholder's related matters/issues are given top priority and are resolved within a reasonable period. The investors may submit their request/ grievances through e-mail to the RTA and the Company. The Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the Investor's grievances. Contact information of the designated officials of MTNL who are responsible for assisting & handling Investor Grievances of MTNL and email address for Investor/Shareholder Grievances Redressal & relevant details are uploaded in Company's website and can be accessed at https://mtnl.in/investors.html.

(II) Composition of Stakeholders Relationship Committee

As on 31.07.2023, the Stakeholders Relationship Committee consists of the following Members: -

1.	Shri Sunil Kumar Verma, Government Nominee Director	Chairperson	Became Chairperson w.e.f. 28.12.2022
2.	Shri Sarv Daman Bharat, Independent Director	Member	Became Member w.e.f. 28.12.2022
3.	Shri Rajiv Kumar, Director (Finance)	Member	Became Member w.e.f. 28.12.2022

As on 31.03.2023, the Stakeholders Relationship Committee consists of the following members: -

1.	Shri Amitabh Ranjan Sinha, Government Nominee Director	Chairman	Became Chairman & Member w.e.f. 01.09.2021 and Ceased to Chairman & Member w.e.f. 30.05.2022
2.	Ms. Yojana Das, Director (Finance)	Member	Became Member w.e.f. 01.09.2021 & Ceased to be Member w.e.f. 30.11.2022
3.	Shri Yogesh Kumar Tamrakar, Independent Director	Member	Became Member w.e.f. 12.11.2021 & Ceased to be Member w.e.f. 28.12.2022
4.	Ms. Yashashri Shukla, Government Nominee Director	Chairperson	Became Chairperson w.e.f. 30.05.2022 & Ceased to be Chairperson w.e.f. 26.12.2022
5.	Shri Sunil Kumar Verma, Government Nominee Director	Chairperson	Became Chairperson w.e.f. 28.12.2022
6.	Shri Sarv Daman Bharat, Independent Director	Member	Became Member w.e.f. 28.12.2022
7.	Shri Rajiv Kumar, Director (Finance)	Member	Became Member w.e.f. 28.12.2022

The Company Secretary acts as the Secretary to the Committee.

(II) **Attendance of Directors at the Stakeholders Relationship Committee Meetings during the Financial Year 2022-23**

One meeting of the Stakeholders Relationship Committee was held during the Financial Year 2022-23 which was attended by all the members of the Committee.

Sl. No.	Date	Place	No. of Members Attended
1	14.02.2023	New Delhi	3/3

NAME OF THE DIRECTOR	NO. OF STAKEHOLDERS RELATIONSHIP COMMITTEE ATTENDED	PERCENTAGE (%)
Shri Sunil Kumar Verma, Chairperson & Government Nominee Director	1/1	100%
Shri Sarv Daman Bharat, Independent Director	1/1	100%
Shri Rajiv Kumar, Director (Finance)	1/1	100%

(IV) Details of Stakeholders Relationship Committee Meetings held during the Financial Year 2022-23 (01/04/2022 to 31/03/2023)

One meeting of the Stakeholders Relationship Committee was held on 14.02.2023 during the Financial Year 2022-23.

6. CORPORATE SOCIAL RESPONSIBILTY ("CSR") COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act.

(I) **Terms of Reference CSR Committee**

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

Since MTNL is incurring losses for the last four years, and last 3 year's average is not showing profits, no fund has been earmarked for the CSR activities. However, MTNL is doing non-functioning CSR activities through SMS, etc. spreading awareness of the steps to be taken for Prevention of COVID 19, Swachh Bharat, Pulse Polio etc.

(II) Composition of CSR Committee

As on 31.07.2023, Corporate Social Responsibility (CSR) Committee consists of the following members: -

1.	Shri Arvind Vadnerkar, Director (HR & EB)	Chairman
2.	Ms. Deepika Mahajan, Independent Director	Member
3.	Shri Vishwas Pathak, Independent Director	Member
4.	Shri Rajiv Kumar , Director (Finance)	Member

As on 31.03.2023, Corporate Social Responsibility (CSR) Committee consists of the following members: -

1.	Shri Arvind Vadnerkar, Director (HR & EB)	Chairman	Became Chairman w.e.f. 12.11.2021
2.	Ms. Yojana Das, Director (Finance)	Member	Ceased to be Member w.e.f. 30.11.2022
3.	Ms. Deepika Mahajan, Independent Director	Member	Became Member w.e.f. 23.11.2021
4.	Shri Vishwas Pathak, Independent Director	Member	Became Member w.e.f. 12.11.2021
6.	Shri Rajiv Kumar , Director (Finance)	Member	Became Member w.e.f. 28.12.2022.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The CSR Policy is available on the website of the Company at the web link: https://mtnl.in/csr_2014.pdf.

The Company Secretary acts as the Secretary to the Committee

No Meeting of the CSR Committee was held during the Financial Year 2022-23.

7. ENTERPRISE RISK MANAGEMENT COMMITTEE

(I) Terms of Reference of Enterprise Risk Management Committee

The Enterprise Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the SEBI (LODR) Regulations. The Enterprise Risk Management Committee of the Board of Directors has been entrusted with the responsibility to assist the Board in overseeing and approving the Company's risk management framework. The Company has a comprehensive Risk Policy detailing the risks that the Company faces under various categories like Market/Competition Risk, Policy and Regulation Risk and Regulatory Compliance Risk, Technology Risk/Quality of Service Risk, Operational Risk, Ongoing Concern Risk, Internal Control Failures and Integrity Of Financial Information Risk, Information Technology & Systems Security Risk, Disaster Management and Business Continuity Risk, Greater Transparency and Entity Level Ethical & Governance Risk and other risks and these have been identified and suitable mitigation measures have also been formulated. The functions of the Enterprises Risk Management Committee shall inter-alia includes cyber security. The Enterprises Risk Management Committee reviews the key risks faced by the Company and its mitigation measures periodically.

The ERM Policy of the Company is included in Management Discussions and Analysis (MD&A) Report which is included as Annexure to the Director's Report.

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

i. Assessing the Risk Management Procedures relating to Identification and Evaluation of all types of risks, namely, Strategic, Operational, Legal and Regulatory, Information systems and external risks that the Company / Group is exposed to;

ii. Review and oversee The Risk Management, Compliance, and Control Procedures;

iii. Review the Risk Assessment and Mitigation Procedures;

iv. Recommend to the Board a Risk Management Plan for the Company and monitor the functioning of the said plan;

v. Determine and finalize the risks that the Company and that of its Subsidiaries is exposed to and review their mitigation measures;

vi. Review the Legal Compliance System;

vii. Such other terms as the Board may indicate from time to time.

(II) Composition of Enterprise Risk Management Committee

As on 31.07.2023, the Enterprise Risk Management Committee consists of the following Members: -

1.	Shri Rajiv Kumar Director (Finance)	Chairman
2.	Shri V. Ramesh , Director (Technical)	Member
3.	Shri Vishwas Pathak, Independent Director	Member

As on 31.03.2023, the Enterprise Risk Management Committee consists of the following Members: -

1.	Shri Rajiv Kumar Director (Finance)	Chairman	Became Chairman w.e.f. 28.12.2022
2.	Ms. Yojana Das, Director (Finance)	Chairperson	Ceased to be Chairperson & Member w.e.f. 30.11.2022
3.	Shri Yogesh Kumar Tamrakar, Independent Director	Member	Ceased to be Member w.e.f 28.12.2022.
4.	Shri V. Ramesh , Director (Technical)	Member	Became Member w.e.f. 01.04.2022 .
5.	Shri Vishwas Pathak, Independent Director	Member	Became Member w.e.f. 28.12.2022.

The Company Secretary acts as the Secretary to the Committee.

(II) **ATTENDANCE OF DIRECTORS AT THE ENTERPRISE RISK MANAGEMENT COMMITTEE MEETINGS DURING THE FINANCIAL YEAR 2022-23.**

Two meeting of the Enterprise Risk Management Committee was held during the Financial Year 2022-23 which was attended by all the members of the Committee.

Sl. No.	Date	Place	No. of Members Attended
1	12.08.2022	New Delhi	2/3
2.	14.02.2023	New Delhi	3/3

NAME OF THE DIRECTOR	NO. OF ENTERPRISE RISK MANAGEMENT COMMITTEE ATTENDED	PERCENTAGE (%)
Ms. Yojana Das, Director (Finance)	1/1	100%
Shri Yogesh Kumar Tamrakar, Independent Director	NIL	NIL
Shri Rajiv Kumar, Chairman & Director (Finance)	1/1	100%
Shri V. Ramesh , Director (Technical)	2/2	100%
Shri Vishwas Pathak, Independent Director	1/1	100%

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

(i) The Company has constituted STC consisting of 2 Senior Management level officers who look after the Share Transfer/Transmission/Transposition/Remat/Demat/ Consolidation/ Splitting of share earned. The Committee reviews all such cases fortnightly.

(ii) Shares sent for transfer in Physical form are registered and returned by our Registrar & Share Transfer Agent in 15 days of receipt of the documents, provided the documents are found to be in order. Shares under objection are returned within 2 weeks.

(iii) All the requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

9. COMPANY SECRETARY & COMPLIANCE OFFICER

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

Address: Mahanagar Doorsanchar Sadan, 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi-110003.**Tel No.** 011- 24317225 **E-mail:**mtnlcsco@gmail.com, mtnlcsco@bol.net.in

10. (i) LOCATION, DATE AND TIME FOR LAST THREE ANNUAL GENERAL MEETING

NATURE OF MEETING	DATE AND TIME	VENUE	SPECIAL RESOLUTION PASSED IN THE LAST 3YRS AGM
36TH ANNUAL GENERAL MEETING (2022)	10th October, 2022, 11:30 A.M.	Meeting Held Through VC/ OAVM	1. To raise the Borrowing Powers of the Board from Rs.30, 000 crores to Rs. 35, 000 crores. 2. To approve the Issue of Non-Convertible Debentures on Private Placement Basis 3. To approve Alteration in the Article 69(11)(f) and insertion in para no. 24 of the Article 72 of the Articles of Association of MTNL.
35TH ANNUAL GENERAL MEETING (2021)	25th November, 2021, 11:30 A.M.	Meeting Held Through VC/ OAVM	1. To approve Alteration in Article 69(ii)(f) and Article 72 of Articles of Association of MTNL 2. To raise the Borrowing Powers of Board from Rs. 25000 crore to Rs. 30000 crore 3. To approve the issue of Non-Convertible Debentures on Private Placement basis 4. Appointment of Shri Vishwas Pathak (DIN - 00093771), Non Official Independent Director of the Company 5. Appointment of Shri Sarv Daman Bharat (DIN - 09393017), Non Official Independent Director of the Company 6. Appointment of Smt. Deepika Mahajan (DIN - 09408802), Non Official Independent Director of the Company 7. Appointment of Shri Yogesh Kumar Tamrakar (DIN - 00070734), Non Official Independent Director of the Company
34TH ANNUAL GENERAL MEETING (2020)	31st December, 2020, 11:30 A.M.	Meeting Held Through VC/ OAVM	No Special Resolution was passed

(ii) Postal Ballot Passed by Shareholders through E-voting during FY 2022-23:

(a) During the year under review, ordinary/special resolutions for appointment of following Directors were passed by Shareholders by requisite majority by way of Postal Ballot through notice dated 17.05.2022 & 20.05.2022, 18.07.2022 and 16.01.2023 respectively through E-voting process:

SI. No.	Description of the Resolution	Resolution
1.	Appointment of Shri V. Ramesh (DIN: 08771524), as Director (Technical) of the Company	Ordinary
2.	Appointment of Shri Piyush Ranjan Nishad (DIN: 09579746), as Non-Official Independent Director of the Company	Special
3.	Appointment of Shri Premjit Lal, (DIN: 07049152), DDG(PM), DOT as Government Nominee Director of the Company	Ordinary
4.	Appointment of Ms. Yashashri Shukla, (DIN:09526509), JT. Admin/USOF, DOT as Government Nominee Director of the Company	Ordinary
5.	Appointment of Shri Sunil Kumar Verma, (DIN: 09800644), Joint Secretary (A),DOT as Government Nominee Director of the Company	Ordinary
6.	Appointment of Shri Rajiv Kumar (DIN-09811051), Director Finance, BSNL as Director (Finance) of the Company	Ordinary
7.	Appointment of Shri Shivendu Gupta, (DIN: 09850201), DDG(WPF),DOT as Government Nominee Director of the Company	Ordinary

(b) The Board of Directors of your Company appointed CS Hemant Kumar Singh, Prop. of M/s Hemant Singh & Associates, Practicing Company Secretaries, Delhi (C.P. No. 6370 and FCS 6033), as Scrutinizer for conducting the abovementioned Postal Ballot and E-voting process.

(c) Dispatch of the Postal Ballot Notice dated 17.05.2022 & 20.05.2022, 18.07.2022 and 16.01.2023 respectively along with explanatory statement was made to all the eligible Shareholders of the Company.

(d) E-voting period in respect of Postal Ballot Notice dated 17.05.2022, 18.07.2022 and 16.01.2023 respectively is given below:- (i) Friday, 27th May, 2022 (9.00 AM) and ends on Saturday, 25th June, 2022 (5.00 PM).(ii) Friday, 29th July, 2022 (9.00 AM) and ends on Saturday, 27th August, 2022 (5.00 PM) and (iii) Saturday, 21st January, 2023 (9.00 AM) and ends on Sunday, 19th February, 2023 (5.00 PM)

(iii) Whether any Special Resolution is proposed to be conducted through Postal Ballot – At present, there is no proposal to pass any Special Resolution through Postal Ballot. None of the business proposed to be transacted in the ensuring Annual General Meeting require passing a special resolution through Postal Ballot.

(iv) Procedure for Postal Ballot – Not Applicable

11. DISCLOSURES

(I) CEO/CFO Certification - CMD & CFO of the Company have given the CEO/CFO Certification to the Board for the Financial Year 2022-23. The Certificate is attached as Annexure to this report.

(II) Pursuant to Part C (2) (i) of Schedule V of SEBI (LODR) 2015, the Board of Directors of MTNL is in the opinion that the Independent Directors fulfilled the conditions specified in these regulations and are independent of the Management.

(III) Pursuant to Part C (10) (i) of SEBI (LODR), 2015, M/s Mritunjay Shekhar & Associates, Company Secretary in Practice has furnished a Certificate that None of the Directors in the Board of MTNL has been debarred or disqualified from being appointed or continue as Directors of Company by the Board/ Ministry of Corporate Affairs (MCA) or any other Statutory Authority for the FY 2022-23. The Certificate is attached as Annexure to this report.

(IV) Pursuant to Schedule V Part C (10) (k) of SEBI (LODR), 2015, during the last two financial years i.e. 2021-22 & 2022-23 there has been no instance of Non-Compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or the SEBI or any statutory authorities, on any matter related to capital markets. For further information, kindly refer Annual Secretarial Compliance Certificate and Corporate Governance Report for the Financial Year 2022-23 attached as an Annexure to the Directors Report.

(V) All mandatory requirement of the DPE Guidelines in Corporate Governance for CPSEs and SEBI (LODR), 2015 have been duly complied by the Company. A Certificate of Compliance with Corporate Governance under SEBI (LODR), 2015 has been obtained from M/s Mritunjay Shekhar & Associates for the Financial Year 2022-23, and placed as annexure to the Directors Report.

(VI) Pursuant to SEBI Circular No. CIR/CFDCMD1/27/2019 dtd. 08/02/2019 an Annual Secretarial Compliance Certificate for the Financial Year 2022-23 has been obtained from M/s Mritunjay Shekhar & Associates Practising Company Secretaries and has been filed in BSE & NSE on 10.05.2023, and placed as annexure to the Directors Report.

(VII) 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: http://mtnl.in/Policy_relpartytransac.pdf

(VIII) Whistle Blower Policy: The Policy on Whistle Blower may be accessed on the Company's Website at the link: http://mtnl.in/whistleBlowerPolicy.pdf . The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior as defined under Regulation 22 of SEBI (LODR) Regulation, 2015. The Company has a Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Employees may also report to the Chairman of the Audit Committee. During the year under report, no employee was denied access to the Audit Committee and no whistle blower complaint was received during the FY 2022-23.

(IX) 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: http://mtnl.in/policy_materialsubsidy.pdf The Audit Committee reviews the consolidated financial statements of the company. The minutes of the Board Meetings along with the report on significant developments of the unlisted subsidiary companies are placed before the Board of Directors of the Company regularly. The Company does not have any material non-listed Indian Subsidiary Company.

(X) Policy for Determining Materiality of an Event or Information: The Policy for determining Materiality of an event or information as defined under Regulation 30 of SEBI (LODR), 2015 has been approved by the Board and the same may be accessed on the Company's Website at the link: http://mtnl.in/PolicyfordeterminingMateriality.pdf.

(XI) Dividend Distribution Policy: The Policy as prescribed under Regulation 43A of SEBI (LODR) Regulation 2015 has been approved by the Board and the same may be accessed on the Company's Website at the link: https://mtnl.in/mddp.pdf

(XII) Preservation of Documents Required to be Maintained under SEBI (LODR), Regulation 2015 & Archival Policy of information hosted on the Website of MTNL: This Policy as prescribed under Regulation 9 of SEBI(LODR) Regulation 2015 & Archival Policy of information hosted on the Website of MTNL as prescribed under Regulation 30 of SEBI(LODR), 2015 has been approved by the Board and the same may be accessed on the Company's website at the link: http://mtnl.in/Preservation.pdf .

(XIII) The Policy for "Internal Code of Conduct for Prevention of Insider Trading in dealing with Securities of MTNL" covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading has been approved by the Board and the same may be accessed on the Company's Website at the link: https://mtnl.in/internalcodeofconduct.pdf All the

Directors, employees and third parties such as Auditors, Consultants etc. who could have access to the unpublished price sensitive information of the company are governed by this Code. The trading window is closed from the beginning of the Quarter till 48 hours after declaration of Financial Results and Notice of Closure of Trading Window is uploaded in MTNL's website https://mtnl.in/meeting.html and NSE and BSE websites on Quarterly Basis.

(XIV) Business Responsibility and Sustainability Report for the FY 2022-23: In order to comply with Regulation 34 (2) of SEBI (LODR) Regulation, 2015 & SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021, a Business Responsibility and Sustainability Report (BRSR) of MTNL describing the initiatives taken by MTNL on ESG (Environmental, Social and Governance) parameters has been prepared and placed as Annexure to Directors Report.

(XV) Share Capital Audit: M/s Hemant Singh & Associates., Practicing Company Secretaries has carried out a Share Capital Audit in Quarterly basis in FY 2022-23 to reconcile the total admitted equity share capital with the National Securities Depository(India) Limited ("NSDL") and the Central Depository Services Limited ("CDSL") and the total issued and listed equity share capital. The said report is also filed in NSE and BSE on Quarterly Basis.

(XVI) Code of Conduct for Directors, Key Managerial Personnel and Senior Management Personnel: The Board of Directors of MTNL has approved the Code of Conduct for Directors, Key Managerial Personnel and Senior Management Personnel as per Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Code lays down in detail the standard of business conduct, ethics governance and centers on the following theme: **"Integrity and transparency are the core value in all our business dealings. We shall act in compliance with applicable laws and regulations, in a manner that excludes considerations of personal advantage and will not compromise in our commitment to honesty and integrity in any aspect of our business. We are committed to excellence, in all our endeavors". The** Code may be accessed in the Company's website http://mtnl.in/codeofconduct.pdf.

(XVII) Certificate by the CMD regarding Affirmation of Compliance of Code of Conduct for Board of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel for the F.Y. 2022-23. The CMD has issued a Certificate of Compliance of the above code by all as under: -

Pursuant to Regulation 26 (3) and Schedule V (D) of SEBI (LODR) Regulations, 2015, I confirm that Board Members, Key Managerial Personnel and Senior Management Personnel of MTNL have affirmed compliance with the "MTNL's Code of Conduct" for Board Members, Key Managerial Personnel and Senior Management Personnel for the Financial Year 2022-23".

(P.K.PURWAR)
Chairman & Managing Director

PLACE: New Delhi
DATE: 05.07.2023

(XVIII) Means of Communication: -

a) The Quarterly, Half Yearly and Annual Financial Results were published in English and Hindi Newspapers on the SEBI prescribed format and are also posted on the Company's website i.e. https://mtnl.in/finres.html.

b) Annual Report: The Annual Report containing, inter-alia, Audited Financial Statements, Audited Consolidated Financial Statements, Director's Report, Auditor's Report, Business Responsibility & Sustainability Report, Management Discussion & Analysis (MD&A) Report and other important information is circulated to members through email and others entitled thereto & is also displayed on the Company's website www.mtnl.net.in and http://mtnl.in/annual.html in accordance with MCA Circulars.

c) NSE Electronic Application Processing System (NEAPS): NEAPS is a web based application designed by National Stock Exchange (NSE) for Corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, media releases, etc. are filed electronically on NEAPS in order to comply with Regulation 10 of SEBI (LODR), 2015 and the general public may view the same.

d) BSE Corporate Compliance & Listing Centre (the "Listing Centre"): The BSE's Listing Centre is the Web based application designed for Corporates. All periodical compliance filings like Shareholding pattern, Corporate Governance Report, media releases, etc. are filed electronically on BSE Listing Centre in order to comply with Regulation 10 of SEBI (LODR), Regulation 2015 and the general public may view the same.

e) SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

f) All filing in the Stock Exchanges are also simultaneously uploaded on the website of MTNL i.e. www.mtnl.net.in.

(XIX) General Shareholder Information:

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

(2) Date and Time of AGM – Friday, September 29, 2023 at 11.30 A.M through Video Conferencing (VC)/Other Audio Visual Means (OVAM)

Meeting is being conducted through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with general circulars dated April 8, 2020, April 13, 2020, January 13, 2021, December 14, 2021, May 05, 2022 and December 28, 2022 as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.

As required under Regulation 36(3) of the SEBI (LODR) Regulations and Secretarial Standard 2 on General Meetings, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

(3) Venue - Through Video Conferencing (VC)/Other Audio Visual Means (OVAM)

(4) Financial year - 1st April 2022 to 31st March 2023

(5) Financial Calendar

Board meeting for considering Audited Annual Accounts for the year ended on 31.03.2023	29th May, 2023
Submission of Audited Accounts to C&AG of India	6th June, 2023
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30th June 2023	11th August,2023
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30th September 2023	On or before 14th November, 2023
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the quarter ended on 31st December 2023	On or before 14th February, 2024
Board Meeting for Annual Financial Results and Unaudited Quarterly Financial Results for the Quarter ended on 31st March 2024	On or before 30th May, 2024

(6) Dates of Book Closure - 23rd September 2023 To 29th September 2023

(7) Dividend Payment Date - N.A.

(8) Name and address of each Stock Exchange at which Company Shares are listed and Stock code

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

The Bond issued by MTNL are listed in BSE. Details of Bonds issued by MTNL as on 31.03.2023 are given in the Directors Report.

Applications for delisting of MTNL's shares from Delhi, Calcutta & Madras Stock Exchanges have been filed with the above mentioned Stock Exchanges on 16th October, 2012. The shares of the company are delisted from Madras Stock Exchange w.e.f. 26.07.2013. Delhi Stock Exchange has intimated MTNL vide its letter dtd. 18.04.2023 that after its de-recognition, de-listing of shares of MTNL is not applicable.

No Confirmation of de-listing has been received from Calcutta Stock Exchange so far. However, the Company has not been paying listing fees to Calcutta Stock Exchange from the Financial Year 2013-14 onwards.

MTNL has de-listed its American Depository Receipts (ADR) from OTCQX International Market, New York on 01.10.2022. The current outstanding is 3,132,138 ADRs as on 31.03.2023.

(9) Dematerialisation

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

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

(11) Payment of Listing Fees and Annual Custody Fee: Annual Listing Fees and Annual Custody Fees for the Financial Year 2022-23 and 2023-24 has been paid by the Company to BSE & NSE and NSDL & CDSL respectively.

(12) STOCK MARKET PRICE DATA: Information relating to high & low price during each month in the Financial Year 2022-23 at BSE and NSE is given here under: -The Opening Price on BSE as on 01/04/2022 was Rs.23.00 and NSE as on 01/04/2022 was Rs. 22.70. The Closing Price on BSE as on 31/03/2023 was Rs. 18.09 and NSE as on 31/03/2023 was Rs. 18.05.

52 Week High and Low (for FY 2022-23) in NSE is Rs 30.30 (on 16.12.2022) and Rs 16.60 (on 28.03.2023) respectively.

52 Week High and Low (for FY 2022-23) in BSE is Rs 30.35 (on 16.12.2022) and Rs 16.60 (on 28.03.2023) respectively.

The Market Capitalization of MTNL as on 31.03.2023 is Rs 113715 lakhs (NSE) and the rank of MTNL is 907 among all the listed companies in NSE.

The Market Capitalization of MTNL as on 31.03.2023 is Rs 1139.67 Crores (BSE) and the rank of MTNL is 935 among all the listed companies in BSE.

MONTH	BOMBAY STOCK EXCHANGE (BSE)		NATIONAL STOCK EXCHANGE (NSE)	
	Month's High Price (Rs.)	Month's Low Price (Rs.)	Month's High Price (Rs.)	Month's Low Price (Rs.)
April, 2022	30.50	22.65	30.50	22.55
May, 2022	25.70	20.05	25.70	20.05
June, 2022	22.65	16.70	22.65	16.65
July, 2022	28.40	18.30	28.45	18.70
August, 2022	26.55	22.75	26.60	22.70
September, 2022	25.75	20.60	25.85	20.50
October, 2022	23.55	20.15	23.70	20.55
November, 2022	25.40	20.55	25.45	20.70
December, 2022	30.35	21.70	30.30	21.75
January, 2023	28.20	22.55	28.20	22.50
February, 2023	24.35	19.25	24.40	19.25
March, 2023	21.44	16.60	21.45	16.60

(13) 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- beetalrta@gmail.com. All Investor's Grievances have been promptly attended by the RTA.

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

1. M/s Karvy Fintech Pvt. Ltd., Karvy Selenium Tower B, Plot No.31 & 32, Financial District Gachibowli, Hyderabad-500032 Contact Person: Mr. Umesh Pandey, Contact No: 9849712635, 040-67162222; FAX NO: 040-23420814, E-MAIL: umesh.pandey@kfintech.com (For Bonds Series INE153A08022, INE153A08030, INE153A08048, INE153A08055, INE153A08063 and INE153A08071)

2. M/s. Beetal Financial & Computer Services (P) Ltd, 3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada HarsukhdasMandir, New Delhi - 110 062. Ph: 011 29961281-82 Fax No.: 011- 29961284, e-mail- beetalrta@gmail.com. (For Bonds Series INE153A08089, INE153A08097, INE153A08105, INE153A08113, INE153A08121, INE153A08139 and INE153A08147)

(15) DEBENTURE TRUSTEE DETAILS –

1. SBICAP Trustee Company Limited, Mistry Bhavan, 4th Floor, 122, Dinshaw Vachha Road Churchgate, Mumbai-400020, Contact person – Mr. Jatin Bhat, Landline:022-43025503.E-Mail: jatin.bhat@sbicaptrustee.com.

2. Beacon Trusteeship Limited, 4c & D Siddhivinayak Chambers, Gandhi Nagar, Opp Mig Cricket Club, Bandra (East), Mumbai 400 051 Contact person – Shri Kaustubh Kulkarni, Landline: 022-26558759.E-Mail: compliance@beacontrustee.co.in

(16) 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 share certificates are issued within 15 days from the date of receipt of request for transfer of shares and returned to the Shareholder's by our Registrar and Share Transfer Agent, shares under objection are returned within 2 weeks. The Board has delegated the authority for approving transfer, transmission, remat, split, consolidation etc. of the Company's shares to the Share Transfer Committee comprising of DGM (Budget & Banking) and Company Secretary. A summary of transfer/transmission of securities of the Company so approved by the Share Transfer Committee is placed before the Stakeholders Relationship Committee of the Board. The Company has obtained the Certificate of Compliance of the formalities regarding Share Transfer for the FY 2022-23 from M/s Mritunjay Shekhar & Associates., Company Secretaries as required under Regulation 40(9) of SEBI (LODR) Regulation, 2015 and filed a copy of the same certificate with the Stock Exchanges, on yearly basis.

(17) INFORMATION ON SHAREHOLDING IN MTNL -

(i) SHAREHOLDING PATTERN OF MTNL AS ON 31ST MARCH, 2023

S. No.	Category of Shareholder	Total No of Shareholders	Total number of Shares (Physical + Demat)	Total number of Shares (Demat)	Total Shareholding as a % of Total number of Shares (Physical + Demat)
1.	President of India	1	354378740	354378740	56.25
2.	Mutual Funds	11	4500	100	0.00
3.	Financial Institutions/Banks	10	1001805	1000105	0.16
4.	LIC	1	82659957	82659457	13.12
5.	Other Insurance Companies	2	2987514	2987514	0.47
6.	Bodies Corporate	702	6696519	6690519	1.06
7.	Individuals	181291	160338651	160238399	25.45
8.	Trusts	13	442980	442980	0.07
9.	HUF	3667	9495202	9495202	1.50
10.	Clearing Member	100	979906	979906	0.16
11.	Foreign Portfolio Investors	5	2954255	2954255	0.47
12.	NRI	1251	1785595	1785595	0.28
13.	Foreign Institutional Investor/ Foreign Companies	7	6600	6000	0.00
14.	Shares held by Custodians and against which Depository Receipts have been issued	1	6264276	6264276	0.99
15.	Any other	2	3500	3500	0.00
	GRAND TOTAL	**187064**	**630000000**	**629886548**	**100**

Particulars	Total number of Shares	Total Shareholding as a %
Domestic shareholding	618989274	98.25
Foreign shareholding	11010726	1.75
Total	**630000000**	**100**

SHAREHOLDER HOLDING MORE THAN 5 % SHARES AS ON 31.03.2023

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

(ii) **INFORMATION ON DISTRIBUTION OF EQUITY SHAREHOLDING AS ON 31ST MARCH, 2023: -**

SHARE HOLDING OF NOMINAL VALUE OF `Rs.	NO. OF SHARE HOLDERS	% TO TOTAL HOLDERS	NO. OF SHARES	AMOUNT IN ` (FACE VALUE)	% TO TOTAL SHARE CAPITAL
UPTO 5000	148985	79.64	19122483	191224830.00	3.0353
5001 to 10000	17121	9.15	14515967	145159670.00	2.3041
10001 to 20000	9387	5.01	14676794	146767940.00	2.3296
20001 to 30000	3577	1.91	9317441	93174410.00	1.4790
30001 to 40000	1727	0.92	6266566	62665660.00	0.9947
40001 to 50000	1756	0.93	8420660	84206600.00	1.3366
50001 to 100000	2463	1.31	18778973	187789730.00	2.9808
100001 and above	2048	1.09	538901116	5389011160.00	85.5399
TOTAL	187064	**100.00**	**630000000**	**6300000000.00**	**100.00**

Note: - Nominal Value of Each Share is Rs. 10/-.

(18) Dematerialization of Shares and Liquidity -As on 31st March 2023, 99.98% shares of the Company's equity share capital available in the market is in dematerialized form. The Company has entered into agreements with both the depositories of the country viz. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL), and the shareholders have an option to dematerialize their shares with any of them.

Sl. No.	Shares in Demat and Physical form (as on 31.03.2023)	No. of Shares	% of Issued Capital
1.	Held in Demat form in CDSL	84340570	13.39%
2.	Held in Demat form in NSDL	545545978	86.59%
3.	Physical Holding	113452	0.02%
4.	Total No. of Shares	630000000	100%

(19) Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund (IEPF) –As the Company has not declared any dividend (Final/Interim), for the last seven years, Therefore, Provision of Transfer of Unpaid/Unclaimed amount to IEPF is not applicable.

(20) List of Credit Ratings obtained by MTNL along with any revisions thereto during F.Y. 2022-23 for all debt instruments –

CARE Ratings Limited has reaffirmed its 'CARE AAA (CE); Stable' rating on the Rs 24923.97 crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL) vide its letter dtd 03.11.2022. There has been no change in the rating given by CARE in last three years i.e., 2020, 2021 and 2022. India Ratings & Research Private Limited had assigned INDAAA (CE)/Stable on the Rs 10910 crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL) vide its letter dtd 01.02.2022.

(21) Beneficiary Account -In accordance with the requirement of Regulation 34 (3) and Schedule V Part F of SEBI SEBI(LODR) Regulations, 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 as under:

Details of MTNL– Unclaimed Suspense Account :-

The Company does not have any shares in the demat suspense account or unclaimed suspense account.

Opening Balance (as on 01.04.2022)		Requests received and disposed of during FY 2022-2023		Closing Balance (as on 31.03.2023)	
Cases	Shares	Cases	Shares	Cases	Shares
0	0	0	0	0	0

(22) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity -As on March 31, 2023, the Company does not have any outstanding Warrants or any convertible instruments. As on March 31, 2023 current outstanding ADRs still remains at 3,132,138.

(23) Commodity Price Credit Rating Risk or Foreign Exchange Risk and hedging activities - As MTNL is a Service Provider Company, Commodity Price Risk is not applicable.

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

(25) Total fees for all services paid by the listed entity and its subsidiaries on a consolidated basis, to the Statutory auditors and all entities in the network firm/network entity of which the Statutory auditor is a part for the FY 2022-23, are given below: -

S.NO.	Payment to Statutory Auditors	Rs. (In Crore) FY 2022-23
1.	Statutory Auditor	0.73
2.	Other services including reimbursement	0.12
	TOTAL	0.85

(26) Disclosure in relation to the Sexual Harassment of women at Workplace (Prevention, prohibition and Redressal) Act, 2013 –

S.No	Item	No. of Complaints received during FY 2022-23	No. of Complaints Pending at end of the Financial Year i.e. as on 31.03.2023
1.	Sexual Harassment	1	0

(27) Plant Locations -The Company has active operations of services in two metro cities i.e., Delhi and NCR and Mumbai including Thane District only.

(28) Investors' correspondence may be addressed to – Shri Ratan mani Sumit, Company Secretary and Compliance Officer, Mahanagar Telephone Nigam Limited, Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003 Tel: 91+11-24317225 Fax: 91+11-24315655, Website: www.mtnl.net.in / www.bol.net.in, E-mail Id: mtnlcsco@bol.net.in , mtnlcsco@gmail.com.

ANNEXURE TO CORPORATE GOVERNANCE REPORT

MRITUNJAY SHEKHAR & ASSOCIATES
Company Secretaries
Email – shekharmritunjay3@gmail.com
MNo.9540043975/8076567045

311B , Vikas Surya Galaxy,
Plot No. 09, Sector-4, Dwarka,
New Delhi 110078
Website:https://www.msaonline.info/FRN-S2018DE619000
P R -2919/2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS FOR FY 2022-23

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

To,

The Members of

Mahanagar Telephone Nigam Limited

Mahanagar Doorsanchar Sadan,

5th Floor, 9 CGO Complex Lodhi Road,

New Delhi-110 003

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s Mahanagar Telephone Nigam Limited having CINL32101DL1986GOI023501 and having registered office at MAHANAGAR DOORSANCHAR SADAN, 5TH FLOOR, 9 CGO COMPLEX, LODHI ROAD, NEW DELHI DL 110003 IN** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT IN COMPANY
1.	PRAVIN KUMAR PURWAR	06619060	15/04/2020
2.	ARVIND UMAKANT VADNERKAR	08597016	01/09/2021
3.	RAMESH VENUTURUMILLI	08771524	01/04/2022
4.	RAJIV KUMAR	09811051	02/12/2022
5.	SUNIL VERMA	09800644	23/11/2022
6.	SHIVENDU GUPTA	09850201	05/01/2023
7.	YOGESH KUMAR TAMRAKAR	00070734	12/11/2021

Sr. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT IN COMPANY
8.	VISHWAS VASANT PATHAK	00093771	12/11/2021
9.	SARV DAMAN BHARAT	09393017	12/11/2021
10.	DEEPIKA MAHAJAN	09408802	23/11/2021
11.	PIYUSH RANJAN NISHAD	09579746	21/04/2022

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

For Mritunjay Shekhar & Associates

Company Secretaries

Sd/-

(Mritunjay Chandra Shekhar)

ACS17250

COP 20871

UDIN NUMBER: A017250E000180512

Peer Review Certificate No.:2919/202

Date: 24/04/2023

Place: New Delhi

ANNEXURE TO CORPORATE GOVERNANCE REPORT

CEO AND CFO CERTIFICATION PURSUANT TO THE REGULATION 17(8) OF SEBI (LODR), 2015 FOR THE F.Y 2022-23.

(Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended March 31, 2023

To,

The Board of Directors

Mahanagar Telephone Nigam Limited

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or volatile of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity's pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee;

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For and on behalf of MTNL

Sd/-	**Sd/-**
(Sultan Ahmed)	**(P.K. Purwar)**
CFO	**CMD**

Place: New Delhi
Date: 29.05.2023

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. DETAILS OF THE LISTED ENTITY

1. **Corporate Identity Number (CIN) of the Listed Entity**: L32101DL1986GOI023501
2. **Name of the Listed Entity**: Mahanagar Telephone Nigam Limited
3. **Year of incorporation**: 1986
4. **Registered office address:** Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
5. **Corporate address:** Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003.
6. **E-mail:** mtnlcsco@gmail.com
7. **Telephone-** 011-24317225
8. **Website:** www.mtnl.net.in/www.bol.net.in
9. **Financial year for which reporting is being done:** 2022-23
10. **Name of the Stock Exchange(s) where shares are listed:** BSE & NSE
11. **Paid-up Capital: Rs** 630 Cr.
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:** Ratan Mani Sumit (Company Secretary Tel no. 011-24317225, Email ID mtnlcsco@gmail.com , mtnlcsco@bol.net.in)
13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).** Standalone Basis**.**

II. Products/Services

14. **Details of business activities (accounting for 90% of the turnover):**

S. NO.	Description of Business Activity	% of Turnover of the entity
1.	Basic & Other Services (Landline, Broadband, FTTH, Cellular)	100%

15. **Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. NO.	PRODUCT/SERVICE	NIC CODE	%OF TOTAL TURNOVER CONTRIBUTED
1.	Wireless Telecommunication Activities Activities of Internet access by the operator of the wireless infrastructure (61201) Activities of maintaining and operating cellular and other telecommunication networks (61202)	612	
2.	Wired Telecommunication Activities Activities of basic telecom services: telephone, telex, and telegraph (61101) Activities of providing internet access by the operator of the wired infrastructure (61104)	611	

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	NA	3*	3
International	NA	NA	NA

* Corporate Office, Delhi Unit and Mumbai Unit.

International telecom operations in 2 countries (Mauritius & Nepal) are served by Mahanagar Telephone Mauritius Limited (MTML), a Wholly Owned Oversees Subsidiary of MTNL in Mauritius and United Telecom Limited (UTL) Nepal a Joint Venture Company of MTNL

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	2*
International (No. of Countries)	NA

* Delhi & Maharashtra (Mumbai)

b. What is the contribution of exports as a percentage of the total turnover of the entity- 0.52%

c. A brief on types of customers:

MTNL offers services in categories of wireless and wire-line telecommunication to the customers of MTNL The customers can use the various services such as Landline, Broadband, FTTH, Enterprise services, Toll Free services, ISDN , mobile services leased circuits, MPLS, EPABX .

IV. Employees

18. Details as at the end of Financial Year: 31.03.2023

a. Employees and Workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
			EMPLOYEES			
1.	Permanent (D)	3567	2863	80.26	704	19.74
2.	Other than Permanent(E)					
3.	Total Employees (D + E)	3567	2863	80.26	704	19.74
			WORKERS			
4. Permanent (F) Not Applicable						
5.	Other than Permanent (G)					
6.	Total Employees (F + G)	Not Applicable				

b. Differently abled Employees and Workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	3567	21	0.59	3	0.08
2.	Other than Permanent (E)	NOT APPLICABLE				
3.	Total Employees (D + E)	**3567**	**21**	**0.59**	**3**	**0.08**
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	Not Applicable				
5.	Other than Permanent (G)					
6.	Total Employees (F + G)					

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	11	1	9.01
Key Management Personnel	2	0	0

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years):

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	21	4	25	130	25	155	NA	NA	NA
Permanent Workers	**NOT APPLICABLE**								

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No	Name of the holding/ subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibilityinitiatives of the listed entity? (Yes/No)
1.	Millennium Telecom Ltd. (MTL)	Subsidiary	100	No
2.	Mahanagar Telephone Mauritius Limited (MTML)	Subsidiary	100	No
3.	MTNL STPI IT Services Ltd. (MSITS)	Joint Venture	50	No
4.	United Telecommunications Ltd. (UTL), Nepal	Joint Venture	26.68	No

VI. CSR Details

22. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013: NO

(ii) Turnover (in Rs.) 1474.02 Cr.

(iii) Net worth (in Rs.) (20842.90 Cr.)

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) *(If Yes, then provide web-link for grievance redress policy)* Number of complaints filed during the year	FY 2022-23			FY 2021-22		
		Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	
Communities	Not applicable						
Investors (other than Shareholders)	Refer to point no.1 https://mtnl.in/investors.html 0 0 NA 0 0 NA						
Shareholders	Refer to point no.1 https://mtnl.in/investors.html	2	2	All the 2 Complaints is resolved	0	0	NA
Employees and workers	Refer Principle No 3 Point no 6						
Customers	Refer Principle No 9 and Point No 2						
Value Chain Partners	Not Applicable						
Other (please specify)	Not Applicable						

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

Point No 2.

DETAILS OF CUSTOMER COMPLAINTS FOR THE PERIOD FROM APRIL 2022 TO MARCH 2023. (01.04.2022 - 31.03.2023)

S. NO.	PARTICULARS	TOTAL RECEIVED		TOTAL PENDING		% OF PENDING CASES AT THE END OF FINANCIAL YEAR	
		MUMBAI	DELHI	MUMBAI	DELHI	MUMBAI	DELHI
1.	P.G. Cases	930	2128	22	26	2.36	1.22
2.	Landline Faults	368894	296012	21559	394	5.84	0.13
3.	Broadband Faults	78554	33141	3233	52	4.11	0.16

24. Overview of the entity's material responsible business conduct issues

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

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk oropportunity (Indicate positive ornegative implications)
	NOT IDENTIFIED	NA	NA	NA	NA

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

(Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	N	N	N	N	N	N	N	N	N
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	N	N	N	N	N	N	N	N	N
5	Specific commitments, goals and targets set by the entity with defined timelines, if any	NA								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.									
Governance, leadership and oversight										

7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) The Company is committed to develop a suitable ESG framework for the organization. The ESG Policy covering targets, challenges etc., is presently under preparation.	
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors
9.	Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details	NO
10.	Details of Review of NGRBCs by the Company:	

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	On Quarterly and Annual basis								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	On Quarterly and Annual basis								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.										N	N	N	N	N	N	N	N	N

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

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

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

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

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total Number of Training and Awareness Programmes held	Topics/ Principal are Covered under the training and its impact	%age of person in respective category covered by the awareness programme
Board of Director	Awareness Programmes are held as and when required	Orientation programmes for familiarization of Independent directors with business and operations of the Company, industry structure, nature of services offered. The above trainings covered all the Principles	100%
Key Managerial Personal	-	MTNL has taken Corporate Membership of ICSI. ICSI organises Seminars on Various topics on monthly basis for upgradation of skills and knowledge.	-
Employee other than BoD and KMPs	1.Cyber Jagrookta Divas –3 (awareness program on cyber security) 2.Workshop on RTI - 6 (5(DU)+1(MU)) 3. IND AS training for finance executives -2 4. Financial Up-gradation of executives-56 (35(DU)+21(MU))	1. Trainings conducted on company policies including; Cyber security and and its implementation in MTNL network. 2. Familiarization with RTI Act 2005 and handling of RTI cases. 3. Training on Indian accounting standards conducted by M/s Walker Chandiok & Co. 4. Mandatory training for executives upon upgradation under MTNL TBFUP Policy.	100%
Workers	**NA**		

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement

agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Amount (In INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	Principle 1	1. NSE 2. BSE	₹ 42,48,000/-	For the financial year ended on March 31, 2023, the Company has complied with all requirements of SEBI LODR Regulations, the Companies Act, 2013 and rules made thereunder, applicable Secretarial Standards issued by ICSI and DPE Guidelines on Corporate Governance, as amended from time to time, except compliance related to appointment of requisite number of Independent Directors. Due to such non-compliances, NSE and BSE have imposed a total fine of ₹42,48,000/- including GST (₹ 6,28,000/- each including GST), for all the four quarters of FY 2022-23.	Yes
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-
Non-Monetary					
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**	
Imprisonment	-	-	-	-	-
Punishment	-	-	-	-	-

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

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
In connection with fine levied by NSE and BSE for non-appointment of Independent Directors, as stated in the previous question, since the power to appoint Directors on the Board of the Company vests with the President of India, acting through the Administrative Ministry i.e., Department of Telecommunications (DoT), Government of India, therefore the Company has been requesting the appointing authority, i.e., DoT, for appointment of requisite number of Independent Directors. The Company has no control in the appointment of Directors. In view of the same, the Company had requested / is requesting the stock exchanges to waive off the said fines.	1. National Stock Exchange of India Limited 2. BSE

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy:

Yes. The ethical conduct of the Company is reflected in the various policy initiatives. While the Employees Conduct, Discipline & Appeal Rules (CDA Rules) cover the employees at all levels in the organization. In addition, to promote ethical business, Policies like Code of Conduct, Integrity Pact, Whistle Blower Policy, Insider Trading Code and Citizen Charter have also been put into operation. CVC Manual is being followed in MTNL Vigilance Unit

Additionally, the Company has a Vigilance Department headed by Chief Vigilance Officer (CVO), who is a nominee of the Central Vigilance Commission. The Vigilance Department submits its reports to Competent Authority including the Board of Directors. The CVO also reports to the Central Vigilance Commission as per their norms.

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

No Directors and KMPs were involved in bribery/corruption both in FY23 and FY22. On above grounds, no action was taken by any law enforcement agency.

Ethics Complaints* received during the F.Y. 2022-23				Bribery & Corruption Complaints received during the F.Y. 2022-23			
Total complaints	No. of Complaints Resolved	No. of Complaints pending	% of complaint resolved	Total complaints Received	No. of Complaints Resolved	No. Complaints pending	% of complaint resolved
				81	**69**	**12**	**85.1**

*Note: As there is no category of complaint mentioned as ethics complaints as per CVC manual. All complaints which are administrative in nature (Non-vigilance) are forwarded to concerned wing for needful action. During F.Y 2022-23, 204 such complaint were sent.

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	NA	NIL	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	NA	NIL	NA

No complaints were received with regard to conflict of interest against Directors & KMPs in FY 2022-23 and FY 2021-22 respectively.

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

Not Applicable

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

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY2021-22	Details of improvement in environmental and social impact
R&D	-	-	-
Capex	-	-	-

2. (a) Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, MTNL is following all the guidelines given by the Govt. of India for procurement of Goods & Services. MTNL integrates all Social, Ethical and Environmental performance factor into the process of selection supplies/vendors. The Company promotes GeM portal (Government e-Marketplace) in its procurements and also promotes sourcing from MSME vendors. All procurement / sourcing of material and services is done as per the procedure defined in the Procurement Policy of the Company.

(b) If yes, what percentage of inputs were sourced sustainably?

Sl. No.	PROCUREMENT DURING FY 2022-23	(Rs. in Crores)
1.	Total Procurement during the year	63.6076
2.	Annual Procurement from Micro and Small Enterprises (MSEs)	50.2898
3.	Annual procurement from MSEs owned by SC/ST Entrepreneurs	0.3038
4.	Annual procurement from MSEs owned by Women Entrepreneurs	1.9800
5.	Annual Procurement from GeM	10.18
6.	Annual Procurement from MSEs on GeM	10.12

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

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

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

Not Applicable

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

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

Category	Total (A) Number(B)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facility
		%(B/A)	Number(C)	%(C/A)	Number(D)	%(D/A)	Number(E)	%(E/A)	Number(F)	%(F/A)
Permanent Employee										
Male	2855	2855	100%							
Female	723	723	100%	N/A	NA	AS PER RULES	INCLUDED IN HEALTH INSURANCE			
Total	3578	3578	100%							
Other than Permanent Employee										
Male		NA								
Female		NA								
Total		NA								

b. Details of measures for the well-being of workers: NOT APPLICABLE

Category	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facility	
		Number(B)	%(B/A)	Number(C)	%(C/A)	Number(D)	%(D/A)	Number(E)	%(E/A)	Number(F)	%(F/A)
Permanent Employee											
Male		NA									
Female		NA									
Total		NA									
Other than Permanent Employee											
Male		NA									
Female		NA									
Total		NA									

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of Employees covered as a %of as a % of total employee	No. of workers covered as a %of as a % of total workers	Deducted and deposited with the authority (Y/N/ N.A.)	No. of Employees covered as a %of as a % of total employee	No. of workers covered as a %of as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	63	NA	Y		NA	Y
Gratuity	100%	NA	Y	100%	NA	Y
ESI	NA	NA	NA	NA	NA	NA
others						

3. Accessibility of workplaces

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

Yes

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

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

5. Return to work and Retention rates of permanent employees and workers that took parental leave

	Permanent Employee		Permanent worker	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	**100**	**100**	**NA**	**NA**
Female	**100**	**100**	**NA**	**NA**
Total	**100**	**100**	**NA**	**NA**

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

	Yes/No(if yes, then give details of the mechanism in brief)
Permanent Employee	MTNL has its own Grievance Redressal Procedure for employees. Management of the Company believes in the philosophy of an Open Door Policy in the matter of redressal of employee grievances. An aggrieved employee can approach his/her Departmental Head or the concerned officer of the Personnel Department (including the Head of the Personnel Department) and discuss his/her grievance. Best efforts are made to enable prompt actions on the issues raised by the employee. The objective of the Grievance Redressal Procedure is to provide an easily accessible machinery for settlement of grievances, and to adopt measures as would ensure expeditious settlement of grievances, leading to increased satisfaction on the job and resulting in improved productivity and efficiency of the organization.
Other than Permanent Employee	**NA**
Permanent Worker	**NA**
Other than Permanent Worker	**NA**

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
Total Permanent Employee	Total Employee/ worker in respective category (A)	No. of employee/ worker in respective category who are part of association(s) or Union (B)	%(B/A)	Total Employee/ worker in respective category (C)	No. of employee/ worker in respective category who are part of association(s) or Union (D)	%(C/D)
Male	2863	1309	45.72%	-	-	-
Female	704	360	51.13%	-	-	-
Total Permanent Worker	3567	1669	46.79%	**3749**	**996**	-
Male				--	-	
Female				-	-	

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
Total Permanent Employee	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	No. (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Male	589	Nil	Nil	589	100%	739	Nil	Nil	589	80%
Female	150	Nil	Nil	150	100 %			Nil	150	20%
Total Permanent Worker	739	Nil	Nil	739	100 %			Nil	739	100%
Other than Permanent Employee (Industrial Visits)										
Male	1248	Nil	Nil	1248	Nil	1808	Nil	Nil	1248	69%
Female	560	Nil	Nil	560	Nil			Nil	560	31%
Total	1808	Nil	Nil	1808	Nil			Nil	1808	100%

9. Details of performance and career development reviews of employees and worker:

Refer to the Point No.8 of PRINCIPLE 3.

10. Health and safety management system:

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

Considering the nature of business and operations, the occupational health and safety issues are minimal. The Company takes care of health and well-being of its employees by reimbursing in-patient and out-patient medical costs, provision for leaves on medical grounds, which are applicable for all employees

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

NA

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

NA

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

MTNL being an essential service provider of telecom services, MTNL has been scrupulously following COVID prevention and management guidelines for all its stakeholders like social distancing, wearing of masks, and frequent hand sanitization. Proper cleaning and frequent sanitization of workplace particularly of frequent touched surfaces at regular intervals has been ensured. Downloading and updating of Aarogya Setu app has been made mandatory. Quarantine Leave has been provided for employees whose family members have been infected with COVID. For employees and their family members requiring hospitalization due to COVID, Group Health insurance coverage upto Rs.6 Lakhs is being provided under Group Health Insurance Scheme.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employee	NOT APPLICABLE	
	worker		
Total recordable work- related injuries	Employee		
	worker		
No. of fatalities	Employee		
	worker		
High consequence worked-related inju8ry or ill-health (excluding fatalities)	Employee		
	worker		

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

1. In order to ensure a safe and healthy workplace, requisite security measures, installation and maintenance of fire extinguishers and housekeeping measures have been taken in MTNL.
2. MTNL being an essential service provider of telecom services, MTNL has been scrupulously following COVID prevention and management guidelines for all its stakeholders like social distancing, wearing of masks, and frequent hand sanitization.
3. Proper cleaning and frequent sanitization of workplace particularly of frequent touched surfaces at regular intervals has been ensured.
4. Downloading and updating of Aarogya Setu app has been made mandatory.
5. Quarantine Leave has been provided for employees whose family members have been infected with COVID.
6. For employees and their family members requiring hospitalization due to COVID, Group Health insurance coverage upto Rs.6 Lakhs is being provided under Group Health Insurance Scheme.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of the year	Remark	Filed during the year	Pending resolution at the end of the year	Remark
Working conditions	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health & Safety practice	NA
Working conditions	NA

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

NOT APPLICABLE

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Yes. The Company has mapped its internal and external stakeholders. Internal stakeholders include employees of the Company; and external stakeholders include Department of Telecommunications (DoT), equity shareholders, bondholders, creditors, vendors, bankers and customers from both Public and Private sectors, Governmental Bodies and Regulatory Authorities including State Government(s), Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India, Stock Exchanges etc.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, advertisement, Community Meetings, Notice board, Website), Other	Frequency of Engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and Scope of engagement including key topics and concerns raised during such engagement
Deptt. of Telecommunication (DoT), Government of India	NO	Meetings, Letter, Email, Telephonic Call	As and when required	For Compliance with directions issued by the Govt. of India

Customers	NO	Email, SMS, Newspaper, advertisement Website	As and when required	For Customer Satisfaction and for redressal of their grievances
Vendors	NO	As needed: calls and meetings, emails, presentations, reviews.	At regular intervals	For operational requirements
Shareholders	NO	Email/SMS/Website/ Letters/Telephone/ Newspaper etc.	On quarterly basis, through AGM, Postal Ballot and as and when required	Communication of financial results, adoption of financial statement and transaction of ordinary and special business from time to time. Addressing requests/grievances of shareholders from time to time
Bondholders	NO	Email/SMS/Website/ Letters/Telephone/ Newspaper etc.		Allotment, Interest Servicing, Redemption Payment, Bond Certificate/Demat Credit. Addressing requests/grievances of bondholders from time to time.

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A	No. of/employees workers covered (B)	% (B / A)	Total (C)	No. of/employees workers covered (D)	% (D / C)
Permanent Employee						
Male	Nil					
Female						
Total						
Other than Permanent Employee						
Male			NOT APPLICABLE			
Female						
Total						

2. **Details of minimum wages paid to employees and workers**

   As per approved MTNL payscales

3. **Details of remuneration/ salary/ wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	10	NIL	1	NIL
Key Managerial Personnel*	2		0	NIL
Employees other than BoD and KMP*				
Workers	**NOT APPLICABLE**			

***Total Salary paid to Employees during FY 2022-23 = Rs 545.23 Cr.**

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

   Yes

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

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

6. **Number of Complaints on the following made by employees and workers:**

	FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0	NIL
Discrimination at workplace	Nil	Nil	
Child Labour	Nil	Nil	Nil
Forced Labour/Involuntary Labour	Nil	Nil	Nil
Wages	17	14	Pending before CLC
Other human rights related issues	Nil	Nil	Nil

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

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

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

   No. MTNL has adopted employee- oriented policies, in line with the general laws and sound ethical practices.

9. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	-
Forced/involuntary labour	
Sexual harassment	-
Discrimination at workplace	-
Wages	-

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

    Not Applicable

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

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

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

Parameter	FY 2022-23		FY 2021-22	
	Delhi	Mumbai	Delhi	Mumbai
Total electricity consumption (A)	-	74355794	-	61598845
Total fuel consumption (B)	-	21701	-	27311
Energy consumption through other sources (C)	-	0	-	0
Total energy consumption (A+B+C)	-	74377495	-	61626156
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	-		-	

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

   Not Applicable

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

MTNL is a Telecom Service provider company and does not have production / manufacturing facility, therefore its water intensity is negligible

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
1. Surface water	-	-
2. Groundwater	-	-
3. Third party water	-	-
4. Seawater / desalinated water	-	-
5. Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-

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

NO

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

Not Applicable

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

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

Parameter	*Please specify unit*	*FY 2022-23*	*FY 2021 22*
NOx	-	-	-
SOx	-	-	-
Particulate matter (PM)	-	-	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

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

Not Applicable

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

Not Applicable

8. Provide details related to waste management by the entity, in the following format*:

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Hazardous waste generated	-	-
Non-hazardous waste generated	-	-
Total	-	-
Waste diverted from disposal	-	-
Category of waste (Hazardous)	-	-
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-
Category of waste (Non Hazardous)	-	-
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-

*Considering the nature of business, the Company does not generate any material waste other than negligible quantity of e-waste.

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

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

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances.

MTNL is not a manufacturing company. Hence, the given question has limited relevance. However, the Company complies with applicable Environmental & Pollution Laws and Regulations in respect of its premises and operations

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

Essential Indicators

1. **a. Number of affiliations with trade and industry chambers/ associations.**

   NIL.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Standing Conference of Public Enterprises (SCOPE)	National
2.	Telecom Equipment And Services Export Promotion Council (TEPC)	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   No adverse order was received by the Company from regulatory authorities during the financial year 2022- 23, hence no corrective action was required to be taken.

PRINCIPLE 8 BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT:

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   Not Applicable

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

   Not Applicable

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

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

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	50.29 Cr	82.39 Cr
Sourced directly from within the district and neighbouring districts	___	___

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

Essential Indicators

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

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

a) Web portal "https://mtnldelhi.in".

b) Call Center numbers:

Type of Service	Toll free Consumer care Number(s at Complaint Centre(s)	Alternate Specific Number accessible from other networks	General Information Number	Alternate Specific Number accessible from other networks	Unified Access No
Landline	198	xxxx2198	1500	22221500	1130
Broadband	198, 1504	xxxx2198, 22221504	1504 ,1509	22221504	
FTTH	1507	22221507	1507	22221507	
GSM	1503	1800111503	1503	1800111503	

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

c) Android phone users may use "My MTNL Delhi" App for booking, tracking complaints and providing feedback.

d) Consumer may contact to senior officials directly through telephoning. The contact details of the MTNL senior officials are available on the website "https://mtnldelhi.in".

e) Consumers may visit the nearby Sanchar haat. List of Sanchar haat is available on the website 'mtnldelhi.in'.

f) IVRS and Telephoning methods are also adopted in addition to the above methods for consumer's feedback

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

Grievance Redressal Mechanism in MTNL Mumbai Unit :

a) Customers can book complaints online at website http://mtnlmumbai.in/.

b) Call Center numbers: Type of Service Toll free Consumer care Number(s) at Complaint Centre(s) Alternate Specific Number accessible from other networks General Information Number Alternate Specific Number accessible from other networks Unified Access Call Center numbers:

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

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

c) Customers may contact to senior officials if required. The contact details of the MTNL senior officials are available on the MTNL website:

https://mtnlmumbai.in/index.php/mtnl-senior-officers

d) Consumers may also visit Quick Customer Care Centre's (QCSCs).

2. Turnover of products and / services as a percentage of turnover from all products/ service that carry information about:

	As a percentage to total turnover
Environmental and social parameters product relevant to the (Energy Used, Water Consumed, No. of People involve in production etc)*	-
Safe and responsible usage	-
Recycling and/or safe disposal	-

3. Number of consumer complaints in respect of the Data privacy, Advertising, Cyber-security, Delivery of essential services, Restrictive Trade Practices, Unfair Trade Practices, other:

In FY 2022-23, no such type of Complaints has received by MTNL.

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

Not Applicable

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

MTNL has its IT security Policy only for internal use. Since it is for internal use only, it is not available for common Public. However, MTNL has placed some security advisories for common public on its websites. These security advisories are placed at www.mtnldelhi.in under "support" tab i.e. "CERT Advisory" for Delhi. For Mumbai, a link is available under the head "Information Security Education and Awareness" at MTNL Mumbai Website i.e. www.mtnlmumbai.in.

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

Not Applicable

FOR & BEHALF OF BOARD OF DIRECTORS

P.K.PURWAR)
Chairman & Managing Director

Date:11-08-2023
Place: New Delhi

ANNEXURE TO BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

P1	**Businesses should conduct and govern themselves with Ethics, Transparency and Accountability** MTNL conducts its business activities with utmost importance to ethics, transparency and accountability. The various policies, codes and rules framed in this regard include:-	
	Name of the Policy	**Weblink**
	Guidelines on Corporate Governance	https://mtnl.in/corporategovernance.html
	Policy for Prevention of Fraud	https://mtnl.in/PIDPI.pdf
	Whistle Blower Policy	https://mtnl.in/whistleBlowerPolicy.pdf
	Code of Business Conduct and Ethics	https://mtnl.in/codeofconduct.pdf
	Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	https://mtnl.in/Policy_relpartytransac.pdf
	Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure	https://mtnl.in/internalcodeofconduct.pdf
	Citizen Charter	https://mtnl.in/citizencharter.pdf
	In addition to the above, there are other policies and rules, which are internal documents of the Company and are accessible to the employees of the Company on Intranet.	
P2	**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.** Details of the Company's services are available at https://mtnldelhi.in/ and https://mtnlmumbai.in/ Further, CSR Policy of the Company is available at https://mtnl.in/csr_2014.pdf	
P3	**Businesses should promote the well-being of all employees** The Company has adopted various employee-oriented policies in line with the general laws and regulations and sound ethical practices. Such policies are normally approved by the Board of Directors and are accessible to the employees of the Company on the intranet .https://mtnl.in/Humanresource.html	
P4	**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized** The Company respects the interest of all its stakeholders, including those who are disadvantaged, vulnerable & marginalized. The Company works towards inclusive growth through its CSR Policy approved by the Board of Directors. The CSR Policy is available at https://mtnl.in/csr_2014.pdf	
P5	**Businesses should respect and promote human rights** MTNL strives to safeguard and uphold human rights in all ways possible. The Company has a Code of Business Conduct & Ethics for its Board Members and Senior Management, which, *inter-alia*, casts moral imperative on the members of senior management to keep in mind the safety and protection of human life and environment and also to avoid discrimination on any grounds. The said Code is available at https://mtnl.in/codeofconduct.pdf	
P6	**Businesses should respect, protect and make efforts to restore the environment**	
P7	**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**	
P8	**Businesses should support inclusive growth and equitable development** MTNL has framed its Citizen/Client Charter which is available in the given link **https://mtnl.in/citizencharter.pdf** . Also Common Charter of Telecom Services 2005 is also available in the given link **https://mtnl.in/telecom05.html.** Telecom Consumer Charter for MTNL Delhi Unit is given in the following link **https://mtnldelhi.in/ccdelhi.pdf.** Consumer Complaints Redressal Regulation in MTNL Mumbai Unit is given in the following link **https://mtnlmumbai.in/index.php/telecom-consumer-complaint-and-redressal-regulation.**	
P9	**Businesses should engage with and provide value to their customers and consumers in a responsible manner** Details are given in the following link:- www.mtnldelhi.in, www.mtnlmumbai.in	

ENTERPRISE RISK ASSESSMENT AND ITS MANAGEMENT & MINIMIZATION POLICY FOR THE FINANCIAL YEAR 2022-23

1. **<u>MARKET / COMPETITION RISK:</u>**

The market of MTNL is limited to Mumbai and Delhi. Private TSPs operating on a Pan India basis are competing with MTNL for basic as well as cellular services. The Private TSPs have latest state of the art telecommunications infrastructure through which they are offering low-cost 4G mobile, fixed Wireline telephony as well as FTTH services. Telecom tariffs in India have declined significantly in recent years due to cut throat competition in the market, adversely affecting revenues of the industry. MTNL operations being limited to cities of Mumbai and Delhi restrict its ability to take advantage of growth in Group B cities and compete with other TSPs with a Pan-India presence.

Telecom is a rapidly evolving technology driven industry and need for constant up-gradation of the network. The existing network of MTNL has become obsolete. The heavy debt burden and the recurring losses during past 12 years have resulted in a financial crunch, making MTNL unable to invest in the modernization, up-gradation and expansion of its network. The subscriber base of MTNL has steeply declined during last few years due to lack of enough investment by MTNL in latest technology / network expansion & up gradation, severe competition in the sector with entrance of few big players and strategic consolidation in the telecom sector. Various technology up-gradation works are deferred / pending in MTNL for the want of adequate funds.

MTNL is facing tough competition in Fixed Line and Broadband service segment. With the popularization of 4G services , today customer is able to get an internet experience of 2-20 Mbps (10 Mbps on an average) speed on 4G along with unlimited Call & SMS at a very competitive tariff (<1/4th of Land Line Tariff) with added benefit of mobility. This has resulted into churn of MTNL's landline as well as Broadband customers to 4G Services of competitors. The market share of MTNL landline, over the years, has decreased from 55.27 % in 2016-17 to 38 % in 2021-22. MTNL is offering Broadband Internet at 2-8 Mbps Speed, predominantly on ADSL2+ technology on Copper Wire. Though FTTH Services are also being offered with speed up to 1Gbp, but the subscribers added are not able to negate the effect of disconnections in landline and broadband segment.

In wireless segment MTNL is providing only 2G/3G service with limited coverage and capacity this resulted in huge churn of wireless subscribers with negligible demand from only low value customers. Increased competition in wireless services continues to keep downward pressure on prices and require capital investment to upgrade and expand network and launch 4G Services.

Mitigation plan

There was an urgent need to upgrade MTNL present network to improve QoS, Subscriber base, and revenue requiring major CAPEX infusion in the network. Therefore, MTNL had requested DoT to provide a CAPEX support to be invested in next 3 years in the network and operational synergy with BSNL has to continue by MTNL. The Union Cabinet in its meeting held on 27.07.2022 considered and approved the following in respect of MTNL:

i. Sanctioning of capex of Rs. 22,471 Cr (in FY 2022-23 to FY 25-26) as equity infusion in BSNL. This includes project requirement of MTNL of Rs. 1,851 Cr in Delhi/Mumbai also for the next three years (FY 2022-23 to FY 2024-25).

ii. Administrative allotment of spectrum in 900/1800 MHz band with budgetary support of Rs 44,993 Cr (with GST of Rs 6,863 Cr) as equity infusion in BSNL in FY2022-23, subject to revision of said amount as per price discovered in the auction conducted in FY 2022.

iii. BSNL will provide all telecom services in Delhi and Mumbai through leasing of operational assets or other appropriate model. With operations by BSNL in Delhi/ Mumbai, MTNL would be left with land/building assets which it will continue to monetize to discharge its loan liabilities.

As per above decision of the Govt, with the allotment of the spectrum for providing 4G services to BSNL , the 4G services in MTNL area of Delhi and Mumbai will also be launched by BSNL, the tender for which has already been floated by BSNL. Future Joint Committees of BSNL/MTNL officers for finalizing Debenture Trustee Agreement (DTA), Debenture Trust Deed (DTD) and to look into all aspects related to merger of BSNL and MTNL has been constituted by CMD, BSNL/MTNL.

2. POLICY AND REGULATION RISK AND REGULATORY COMPLIANCE:

The licence of cellular mobile service expired on 05-04-2019. However, additional Authorization for Access service was granted on 28.07.2021 under existing Unified License ISP-Category "A". In this license, the date of authorization was given retrospectively w.e.f. 06.04.2019. However, Frequency authorization for the spectrum in 900 MHz bands is pending.

MTNL has requested to DOT for administrative allocation of 6.2 MHz spectrum in 900 MHz band each in Delhi and Mumbai in cash neutral manner, by capital infusion with the financial support of the Government. MTNL has also requested to WPC wing DOT for revalidation /reassignment of Microwave resources (Microwave Access Carriers) and Frequency authorization for the spectrum in 900 MHz band linked to the CMTS license, Co-terminus with the Unified License regime. The response from DOT is awaited.

Further, in a modification to a previous decision, Group Of Ministers (GoM) constituted in the matter of “Revival of BSNL and MTNL” has decided to allot spectrum through equity infusion by Government of India, for providing 4G service to BSNL for Delhi and Mumbai (MTNL Areas) in place of MTNL. Now the 4G services in Delhi and Mumbai area will be launched by BSNL. In addition MTNL Delhi and MTNL Mumbai Mobile services operation have already been handed over to BSNL w.e.f. 01.04.2021 and 01.09.2021 respectively as per instructions from the DOT

As per the present Govt. policy MTNL may be required to pay around Rs.1,718 Cr for one time spectrum charges for the spectrum held beyond 4.4 MHz w.e.f. 01.07.2008 till expiry of CMTS license i.e. 05-04-2019 or 10-01-2021 as the case may be. Presently, the issue of payment of one time spectrum charges is under litigation and the payment liability will be subject to the final outcome of the case filed **in Supreme Court by Union of India against the judgment of TDSAT in favour of other** telecom operators. **The issue to withdraw the case in Supreme Court is being deliberated by Govt. and ultimate outcome may result into out flows of cash with retrospective effect prior to 2013 or prospectively from the year 2013. In any case either Rs. 1,718 crs or Rs 455 crs will have to be paid by MTNL and it is definitely going to cause financial burden and the risks attendant with such huge out flows.**

MTNL has adjusted the SUC and License fee amounting Rs. 821.98 Cr from the excess amount paid by MTNL on account of pensionary benefits in respect of combined service pension optees based on the cabinet decision of Govt. of India on 09.01.14. However the DoT is challenging the adjustment. The matter was also placed before the Board of MTNL in 301st meeting of the Board at item no.14/301 on 09.10.2014 and the board while noting the adjustment is as per Cabinet decision also desired that management has to follow up with the Government for implementation of Cabinet decision. MTNL has taken up the issue with DoT and DoT has sought details of adjustment of the deductions made by MTNL from excess pension payouts. Further the AGR issue of License fee/SUC is under the consideration of DOT and to be decided through the committee of secretaries along with other issue in connection with the merger of MTNL & BSNL as per the Union Cabinet decision in their meetings held on 27.07.2022 vide F.NO.20-28/2022-PR dated 2nd August, 2022.

Telecom regulator TRAI has already reduced ceiling tariffs on termination charges and also on roaming charges in the past year also have significant impact on the revenues. The combined annual effect of all these regulations mentioned above including those on port charges and abrogation of incoming call termination charges is clearly seen on the revenue of MTNL and such impacts due to regulations of TRAI have been a constant risk on the rate of return of CAPEX.

There have been additional cost implications for complying with the provisions of the Companies Act 2013, SEBI®s Listing Obligation & disclosure requirement-2015 (LODR), IND AS & ICFR. Further, implementation of GST w.e.f. 01-07-2017 also added additional cost for MTNL. The need for regular revamping of the existing IT, Billing & Accounting software in compliance to GST requirement from time to time will add up further to the cost. The risk of imposing heavy penalties under GST and SEBI regulations as well as risk of debarring from the exchanges for non-compliance or delay in compliance with reference equity and debt listing requirements also needs to be taken care of by proper training to the work force of MTNL to gear up fully for compliance requirements. Besides mandatory E-invoicing of all B-2-B customer bills through GST portal initially from 1-4-2020 and thereafter postponed due to COVID-19 to 1-10-2020 was implemented and it further added the customization costs of all billing modules as the same had to be implemented w.e.f. 1-1-2021 Besides from the same date implementation of QR code on B2C bills also has become mandatory and due to representations of industry, without penalty the same is postponed to 1-7-2021 and in case the QR coding with ability to customers to pay on line by scanning the QR code is not updated in all its billing systems MTNL will have to pay the penalty for it. Having various standalone billing systems without integration and also many of them are managed by different units with different vendor's support, the risk of non integrated system causing issues in billing, payment with QR code and accounting of the same will continue to loom large on MTNL till an integrated ERM type billing and management system is in place and due to severe financial constraint the same has become un acheivable.

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 of our Chairman-and- Managing Director and other Directors 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 GEM only sometimes cause delays in our equipment and product procurement; these delays can place us at a disadvantage vis-a-vis the private sector competitors and also erode operational competitiveness resulting in to erosion of clientele strength for want of service standards on the same footing of private operators.

Mitigation plan

Except 2-G related financial liability issue and AGR issues non allowing of adjustment of excess pension pay outs against LF &SUC done by MTNL, all others are all general issues and such issues and risks are always associated with the operations of telecom business in a regulated environment and government controlled processes and are to be pursued for compliance of regulatory issues and resolution of matters through sustained interaction with administrative ministry.

The risk of huge cash outflows due to rejection of adjustment of Rs 821.98 crs done by MTNL against the LF &SUC payable by it for the period from last quarter of 2013-14 to 2016-17 and the 2-G related liability on final decision of SC, which become applicable to MTNL as well , the stress on MTNL fiscal position will get compounded with present debt related excruciating stress which has already been brought to Administrative ministry seeking support in any form, including equity infusion to avoid the risk of becoming not a going concern. In this regard, AGR issue of License fee/SUC and other issues are under the consideration of DOT and to be decided through the committee of secretaries along with other issue in connection with the merger of MTNL & BSNL as per the Union Cabinet decision in their meetings held on 27.07.2022 vide F.NO.20-28/2022-PR dated 2nd August, 2022. The COS note is already submitted to DOT for getting COS meeting organized on 20-3-2023.

3. **TECHNOLOGY RISK/QUALITY OF SERVICE:**

MTNL has not been able to pay its regular dues to infra-providers, where MTNL is running its mobile (2G/3G) sites. Due to this the infra-providers have restricted MTNL access to these sites leading to shutting off approximately one-third sites in Delhi and thereby severely hampering the MTNL's network. In addition, although MTNL is meeting most of TRAI QoS parameters, however the network needs immediate up-gradation / expansion. The Capex investment was almost insignificant during the last 5 years owing to the financial constraints being faced by the company. Investment of approx. Rs. 2000 Cr is required over next 3 years for network up-gradation and expansion. The Union Cabinet in its meeting held on 27.07.2022 approved the Sanctioning of capex of Rs. 22,471 Cr (from FY 2022-23 & FY 2025-26) as equity infusion in BSNL. This includes projected requirement of MTNL of Rs. 1851 Cr in Delhi/Mumbai also from FY 2022-23 to FY 2024-25.

3.1 Following immediate technological upgradation / Expansion for improvement of services and better QoS are required:

(i) Rollout of 4G Services: MTNL has been providing 2G/3G services in the service areas of Delhi and Mumbai while other competitors have launched 4G services. Therefore, it was planned to launch 4G services in Delhi and Mumbai with 4000 sites in Delhi and 3000 in Mumbai.As a part of the Revival package, the Govt. had agreed for administrative allotment of spectrum in 900/1800 MHz band with budgetary support to BSNL in order to implement 4-G including in MTNL areas. Further, BSNL is as of now is managing wireless operations of MTNL and is likely to take over wire line services also in Delhi and Mumbai through leasing of operational assets or any other appropriate model till complete operational merger or way forward in case of MTNL is decided by COS. With operations by BSNL in Delhi/Mumbai, MTNL would be left with land/building assets which it will continue to monetize to discharge its loan liabilities.

(ii) Migration of TDM Technology to IMS / NGN Core: The NT switch technologies presently running in MTNL are also very old (more than 20 years and has crossed their shelf life). Number and nature of faults are getting critical day by day. Since, these NT switch based on TDM technologies have become outdated and obsolete There is an urgent need to migrate them to IMS/ NGN core for running MTNL's wireline services it was decided to migrate MTNL landline subscribers on BSNL IMS core through diversion of spare LMGs from BSNL. MTNL had already successfully conducted the testing of voice and data with BSNL NGN in Delhi and Mumbai network. Orders for the diversion of about 6 lakhs LMG equipment has been issued by BSNL for MTNL Delhi and Mumbai which are in the process of diversion and installation at various exchange locations of Delhi and Mumbai.

(iii) Migration of FTTH VoIP subscribers on BSNL network: Due to Non-availability of support for C-DOT IMS Core installed at MTNL it was decided to shift the MTNL FTTH voice subscribers on BSNL hardware of MAX-NG being supported by C-DOT. The migration is completed in MTNL Delhi and Mumbai unit.

(iv) Deployment of GPON FTTH and taking fiber to the HUB / near to the subscriber: MTNL has made an ambitious plan to upgrade its copper based ADSL internet subscriber into fiber based GPON FTTH subscriber to give experience of High Speed Internet from 100 Mbps to 1000 Mbps and improve QoS. **PO already placed on M/s Tejas for the procurement of total 64 OLTs and 6000 ONTs in Delhi and Mumbai.**

In addition, to cater the requirement of OLTs of MTNL and its partners there shall be a need to augment the OFC network by laying 1050 KM OF Cable in each city. The procurement will be undertaken in phased manner

(v) FTTH Revenue share Policy: In the post VRS scenario challenges were observed in the O&M of the MTNL own FTTH connections due to lack of field staff. Accordingly policy was amended to allow partners for maintenance of MTNL owned FTTH connections at 10% revenue share and one time provisioning charges of Rs 1500.

MTNL had worked out, finalized and made operational the policy to engage partners on revenue share basis to extend its FTTx services. The Policy has been significantly liberalized by relaxing entry level barriers and removing clauses regarding turnover eligibility criteria, rollout obligations and Performance Bank Guarantee. Significant upward revision to the tune of 45% has also been carried out for the Revenue share of the partner.

(vi) Upgradation of the MPLS Network: The Core routers of Delhi and Mumbai are EOL (End of Life) since Dec 2017 and are working without any support. The MPLS network is the backbone of the entire network. Hence, it is critical to the functioning of the entire network. To cater the growing network requirements MTNL planned the replacement / up-gradation of the entire MPLS network along with the security solution to meet the generic requirement (as pr TEC-GR). The MTNL MPLS expansion plan includes 6 Core routers 72 Edge routers and 150 L-3 Switches. MTNL requirement of MPLS included in

BSNL's MPLS tender the PO for which has been awarded to the vendor on 21.03.2023 by BSNL.

(vii) Customer Interface/FRS: In MTNL customer is being informed at the time of issue of CAF about the various plans through pamphlet/brochures. However there is a need to further strengthen customer interface/ FRS system for proper and prompt handling of customer complaint.

Mitigation plan

As regards the roll out of 4-G services, deployment of GPON FTTH and migration of TDM Technology to IMS / NGN Core, Migration of FTTH VoIP subscribers on BSNL network and Upgradation of the MPLS Network the ongoing operational synergy with BSNL has to continue by MTNL and the constant and involved monitoring at MTNL middle management level is a sine qua non to bolster the operational synergy so that better and upgraded services can be rendered to MTNL subscribers. **ERM committee may review and monitor the same.**

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. 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. 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 for stamp duty, if any, upon registration (other than with respect to the DOT properties acquired from the Government as of April 1st, 1986). Although MTNL has valid possession to all of its properties, but these need to be registered and stamped to acquire marketable titles to real properties in its possession for which stamp duty has to be paid. Hence MTNL cannot monetize or sell these properties without payment of stamp duties and registering the properties in its name. In case of merger/demerger acquisition amalgamation, the proper valuation and transfer of assets will be a serious concern in this situation.

The process for better utilization of its assets, such as buildings in Delhi and Mumbai, to generate additional revenue MTNL has already started 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. Further the building in Delhi & Mumbai is also given on rental for generation of additional revenues. These can be further used for advertisement, brand building and earn good revenue.

Govt. has also approved the monetization of assets so as to raise resources for retiring debt, servicing of bonds, network up gradation, expansion and meeting the operational fund requirements.

Mitigation plan

Asset and Tower & Fiber monetization including valuation of assets has to be expedited by MTNL as per existing guidelines on this subject in consultation with Administrative Ministry wherever required.

b) Utilization of manpower resources:

MTNL carried huge legacy staff strength inherited from DoT till 31-01-2020 and able to reduce the staff cost on account of VRS offered to 14387 employees with ex-gratia funded through the budgetary support of Govt. of India. The staff cost has come down to Rs 640 Cr p.a. from Rs 2400 cr. which was expected to provide leverage to MTNL to invest in CAPEX etc as well as reducing its need for debt financing.However due to the revenues constantly dwindling in MTNL quarter by quarter and EBITDA also quickly eroding , the scope for taking advantage of the relief on account of reduction of staff cost has become bleak. The revenues are coming down fast due the changing calling pattern from land line to Mobile and MTNL not having latest network or technology in 4-G in wireless services the risk of loosing customers has become a constant threat to MTNL.

Mitigation plan

In these circumstances the early merger of operations completely with BSNL and complementation of 4-G project for retaining customers is the urgent need for which the note for consideration of committee of secretaries is under examination in DoT.

c) Banking Regulations:

Due to strict RBI restrictions and PCA guidelines, it become increasingly difficult to get further loan from the banks. MTNL being classified as large Borrower has to comply with RBI guidelines whereby it has to make 50% of its total yearly borrowings from the market. Non-compliance can lead to additional interest on all its outstanding loans with banks thereby increasing its overall borrowing cost. Banks may also be reluctant to advance loans due to non-compliance thereby affecting the cash funding arrangements. This may engender the risk of cash crunch to meet even statutory obligations.

Mitigation plan

The required ways & means to improve cash flows are to be planned and the thrust has to be on improvement of services and revenues thereby. Implementation of asset monetization may also help in improving the overall cash and debt situation. The innovative and lesser cost debts are also to be explored in addition to above.

d) Litigation:

Various litigations, involving MTNL are ongoing in respect of issues arising out of business operations. The same may incur financial risk to the organization contingent upon the outcome of such litigation. Effective measures are in place to mitigate the risks to the minimum.

Mitigation plan

Constant review of risks of litigation has to be kept in place and any unforeseen risks arising need to be brought to the notice of ERM committee immediately along with possible plan of action to remediate the same.Both EDs at Delhi and Mumbai are to be enlisted by ERM committee to review at regular intervals along with corporate legal team all such arising or pending legal cases to avoid any un-warranted risks and also for effective counter management of all litigations.

e) AGR issues:

Deptt. of Telecommunications has raised demands against AGR dues. Many of the deductions claimed by MTNL have not been allowed by DOT for want of additional documents viz. TDS certificates from auditors and auditor counter signatures on bank statements etc. MTNL has been making all out efforts to produce the records sought as and when the letters are received from DoT. Also, the issue of LF/SUC adjustments against the excess amount paid by MTNL as pensionary benefits of combined service optees based on Cabinet decision has been raised with DoT. Subsequently, in a case filed by other operators, Hon'ble SC of India has delivered judgements and directed them to pay the demands raised by DoT with penalty and interest and to follow the AGR conditions scrupulously. MTNL is not a party to the litigation and also has been consistently following AGR conditions.

Mitigation plan

The AGR issue is already under review of administrative ministry for an appropriate resolution through the agenda for consideration of committee of secretaries constituted as per cabinet decision .

f) Financial/Liquidity/Debts Management Risk:

Wide exposure of loans from bank and financial institution there is always possible risk of liquidity crunch in near future as follows:

a) CAPEX: Huge amount is required for further expansion/modernization to keep abreast with the technological changes in the near future for which the company has to depend upon the GOVT support .In the absence of such support the stagnation sets in and network gets obsolete running the risk of exodus of existing subscribers in pursuit of systems with latest and innovative telecom solutions.

b) Debt: To meet fund requirement for OPEX, CAPEX and spectrum, the company has borrowed Rs. 28,883 crores from banks, FIs and bond holders up to 31-03-2023 excluding DOT liability bonds. Servicing interest towards these debts itself is presently almost double the total revenues including other income. The substitution of bank debts with low cost Sovereign Guarantee bonds has improved the situation in FY 2022-23 and same is expected to continue in FY 2023-24. However the spiraling interest costs can undo the gains made out of the revival plan effecting the capability of the Company either to raise further loans or to service the debts and interest costs leading to defaulting scenario. The monetization of assets to liquidate and service the outstanding debts is urgently required.

c) Debt servicing/interest servicing coverage ratio of the company as on 31-03-2023 is on negative trend on year on year basis. Similarly, debt equity ratio is also negative as on 31-03-2023. However, the Government approval for debt servicing through assets monetization will likely improve the said ratio in future provided the process which is not going as planned in revival plan, gears up in the near future.

d) Apart from the above, the bonds issued in the year 2013-14 to the tune of Rs 1975 crores are attaining maturity of 10 years by December 2023 and the same requires to be met in the year 2023-24. Bonds of Rs 1975 Crores were issued against sovereign guarantee and therefore meeting the demand on maturity will be a very essential management prerogative and therefore the same will have to be redeemed.

Mitigation plan

The above issues are already under consideration at administrative ministry, since it was already decided by cabinet that committee of secretaries already constituted has to deliberate for a way forward including the issue of debt restructuring. The note on the issues for review by committee of secretaries for arriving at the way forward is already sent by MTNL to DoT on 20-3-2023 and the same is under examination. As regards the redemption of SG backed bonds I Dec 2023 , the same will be redeemed by issuing SG backed bonds in Oct/ Nov 2023 as part of S.G. accorded by Govt. To MTNL for Rs 6661 crs for issue of bonds in 2023-24. ERM committee may also review and to follow up the process.

5. ONGOING CONCERN RISK:

Net worth of MTNL is negative as on 31/03/2023 to the tune of Rs. -20,842.92 Cr and debts service as well as interest service coverage ratio is also negative. Further due to high exposure of loans from banks and financial institutions and heavy repayment schedule of loans as well as interest payment to Banks & Financial Institutions, MTNL is facing liquidity crunch which will be a great threat to MTNL to keep it as an ongoing concern in near future but for the revival plans fructifying in time.

The asset monetization and the monetization of Optical fiber and Towers as per the approval of Cabinet on 23-10-2019 would have yielded results in the financial year 2020-21 but unfortunately due to the Covid-19 pandemic effect in year 20-21 the progress on these aspects has not been achieved. Asset monetization through DIPAM may also not likely to give any financial relief to MTNL immediately. Accordingly, the projections made for the redemption of huge debts outstanding may not happen in the immediate future in view of all round down slide of revenues of MTNL as well as the market conditions for sale or monetization of assets. Therefore, the risk of effects of COVID -19 in the year 2020-21 loom large on the prospects of MTNL becoming debt free and consequently the risk of debt going up cannot be discounted. However, with the combined effect of reduction of staff cost by almost to the tune of Rs 1700 crs per annum and the grant of Sovereign guarantee for Rs 6500 crs by Govt. of India to MTNL as per Cabinet approval dated 23-10-2019 in the year 2020- 21 and raising of bonds for the restructuring of existing debts and also to refinancing for working capital purposes as well as CAPEX infusion definitely made the company to run as a going concern despite huge debt costs in the year 20-21 also. Recently, As per F.NO.20-28/2022-PR dated 02nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 10,910 crores and Rs 6,661 Crores for the next two financial years i.e 2022-23 & 2023-24 respectively, with waiver of guarantee fee to repay its high cost debt and restructure it with new sustainable loan. MTNL had successfully raised an amount of Rs 10,910 Crores in FY 2022-23. Also, a committee of Secretaries also constituted by the Govt. to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for merger of MTNL & BSNL. However, the same remains a risk posing proposition unless the monetization plans and also the revenue mopping up programmes and investment in CAPEX are implemented in the years to come.

The expectation of monetization of assets as per cabinet approval in the year 2019-20 did not turn out in practicality and the issue is ultimately being guided by DIPAM and with the guidance and monitoring of DIPAM and DOT, MTNL may be able to monetize some of these assets in 2023-24 and may continue to be a going concern in future as well.

MTNL has a joint venture in Nepal M/s UTL Nepal, which is incurring continuous losses and to rest the MTNL share of losses in UTL Nepal, the management has exercised the exit option from the of UTL Nepal as per clause no 12.19 of amended agreement on 15.12.2014 through which the JV partners with the exception of NVPL had the option to exit the JV at par.

The Ministry of Foreign Affairs, Govt. of Nepal vide letter dated 26.11.2019 has informed to the Embassy of India, Kathmandu (Nepal) that the authorities concerned of the Govt. of Nepal would be able to grant approval for repatriation of the capital invested by Indian Shareholders of UTL namely MTNL, TCIL and TCL, once the outstanding tax amount (tariff, royalties, fees, charges, etc.) of NRs 85,83,86,044.00 to be paid by UTL to the authorities concerned of the Govt. of Nepal including Nepal Telecommunication Authority, is completely settled. The issue is still pending and the same poses a risk for providing for the loss of investment if the Nepal govt. does not accept the repatriation of the capital investment.

Mitigation plan

The administrative ministry has already been invoking all possible measures to support the organization /company and already mooted a plan of action through a cabinet note and on the outcome of the same MTNL management and units have to implement the same with alacrity and promptitude to make the company not only continue as a going concern but also improve its revenues and services.

ERM Committee may also review the position and apprise Board of Directors in time to avoid precipitation of such issues and also for successful implementation of approved revival plans.

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 strengthened for avoiding any possibility of leakage of revenue. The System tools used for Internal control and Revenue Assurance should also be controlled through review system for their appropriateness and adequacy. The new Companies Act 2013 made it mandatory for audit of internal controls on financial reporting from 2015-16 onwards which also adds up to Compliance risks.

Effective internal control 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 external environmental factors, 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.

Mitigation plan

The mechanism of Internal controls on financial reporting needs to be reviewed by MTNL on the lines of COSO adopted principles and a frame work for identifying all internal and external risks including the risks specifically faced by MTNL or anticipated by it on account of the impending developments if any, identified, in particular, in operational, financial, sectoral, sustainability areas has to be determined and proposed by technical , financial and human resources and enterprise Directors of MTNL and the frame work may be reviewed by ERM Committee through the Company Secretary or convenor of ERM committee. This will help in formulating comprehensive and detailed risk management policy for the company on this subject.

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 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 equipment's are running since 2006 and almost outlived its life. The major challenges are non-availability of source code, lack of support of various licenses due to prohibitive cost etc. Such constraints pose challenges in implementation/feasibility of development as per the dynamic market conditions. BEL, the project implementer has already pulled out of the project in July'2014. Post, pullout, limited support has been finalized with various vendors through tender from June 2016 onwards on as-is-where-is basis. MTNL cannot utilize the system indefinitely and the new billing tender/ new billing system to be made operational at the earliest possible. BSNL is implementing CDR P3 tender for fixed services including MTNL requirement which will be upgraded later to mobile services also.

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, BB, FTTH, CBCRM etc. Due to the financial crunch, MTNL was replacing some hardware only when it becomes critical and cannot be used anyway. However, now most of the equipment will be procured through BSNL only.

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 equipment's in recent past (e.g. mobile call centre at CBCRM Mumbai) leads to direct impact on the customer satisfaction & 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 CII's. DOT vide its direction has mandated all ISP's to get their system audited once in a year. The latest Network Audit is currently under progress and is being carried out by CDAC/NAAT team on the behest of DoT. Before it, MTNL Network Audit was done by third party i.e. M/s AKS IT Services Pvt. Limited, a Cert-In Authorized agency, to conduct such audits, in 2021-2022. The findings of the audit report have already been shared with DoT.

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.

MTNL has finalized its new IT Security Policy in May 2022 for all Line of Business (LoBs) & network which has replaced the existing IT policy being followed since 01.01.2016. The IT policy 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.

vii. **Analytics Engine** - MTNL needs to move towards data led positioning and to install a customer analytics engine. Analytics will enable differential billing and Customer profiling basis on the history of usage of customer thereby helping MTNL in identification of target audience. With this Cluster assessment can also be implemented to identify potential high revenue clusters. MTNL needs to invest in real-time predictive analysis and tailoring products to customer. Customer analytics features can help to provide customer specific plans. MTNL does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. However MTNL is having many standalone packages with interfaces. The risk of not having an ERP type of system is inherent.

Mitigation plan

1. At organizational level the best practices to be followed for cyber security as circulated by Dot vide letter no: 19-78/2019-SA dated 8-7-2020 may be got implemented by MTNL through sustained efforts and IT dept at CO level may spearhead the process and programme.

2. IT System security audit of all applications and all associated ancillary IT systems including WFMS, FRS , Convergent billing and other billing systems may be planned for all such systems, applications and also for networks and may be got done. The recommendation of Audit agency/firm should be implemented to strengthen the security of IT system and infrastructure.

3. All the customer data stored in IT systems managed by MTNL or outsourced by it needs to be governed by standard data management policies and data be fully protected by various security arrangements done at various levels and IT systems be protected by very strong security frame work governed by three tier security structure which is fully secured and system of firewalls and IP based access to CDR system offers added security. This is all the more required in MTNL as MTNL is catering to various sensitive IT systems for Govt. of India at highest level.

4. In all the agreements/contracts, Data Security/Confidentiality/Non-Disclosure related clauses be included to safe guard MTNL.

5. Wherever for business requirements use of partners is resorted to, their use of multiple network elements from various vendors increases, particularly in FTTH access network due to the engagement of various partners under revenue share policy, the probability of the network infrastructure getting exposed to various DDOS and malware attacks increases and may result in compromise in quality of service delivered which could impact the availability of critical systems. As such review of cyber security or other threats has to be conducted on pre and during engagement of such partners.

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 to 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.

Mitigation plan

Disaster Management Plan is available both in Delhi and Mumbai. MTNL follows the Standard Operating Procedure (SOP) as outlined by DoT for counteracting the Disaster:

In order to ensure continuity of telecom services at technical level, sufficient redundancy is being maintained to prevent total network failure due to a single point of failure at the following level:

1. **Card level:** N+1 or 1+1 redundancy is maintained on most of the Core / Control equipment
2. **Equipment level:** In MTNL the exchanges and the equipment are spread across the two cities. Transmission links between main Network Elements and switching equipment are being maintained mostly through distinct geographical paths.
3. **Geographical level:** The main elements of the network are maintained in duplicate at Delhi and Mumbai.
4. In addition to this sufficient number of spares and equipment are also maintained for emergency usage

Other measures adopted in case of disaster are as follows:

a) Nodal officers and alternate nodal officers at field level have been nominated for coordination related to disaster management.

b) MTNL also have a Quick response team at the field level for immediate provisioning of emergency communication and restoration of telecom services in disaster affected areas.

c) Multilevel connectivity for power and transmission is active both in Delhi & Mumbai.

d) For power battery backup exists and diesel generator sets are installed in all telecom buildings which are made operational during the power crisis.

e) Implementation of enhanced Multi level Precedence and Preemption (eMLPP) based Priority call routing is available in MTNL PSTN and is being activated as and when required.

f) MTNL also own Cell on Wheel (CoW) along with all necessary infrastructure and equipment which can be deployed by shifting on desired location to establish communication.

g) Level 112 i.e. Single access number for emergency services has been implemented.

h) Testing of Broadcast messages has already been successfully completed in MTNL Delhi 3G network with C-DoT.

Other measures to be adopted in case of disaster are as follows:

1. Not keeping or concentrating all critical equipments at one point or place.
2. The development, documentation, and implementation of a schedule to regularly test the backups in accordance with best practices for the data holding system categorization and data classification for IT Data holding systems in order to restore by Rapid Disaster Management teams
3. Documentation of and adherence to best practices for backup of all necessary data held at various data and technical centers including applicable archival, compliance, preservation of data as per legal or regulatory or IT Security requirements
4. Logical and physical security considerations for archived and backed up data including management of such data of one geographical area at other area and vice versa for restoring all such data quickly in case of any disaster.

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 should be taken consciously with full care and applying due diligence. To ensure this proper vigilance mechanism and whistler policy is already in place.

10. APPOINTMENT OF CHIEF RISK CONTROL OFFICER IN MTNL

It is also recommended that a Chief Risk Control Officer may be got engaged by Board for over all internal, external IT security and all other technical, financial and system related threat perception and management as well as IT and other cyber security control and audit related management etc. and also to assist the ERM committee.

11. SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS/ RETURN ON NET WORTH:

The Company incurred losses for the first time in 2009-10 and has been continuously in red (except in 2013-14 wherein booked profit of Rs7825 crore was there) since then because of mounting debt for payment of 3G & BWA Spectrum. The Net worth of the company has already eroded and almost all the ratios are in red (negative). However, reduction in salary cost due to VRS being a part of the revival package of GOI in FY 2019-20, The EBITA (Operating profit margin) become positive from the Q-4 of FY 2019-20. The following are the key financial ratios as on 31.03.2023 and also compared to the previous year i.e. F Y 2021-22:

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

S. No.	Particulars	Year Ended	
		31.03.2023 Audited	31.03.2022 Audited
A	Debt Service Coverage Ratio (in times) [EBITDA / (Finance Cost + Lease Liabilities Payments+ Principal Repayment of Long Term Debt)]	0.02	0.08
B	Interest Service Coverage Ratio (in times) [EBITDA / Finance Cost]	0.07	0.14
C	Net Worth (in Rs Crs) (As per Section 2 (57) of Companies Act 2013)	(20,842.90)	(18,656.45)
D	Net Profit/ (Loss) After Tax (in Rs Crs)	(2,910.74)	(2,602.59)
E	Earnings Per Share (in Rs) [Not Annualised]	(46.20)	(41.31)
F	Current Ratio (in times) [Current Assets /Current Liabilties]	0.46	0.42
G	Debt-Equity Ratio (in times) [(Long Term Borrowings including Current Maturities + Short Term Borrowings) /Total Equity]	(1.35)	(1.43)
H	Long Term Debt to Working Capital (in times) Long Term Debt excluding lease liability + Current Maturities of Long Term Debt / Working Capital excluding current maturities of Long Term Borrowings	(8.99)	(4.12)
I	Bad Debts to Account Receivable Ratio (in times) [Bad Debts/Average Trade Receivables]	0.09	0.01
J	Current Liability Ratio (in times) [Current Liabilties/ Total Liabilties]	0.38	0.44
K	Total Debts to Total Assets (in times) [(Long Term Borrowings + Short Term Borrowings + Lease Liabilities) / Total Assets]	2.44	2.18
L	Debtors Turnover Ratio - Annualised (in times) [Revenue from Operations / Average Trade Receivables]	1.39	1.50
M	Paid up Debt Capital (Outstanding Debt) (in Rs. Crs)	23,499.69	19,661.18
N	Operating Margin (%) [(EBIT - Other Income)/ Revenue from Operations]	(135.67)%	(101.93)%
O	Net profit Margin (%) [Profit after Tax / Revenue from Operations]	(337.84)%	(243.30)%

ANNUAL ACCOUNTS OF MTNL FOR FY 2022-23

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INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mahanagar Telephone Nigam Limited

Report on the Audit of the Standalone Ind-AS Financial Statements

Qualified Opinion

We have audited the accompanying standalone Ind-AS financial statements of MAHANAGAR TELEPHONE NIGAM LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind- AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the basis for Qualified Opinion Section of our report, the aforesaid standalone Ind- AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, net loss, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the standalone Ind-AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

(i) The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the year ended March 31st, 2023, as well as in the previous year and the current liabilities exceeded the current assets substantially.

Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II.

However, the standalone Ind AS financial statements of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India.

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guaranteed bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company had implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note. Recently, as per F.NO.20-28/2022-PR dated 2nd August 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign guaranteed bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores in two calendar years i.e., 2022 & 2023 with waiver of guaranteed fee to repay its high-cost debt and restructure it with new sustainable loan. During the year ended March 31, 2023, the company has raised Rs. 10,910/- Crore (refer note no. 78 to the standalone Ind-AS financial statements)

(ii) Bharat Sanchar Nigam Limited (BSNL):

a) The Company has certain balances receivable from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3535.34 Crores is subject to reconciliation and confirmation. In view of non-reconciliation and non-confirmation and in view of various pending disputes regarding claims and counter claims, we are not in a position to ascertain and comment on the correctness of the outstanding balances and resultant impact of the same on the standalone Ind-AS financial statements of the Company.

b) The Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 115.97 Crores has not been carried forward resulting in overstatement of Current Assets and understatement of loss to that extent.

(iii) The Company has certain balances receivable from and payable to the Department of Telecommunication (DOT). The net amount recoverable of Rs. 124.04 Crores, out of which Rs.123.89 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 standalone Ind AS financial statements of the Company. (Also refer point no. (a) of note no. 70 to the standalone Ind-AS financial statements).

(iv) Up to the 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 up to financial year 2011-12 by way of contingent liability of Rs. 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (Refer note no. 82 to the standalone Ind-AS financial statements).

(v) Except for the impairment loss of assets of CDMA units provided in earlier years, no adjustment has been considered on account of impairment loss, if any, during the year, with reference to Indian Accounting Standard – 36 "Impairment of Assets" prescribed under Section 133 of the Act. 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 ended March 31st, 2023, accumulated balance of other equity and also the carrying value of the cash generating units. (Refer note no. 72 to the standalone Ind-AS financial statements).

(vi) The Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and other parties and amount payable to trade payables, claim payable to operators, and amount payable to other parties.

Accordingly, amounts receivable from and payable to the various parties are subject to confirmation and reconciliation. Pending such confirmation and reconciliation, the impact thereof on the standalone financial statements are not ascertainable and quantifiable. (Refer note no. 67 to the standalone Ind-AS financial statements).

(vii) Unlinked credit of Rs. 88.69 Crore on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the standalone financial statement are not ascertainable and quantifiable. (Also refer note no. 66 and 77 to the standalone Ind-AS financial statements).

(viii) Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by the finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone Ind AS financial statement by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.

(ix) Department of Telecommunication (DOT) had raised a demand of Rs. 3,313.15 Crore in 2012-13 on account of one-time charges for 2G spectrum held by the Company for GSM and CDMA for the period of license already elapsed and also for the remaining valid period of license including spectrum given on trial basis.

As explained the demand for spectrum usage for CDMA for Rs 107.44 Crore has been withdrawn by DOT 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, crystallization of issue by the DOT in view of the claim being contested by private operators 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 Rs. 3,205.71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum allotted beyond 6.2 MHz, directed Govt. to review the demand for spectrum allotted after 1-7-2008 and that too w.e.f, 1-1-2013 in case the spectrum beyond 6.2 MHz was allotted before 1-1-2013. As explained, as per the TDSAT orders also no further demand has been raised till now and as per management based on TDSAT direction the demand, if any, cannot be more than Rs. 455.15 crores the same is considered 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 standalone Ind AS financial statement of the Company. (Also refer note no. 61 to the standalone Ind-AS financial statements).

(x) The company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter in some of the cases. The actual impact of the same on the standalone Ind AS financial Statement for the year ended March 31st, 2023, has not been ascertained and quantified.

(xi) The TDS on provision for Expenses (Accrued Liability) has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the standalone Ind-AS financial statement for the year ended March 31st, 2023, has not been ascertained and quantified.

(xii) The Company is making the provision for interest for late/non-payment to MSME vendors which is subject to deduction of tax under section 194A of Income Tax Act, 1961.The actual impact of the same on the standalone Ind-AS financial statements for the year ended March 31, 2023, is not ascertained and quantified.

(xiii) The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 8.38 Crores and Rs. 33.52 Crores accrued during the year ended March 31st, 2023, has not been recognized in Delhi unit in the Standalone Ind-AS financial statement. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the standalone Ind-AS financial statement of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.

(xiv) Company's investment in its associates "United Telecom Limited (UTL)" aggregating Rs. 35.85 Crore has been classified as 'Assets-held-for-sale' however, we have not been made available with the 'fair value less costs to sell' to arrive at the lower of 'carrying amount' and 'fair value less costs to sell' as required pursuant to the measurement principles enumerated in IND AS 105. On our review of the latest available financial statements of the UTL, we have noticed that the net worth has been fully eroded and is negative. Further, the said investment has been classified as Asset-held-for-sale since year 2018, which is contrary to the recognition principles of IND AS 105 as the expected sale has not been completed within one year from classification. The impact of the aforesaid on the for the year ended March 31, 2023 has not been ascertained and quantified.

(xv) The company has not recognized for loss allowance for trade receivables as per the requirements of Ind AS 109 "Financial Instruments" amounting to Rs.68.06 Crore relating to companies which are under insolvency process and certain trade receivables amounting to Rs.11.55 Crore pertaining to infrastructure business, wherein there is significant increase in credit risk.

The impact of the aforesaid on the standalone Ind-AS financial statements for the year ended March 31, 2023 has not been ascertained and quantified.

The above basis for qualified opinion referred to in Para no. (i) to (xiii) were subject matter of qualification in the Auditor's Report for the year ended on March 31, 2022.

In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii)(a), (iii), (v), (vi), (vii),(viii), (ix), (x), (xi) (xii), (xiii)., (xiv) and (xv) on the standalone Ind-AS financial statements of the Company for the year ended on March 31, 2023.

Emphasis of Matters

We draw attention to the following notes on the standalone IND-AS financial statements being matters pertaining to **Mahanagar Telephone Nigam Limited** requiring emphasis by us.

(i) **Note no. 63** of Ind-AS financial statements regarding 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 we are unable to comment on the adequacy or otherwise of the provision and/ or contingency reserve held by the Company.

(ii) **Note no. 64(b)** Impact of 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, will be given in the year when the ultimate collection/ payment of the same becomes reasonably certain.

(iii) **Note no. 15 &19** Amount receivable from BSNL & Other Operators have been reflected as loans and other financial assets instead of bifurcating the same into trade receivables and other financial assets.

(iv) **Note No.80** The operations and maintenance of wireless network has been handed over to BSNL as an outsource agency from 1.4.2021 (in case of Delhi) and 1.9.2021 (in case of Mumbai) onwards. Pending finalization of standard operating procedures, the financial impact of the same (if any) will be accounted for on finalization of operational modalities.

(v) **Note No.70(d)** The Amounts recoverable from Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees in MTNL and the matter has been under review with DOT and the full amount of GPF including interest thereon, claimed of the Company in respect of which correspondence is going on between the Company and DOT are continued to be shown as recoverable from DOT and payable to GPF.

(vi) **Note No.78** In pursuance of DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29th October, 2019 and decision of Board of Directors of MTNL through circular regulation on 4th November, 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 4th November, 2019 under which 14,387 number of MTNL employees opted for VRS and the expenditure of ex-gratia on account of compensation to be borne by the DOT/ Government of India through budgetary supports as per approval of cabinet. Balance amount payable to VRS opted employees as on 31 March 2023 is shown in the financial statements of the company as receivable from DOT and payable to VRS retirees, to reflect the actual position with reference to VRS scheme of 2019 of MTNL

(vii) **Note No. 82** The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Company and DOT.

(viii) **Note No. 82** The License agreement between Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT.

(ix) **Note No. 15(iv)** Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts. (Also refer clause no. (k) of note no. 3 to the standalone Ind-AS financial statements).

(x) **Note 58(A)** Certain immovable properties transferred from Department of Telecommunications ('DoT') to MTNL in earlier years, which were taken on lease by DoT prior to incorporation of MTNL. On 30 March 1987, both DoT and MTNL entered into a sale deed for transfer of the several movable and immovable assets from DoT to MTNL. The said transfer includes the leasehold lands and buildings which are now in possession of MTNL since the execution of the sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed. Accordingly, these leasehold immovable properties have been classified by the management under the heading 'Right of Use assets'.

(xi) **Note No. 60** In certain cases of freehold and leasehold land the company is having title deeds which are in the name of the Company but the value of which are not lying in the books of accounts of the Company.

Our opinion is not modified in respect of the aforesaid matters.

Material uncertainty related to going concern

We draw attention to Note no. 78 in the Ind-AS financial statements, which indicates that the Company has accumulated losses and its net worth has been fully/ substantially eroded, the company has incurred net loss/net cash loss during the current and previous year(s) and the company's current liabilities exceeded its current assets as at the balance date. These events or conditions, along with other matters as set forth in Note 78, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Further, Government of India has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guaranteed bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for Rs. 6,500 Crore in FY 2020-21 in line with cabinet note.

Recently, as per F.NO.20-28/2022-PR dated 2nd August 2022, the Union Cabinet in its meeting held on 27.02.2022 has approved the raising of the Sovereign Guarantee Bonds for MTNL with the tenure of 10 years or more for the amount of Rs. 17,571 Crore in two financial years i.e. 2022 & 2023 with the waiver of guaranteed fee to repay its highest cost debt and restructure it with new sustainable loan. During the year ended March 31, 2023, the company has raised Rs 10,910 Crore. Our opinion is not modified in respect of this matter.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind-AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind-AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis of qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
1	**Revenue Recognition:** There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.) Refer Notes no. 57 to the standalone Ind-AS financial statements.	Our audit approach included control testing and substantive procedures covering in particular: • Testing the IT environment (i.e., IT general controls) in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams. • Testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing includes validating material journals processed between the billing system and general ledger. • Performing tests on the accuracy of customer bill generation on sample basis and testing of a sample of the credits and discounts applied to customer bills: and testing receipts for a sample of customers back to customer invoice.

2	**Uncertain Taxation Matters:** The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Note no. 50 and 63 to the standalone Ind-AS financial statements.	We have obtained details of completed tax assessments and demands up to March 31, 2023, from the management. We assessed the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We also considered legal precedence and other rulings, including in the Company's own cases, in evaluating management's position on these uncertain tax positions.
3	The Company holds investments comprising investments in Joint Ventures, and subsidiaries of Rs 106.13 Crore Investment in Joint Ventures and subsidiaries accounted for at cost less any provision for impairment. Investment is tested for impairment annually. If impairment exists, the recoverable amounts of the investment in Joint Ventures and subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognized in the income statement. Refer to Note no. 9 of standalone Ind-AS financial statements.	We assessed the net assets values of the investment as at 31 March 2023 with the Company's investment carrying values. -discussed and evaluated the management assessment of the impairment requirement of the investment.
4	**Contingent liabilities** There are numbers of litigations pending before various forums against the company and the management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. (Refer to Note no. 50 of standalone Ind-AS Financial statements.)	We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures. - understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases. - discussed with the management any material developments and latest status of legal matters. - read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosures of contingent liabilities. - examined management's judgements and assessment whether provisions are required. - considered the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote. - reviewed the adequacy and completeness of disclosures.

Information Other than the Standalone Ind-AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises in the Company's Annual Report but does not include the standalone Ind-AS financial statements and our auditor's report there on. The above mentioned other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone Ind-AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind-AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind-As financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management and those charged with governance for the Standalone

Ind-AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind-AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and the Statement of cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Ind-AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind-AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has an adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind-AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the standalone Ind-AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those Charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind-AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

The comparative Ind-AS financial statements for the year ended 31st March 2022 included in these Standalone Ind-AS financial statements have been audited by SPMG & Co. Chartered Accountants jointly with another firm of chartered accountants, whose audit report dated 30th May 2022 expressed modified opinion on the comparative Ind AS financial statements.

Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in term of sub section (11) of section 143 of the Companies Act 2013, we give in the ''Annexure A'' a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(5) of the Act, we give in "Annexure B" a statement on the matters specified by the Comptroller and Auditor General of India for the Company.

3. As per the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, reporting in accordance with the requirement of provisions of section 197(16) of the Act is not applicable on the Company.

4. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for the matters described in the Basis for Qualified Opinion Paragraph above.

   b) Except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, except for the matters described in the Basis of Qualified Opinion Paragraph above, the aforesaid standalone Ind-AS financial statements comply with the Ind AS specified under Section 133 of the Act.

e) Being the Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of section 164 of the Act, are not applicable to the Company.

f) The matters described in the Basis of Qualified Opinion Paragraph above, in our opinion, may have an adverse effect on the functioning of the company.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

h) The qualification relating to the maintenance of accounts and other matter connected there with are as stated in the Basis of Qualified Opinion Paragraph above.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind-AS financial statements. (Refer to note no. 50 of the Standalone Ind-AS financial statements).

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly,

lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The company has not declared or paid any dividend during the year. Accordingly, the provision of Section 123 of the Act is not applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For SPMG & Co.
Chartered Accountants
Firm Registration No.: 509249C

CA Mandeep Singh Arora
Partner
Membership No.: 091243
UDIN: 23091243BGSKCK7314

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.: 000235N/N500089

CA Abhinav Khosla
Partner
Membership No.: 087010
UDIN: 23087010BGZFEP2308

Place: New Delhi
Date: 29th May, 2023

ANNEXURE-A

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in our Independent Auditor's Report of even date to the members of Mahanagar Telephone Nigam Limited on the Standalone Ind-AS Financial Statements for the year ended 31st March,2023.

(i) (a) (A) Delhi unit (Both basic and Wireless) has maintained records of Property, Plant and Equipment. However, identification numbers, cost of acquisition and location of the Property, Plant and Equipment are not mentioned.

In case of Mumbai units (both basic and WS), Property, Plant and Equipment Registers have been maintained w.e.f. 01.04.2002. However, the fixed assets records maintained by the Mumbai units are not updated with respect to identification numbers, cost of acquisition of individual assets and location of Property, Plant and Equipment.

The Corporate office has maintained Property, Plant and Equipment; however, identification numbers and location of Property, Plant and Equipment are not mentioned.

(B) The Company has maintained proper records showing full particulars of intangible assets, however sufficient description of intangible assets, identification numbers and location of intangible assets are not maintained.

(b) As per the accounting policy of the Company, Property, Plant and Equipment are required to be physically verified by the management on rotation basis, once in three years, which in our opinion is reasonable and adequate in relation to the size of the Company and the nature of its business. Physical verification of Property, Plant and Equipment was conducted by the management during the year ended on March 31, 2023, except corporate office of Delhi region. According to the information and explanation given to us, no material discrepancies were noticed on such verification. The accuracy, reliability and completeness of the fixed assets verification procedure could not be verified by us.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favor of the lessee) disclosed in the standalone Ind-As financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

In respect of Delhi Units:

According to the information and explanations given by the company in Note No. 58A(1) and 58A(3) of the notes to accounts of the standalone Ind AS financial statement to us and on the basis of our examination of the records of the Company, we express no opinion on the validity of the title of the company of immovable properties disclosed in the financial statements and held as Property, Plant and Equipment or as investment property.

Further, according to the information and explanations given to us, in Delhi one leasehold property has been encroached.

The value of the immovable properties as per title deeds are subject to reconciliation with books of accounts.

In respect of Mumbai Units:

Description of Property	Type of properties	Gross carrying value (Amount in Rs.)*	Held in the name of	Whether promoter, director or their relative or employee	Period held – Range (In Years)	Reason for not being held in name of company/ Remarks
Plot No.11. Near Lokhandwala,Complex, Akurli Road, Kandivali (E), Mumbai-400 101	Leasehold Land	63,89,373	MHADA	No	More than 20 years	MHADA Allotment letter is available on records for allotment of land. No sale/lease deed is available for verification.
Plot -1, MIDC, Taloja, Navi Mumbai-400 218	Leasehold Land	1,96,200	President of India	No	More than 30 years	Lease Agreement executed by MTNL on behalf of President of India is available on record.
Panvel Tel Exchange, Plot No.229-B, Panvel, Mumbai	Leasehold Land	Nil	President of India (P&T)	No	More than 30 years	Permission letter from Panvel Municipal Corporation is available on records. Lease agreement executed between president of india and City and Industrial development corporation of Maharashtra Limited is also available in records.
Juhu Danda Complex, Santa Cruz - West, Mumbai	Freehold Land	Nil	GOI/P&T	No	More than 20 years	Letter of DOT is available on records for use of plot in favour of MTNL. No sale deed is available for verification.

Bandra Reclamation, Opposite Leelavati Hospital, Bandra(W), Mumbai-400 050	Freehold Building	1,09,83,418	Bombay Housing and Area Development Board	No	More than 30 years	MHADA Allotment letter is available on records for allotment. No sale deed is available for verification.
Magathane, Borivali(E), HIG Colony, Magathane, Borivali(E), Mumbai-400 066	Freehold Building	42,70,028	Bombay Housing and Area Development Board	No	More than 30 years	MHADA Allotment letter is available on records for allotment. No sale deed is available for verification.

* Not reflected in the documents produced before us.

The value of the immovable properties as per title deeds are subject to reconciliation with books of accounts.

Furthermore, in respect of 11 cases of freehold and leasehold land have been encroached by the various persons in respect of which matter is either pending in court or perusing with the various authorities for clearing the encroachment. (Refer Note 58 A (3))

According to the information and explanations given by the company in Note No. 58 A(1) of the notes to accounts of the standalone Ind AS financial statements to us and on the basis of our examination of the records of the Company, we do not express opinion on the validity of the title of the company of said immovable properties disclosed in the financial statements and held as Property, Plant and Equipment or as investment property.

(d) The According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its Property, Plant and Equipment (including right of use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder

(ii) (a) In respect of Delhi Units:

In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals.

In respect of Mumbai Units:

In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals except in case of Area Stores of Zone-4 & MA Cash Unit.

In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by management needs to be strengthened. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks which is not on the basis of security of current assets. Thus, clause 3(iii) of the Order is not applicable.

(iii) (a). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Thus 3(iii) of the Order is not applicable:

(iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Thus, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act, 2013 or rules framed there under. Accordingly, clause 3(v) of the Order is not applicable.

(vi) As per the information and explanation given to us, Company is required to maintain the cost records under Section 148(1) of the Companies Act 2013. As explained the Company has not yet maintained the required cost records for the year 2022-23.

(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 Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, wherever applicable, have generally been regularly deposited with the appropriate authorities except the point no (x), (xi), (xii), (xiii) of the Basis for Qualified Opinion Paragraph above.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues were in arrears as at 31st March 2023 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess or other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except for the following dues:

In respect of Delhi Units:

i. Sales Tax:

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Delhi Value Added Tax Act, 2004	12.21	2007-08	Delhi Value Added Tax, Tribunal
Central Sales Tax Act, 1956	0.04	2012-13	Addl. Comm. Sales Tax
TOTAL	**12.25**		

ii. Service Tax:

Name of the Statute	Amount (Rs in Cr)	Period to which amount relates	Forum where the dispute is pending
Finance Act, 1994	66.86	2014-15 to June-17	Commissioner of Central Excise and Service Tax
Finance Act, 1994	4.22	2005-06	Commissioner of Central Excise and Service Tax
Finance Act, 1994	0.04	2000-03	Commissioner of Central Excise and Service Tax
Finance Act, 1994	1.36	2008-12	Commissioner of Central Excise and Service Tax
Finance Act, 1994	22.01	2006-08	Supreme Court
TOTAL	**94.49**		

iii. Labour Cess:

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Building and other Construction Workers Welfare Cess Act, 1996.	9.73	1996 to 2001	Deputy Labour Commissioner

In respect of Mumbai Basic Units

i. Sales Tax:

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Bombay Sales Tax Act, 1959	0.17	1993-94	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	5.27	1996-97	Hon'ble High Court of Bombay

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Bombay Sales Tax Act, 1959	352.35	1997-98	Hon'ble Supreme Court of India
Bombay Sales Tax Act, 1959	216.01	2003-04	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	101.32	2004-05	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	14.97	2009-10	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	6.11	2011-12	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	26.47	2012-13	Hon'ble High Court of Bombay
Bombay Sales Tax Act, 1959	2.27	2014-15	Deputy Commissioner of Sales tax
TOTAL	724.94		

ii. Service Tax:

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Finance Act, 1994	2.91	2012-13 to 2016-17	Custom Excise and Service Tax Appellate Tribunal
TOTAL	**2.91**		

In respect of Mumbai MS Unit:

Central Excise:

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Nil	2004-05	Commissioner of Central Excise
Central Excise Act, 1944	Nil	2006-07	Commissioner of Central Excise
Central Excise Act, 1944	Nil	2013-14	Commissioner of Central Excise
Central Excise Act, 1944	Nil	2006-07	Commissioner of Central Excise
Central Excise Act, 1944	Nil	2005-06	Commissioner of Central Excise
Total	Nil		

In respect of Corporate Office:

Income Tax:

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending	Remarks
Income Tax Act, 1961	Nil	A.Y 1998-99 to A.Y 2006-07	Hon'ble High Court of Delhi	Total disputed demand of Rs. 691.28 Crore either paid by the Company or deducted by the Income Tax Department from refund due to the Company
Income Tax Act, 1961	Nil	A.Y 2007-08 to A.Y 2009-10	Hon'ble Income Tax Appellant Tribunal and Commissioner of Income Tax (Appeal)	
TOTAL	**Nil**			

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) (a) The Company has defaulted in the payment of interest on long term loan. The period and amount of default has been reported below:

Nature of borrowing including debt securities	Name of Lender	Amount not paid on due date	Whether principal or interest	No. of days delay or unpaid	Remarks, if any
Long Term Loan	Union Bank of India	Rs. 35.15 Crore	Interest	41 days	Paid on 9th September, 2022

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, term loans have been generally applied for the purposes for which they were raised.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have not been utilized for long-term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) According to the information and explanations given to us and on the basis of our audit procedures, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year, nor we have been informed of any such case by the management.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us, no whistle blower complaints has been received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and as per the information and explanation given to us, the Company has not entered into any transaction requiring compliance with Section 177 and 188 of the Companies Act, 2013. Hence, clause 3 (xiii) of the Order is not applicable to the Company.

(xiv) (a) In our opinion, the Internal Audit System of the Company is not commensurate with the size of the company and the nature of its business. Moreover, extent of coverage of the areas of operations, frequency/ quality of reporting/ timeliness of the reporting and the follow up of internal audit observations need to be strengthened.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit. However, the Internal Audit Reports of some of the units/zones of the company were provided at short notice or only partly provided, hence not considered.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has incurred cash losses of Rs 2,204.49 Crore and Rs. 1,858.22 Crore in the current and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans. Further, the company has accumulated losses and its net worth has been fully/ substantially eroded, the company has incurred net loss/net cash loss during the current year and the company's current liabilities exceeded its current assets as at the balance sheet date. In our opinion, these events or conditions, along with other matter, indicate that a material uncertainty exists as on the date of the audit report and the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(Also refer Qualified opinion paragraph (i) of our Independent Auditor's Report and note no. 78 to the standalone Ind-AS financial statements.)

(xx) In our opinion and according to the information and explanations given to us, there is no amount required to be spent by the company in accordance with section 135 of the companies act 2013. Accordingly, clause 3 (xx) of the Order is not applicable to the Company.

For SPMG & Co.
Chartered Accountants
Firm Registration No.: 509249C

CA Mandeep Singh Arora
Partner
Membership No.: 091243
UDIN: 23091243BGSKCK7314

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.: 000235N/N500089

CA Abhinav Khosla
Partner
Membership No.: 087010
UDIN: 23087010BGZFEP2308

Place: New Delhi
Date: 29th May,2023

ANNEXURE-B

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 Ind-AS Financial Statements for the year ended 31st March 2023.

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **Mahanagar Telephone Nigam Limited** (Standalone) for the financial year 2022-23 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

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

Sr. No.	Areas Examined	Observation / Finding
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, Majority of the accounting transactions are done through the IT system. Although manual intervention is prevalent. Adequate security measures for manual intervention need to be strengthened with supervisory sanction only and properly documented. However, the billing of following services is not integrated with WFMS (accounting software): - 1) Lease Circuit 2) Toll Free 3) IUC 4) Post Paid 5) GSM IUC
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by lender to a company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?	As certified by the management and those charged with governance, we have been informed that there is no restructuring of loan/ wavier/ write off of debts/ loan/ interest made by lender to a company due to the company's inability to repay the loan during the financial year 2022-23.
3	Whether funds (grants/subsidy etc.) received/ receivable from the specific schemes from central/ state government or its agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	Yes, the company has received the Swachh Action Plan contribution during FY 2017-18 is Rs. 0.21 Crore, FY 2018-19 is Rs. 0.35 Crore, FY 2019-20 is Rs 0.35 Crore out of which Rs. 0.23 Crore is pending utilization with the company. Further, the company has not received any contribution under Swachh Action Plan during FY 2020-21, 2021-2022 and 2022-23.

4	Whether the amount of revenue of share (License fees and Spectrum Usage charges) recognized in the financial statement in accordance with the License conditions agreed by the company with DoT? If so, detailed statement & calculation sheet may be attached.	Yes, AGR Audit Report and Calculation sheet attached herewith.

We have conducted the audit of accounts of Mahanagar Telephone Nigam Limited for the year ended 2022-23 in accordance with the directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with the all directions issued to us.

For SPMG & Co.
Chartered Accountants
Firm Registration No.: 509249C

CA Mandeep Singh Arora
Partner
Membership No.: 091243
UDIN: 23091243BGSKCK7314

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.: 000235N/N500089

CA Abhinav Khosla
Partner
Membership No.: 087010
UDIN: 23087010BGZFEP2308

Place: New Delhi
Date: 29th May,2023

ANNEXURE C

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahanagar Telephone Nigam Limited** ("the Company") as of 31st March 2023 in conjunction with our audit of the standalone Ind-AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind-AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind-AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind-AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind-AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2023:

(i) The Company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items or due to delay of inventory issue slip by stores. Hence, the date of capitalization is not reliable. This could potentially result into delayed capitalization and corresponding impact on the operational results due to lower charge of depreciation.

(ii) The Company does not have an appropriate internal control system for ensuring de-commissioning and de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result into overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.

(iii) The Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / contractors / operators / government departments at the quarter end and year end are duly reversed when actual bills are received and accounted for. This could potentially result in the same being accounted twice.

(iv) The Company does not have an appropriate internal control system to track open purchase orders, work orders, agreements and contracts which have been entered with vendors / contractors / operators / government departments and are lying open. This could have a bearing on efficiency of operations and recording of financial liabilities and provisions pertaining to the same.

(v) The Company does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting.

(vi) The Company does not have an appropriate internal control system for reconciliation of vendors / contractors / operators / government departments, accounts which could potentially result in some changes in the standalone Ind-AS financial statements. The cases identified by us have been appropriately qualified at various places in our report.

(vii) The Company does not have effective internal audit system so as to cover all major areas with extensive scope. The extent and depth of coverage, manner of conduct and reporting in respect of internal audit is very weak. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.

(viii) The Company does not have an appropriate internal control system for reconciliation of items of unlinked debits and credits because of receipts from the subscriber and the amount debited by the banks. This could potentially lead unreported financial adjustments ultimately resulting into distorted financial reporting.

(ix) The Company does not have an appropriate internal control system for invoicing which are due and payable based on manual invoicing. The invoicing systems does not have reliability of measurement and reconciliation of items. This leads to multiple revisions and errors in invoicing. This could potentially lead errors in revenue recognition.

(x) The Company does not have appropriate internal control system for ensuring end use of issued inventory. The accounting is done based on the requisition statement of item and not actual installation or commission of item. This could potentially result into non-identification of pilferage and also early capitalization of equipment.

(xi) The Company does not have an appropriate internal control system for ensuring billing and recovery of water and electricity charges from the lessee. This could potentially result in non-recovery and delayed recovery of such charges causing financial loss of the absolute expenses and finance cost on the delay in realization. This could also result in inaccurate expense values in the financial statements of the company.

(xii) The company does not have appropriate internal control system towards renewals of the expired Rent/Lease agreements. Even though in some of the cases where lease agreements have been expired, company is receiving rentals on the terms and conditions mentioned in the expired agreement with the parties.

(xiii) The company does not have appropriate internal control towards the timely closure of workorders w.r.t landline & FTTH connections and creation of customer master for billing.

This could potentially result in leakage and potential loss of revenue.

In some cases, company is recognising rentals on the terms and conditions mentioned in the expired agreements with the parties and not receiving any amount from such parties for more than one year. However, the company has not provided provision for doubtful debts for all such cases.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023 , based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2023, standalone Ind-AS financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone Ind-AS financial statements of the Company.

For SPMG & Co.
Chartered Accountants
Firm Registration No.: 509249C

CA Mandeep Singh Arora
Partner
Membership No.: 091243
UDIN: 23091243BGSKCK7314

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.: 000235N/ N500089

CA Abhinav Khosla
Partner
Membership No.: 087010
UDIN: 23087010BGZFEP2308

Place: New Delhi
Date: 29th May,2023

MAHANAGAR TELEPHONE NIGAM LIMITED
Balance Sheet as at 31 March 2023

	Notes	31 March 2023 (Rs. in crores)	31 March 2022 (Rs. in crores)
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,697.87	2,982.74
Capital work-in-progress	5	59.49	73.98
Right-of-use assets	6	372.65	405.83
Investment property	7	61.75	62.09
Intangible assets	8	1,764.31	2,097.96
Financial assets			
Investments	9	106.13	106.13
Loans	10	3.51	3.43
Other financial assets	11	208.68	215.57
Non Current Tax assets (Net)	12	574.45	563.17
Other non-current assets	13	33.59	30.31
Total non-current assets		**5,882.44**	**6,541.21**
Current assets			
Inventories	14	4.25	6.55
Financial assets			
Trade receivables	15	575.94	662.36
Cash and cash equivalents	16	146.52	77.25
Other bank balances	17	154.48	12.04
Loans	18	15.41	3.08
Other financial assets	19	4,563.30	4,599.32
Other current assets	20	256.27	365.93
Total current assets		**5,716.17**	**5,726.53**
Assets held for sale	21	36.03	35.90
Total assets		**11,634.64**	**12,303.64**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	22	630.00	630.00
Other equity	23	(21,472.90)	(19,286.45)
Total equity		**(20,842.90)**	**(18,656.45)**
Non-current liabilities			
Financial liabilities			
Borrowings	24	19,507.34	16,565.55
Lease liabilities	25	109.68	143.78
Other financial liabilities	26	95.95	194.13
Provisions	27	378.60	385.72
Other non-current liabilities	28	62.45	73.88
Total non-current liabilities		**20,154.03**	**17,363.06**
Current liabilities			
Financial liabilities			
Borrowings	29	8,666.67	10,040.92
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	31	54.64	98.09
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		968.87	941.97
Other financial liabilities	32	1,954.46	1,822.72
Other current liabilities	33	535.11	600.22
Provisions	34	77.22	24.67
Total current liabilities		**12,323.52**	**13,597.03**
Total liabilities		**32,477.54**	**30,960.09**
Total equity and liabilities		**11,634.64**	**12,303.64**
Summary of significant accounting policies	**3**		

The accompanying notes are integral part of the financial statements.
This is the balance sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For SCV & Co. LLP **Chartered Accountants** **FRN No. 000235N/N500089**	**For SPMG & Co.** **Chartered Accountants** **FRN No. 509249C**	Sd/- **(P.K. Purwar)** **Chairman and Managing Director** **DIN 06619060**	Sd/- **(Rajiv Kumar)** **Director (Finance)** **DIN 09811051**
Sd/- **(CA Abhinav Khosla)** **Partner** **Membership No. 087010**	Sd/- **(CA Mandeep Singh Arora)** **Partner** **Membership No. 091243**	Sd/- **(Sultan Ahmed)** **Chief Financial Officer**	Sd/- **(Ratan Mani Sumit)** **Company Secretary**

Place: New Delhi
Date: 29 May 2023

MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of Profit and Loss for the year ended 31 March 2023

	Notes	31 March 2023 (Rs. in crores)	31 March 2022 (Rs. in crores)
Income			
Revenue from operations	35	861.57	1,069.72
Other income	36	612.45	627.18
Total income		**1,474.02**	**1,696.90**
Expenses			
Purchases of stock-in-trade		0.26	0.21
License fees expense	37	77.65	102.05
Employee benefits expense	38	545.23	555.02
Finance costs	39	2,354.26	2,139.45
Revenue sharing expense		60.19	87.39
Depreciation and amortisation expense	40	716.52	759.01
Other expenses	41	630.66	656.36
Total expenses		**4,384.76**	**4,299.49**
Profit/(loss) before tax		**(2,910.74)**	**(2,602.59)**
Tax expense	42	-	-
Net profit/(loss) for the year		**(2,910.74)**	**(2,602.59)**
Other comprehensive income	**43**		
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit plans		(4.48)	(13.98)
Income tax relating to items that will not be reclassified to profit or loss	42	-	-
Total other comprehensive income/(loss) for the year		**(4.48)**	**(13.98)**
Total comprehensive income/(loss) for the year		**(2,915.22)**	**(2,616.57)**
Loss per equity share:	**44**		
Basic (Rs.)		(46.20)	(41.31)
Diluted (Rs.)		(46.20)	(41.31)
Summary of significant accounting policies	**3**		

The accompanying notes are integral part of the financial statements.

This is the statement of profit and loss referred to in our report of even date.

For and on behalf of the Board of Directors

For SCV & Co. LLP
Chartered Accountants
FRN No. 000235N/N500089

Sd/-
(CA Abhinav Khosla)
Partner
Membership No. 087010

For SPMG & Co.
Chartered Accountants
FRN No. 509249C

Sd/-
(CA Mandeep Singh Arora)
Partner
Membership No. 091243

Sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051

Sd/-
(Sultan Ahmed)
Chief Financial Officer

Sd/-
(Ratan Mani Sumit)
Company Secretary

Place: New Delhi
Date: 29 May 2023

MAHANAGAR TELEPHONE NIGAM LIMITED
Cash Flow Statement for the year ended 31 March 2023

		31 March 2023 (Rs. in crores)	31 March 2022 (Rs. in crores)
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before tax	**(2,910.74)**	**(2,602.59)**
	Adjustments for:		
	Depreciation expense	382.64	425.11
	Amortisation expense	333.88	333.90
	(Gain)/ Loss on disposal of property, plant and equipment (net)	(1.33)	(3.31)
	Dividend income	(2.22)	(2.15)
	Interest income	(9.98)	(83.38)
	Excess provisions written back	(68.96)	(142.50)
	Provision for doubtful debts including discount	61.55	119.98
	Provision for obsolete inventory	1.24	16.43
	Provision for doubtful claims	0.38	5.43
	Loss of assets	2.36	6.58
	Remeasurement gains and loss on employee benefit obligations	(4.48)	(13.98)
	Finance costs	2,354.26	2,139.45
	Bad debts recovered	(0.00)	-
	Bad debts written off	53.87	8.16
	Operating loss before working capital changes	**192.46**	**207.13**
	Movement in working capital		
	(Increase)/ Decrease in loans	(12.20)	19.98
	(Increase)/ Decrease in inventories	1.07	(14.24)
	(Increase)/ Decrease in other financial assets	46.09	24.93
	(Increase)/Decrease in other assets	106.38	52.79
	(Increase)/Decrease in trade and other receivables	(29.00)	(25.92)
	Increase/ (Decrease) in other financial liabilities	(258.88)	60.20
	Increase/ (Decrease) in other liabilities	(76.53)	(63.28)
	Increase/ (Decrease) in provisions, trade and other payables	97.25	493.46
	Cash used in operating activities post working capital changes	**66.63**	**755.05**
	Income tax (paid)/refunds (net)	(11.28)	(47.63)
	Net cash used in operating activities (A)	**55.35**	**707.42**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment, investment property and intangible assets (including capital work-in-progress) (net of sale proceeds)	(29.49)	(15.68)
	Movement in fixed deposits (net)	(142.44)	143.50
	Dividend received	2.22	2.15
	Interest received	6.21	71.76
	Net cash used in investing activities (B)	**(163.51)**	**201.73**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds and repayment of long-term borrowings (net)	4,528.05	(18.56)
	Proceeds and repayment of short-term borrowings (net)	(2,270.98)	1,271.44
	Finance cost paid	(2,002.25)	(2,110.90)
	Payment towards lease liability (including interest)	(77.39)	(77.64)
	Net cash flows from financing activities (C)	**177.43**	**(935.66)**
	Decrease in cash and cash equivalents (A+B+C)	69.27	(26.51)
	Cash and cash equivalents at the beginning of the year	77.25	103.76
	Cash and cash equivalents at the end of the year (as per Note 16)	**146.52**	**77.25**
	Refer Note 24 for Reconciliation of financial liabilities arising from financing activities		

For and on behalf of the Board of Directors

For SCV & Co. LLP
Chartered Accountants
FRN No. 000235N/N500089

Sd/-
(CA Abhinav Khosla)
Partner
Membership No. 087010

For SPMG & Co.
Chartered Accountants
FRN No. 509249C

Sd/-
(CA Mandeep Singh Arora)
Partner
Membership No. 091243

Sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051

Sd/-
(Sultan Ahmed)
Chief Financial Officer

Sd/-
(Ratan Mani Sumit)
Company Secretary

Place: New Delhi
Date: 29 May 2023

MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of changes in equity for the year ended 31 March 2023

A. Equity share capital

(Rs. in crores)

Particulars	Balance as at 01 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2023
Equity share capital	630.00	-	-	-	630.00	-	-	-	630.00

B. Other equity

(Rs. in crores)

	Securities Premium	Promoter's Contribution	Research & Development reserve	Contingency reserve	Debenture redemption reserve	Retained Earnings	Total
Balance as at 01 April 2021	**665.00**	**-**	**30.80**	**243.23**	**45.27**	**(17,654.18)**	**(16,669.88)**
Profit/(loss) for the year	-		-	-	-	(2,602.59)	(2,602.59)
Addition during the year						-	-
Remeasurement of defined benefit obligation	-		-	-	-	(13.98)	(13.98)
Transfer in/ (out)			(30.80)		(45.27)	76.07	-
Balance as at 31 March 2022	**665.00**	**-**	**-**	**243.23**	**0.00**	**(20,194.68)**	**(19,286.45)**
Profit/(loss) for the year	-		-	-	-	(2,910.74)	(2,910.74)
Addition during the year		728.78				-	728.78
Remeasurement of defined benefit obligation	-		-	-	-	(4.48)	(4.48)
Transfer in/ (out)			-		-	-	-
Balance as at 31 March 2023	**665.00**	**728.78**	**-**	**243.23**	**0.00**	**(23,109.90)**	**(21,472.90)**

For and on behalf of the Board of Directors

For SCV & Co. LLP
Chartered Accountants
FRN No. 000235N/N500089

For SPMG & Co.
Chartered Accountants
FRN No. 509249C

Sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Sd/-
(Rajiv Kumar) Director
(Finance)
DIN 09811051

Sd/-
(CA Abhinav Khosla)
Partner
Membership No. 087010

Sd/-
(CA Mandeep Singh Arora)Partner
Membership No. 091243

Sd/-
(Sultan Ahmed)
Chief Financial Officer

Sd/-
(Ratan Mani Sumit)
Company Secretary

Place: New Delhi
Date: 29 May 2023

1 Corporate information

Mahanagar Telephone Nigam Limited ('MTNL' or 'Company'), a public sector enterprise, is engaged in providing telecom services in the geographical area of Mumbai and Delhi. The registered office of the company is located at Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi – 110003. The company's shares are listed with Bombay Stock Exchange, National Stock Exchange.

2 Basis of preparation

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2023 in accordance with Ind AS 110 and the Board of Directors approved the same for issue on 29 May 2023.

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention except for the following –

- Certain financial assets and liabilities which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value; and
- Assets held for sale – measured at fair value less costs of disposal

3 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. Revenue is recognized on accrual basis, including income from subscribers whose disputes are pending resolution, and closure of the subscribers' line.

a) In the case of contracts involving single performance obligation, accounting for revenue is done on accrual basis and revenue is recognized over the period in which services are rendered.

b) In case of contracts involving multiples promises, which involve delivery or performance of multiple products, services or right to use assets, evaluation is done for all deliverables in an arrangement to determine whether they represent separate performance obligations at the inception of arrangement. Total consideration related to the bundled contract is allocated among the different performance obligations based on their standalone selling prices. In case the relative value of different performance obligations cannot be determined on a reasonable basis, the total consideration is allocated to the different performance obligations based on residual value.

c) For sale of prepaid products, processing fee on recharge coupons is recognized over the customer relationship period or coupon validity period, whichever is lower.

d) Activation &installation revenue and related costs (including subscriber acquisition cost), not exceeding the respective revenue, are to be deferred and amortized over the estimated customer relationship period. The excess of costs over revenue, if any, are to be expensed as incurred.

e) Income from sale of prepaid calling cards, virtual calling cards (VCC) and prepaid internet connection cards is recognised basis the usage or expiry of cards, whichever is earlier.

f) Interest income/expenditure is to be recognized based on effective interest rate [EIR] i.e. the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs fees paid or received, premiums or discounts if any etc. The difference between the actual interest rate and effective interest rate will be routed through statement of profit or loss.

g) Income from services includes income from leasing of infrastructure to other service providers. Cost of related stores and materials consumed in execution is charged to project or revenue job at the time of issue. However, spill over items at the end of the year lying at various stores are valued at weighted average cost.

h) Sale proceeds of scrap arising from maintenance & project works are taken into miscellaneous income in the year of sale.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there is billing in excess of revenues or advances received form the customer.

b) Post-employment benefits

a) Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Company’s defined contribution plans include provident fund, pension contribution and leave salary.

(i) In respect of absorbed combined service pension optees in MTNL, provision for pension contribution is payable to the Govt. of India as per FR-116 as in Bharat Sanchar Nigam Limited ('BSNL') with equivalent BSNL pay scales and it is expensed off in the relevant year.

(ii) In respect of officials who are on deemed deputation from Department of Telecommunications (DoT) and other Government department, the provision for pension contribution is payable to the Government of India at the rates specified in Appendix 2(A) to FR 116 and 117 of FR. & SR and it is expensed off in the relevant year. Further, provision for leave encashment is payable @ 11% of pay as specified in appendix 2(B) of F.R.116 and 117 of F.R. & S.R. and it is expensed off in the relevant year.

b) *Defined benefit plan*

The defined benefit plans sponsored by the Company defines the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company. The Company's defined benefit plans include amounts provided for gratuity.

(i) For Absorbed CPF optees and direct recruits of MTNL, the Company made contribution to provident fund Trust administered by the Company, which was recognised by the income tax authorities. Following the withdrawal of the Company's exemption from the provident fund, all accumulations in the employees' accounts on the employer's accounts, as well as employee contribution and interest thereon, have been transferred to the Recognised Provident Fund, and with effect from July 2020 the Company has no legal or constructive obligations to pay further contributions after paying the fixed contribution to Recognised Provident Fund.

(ii) For Absorbed CPF optees and direct recruits of MTNL, the liability for gratuity is estimated using actuarial valuation as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

(iii) For absorbed combined service pension optee employees in MTNL, no provision is made for the pensionary benefits viz pension and gratuity.

c) *Other long-term employee benefits*

(i) Liability for leave encashment for all employees of MTNL is accounted for on actuarial valuation basis, performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the standalone statement of profit and loss in the year in which such gains or losses arise.

(ii) For post-retirement medical benefits, no provision is made since insurance policy is taken periodically and the premium is expensed off in the relevant year.

d) Short-term benefits comprise of employee costs such as salaries, bonus, ex-gratia, short-term compensated absences are accrued in the year in which the associated services are rendered by employees of the Company.

e) Bonus/Ex-gratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company.

c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time, which is generally considered as one year, to get ready for its intended use or sale are capitalised as part of the cost of the asset. Further, projects with estimated cost up to Rs 30 crores generally take a year to complete. All other borrowing costs are expensed in the period in which they occur and reported in finance cost. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest rate.

d) Property, plant and equipment

Recognition and initial measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Assets are capitalized, as per the practices described below, to the extent completion certificates have been issued, wherever applicable.

i. Land is capitalized when possession of land is taken.

ii. Building is capitalized to the extent it is ready for use.

iii. Apparatus & plants principally consisting of telephone exchange equipment and air conditioning plants are capitalised on commissioning of the exchange. Subscriber's installations are capitalized as and when the exchange is commissioned and put to use either in full or in part. Identifiable components in Apparatus &plants having significant cost and/or separate useful life than the main asset i.e. ADSL, VDSL & MES CPES, UPS/Batteries and Subscriber Telephone Instruments are capitalised separately on commissioning and put to use.

iv. Lines &wires are capitalised as and when laid or erected to the extent completion certificates have been issued.

v. Cables are capitalised as and when ready for connection with the main system.

vi. Vehicles and other assets are capitalized as and when purchased.

(a) Property, plant and equipment are being verified by the management at reasonable intervals i.e. once in every three years by rotation. The physical verification of underground cables is done on the basis of working of network and based on records available together with a certificate from the technical officers.

(b) Expenditure on replacement of assets, equipment, instruments and rehabilitation work is capitalized if it is expected to generate future economic benefits for more than one year.

(c) Upon scrapping/decommissioning of assets, these continue to be classified in property, plant and equipment unless they are classified as 'held for sale' and carried at the lower of carrying value or fair value less costs of disposal. Resultant loss, if any, is charged to standalone statement of profit and loss.

(d) Cost of major inspection is recognized in the carrying amount of plant and equipment if it is expected to generate economic benefits and its life is more than one year.

(e) On replacement of significant components of plant and equipment, recognition is made for such replacement of components as individual assets with specific useful life and depreciated as if these components are initially recognised as separate asset.

(f) In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

(g) The present value of expected cost for decommissioning of the asset on expiry of its useful life is included in the cost of respective asset. A provision for decommissioning is also created with equivalent amount.

(h) Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss as 'other income' or 'other expenses', as the case may be, on the date of disposal.

Subsequent measurement

(a) Depreciation is provided by the Company using straight-line method on the basis of the useful lives prescribed in Schedule II of the Companies Act, 2013 except in respect of Apparatus & Plant (including Towers, Transceivers, switching centres, transmission & other network equipment) and identifiable components in Apparatus & plant having significant cost and/or separate useful life than the main asset, mobile handsets for service connection, low cost aerial optical fibre cable and major structural repairs of the building which are depreciated at the rates based on technical evaluation of useful life of these assets, which are lower than the lives prescribed in Schedule II of the Companies Act 2013. The estimated useful lives and residual value are reviewed at the end of each reporting period.

For **Apparatus &plant** (including Towers, Transceivers, switching centres, transmission & other network equipment), Office equipment & Cable having useful life of 10 years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
1. UPS/Battery up to 300AH capacity	4
2. UPS/Battery more than 300AH capacity	7
3. ADSL, VDSL & MES CPES	5
4. Subscribers telephone instruments	5

For **Office Equipment** having useful life of 5 Years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
5. Mobile handset for service connection	3

For **Cable** having useful life of 18 years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
6. Low cost aerial optical fibre cable	3

For **Office Building & exchange** having useful life of 60 and 30 years respectively other than following assets/ components with shorter useful lives –

Name of assets	Useful life (years)
7. Others (Major structural repair of building)	7

(b) 100 % depreciation is provided on assets immaterial in value up to Rs. 0.05 lakh, in the year of purchase itself, other than those forming part of project, the cost of which is below Rs. 0.10 lakh in case of Apparatus &plants, Training equipment &testing equipment and Rs. 2.00 lakh for partitions, which is not considered to be material.

(c) Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed or replaced.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

e) Intangible assets

Intangible assets are stated at their cost of acquisition and/or development less accumulated amortisation. Intangible assets including application software are capitalised when ready for use. All intangible assets with definite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired.

(a) Intangible assets represented by one-time upfront payment for 3G spectrum is amortized on straight-line basis over the period of license i.e. 20 years.

(b) Application software is amortised on straight-line basis over the useful life of the assets which is considered as 10 years.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

f) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land, vehicles, BTS sites, towers and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset;

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

g) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs of disposal. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the standalone statement of profit and loss.

h) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of investment properties other than land.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its investment properties recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

i) Inventories

Inventories being stores and spares are stated at the lower of cost and net realisable value. However, inventories held for capital consumption are stated at cost.

Cost of inventories:

Cost of stores and spares is determined on weighted average basis.

Net realisable value:

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

j) Foreign currency translation

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is the functional currency of the Company, since substantially the entire funding of the Company and its operational income is denominated in Indian Rupee.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the statement of profit or loss.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

k) Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the statement profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within 'other expenses'.

➢ *Amortised cost*

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

a) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Company's cash and cash equivalents, trade and certain other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

(i) **For debtors that are not past due** – In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

(ii) **For debtors considered past due** – any enhancement in the accrual done for expected credit loss on individually significant receivables is made as follows –

- Provision is made for wrong billing, disputed claims from subscribers (excluding operators covered under the agreements related to IUC/Roaming/MOU) and cases involving suspension of revenue realization due to proceedings in Court.
- For landline services – 100% provision is made for debtors outstanding for more than 3 years.
- For closed connections, provision is made in respect of outstanding for more than 3 years along with spill over amount for up to 3 years.
- For wireless services (GSM & CDMA) – 100% provision is made for debtors outstanding for more than 180 days.

(iii) **For other financial assets –** In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

➢ *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in the statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

➢ *Financial assets at FVOCI*

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within FVOCI reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statement of profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest rate, except for financial liabilities held for trading or designated as FVTPL, that are carried subsequently at fair value with gains or losses recognised in the statement of profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss and are included within finance costs or finance income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) Investment in subsidiaries, joint ventures and associates

Investment in equity instruments of subsidiaries, joint ventures and associates are stated at cost as per Ind AS 27 'Separate Financial Statements'.

m) Income taxes

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961and in the overseas branches/companies as per the respective tax laws.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax asset ('DTA') is recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilised or to the extent of taxable temporary differences.

Minimum Alternate Tax (MAT) credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the standalone statement of profit and loss and classified under 'deferred tax asset'.

n) Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

For intangible assets with indefinite useful life that are tested at least annually. For other assets, the Company assesses at each balance sheet date whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the standalone statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factor reflects current market assessment of the time value of money and asset-specific risks factors.

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

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

Contingent assets are not recognised. However, when inflow of economic benefit is probable, related asset is disclosed.

p) Government grants

Government grants are recognised if it is sufficiently certain that the assistance will be granted and the conditions attached to assistance are satisfied. Where the grant relates to specified asset, it is recognised as deferred income, and amortized over the expected useful life of the asset. Other grants are recognised in the statement of profit and loss concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

r) Statement of Cash flow

Statement of cash flow is being prepare in accordance with the requirements of Indian Accounting Standard (Ind AS) 7 “Statement of Cash Flows”. Cash flows from operating activities is reported using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

s) Adjustment pertaining to earlier years

Income from services and other income pertaining to prior years is not disclosed as prior period item for each individual transaction not exceeding ` ₹1.00 lakh and similarly items of expenditure for each individual transaction not exceeding ` ₹1.00 lakh are considered as expenditure of current year.

In respect of other items of income (including operating income and other income) and expenditure relating to prior periods, the net effect of which on retained earning does not exceed 1% of turnover is treated as income/expenditure of current year.

t) Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium account, net of any related income tax benefits.

Other components of equity include the following:

- Re-measurement of defined benefit liability – comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets
- Reserve for contingencies
- Reserve for research and development
- Reserve for debenture redemption
- General reserve
- Other transactions recorded directly in other comprehensive income.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. Following are amendments to existing standards, which are applicable to the company and will be effective from 1 April 2023.

Amendment to Ind AS 1, Presentation of Financial Statements

The Ministry of Corporate affairs ("MCA") vide its notification dated 31 March 2023 has issued an amendment to Ind AS 1 which specifies that companies should disclose material accounting policy information instead of significant accounting policies. Accounting policy information together with other information is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Amendment to Ind AS 8, Accounting Policies, Change in Accounting Estimates and Errors

The Ministry of Corporate affairs ("MCA") vide its notification dated 31 March 2023 has issued an amendment to Ind AS 101 which substituted the definition of 'change in accounting estimate' with accounting estimate. The revised definition says that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. A company develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimate includes selection of a measurement technique and selection of inputs to be used when applying the chosen measurement technique.

An entity uses measurement techniques and inputs to develop an accounting estimate. Measurement techniques include estimation techniques (for example, techniques used to measure a loss allowance for expected credit losses applying Ind AS 109) and valuation techniques

An entity may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience. By its nature, a change in an accounting estimate does not relate to prior periods and is not the correction of an error.

The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors

Prospective recognition of the effect of a change in an accounting estimate means that the change is applied to transactions, other events and conditions from the date of that change. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. For example, a change in a loss allowance for expected credit losses affects only the current period's profit or loss and therefore is recognised in the current period. However, a change in the estimated useful life of, or the expected pattern of consumption of the future economic benefits embodied in, a depreciable asset affects depreciation expense for the current period and for each future period during the asset's remaining useful life. In both cases, the effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

Corrections of errors are distinguished from changes in accounting estimates. Accounting estimates by their nature are approximations that may need changing as additional information becomes known. For example, the gain or loss recognised on the outcome of a contingency is not the correction of an error.

Amendment to Ind AS 12, Income Taxes:

The Ministry of Corporate affairs ("MCA") vide its notification dated 31 March 2023 has issued an amendment to Ind AS 12 which specifies that the initial recognition of an asset or liability in a transaction which at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Income recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences. Accordingly, companies will need to recognise a deferred tax asset and deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

The amendment also specifies that if the transaction is not a business combination, affects neither accounting profit nor taxable profit and does not give rise to equal taxable and deductible temporary differences, an entity would, in the absence of the exemption provided by paragraphs 15 and 24, recognise the resulting deferred tax liability or asset and adjust the carrying amount of the asset or liability by the same amount. Such adjustments would make the financial statements less transparent. Therefore, this Standard does not permit an entity to recognise the resulting deferred tax liability or asset, either on initial recognition or subsequently. Furthermore, an entity does not recognise subsequent changes in the unrecognised deferred tax liability or asset as the asset is depreciated.

A transaction that is not a business combination may lead to the initial recognition of an asset and a liability and, at the time of the transaction, affect neither accounting profit nor taxable profit. For example, at the commencement date of a lease, a lessee typically recognises a lease liability and the corresponding amount as part of the cost of a right-of-use asset. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such a transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences and an entity recognises any resulting deferred tax liability and asset.

Amendment to Ind AS 34, Interim Financial Reporting

The Ministry of Corporate affairs ("MCA") vide its notification dated 31 March 2023 has issued an amendment to Ind AS 101 which specifies that the words "significant accounting policies", is replaced with "material accounting policy information"

Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have significant effect on the financial statements.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Assessment lease term –Lease term includes non-cancellable periods of lease along with extension options reasonably certain to be exercised and termination options reasonably certain not to be exercised. The assessment of whether extension options and termination options are reasonably certain to be exercised or not to be exercised, involve significant management judgement based upon economic incentives to extend or terminate the lease.

Activation and installation fees - The Company receives activation and installation fees from new customers. These fees together with directly attributable costs are amortised over the estimated duration of customer relationship period. The customer relationship period is reviewed periodically. The estimated relationship period principally reflects management's view of the average economic relationship period of the customer base and is assessed by reference to key performance indicators (KPIs) which are linked to establishment/ ascertainment of customer relationship period. A change in such KPIs may lead to a change in the estimated useful life and an increase/ decrease in the amortisation income/charge. The Company believes that the change in such KPIs will not have any material effect on the financial statements.

Recoverability of advances/receivables – At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factor.

Classification of assets and liabilities into current and non-current – The management classifies the assets and liabilities into current and non-current categories based on management's expectation of the timing of realisation of the assets or timing of contractual settlement of liabilities.

Impairment of assets - In assessing impairment, management estimates the recoverable amounts of each asset or cash-generating unit (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate

Useful lives of depreciable/amortisable assets (tangible and intangible) - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment. During the current year, the Company has changed its estimate of useful live for mobile handsets used for service connection from 4 years to 3 years. The impact of such change in useful live is immaterial on the Company's financial statements.

Inventories – Management estimates the cost of inventories including cost of materials and overheads considered attributable to the production of such inventories, taking into account the most reliable evidence available including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined benefit obligation (DBO) - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses

Fair value measurements - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Mahanagar Telephone Nigam Limited

Notes forming part of financial statements for the year ended 31 March 2023

4. Property, plant and equipment

(Rs. in crores)

Description	Freehold land	Buildings	Lines & wires	Cables	Apparatus & plant	Furniture & fixtures	Computers	Vehicle	Office machinery & equipment	Electrical appliances	Asset scrapped/ decommissioned	Total
Gross carrying value												
As at 01 April 2021	18.42	2,007.63	178.08	7,914.28	10,457.57	156.69	310.54	20.21	37.41	156.08	47.23	21,304.15
Additions	-	25.75	0.49	21.02	81.73	-	0.73	-	0.01	2.72	0.50	132.95
Adjustments^	(0.03)	(31.63)	-	(3.19)	(3.95)	(0.18)	(0.08)	(0.38)	(0.01)	(0.05)	(0.26)	(39.76)
Disposals	-	(0.36)	-	-	(7.44)	(0.06)	(0.88)	(2.46)	(0.07)	(0.27)	(0.26)	(11.79)
As at 31 March 2022	**18.39**	**2,001.39**	**178.58**	**7,932.11**	**10,527.89**	**156.46**	**310.31**	**17.37**	**37.35**	**158.49**	**47.21**	**1,385.53**
Additions	-	14.45	1.22	10.23	18.83	0.25	0.69	-	0.01	0.00	10.88	56.58
Adjustments^	(0.14)	(3.94)	0.06	(0.10)	24.97	-	-	-	0.00	-	(1.25)	19.61
Disposals	-	(0.76)	-	(0.82)	(240.74)	(1.34)	(8.70)	(5.02)	(0.41)	(1.03)	(0.78)	(259.60)
As at 31 March 2023	**18.25**	**2,011.14**	**179.86**	**7,941.43**	**10,330.96**	**155.37**	**302.30**	**12.34**	**36.95**	**157.46**	**56.07**	**21,202.12**
Accumulated depreciation												
As at 01 April 2021	-	1,234.96	115.51	6,878.54	9,182.55	148.36	294.27	19.01	35.70	143.09	-	18,051.99
Charge for the year	-	72.63	5.31	90.29	193.98	0.80	0.46	0.04	0.11	1.28	-	364.90
Adjustments^	-	(3.24)	-	(0.06)	(6.81)	(0.21)	(0.89)	(2.54)	(0.07)	(0.28)	-	(14.09)
As at 31 March 2022	**-**	**1,304.35**	**120.82**	**6,968.77**	**9,369.72**	**148.95**	**293.84**	**16.50**	**35.74**	**144.09**	**-**	**8,402.79**
Charge for the year	-	66.54	5.28	80.17	170.60	0.57	0.55	0.01	0.07	1.08	-	324.87
Adjustments^	-	(2.15)	0.00	(0.77)	(204.89)	(1.28)	(8.28)	(4.77)	(0.28)	(0.98)	-	(223.41)
As at 31 March 2023	**-**	**1,368.74**	**126.10**	**7,048.17**	**9,335.43**	**148.24**	**286.12**	**11.74**	**35.53**	**144.19**	**-**	**18,504.25**
Net block as at 31 March 2022	**18.39**	**697.04**	**57.76**	**963.34**	**1,158.17**	**7.51**	**16.47**	**0.86**	**1.60**	**14.40**	**47.21**	**2,982.74**
Net block as at 31 March 2023	**18.25**	**642.40**	**53.76**	**893.27**	**995.53**	**7.13**	**16.18**	**0.61**	**1.42**	**13.27**	**56.07**	**2,697.87**

^Adjustments includes transfer to/from investment properties.

Notes:

(i) Contractual obligations

Refer note 51 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Depreciation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iii) Additions during the year include adjustments on account of value difference, spill over cost etc. identified during the year in respect of existing property, plant and equipment.

(iv) Title deeds of Properties

Refer note 58 for disclosure of title deeds of Properties.

5. Capital work-in-progress

(Rs. in crores)

	31 March 2023	31 March 2022
Buildings	9.83	6.99
Apparatus & plants	6.96	15.73
Lines & wires	1.56	2.51
Cables	12.80	16.17
Subscribers' installations	4.44	8.38
Air conditioning plants	9.39	5.59
Others	63.19	68.96
	108.16	**124.33**
Less: provision for :		
Abandoned work	(1.69)	(1.69)
Others	(46.98)	(48.65)
	59.49	**73.98**

5. Movement in capital work in progress:

(Rs. in crores)

Particulars	Amount
Capital work-in-progress as at 01 April 2021	**184.25**
Add: additions during the year	40.84
Less: capitalisation during the year	(126.55)
Less: reversal/(provision) for abandoned work	(24.55)
Capital work-in-progress as at 31 March 2022	**73.98**
Add: additions during the year	33.02
Less: capitalisation during the year	(44.57)
Less: reversal/(provision) for abandoned work	(2.94)
Capital work-in-progress as at 31 March 2023	**59.49**

Notes:

(i) Capitalised borrowing cost

The borrowing costs capitalised during the year ended 31 March 2023 was Rs. Nil (31 March 2022: Rs. 0.17 Crores). The weighted average borrowing cost of capitalisation is 7.95% per annum.

(ii) Contractual obligations

Refer note 51 for disclosure of contractual commitments.

(iii) Nature of expenses capitalised during the year

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Salaries and other employee costs	19.41	18.25
Finance cost	-	0.17
Administrative costs	-	0.01
Total	**19.41**	**18.43**

(iv) Capital work in progress ageing

Ageing schedule of capital work-in-progress

(Rs. in crores)

31 MARCH 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress (net of provisions)	17.67	7.97	13.77	20.08	59.49

(Rs. in crores)

31 MARCH 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	16.22	6.36	20.26	31.15	73.98

6. Right-of-use assets

(Rs. in crores)

Description	Leasehold land	Buildings	Towers	Vehicle	Total
Gross carrying value					
As at 01 April 2021	**355.76**	**33.15**	**252.58**	**0.86**	**642.35**
Additions/Transfer In	-	10.29	7.56	-	17.84
Assets held for sale					-
Adjustments^	0.03	1.85	-	-	1.88
Deletions/Transfer Out	(0.13)	(0.02)	-	-	(0.15)
As at 31 March 2022	**355.66**	**45.28**	**260.14**	**0.86**	**661.93**
Additions/Transfer In	-	3.82	1.33	-	5.14
Assets held for sale	-	-	-	-	-
Adjustments	(0.09)	16.49	-	-	16.40
Deletions/Transfer Out	-	-	-	-	-
As at 31 March 2023	**355.57**	**65.59**	**261.46**	**0.86**	**683.47**
Accumulated depreciation					
As at 01 April 2021	**79.36**	**17.81**	**98.13**	**0.54**	**195.84**
Charge for the year	3.73	9.40	45.05	0.27	58.45
Tranfered to investment property	-	-	-	-	-
Adjustments duirng the year	(0.03)	1.85	-	-	1.82
As at 31 March 2022	**83.06**	**29.06**	**143.18**	**0.81**	**256.10**
Charge for the year	3.67	9.94	41.10	0.05	54.75
Tranfeered to investment property	-	-	-	-	-
Adjustments duirng the year	(0.04)	-	-	-	(0.04)
As at 31 March 2023	**86.70**	**38.99**	**184.27**	**0.86**	**310.82**
Net block as at 31 March 2022	**272.60**	**16.22**	**116.96**	**0.05**	**405.83**
Net block as at 31 March 2023	**268.87**	**26.60**	**77.19**	**(0.00)**	**372.65**

Refer note 52 and 58 for further details on leases.

7. Investment property

(Rs. in crores)

Description	Gross block				Accumulated depreciation				Net block	Net block
	01 April 2021	Additions	Disposals/ adjustments^	31 March 2022	01 April 2021	Charge	Disposals/ adjustments^	31 March 2022	31 March 2022	31 March 2021
Freehold land	0.66	0.01	(0.04)	0.63	-	-	-	-	0.63	0.66
Leasehold land	16.59	0.12	0.04	16.75	4.62	0.20	0.04	4.84	11.90	11.97
Buildings	50.01	1.38	28.69	80.09	26.04	1.58	2.92	30.54	49.55	23.97
Total	**67.26**	**1.51**	**28.69**	**97.47**	**30.66**	**1.77**	**2.95**	**35.38**	**62.09**	**36.59**

(Rs. in crores)

Description	Gross block				Accumulated depreciation				Net block	Net block
	01 April 2022	Additions	Disposals/ adjustments^	31 March 2023	01 April 2022	Charge	Disposals/ adjustments^	31 March 2023	31 March 2023	31 March 2022
Freehold land	0.63	0.14	-	0.77	-	-	-	-	0.77	0.63
Leasehold land	16.75	0.09	-	16.84	4.84	0.25	0.04	5.13	11.71	11.90
Buildings	80.09	2.95	0.98	84.02	30.54	2.77	1.44	34.75	49.27	49.55
Total	97.47	3.18	0.98	101.63	35.38	3.02	1.48	39.88	61.75	62.09

^Disposals/adjustments includes transfer from/to property, plant and equipment.

(i) Amount recognised in profit and loss for investment property

(Rs. in crores)

	31 March 2023	31 March 2022
Rental income	433.73	325.53
Direct operating expenses that generated rental income*	-	-
Direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property	**433.73**	**325.53**

*Direct operating expenses attributable to investment property cannot be specifically identified with properties, although management does not expect them to be material.

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given, as required by Ind AS 116 "Leases".

(iii) Fair value of investment property

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Fair value	4,059.74	4,026.19

The Company reviews fair values annually. The following factors have been considered for determination of fair value -

(a) Leasehold properties - These land properties have been allotted to MTNL on perpetual lease from the government for carrying out operations in normal course of business. The Company constantly reviews the utilisation of its facilities and any surplus properties are considered for letting out to earn rental income. Being leasehold properties, the Company is restricted from selling them in an active market, however, such properties can be converted into freehold properties at circle rates at which the government (or other bodies representing the government) would sell such properties in an active market. This is considered to be representative of the fair value of properties as at reporting date.

(b) Freehold land - The circle rates are considered to be a fair representation at which such properties can be sold in an active market.

(c) Buildings - In case of constructed building, cost of construction adjusted with the present day price index has been taken as the basis of valuation. Necessary depreciation for age and life of the structure has been taken into account.

8. Intangible assets

(Rs. in crores)

	Software	One time spectrum fees	Total
Gross carrying value			
At 01 April 2021	133.28	6,564.00	6,697.28
Additions	-	-	-
Disposals/adjustments	-	-	-
Balance as at 31 March 2022	**133.28**	**6,564.00**	**6,697.28**
Additions	0.23	-	0.23
Disposals/adjustments	-	-	-
Balance as at 31 March 2023	**133.51**	**6,564.00**	**6,697.51**
Accumulated amortisation			
At 01 April 2021	115.05	4,150.35	4,265.42
Amortisation charge for the year	5.70	328.20	333.90
Adjustments	-	-	-
Balance as at 31 March 2022	**120.75**	**4,478.55**	**4,599.32**
Amortisation charge for the year	5.68	328.20	333.88
Adjustments	-	-	-
Balance as at 31 March 2023	**126.43**	**4,806.75**	**4,933.20**
Net book value as at 31 March 2022	**12.52**	**2,085.45**	**2,097.96**
Net book value as at 31 March 2023	**7.08**	**1,757.25**	**1,764.31**

Notes:

(i) Contractual obligations

Refer note 51 for disclosure of contractual commitments for the acquisition of intangible assets.

(ii) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iii) There was no expenditure incurred on research and development during the current and comparative year.

9. Non-current investments (Rs. in crores)

	Number of shares		Amount	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
In equity instruments				
In subsidiaries (unquoted)				
Millennium Telecom Limited (face value Rs. 10 each fully paid up)	2,875,880	2,875,880	2.88	2.88
Mahanagar Telephone Mauritius Limited	572,264,029	572,264,029	100.97	100.97
Sub total (A)			**103.85**	**103.85**
In Joint ventures (unquoted)				
MTNL STPI IT Services Limited (face value of Rs. 10 each fully paid up)	2,282,000	2,282,000	2.28	2.28
Sub total (B)			**2.28**	**2.28**
Total non-current investments (A+B)			**106.13**	**106.13**
Aggregate amount of unquoted investments			106.13	106.13

Notes:

(a) Investments in subsidiaries, associates and joint venture are stated at cost as per Ind AS 27 'Separate Financial Statements'.

(b) As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice was valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and decided to take legal option from local counsel of Nepal for enforcing the exit option. Accordingly, the investment continued to be classified as 'held for sale' in the financial statements for the year ended 31 March 2022 and 31 March 2023.

10. Loans (Rs. in crores)

	31 March 2023	31 March 2022
	Non-current	Non-current
Secured, considered good		
Loan to employees	3.56	3.49
Less: allowance for credit impaired loans	(0.04)	(0.06)
	3.51	3.43

Notes:

(i) No loans are due from director or other officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is partner, director or a member.

(ii) Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 46 - Financial risk management for assessment of expected credit losses.

11. Other financial assets

(Rs. in crores)

	31 March 2023 Non-current	31 March 2022 Non-current
Bank deposits with more than 12 months maturity	13.94	24.57
Unsecured, considered good		
Security deposits with other departments	194.53	191.01
Receivable from BSNL	0.21	-
Credit impaired		
Security deposits with other departments	3.73	3.63
	212.41	**219.20**
Less: allowance for credit impaired loans	(3.73)	(3.63)
	208.68	**215.57**

Notes:

(i) 13.94 crores (31 March 2022 - Rs. 24.57 crores) representing deposits with original maturity of more than twelve months, held by the entity that are not available for use by the Company, as these are pledged with the banks for issuing bank guarantees to third parties.

(ii) Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 46 - Financial risk management for assessment of expected credit losses

12. Income tax assets (net)

(Rs. in crores)

	31 March 2023	31 March 2022
Advance income tax (net of provision)	574.45	563.17
	574.45	**563.17**

13. Other non-current assets

(Rs. in crores)

	31 March 2023	31 March 2022
Capital advances (net of provision)	1.66	1.66
Deferred lease income	27.79	23.96
Balances with statutory authorities	2.54	2.54
Prepaid expenses	1.60	2.14
	33.59	**30.31**

14. Inventories

(Rs. in crores)

	31 March 2023	31 March 2022
(Valued at cost, unless otherwise stated)		
Exchange equipments	29.82	30.03
Mobile handsets & sim cards	2.06	2.06
WLL equipments	0.08	0.08
Telephones & telex spares	0.09	0.09
	32.06	**32.25**
Less : provision for obsolete stores	(27.81)	(25.70)
	4.25	**6.55**

15. Trade receivables

(Rs. in crores)

	31 March 2023	31 March 2022
Trade receivables		
- Secured, considered good	87.07	87.16
- Unsecured, considered good	488.43	563.54
- Credit impaired	1,049.06	1,013.14
Unbilled receivables*	146.67	132.59
	1,771.23	**1,796.43**
Less: Allowance for impairment		
Unsecured considered good (expected credit loss)	(146.23)	(120.92)
Credit impaired	(1,049.06)	(1,013.14)
	575.94	**662.36**

* Represents contract assets under Ind AS 115. Refer note 57 for details.

** Expected Credit Loss on unbilled revenue amounts to Rs. 2.69 Crore (31 March 2022 - Rs. 2.26 Crore)

Notes:

(i) Trade receivables have been pledged as security for liabilities, for details refer note 54.

(ii) No trade or other receivable are due from director or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is partner, director or a member.

(iii) Trade receivables are secured to the extent of security deposits received from customers, with contractual amounts as at 31 March 2023 of Rs.87.07 crores (31 March 2022 - Rs. 87.16 crores) and related amortised cost as at 31 March 2023 of Rs. 35.24 crores (31 March 2022 - Rs. 46.31 crores).

(iv) Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts.

(v) The carrying values of trade receivables are considered to be a reasonable approximation of fair values.

(vi) Trade Receivables ageing

Ageing schedule of trade receivables

(Rs. in crores)

31 MARCH 2023	Outstanding from the transaction date					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	188.13	57.28	146.36	87.91	94.28	573.96
Undisputed trade receivables – credit impaired	0.12	55.91	1.94	6.75	984.34	1,049.06
Disputed trade receivables – considered good	1.55					1.55
Undisputed - unbilled revenue - considered good	146.49	0.17				146.67
Total	**336.30**	**113.36**	**148.30**	**94.66**	**1,078.62**	**1,771.23**

(Rs. in crores)

31 MARCH 2022	Outstanding from the transaction date					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	140.35	238.79	96.35	61.70	168.42	705.60
Undisputed trade receivables – credit impaired	24.65	57.08	38.31	31.49	756.08	907.61
Disputed trade receivables – considered good	1.94	2.96	2.55	2.69	40.49	50.62
Undisputed - unbilled revenue - considered good	132.59	-	-	-	-	132.59
Total	**299.53**	**298.83**	**37.20**	**95.88**	**964.99**	**1,796.43**

16. Cash and cash equivalents

(Rs. in crores)

	31 March 2023	31 March 2022
Balances with banks in current accounts	**120.86**	**75.45**
Cheques, drafts in hand	0.94	0.05
Cash on hand	0.09	0.04
Bank deposits with original maturity of less than 3 months	25.20	2.26
Less: provision for doubtful bank balances	(0.56)	(0.56)
	146.52	**77.25**

The carrying values are a reasonable approximate of their fair values.

17. Other bank balances

(Rs. in crores)

	31 March 2023	31 March 2022
Bank deposits maturity for more than 3 months but less than 12 months	0.89	12.04
Balance with banks in escrow accounts	153.60	-
	154.48	**12.04**

Notes:

(i) Rs. 0.89 crores (31 March 2022 - Rs. 12.04 crores) representing deposits with original maturity of more than three months but less than twelve months, held by the entity that are not available for use by the Company, as these are pledged with the banks for issuing bank guarantees to third parties.

(ii) The carrying values are a reasonable approximate of their fair values.

18. Loans

(Rs. in crores)

	31 March 2023	31 March 2022
	Current	Current
Secured, considered good		
Loan to employees	2.11	3.16
Unsecured, considered good		
Loan to employees	15.27	1.80
	17.38	**4.96**
Less: Allowance for credit impaired loans	(1.97)	(1.89)
	15.41	**3.08**

Notes:

(i) Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

(ii) For details on settlement of receivable from related parties refer note 49.

(iii) For details on settlement of receivable from BSNL, refer note 65.

19. Other financial assets

(Rs. in crores)

	31 March 2023	31 March 2022
	Current	Current
Amount recoverable		
IUC operators	413.12	346.13
DoT	124.04	181.34
Others	543.25	619.21
Security deposits with other departments	23.22	22.65
Receivable from BSNL	3,535.13	3,521.50
	4,638.76	**4,690.83**
Less: provision for credit impaired receivables	(75.46)	(91.51)
	4,563.30	**4,599.32**

(i) Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

(ii) For details on settlement of receivable from BSNL, refer note 65.

(iii) For details on settlement of receivable from DoT, refer note 70.

20. Other current assets

(Rs. in crores)

	31 March 2023	31 March 2022
Advances to suppliers	26.62	28.64
Deferred lease income	40.97	3.96
Balances with statutory authorities	201.15	227.83
Prepaid expenses	11.35	113.67
Other recoverables	2.65	2.65
	282.73	**376.75**
Less: provision for doubtful advances	(26.46)	(10.83)
	256.27	**365.93**

21. Assets held for sale

(Rs. in crores)

	31 March 2023	31 March 2022
Property, plant and equipment (refer note (a))	0.18	0.05
Investments in United Telecom Limited (refer note (b))	35.85	35.85
	36.03	**35.90**

Notes:

(a) In respect of assets classified as held for sale, the Company was in the process to sell switches and BTS-batteries originally acquired for GSM Services in Mumbai in earlier years. A tender was floated for auction of the asset held for sale, which failed due to technical reasons that was not originally envisaged. Another tender was under process for auction of the asset at the year ending 31 March 2023 and favourable resolution is expected. Therefore, such assets continue to be classified as held for sale.

(b) As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice was valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and decided to take legal option from local counsel of Nepal for enforcing the exit option. Accordingly, the investment continued to be classified as 'held for sale' in the financial statements for the year ended 31 March 2022 and 31 March 2023.

Non-recurring fair value measurements

The recoverable amount is expected to be higher than the carrying value of such investment and therefore, no further loss required to be recognised upon classification of such investment as 'held for sale'.

22. Equity share capital

(Rs. in crores)

	31 March 2023	31 March 2022
Authorised capital		
3,500,000,000 (previous year 3,500,000,000) equity shares of Rs. 10 each	3,500.00	3,500.00
650,000,000 (previous year 650,000,000) preference shares of Rs. 100 each	6,500.00	6,500.00
	10,000.00	**10,000.00**
Issued, subscribed and fully paid up		
630,000,000 (previous year 630,000,000) equity shares of Rs. 10 each fully paid up	630.00	630.00
	630.00	**630.00**

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

	31 March 2023		31 March 2022	
	No. of shares	(Rs. in crores)	No. of shares	(Rs. in crores)
Equity shares at the beginning of the year	630,000,000	630.00	630,000,000	630.00
Changes during the year	-	-	-	-
Equity shares at the end of the year	**630,000,000**	**630.00**	**630,000,000**	**630.00**

b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

	31 March 2023		31 March 2022	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 10 each fully paid up				
President of India	354,378,740	56.25	354,378,740	56.25
LIC including LIC Fortune Plus secured Fund	82,659,957	13.12	82,659,957	13.12

d) Details of promoter shareholding

Name of promoter	31 March 2023			31 March 2022		
	Number of shares	% of total shares	% change during the period	Number of shares	% of total shares	% change during the period
President of India	354,378,740	56.25	0.00%	354,378,740	56.25	0.00%

e) There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

f) There are no shares reserved for issue under options or other purpose.

23. Other equity

(Rs. in crores)

	31 March 2023	31 March 2022
Retained earnings		
As per last balance sheet	(20,194.68)	(17,654.18)
Add : Net profit/ (loss) for the year	(2,910.74)	(2,602.59)
Add: Remeasurements of employee benefit obligations	(4.48)	(13.98)
Add: Transfer from debenture redemption reserve	-	45.27
Add: Transfer from research and development reserve	-	30.80
	(23,109.90)	**(20,194.68)**
Other reserves		
Securities premium	665.00	665.00
Promoter's Contribution	728.78	-
Contingency reserve	243.22	243.23
	1,637.00	**908.23**
	(21,472.90)	**(19,286.45)**

Nature and purpose of other reserves:

(i) Securities premium

Securities premium represents premium received on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act.

(ii) Contingency reserve

The Company created this reserve for unforeseen tax demands/disallowances by Income tax department under section 80IA of the Income Tax Act, 1961.

(iii) Promoter's Contribution

During the Financial year 2022-23 MTNL has issued bonds amounting to Rs. 10,910 Crores on which there is waiver of Government Guarantee Fees of 0.9% per annum for the tenure of bonds issued. As per the provision of Ind AS 109, as the fees payable to the government are waived off, it would impact the initial fair value of the bond. The notional benefit of Guarantee Fees amounting to Rs. 981.90 Crores (Fair Value of Rs. 728.78 Crores) is accounted for as promoter contribution received under other equity.

(iv) Other Comprehensive Income(OCI)

The Company has recognised remeasurements benefits on defined benefits plans through Other comprehensive income

24. Borrowings

(Rs. in crores)

	31 March 2023	31 March 2022
	Non-current	Non-current
Secured		
Term loans (net of current maturities)		
From banks	2,805.46	7,090.50
Unsecured		
Debentures (net of current maturities)		
Debentures - Series 7E	59.23	-
[634 number of 7.75% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7D	337.89	-
[3,615 number of 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7C	1,511.71	-
[16,176 number of 7.78% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7B	2,579.83	-
[27,579 number of 7.87% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7A	5,717.15	-
[61,096 number of 8.00% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 6	2,137.32	2,137.16
[21,386 number of 6.85 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 5	4,358.74	4,358.39
[43,614 number of 7.05 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		

	31 March 2023	31 March 2022
	Non-current	Non-current
Debentures - Series 4D	-	-
[22,689 number of 8.29% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4C	-	-
[7 number of 8.24% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.01 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4B	-	-
[1,000 number of 8.28% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 4A	-	-
[14,000 number of 8.24% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 3A	-	-
[7650 number of 9.39% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 2A*	-	1,974.63
[19,750 number of 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 1A*	-	1,004.88
[10,050 number of 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
	16,701.88	9,475.05
	19,507.34	16,565.55
Amount disclosed under other financial liabilities:		
Current maturities of long-term debt	3,992.35	3,095.62
Interest accrued	524.94	249.28

Notes:

(i) No loans have been guaranteed by the directors and others.

(ii) There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.

(iii) These facilities are securred by floating first pari passu charge on all movable fixed assets (classified under property plant and equipment) and current assets except Leasehold land given as mortgage to Bank of India and Union Bank of India given below . Further, for securing the above term loans letter of comfort was issued by DoT. For repayment terms of the outstanding long-term borrowings (including current maturities) refer the table below:

(a) As on 31 March 2023

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
State Bank of India	718.88	Repayment due in 5 instalments 135 Crores/ quarter (5 Instalments) From Sep-23 to Sep-24 & Rs 44.16 cr in Sep-24	8.64%
Union Bank of India	586.86	Repayment due in 5 instalments 150 Crores/ quarter (3 Instalments) From Aug-23 to Feb-24 , 50 crores/quarter (2 Instalments) from May-24 to Aug-24 & Rs 36.86 Cr in Sep-24	8.35%
Andhra Bank	302.11	Repayment due in 5 instalments 75 Crores/ quarter (3 Instalments) from Sep-23 to Mar-24, 25 Crores/quarter (2 Instalments) from Jun-24 to Sep-24. & Rs 27.11 cr in Sep-24	8.50%
Corporation Bank	318.94	Repayment due in 5+5 instalments 37.5 Crores/ quarter (3 Instalments)From Sep-23 to Mar-24, 6.25 Cr in Jun-24 & 40.37 in Sep-24 , 37.5 Crores/quarter (3 Instalments) from Oct-23 to Apr-24, 6.25 Cr in Jul-24 & 41.07 in Oct-24	8.35%
Punjab & Sindh Bank	198.77	Repayment due in 5 instalments spread 37.5 Crores/quarter (5 Instalments)From Oct-23 to Oct-24 & Rs 11.27 cr in Oct-24	7.45%
United Bank	124.49	Repayment due in 5 instalments 22.5 Crores/quarter (5 Instalments)From Sep-23 to Sep-24 & Rs 12 cr in Sep-24	7.25%
Oriental Bank of Commerce	310.29	Repayment due in 8 instalments 37.5 Crores/quarter (8 Instalments)From Sep-23 to Jun-25 & Rs 10.30 cr in Jun-25	8.10%
Bank of India	338.84	Repayment due in 9 instalments 25 Crores Sep-23. 37.5 Crores/quarter (8 Instalments)From Dec-23 to Sep-25 & Rs 13.84 cr in Sep-25	8.50%
UCO bank	370.43	Repayment due in 10 instalments 25 Crores/ quarter (2 Instalments) from Aug-23 to Nov-23. 37.5 Crores/quarter (8 Instalments)From Feb-24 to Nov-25 & Rs 20.43 cr in Nov-25	7.45%
Andhra Bank	196.54	Repayment due in 9 instalments 22.5 Crores/ quarter (8 Instalments)From Aug-23 to May-25 & Rs 16.42 cr in Aug-25	8.50%
Punjab & Sindh Bank	135.32	Repayment due in 9 instalments 10 Crores/ quarter (1 Instalments)in Aug-23, 15 Crores/ quarter (8 Instalments)From Nov-23 to Aug-25 & Rs 5.32 cr in Aug-25	8.50%
Corporation Bank	348.91	Repayment due in 9 instalments 25 Crores/quarter (1 Instalments)From Sep-23 to Sep-23. 37.5 Crores/quarter (8 Instalments)From Dec-23 to Sep-25 & Rs 23.91 cr in Sep-25	8.35%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Bank of India	373.62	Repayment due in 14 instalments 25 Crores/quarter (16 Instalments)From Sep-23 to Dec-26 & 23.62 in Dec-26	8.40%
Union Bank of India	500.00	25 Crores/quarter (20 Instalments)From Mar-24 to Dec-28	10.15%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(1.03)		
Less: Current maturities of long term debt	(2,017.50)		
Long term Borrowings	**2,805.46**		

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 7.95% per annum calculated using the interest rate effective as on 31 March 2023.

(b) As on 31 March 2022

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
State Bank of India	1,303.88	Repayment due in 10 instalments 90 Crores/quarter (2 Instalments)From Jun-22 & Sep-22. 135 Crores/quarter (8 Instalments)From Dec-22 to Sep-24 & Rs 44.88 cr in Sep-24	7.29%
Union Bank of India	1,336.86	Repayment due in 10 instalments 150 Crores/quarter (8 Instalments)From May-22 to Feb-24 50 Crores/quarter (2 Instalments)From May-24 to Aug-24 & Rs 36.86 cr in Sep-24	7.20%
Andhra Bank	676.91	Repayment due in 10 instalments 75 Crores/quarter (8 Instalments)From Jun-22 to Mar-24 25 Crores/quarter (2 Instalments)From Jun-24 to Sep-24. & Rs 26.91 cr in Sep-24	8.90%
Corporation Bank	718.79	Repayment due in 10+11 instalments 37.5 Crores/quarter (8 Instalments)From Jun-22 to Mar-24 6.25 Cr in Jun-24 & 40.26 in Sep-24 25 Crores/quarter (1 Instalments)Apr-22. 37.5 Crores/quarter (8 Instalments)From Jul-22 to Apr-24 6.25 Cr in Jul-24 & 41.03 in Oct-24	7.20%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Punjab & Sindh Bank	386.48	Repayment due in 11 instalments spread 25 Crores/quarter (3 Instalments)From Apr-22 to Oct-22. 37.5 Crores/quarter (8 Instalments)From Jan-23 to Oct-24 & Rs 11.48 cr in Oct-24	7.65%
United Bank	221.83	Repayment due in 13 instalments 15 Crores/quarter (2 Instalments)From Jun-22 to Sep-22. 22.5 Crores/quarter (8 Instalments)From Dec-22 to Sep-24 & Rs 11.83 cr in Sep-24	7.35%
Oriental Bank of Commerce	422.45	Repayment due in 13 instalments 12.5 Crores/quarter (1 Instalments)in Jun-22. 25 Crores/quarter (4 Instalments)From Sep-22 to Jun-23. 37.5 Crores/quarter (8 Instalments)From Sep-23 to Jun-25 & Rs 9.95 cr in Jun-25	7.35%
Bank of India	438.84	Repayment due in 14 instalments 12.5 Crores/quarter (2 Instalments)From Jun-22 to Sep-22. 25 Crores/quarter (4 Instalments)From Dec-22 to Sep-23. 37.5 Crores/quarter (8 Instalments)From Dec-23 to Sep-25 & Rs 13.84 cr in Sep-25	7.35%
UCO bank	457.98	Repayment due in 15 instalments 12.5 Crores/quarter (3 Instalments)From May-22 to Nov-22. 25 Crores/quarter (4 Instalments)From Feb-23 to Nov-23. 37.5 Crores/quarter (8 Instalments)From Feb-24 to Nov-25 & Rs 20.48 cr in Nov-25	7.30%
Andhra Bank	263.92	Repayment due in 14 instalments 7.5 Crores/quarter (1 Instalments) in May-22. 15 Crores/quarter (4 Instalments)From Aug-22 to May-23. 22.5 Crores/quarter (8 Instalments)From Aug-23 to May-25 & Rs 16.42 cr in Aug-25	8.90%
State Bank of India	265.08	Rs 125 crore in Dec-22,Rs 125 crore in Mar-23 & Rs 15.08 cr in Mar-23	7.95%
Punjab & Sindh Bank	175.40	Repayment due in 14 instalments 5 Crores/quarter (2 Instalments)From May-22 to Aug-22 , 10 Crores/quarter (4 Instalments) From Nov-22 to Aug-23 , 15 Crores/quarter (8 Instalments)From Nov-23 to Aug-25 & Rs 5.40 cr in Aug-25	7.65%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Corporation Bank	448.73	Repayment due in 14 instalments 12.5 Crores/quarter (2 Instalments)From Jun-22 to Sep-22., 25 Crores/quarter (4 Instalments) From Dec-22 to Sep-23, 37.5 Crores/quarter (8 Instalments)From Dec-23 to Sep-25 & Rs 23.73 cr in Sep-25	7.20%
Bank of Baroda	692.79	Repayment due in 16 instalments 18.75 Crores/quarter (4 Instalments)From Jun-22 to Mar-23. 37.5 Crores/quarter (4 Instalments)From Jun-23 to Mar-24. 56.25 Crores/quarter (8 Instalments)From Jun-24 to Mar-26 & Rs 17.79 cr in Mar-26	8.60%
Indian Bank	385.54	Rs 128.77,128.77 & 128.00 crore in Apr-22,Jul-22 & Oct-22.	7.85%
Bank of India	498.62	Repayment due in 19 instalments 25 Crores/quarter (19 Instalments)From Jun-22 to Dec-26 & 23.62 in Dec-26	8.35%
State Bank of India	500.00	Repayment due in 19 instalments 62.50 Crores/quarter (8 Instalments)From Feb-23 to Nov-24	8.45%
State Bank of India	500.00	62.50 Crores/quarter (8 Instalments)From Jun-24 to Mar-26	8.75%
Union Bank of India	500.00	25 Crores/quarter (20 Instalments)From Mar-24 to Dec-28	7.75%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(7.98)		
Less: Current maturities of long term debt	(3,095.62)		
Long term Borrowings	**7,090.50**		

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 7.72% per annum calculated using the interest rate effective as on 31 March 2022.

***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 have been redeemed on 28 March 2023.

***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 December 2023. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 5**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.05 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 11th October 2030. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 6**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 6.85 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 20th December 2030. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 8.00% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 15th November 2032. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7B**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.87% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 01st December 2032. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7C**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.78% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 10th February 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7D**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th February 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7E**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.75% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th March 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

(iv) Government of India approved the financial support to the Company in the year 2014 and on surrender of Broadband Wireless Access (BWA) Spectrum by MTNL, upfront charges paid by the Company in the year 2011 for such spectrum amounting to Rs. 4,533.97 crores were agreed to be funded by way of issuance of debentures by the Company on behalf of Government of India (GOI) and for which GOI provided sovereign guarantee with attendant condition for repayment of principal on maturity as well as the interest payments through DOT. Accordingly, the Company does not have any liability towards repayment of principal and interest on the bonds issued and has been offset against the amount recoverable from DoT of equivalent amount.

(v) Refer note 45 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(vi) Leasehold given as mortgage to Bank of India and Union Bank of India:

(a) Goregaon Telephone Exchange & Staff Quarters CTS No-1387 Pt. & 1388 Pt. S V Road, Goregaon (West),Mumbai-400062 mortgage to UBI

(b) Malabar Telephone Exchange at CTS No-256, Dr. A G Bell Road, Malabar Hills, Mumbai-400006 mortgage to BOI

(viii) Reconciliation of financial liabilities arising from financing activities:

(Rs. in crores)

Particulars	Lease liabilities	Long term borrowings	Short-term borrowings	Total
Net debt as at 1 April 2021	**250.54**	**19,674.68**	**5,673.87**	**25,599.09**
Recognition of lease liabilities (net)	17.82	-	-	17.82
Cash flows:				
- Proceeds	-	1,500.00	2,371.79	3,871.79
- Repayment	(77.64)	(1,514.19)	(1,100.00)	(2,691.83)
Interest expense	21.50	1,567.22	526.57	2,115.29
Interest paid	-	(1,582.41)	(528.19)	(2,110.60)
Movement in unmortised processing/guarantee fee (net)	-	265.16	1.26	266.42
Net debt as at 31 March 2022	**212.22**	**19,910.46**	**6,945.30**	**27,067.99**
Recognition of lease liabilities (net)	21.64	-	-	21.64
Cash flows:				
- Proceeds	-	10,902.93	3,650.00	14,552.93
- Repayment	(77.39)	(6,374.87)	(5,920.98)	12,373.24)
Interest expense	19.75	1,738.70	578.44	2,336.89
Interest paid	-	(1,423.81)	(578.44)	(2,002.25)
Movement in unmortised processing/guarantee fee (net)	-	(728.78)	-	(728.78)
Net debt as at 31 March 2023	**176.23**	**24,024.64**	**4,674.32**	**28,875.18**

25. Lease liabilities

(Rs. in crores)

	31 March 2023	**31 March 2022**
	Non-current	Non-current
Lease liabilities	109.68	143.78
	109.68	**143.78**

26. Other financial liabilities

(Rs. in crores)

	31 March 2023	**31 March 2022**
	Non-current	**Non-current**
Security deposits	186.61	194.13
Employee related payables - GPF of MTNL Optee	(90.66)	-
	95.95	**194.13**

Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

27. Long-term provisions

(Rs. in crores)

	31 March 2023	31 March 2022
Provision for employee benefits		
Provision for leave encashment	215.18	222.70
Provision for pension	96.74	96.77
Provision for gratuity	48.92	48.92
Provision for asset retirement obligations	17.76	17.32
	378.60	**385.72**

(i) Information about individual provisions and significant estimates

(a) Provision for asset retirement obligations

The Company as part of its business installs wireless telecommunication towers and other equipments for facilitating telecommunication services to its customers and is under an obligation to decommission the tower and replenish the site at end of useful life of the tower and other equipment. For the purpose of same Appendix A to Ind AS 16, "Property, Plant and Equipment" states measurement of Property, plant and equipment to include initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company has estimated the cost of dismantling based on independent bids received from open market and the same have been escalated using the expected inflation rate (6% per annum) and discounted at the rates prevailing at each period end date.

(b) For disclosures required related to provision for employee benefits, refer note 48- Employee benefit obligations

(ii) Movement in provision related to asset retirement obligations during the financial year:

(Rs. in crores)

	31 March 2023	31 March 2022
As at beginning of reporting period	**17.32**	**16.54**
Additions during the year	0.02	0.08
Amounts used during the year on account of dismantled towers	(0.15)	(0.10)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	0.57 -	0.81 -
As at end of reporting period	**17.76**	**17.32**

28. Other non-current liabilities*

(Rs. in crores)

	31 March 2023	31 March 2022
Deferred income	55.47	65.31
Deferred activation/ installation charges	6.98	8.58
	62.45	73.88

* Represents contract liabilities under Ind AS 115. Refer note 57 for details.

29. Short-term borrowings

(Rs. in crores)

	31 March 2023	31 March 2022
Secured		
Current maturities of long-term borrowings	2,017.50	3,095.62
Unsecured		
Current maturities of long-term bonds	1,974.85	-
From banks		
Cash credit from banks	4,324.32	5,965.30
Short term loans	350.00	980.00
	8,666.67	**10,040.92**

The carrying values of above are considered to be a reasonable approximation of their fair values.

30. Lease liabilities

(Rs. in crores)

	31 March 2023	31 March 2022
Current portion of lease liabilities	66.55	68.44
	66.55	**68.44**

31. Trade payables

(Rs. in crores)

	31 March 2023	31 March 2022
Due to micro and small enterprises (refer note 55)	54.64	98.09
Due to others*	869.42	834.40
Other accrued liabilities	99.45	107.56
	1,023.51	**1,040.06**

*includes related party balances

The carrying values of above are considered to be a reasonable approximation of their fair values.

Ageing schedule of trade payables

31 March 2023	Outstanding from the transaction date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises - undisputed	25.33	7.04	2.18	15.22	49.77
Others- undisputed	199.60	143.23	70.13	153.59	566.55
Micro, small and medium enterprises- disputed	25.78	6.85	5.66	2.09	40.38
Others - disputed	-	0.00	0.00	137.89	137.90
Unbilled - undisputed	135.74	24.05	20.25	46.58	226.61
Unbilled - disputed	0.26	-	0.61	1.43	2.30
Total	**386.71**	**181.17**	**98.82**	**356.81**	**1,023.51**

31 March 2022	Outstanding from the transaction date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises - undisputed	70.93	9.56	7.96	6.22	94.66
Others- undisputed	446.79	116.23	68.50	133.29	764.81
Micro, small and medium enterprises- disputed	0.91	2.26	0.26	0.00	3.43
Others - disputed	0.08	0.61	8.22	36.32	45.23
Unbilled - undisputed	84.86	23.38	19.55	3.21	130.99
Unbilled - disputed	-	-	-	0.94	0.94
Total	**603.56**	**152.04**	**104.49**	**179.97**	**1,040.06**

32. Other financial liabilities

(Rs. in crores)

	31 March 2023	31 March 2022
Interest accrued		
- Not due on bonds	519.51	244.92
- Not due on borrowings	5.44	4.37
- Not due on deposits	0.07	0.07
Security deposits	112.70	114.27
Due to employees	889.01	921.07
Amount payable to contractors other than goods and services	214.04	349.80
Amount payable to other operators	43.23	35.43
Other payables	170.46	152.80
	1,954.46	**1,822.72**

Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost.

33. Other current liabilities

(Rs. in crores)

	31 March 2023	31 March 2022
Advances received*	319.53	354.66
Statutory dues	204.39	224.90
Deferred income*	10.79	18.20
Deferred activation/ installation charges*	0.41	2.47
	535.11	**600.22**

* Represents contract liabilities under Ind AS 115. Refer note 57 for details.

34. Short-term provisions

(Rs. in crores)

	31 March 2023	31 March 2022
Provision for employee benefits		
Provision for leave encashment - Company employees	21.73	4.04
Provision for leave encashment - Others	1.01	0.73
Provision for pension - Company employees	-	-
Provision for pension - Others	0.42	0.40
Provision for gratuity - Company employees	-	0.34
Provision Others		
Provision for Others *	54.05	19.16
	77.22	**24.67**

* Refer Note 81

For disclosures required related to provision for employee benefits, refer note 48- Employee benefit obligations

35. Revenue from operations

(Rs. in crores)

	31 March 2023	31 March 2022
Fixed telephone income		
Revenue - Telephone calls and other charges	34.15	43.12
Revenue - Fixed telephone monthly charges	176.91	235.04
Revenue - Telephone (Franchise services)	1.46	2.25
Revenue - Access calls and other charges	11.31	15.34
Revenue - Rent and junction charges	22.87	21.01
Revenue - Broadband	134.10	177.76
Revenue - ISDN call charges	5.60	5.93
Revenue - ISDN call rental	35.23	39.62
Enterprise business		
Revenue - Local circuits	238.21	280.25
Revenue - Long distance circuits	3.06	3.96

	31 March 2023	31 March 2022
Mobile revenue		
Revenue - Activation charges	0.88	0.58
Revenue - Mobile rental and call charges	16.81	18.71
Revenue - Income from roaming	12.56	4.78
Revenue - Prepaid trump	9.30	11.73
Revenue - IUC income	3.63	4.19
Revenue - VAS	8.96	38.46
Others		
Revenue - Free phone services	62.43	68.66
Revenue - Internet	11.01	30.39
Revenue - Premium rate services	0.14	0.14
Revenue - Other services	21.10	27.72
Other operating revenues		
Other operating revenues - Surcharge on delayed payment	3.13	4.87
Other operating revenues - Revenue from enterprise business	48.53	34.99
Other operating revenues - Revenue from sale of goods	0.23	0.22
	861.57	**1,069.72**

36. Other income

(Rs. in crores)

	31 March 2023	31 March 2022
Interest on:		
Interest from bank	1.44	1.10
Interest on advance to employees	1.04	1.03
Other interest income	4.10	81.26
Interest on income tax refund	3.40	-
	9.98	83.38
Other income		
Income from Trusts	28.35	-
Sale of directories, pub. etc.	0.07	0.08
Gain on sale of property, plant and equipment (net)	1.35	3.39
Income from liquidated damages	0.33	0.00
Exchange variation (net)	0.06	0.17
Bad debts recovered	0.00	0.00
Credit balances written back	68.96	142.50
Rental on quarters/ hostels etc.	8.97	11.33
Rental income from properties	433.73	325.53
Rental income from towers and BTS	54.19	50.90
Miscellaneous income	6.45	9.89
	602.46	**543.80**
	612.45	**627.18**

37. License fees expense

(Rs. in crores)

	31 March 2023	31 March 2022
License fees expenses	72.73	96.23
Spectrum charges	4.92	5.82
	77.65	**102.05**

38. Employee benefit expensee

(Rs. in crores)

	31 March 2023	31 March 2022
Salaries, wages allowances & other benefits	455.47	434.96
Bonus/ex-gratia	-	
Medical expenses and allowances	29.53	51.17
Pension contribution		
(a) Company employees	11.69	11.91
(a) Others	0.70	0.58
Leave encashment		
(a) Company employees	26.59	16.17
(a) Others	0.49	0.45
Contribution to gratuity fund	14.12	31.25
Contribution to provident & other funds	25.95	26.65
Staff welfare expenses	0.09	0.13
	564.64	**573.27**
Less : Allocation to CWIP	(19.41)	(18.25)
	545.23	**555.02**

For descriptive notes on disclosure of defined benefit obligation, refer note 48 - Employee benefit obligations.

39. Finance costs

(Rs. in crores)

	31 March 2023	31 March 2022
Interest on		
- term loans	612.02	751.25
- cash credit facility	419.75	437.00
- short-term loan facility	146.19	89.56
- bonds	1,001.05	726.22
- customer deposits	0.01	0.01
- lease liability	19.75	21.50
- others	17.09	19.27
Other finance costs		
- commitment fees	125.89	94.80
- arranger/processing fees	12.50	-
	2,354.26	**2,139.62**
Less : Allocation to CWIP	-	(0.17)
	2,354.26	**2,139.45**

40. Depreciation and amortisation expense

(Rs. in crores)

	31 March 2023	31 March 2022
Depreciation on		
Property, plant and equipment	324.87	364.90
Investment properties	3.02	1.77
Right of use	54.75	58.45
Amortisation on		
Intangible assets	333.88	333.90
	716.52	**759.01**

41. Other expenses

(Rs. in crores)

	31 March 2023	31 March 2022
Power, fuel and water	183.72	191.51
Rent	82.30	54.68
Repairs to buildings	8.28	9.61
Repairs to machinery	80.25	73.44
Repairs others	22.25	22.37
Insurance	5.31	13.33
Rates and taxes	44.42	37.27
Travelling and conveyance	0.31	0.12
Postage, telegram and telephones	2.33	3.27
Printing and stationery	1.75	2.17
Vehicle maintenance expenses	0.04	0.07
Vehicle running expenses	0.18	0.22
Vehicle hiring expenses	5.11	6.48
Advertisement and promotional expenses	0.15	0.09
Bad debts written off	53.87	8.16
Legal and professional expenses*	5.52	3.96
Seminar and training charges	0.02	0.01
Security service expenses	18.58	21.60
Loss on sale of property, plant and equipment (net)	0.02	-
Internet charges	4.66	5.14
Loss of assets	2.36	6.67
Provision for abandoned work- capital work-in-progress	-	-
Commission	0.05	0.66
Net loss on foreign currency transactions and translations	0.03	0.03
Provision for doubtful debts including discount	61.55	119.98
Provision for obsolete inventory	1.24	16.43
Provision for doubtful claims	0.38	5.43
Outsourcing expenditure	19.03	30.20
Settlement of financial instruments	0.77	1.44
Interest on reversal of input tax credit on GST	9.30	7.58
Penal interest for delay in payment to MSME vendors	0.30	0.25

Miscellaneous expenses	16.61	14.17
Less: Allocation to CWIP	-	(0.01)
	630.66	**656.36**
*Legal and professional expenses includes payments to auditor		
As Auditor:		
Audit fee	0.65	0.65
Tax audit fee	0.08	0.08
Certification and other services	-	-
For reimbursement of expenses	0.12	0.12
	0.85	**0.85**

42. Tax expense

(Rs. in crores)

	31 March 2023	31 March 2022
Current tax (including taxes earlier years)	-	-
Deferred tax	-	-
	-	-

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 34.944% and the reported tax expense in profit or loss are as follows:

(Rs. in crores)

	31 March 2023	31 March 2022
Accounting profit before income tax	**(2,910.74)**	**(2,602.59)**
At country's statutory income tax rate of 34.944% (31 March 2023: 34.944%)	(1,017.13)	(909.45)
Adjustments in respect of taxes earlier years		
Difference in property, plant and equipment as per books and Income Tax Act, 1961	125.49	124.17
Non-deductible expenses for tax purposes	(94.57)	(66.77)
Employee benefits allowed on payment basis	7.17	0.74
Others	-	-
Deferred tax not created on losses for current year	979.04	851.31
	-	-

(i) MTNL has unabsorbed depreciation and brought forward business losses amounting to Rs. 28615.03 crores as on 31 March 2023 on which no deferred tax asset has been recognised. Deferred tax asset shall be created in the year in which the Company will have reasonable certainty of future taxable income as required by Indian Accounting Standard 12 - "Income Taxes" as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

(ii) The Company has not recognized tax expense/credit (current and deferred tax) in the statement of profit and loss (including other comprehensive income) as the Company is incurring losses and there is no reasonable certainty supported by convincing evidence that sufficient future taxable profits will be available against which unused tax losses can be utilized.

(iii) Details of year wise expiry are given below: **(Rs. in crores)**

Particulars	Year of origination	Year of expiry	Amount
Brought forward losses	Assessment year 2015-16	Financial year 2022-23	1,941.74
Brought forward losses	Assessment year 2016-17	Financial year 2023-24	1,042.33
Brought forward losses	Assessment year 2017-18	Financial year 2024-25	2,242.83
Brought forward losses	Assessment year 2018-19	Financial year 2025-26	2,457.36
Brought forward losses	Assessment year 2019-20	Financial year 2026-27	2,825.57
Brought forward losses	Assessment year 2020-21	Financial year 2027-28	2,965.61
Brought forward losses	Assessment year 2021-22	Financial year 2028-29	2,853.22
Brought forward losses	Assessment year 2022-23	Financial year 2029-30	2,067.07
Brought forward losses	Assessment year 2023-24	Financial year 2030-31	2,444.33
Unabsorbed depreciation	Multiple	Indefinite	7,774.97

43. Other Comprehensive Income

(Rs. in crores)

	31 March 2023	31 March 2022
Items that will not be reclassified to profit or loss		
Re-measurement gains (losses) on defined benefit plans	(4.48)	(13.98)
Income tax effect	-	-
	(4.48)	**(13.98)**

44. Earnings per equity share

The Company's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

(Rs. in crores)

	31 March 2023	31 March 2022
Net loss attributable to equity shareholders		
Continuing operations	(2,910.74)	(2,602.59)
Discontinued operation	-	-
Net Loss attributable to equity holders of the Company	**(2,910.74)**	**(2,602.59)**
Loss per equity share:		
Nominal value of equity share (Rs.)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	630,000,000	630,000,000
Basic and diluted loss per share (Rs.)	**(46.20)**	**(41.31)**

45. Fair value disclosures

i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are divided into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Financial assets and liabilities measured at fair value - recurring fair value measurements

(iii) Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

Particulars	Level	31 March 2023		31 March 2022	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans	Level 3	18.92	18.43	6.51	7.16
Other financial assets	Level 3	4,771.98	5,158.12	4,814.89	4,804.91
Total financial assets		**4,790.90**	**5,176.55**	**4,821.40**	**4,812.07**
Borrowings	Level 3	28,174.01	23,719.00	26,606.48	26,650.75
Other financial liabilities	Level 3	2,050.41	2,023.80	2,016.85	1,990.71
Total financial liabilities		**30,224.43**	**25,742.80**	**28,623.33**	**28,641.46**

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of the Company's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2023 was assessed to be insignificant.

46. Financial risk management

i) Financial instruments by category

(Rs. in crores)

Particulars	31 March 2023			31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	-	-	-	-	-
Loans	-	-	18.92	-	-	6.51
Other financial assets	-	-	4,771.98	-	-	4,814.89
Trade receivables	-	-	575.94	-	-	662.36
Cash and cash equivalents	-	-	146.52	-	-	77.25
Other bank balances	-	-	154.48	-	-	12.04
Total	**-**	**-**	**5,667.85**	**-**	**-**	**5,573.05**
Financial liabilities						
Borrowings	-	-	28,174.01	-	-	26,606.48
Lease liabilities	-	-	176.23	-	-	212.22
Trade payables	-	-	1,023.51	-	-	1,040.06
Other financial liabilities	-	-	2,050.41	-	-	2,016.85
Total	-	-	**31,424.15**	**-**	**-**	**29,875.61**

*Investments in subsidiaries, associate and joint venture are carried at cost per Ind AS 27 – Separate financial statements and therefore, not presented here.

ii) Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Company presently does not make any investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions.

a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

Assets under credit risk –

(Rs. in crores)

Credit rating	Particulars	31 March 2023	31 March 2022
A: Low	Loans	18.92	6.51
	Other financial assets	4,771.98	4,814.89
	Bank deposits	193.62	38.87
	Cash and cash equivalents	121.33	74.99
B: Medium	Trade receivables	575.94	662.36
C: High	Trade receivables	1,195.29	1,134.06
	Loans	2.01	1.95
	Other financial assets	79.19	95.14
	Cash and cash equivalents	0.56	0.56

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due in each business segment as follows:

(i) Cellular: Six months past due
(i) Basic & other services: Three years past due

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

The Company provides for expected credit losses based on the following:

Trade receivables

(i) The company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default relevant to each business segment based on the criteria defined above. And such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

(Rs. in crores)

Particulars	**31 March 2023**		**31 March 2022**	
	Basic & other services	Cellular	Basic & other services	Cellular
Gross amount of sales	1,784.77	6.65	2,679.24	8.24
Expected loss rate	8.06%	35.11%	4.44%	23.31%
Expected credit loss(loss allowance provision)	143.89	2.34	119.00	1.92
Receivables due from customers where specific default has occurred	807.61	241.45	774.78	238.37

(ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

(Rs. in crores)

Reconciliation of loss allowance	**Trade receivables**
Loss allowance on 01 April 2021	**(1,014.12)**
Add/ (Less): Changes in loss allowances due to write off/recovery	15.11
Add/ (Less): Changes in loss allowances due to assets originated or purchased	(135.06)
Loss allowance on 31 March 2022	**(1,134.06)**
Add/ (Less): Changes in loss allowances due to write off/recovery	50.97
Add/ (Less): Changes in loss allowances due to assets originated or purchased	(112.20)
Loss allowance on 31 March 2023	**(1,195.29)**

Other financial assets measured at amortised cost

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the company can draws to apply consistently to entire population For such financial assets, the Company's policy is to provides for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(Rs. in crores)

Paritculars	31 March 2023			31 March 2022		
	Total facility	Drawn	Undrawn	Total facility	Drawn	Undrawn
0-1 year	7,617.60	6,691.82	925.78	10,445.62	10,041.28	404.34
1-2 years	1,790.32	1,790.32		3,137.50	3,137.50	-
More than 2 years	1,016.44	1,016.44		3,961.01	3,961.01	-
Total	**10,424.36**	**9,498.58**	**925.78**	**17,544.13**	**17,139.79**	**404.34**

b) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity Companyings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Rs. in crores)

31 March 2023	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	5,786.94	5,280.22	2,976.46	22,713.85	36,757.47
Lease liabilities	67.08	49.42	26.90	997.60	1,141.01
Short term borrowings	4,674.32	-	-	-	4,674.32
Trade payables	1,023.51	-	-	-	1,023.51
Other financial liabilities	1,803.28	11.50	3.21	415.19	2,233.17
Total	**13,355.13**	**5,341.14**	**3,006.57**	**24,126.64**	**5,829.48**

(Rs. in crores)

31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	5,503.92	9,239.53	2,335.14	8,318.75	5,397.34
Lease liabilities	70.22	119.01	56.22	377.68	623.12
Short term borrowings	6,945.30	-	-	-	6,945.30
Trade payables	1,040.06	-	-	-	1,040.06
Other financial liabilities	1,830.95	7.33	4.30	321.75	2,164.33
Total	15,390.44	9,365.87	2,395.66	9,018.18	6,170.15

C) Market Risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Company entities. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

(i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Financial assets	6.05	2.60
Financial liabilities	0.60	0.52
Net exposure to foreign currency risk (liabilities)	**5.45**	**2.08**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
USD sensitivity		
INR/USD- increase by 500 bps (31 March 2022 500 bps)*	0.27	0.10
INR/USD- decrease by 500 bps (31 March 2022 500 bps)*	(0.27)	(0.10)

* Holding all other variables constant

(ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Financial assets	0.21	0.04
Financial liabilities	0.02	0.01
Net exposure to foreign currency risk (liabilities)	0.19	0.03

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
EURO sensitivity		
INR/EURO- increase by 500 bps (31 March 2022 500 bps)*	0.01	0.00
INR/EURO- decrease by 500s bps (31 March 2022 500 bps)*	(0.01)	(0.00)

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2023 and 31 March 2022, the Company is exposed to changes in interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk: **(Rs. in crores)**

Particulars	31 March 2023	31 March 2022
Variable rate borrowing	9,497.28	17,131.43
Fixed rate borrowing	18,676.73	9,475.05
Total borrowings	**28,174.01**	**26,606.48**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates. **(Rs. in crores)**

Particulars	31 March 2023	31 March 2022
Interest sensitivity*		
Interest rates – increase by 50 bps basis points	47.49	85.66
Interest rates – decrease by 50 bps basis points	(47.49)	(85.66)

* Holding all other variables constant

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Company does not have any significant investments in equity instruments which create an exposure to price risk.

47 Capital management

The Company' s capital management objectives are
- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. **(Rs. in crores)**

Particulars	31 March 2023	31 March 2022
Net debt	28,174.01	26,606.48
Total equity	(20,842.90)	(18,656.45)
Net debt to equity ratio	**(1.35)**	**(1.43)**

The Company has not declared dividend in current year or previous year.

48. Employee benefit obligations

(Rs. in crores)

Particulars	31 March 2023		31 March 2022	
	Current	Non-current	Current	Non-current
Gratuity	15.01	145.44	10.40	142.20
Compensated absences	21.73	215.18	15.70	211.04
Total	**36.74**	**360.62**	**26.10**	**353.24**

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan, the Company makes contributions to recognised debt base funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected payments. The expected contribution to the plan for next annual reporting period amounts to Rs. 7.62 crores (previous year - Rs. 7.76 crores). The weighted average duration of the defined benefit obligation as at 31 March 2023 is 11 to 12 years (31 March 2022: 11 to 12 years).

A Disclosure of gratuity

(i) Amount recognised in the statement of profit and loss is as under: **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Current service cost	7.37	7.38
Interest cost		
Actuarial loss/(gain) recognised during the year	-	-
Expected return on planned assets		
Amount recognised in the statement of profit and loss	**7.37**	**7.38**

(ii) Movement in the liability recognised in the balance sheet is as under: **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Present value of defined benefit obligation as at the start of the year	152.60	148.22
Current service cost	7.37	7.38
Past service cost including curtailment gains/losses	-	-
Interest cost	10.91	10.15
Actuarial loss recognised during the year	0.32	2.64
Benefits paid	(10.75)	(15.79)

Present value of defined benefit obligation as at the end of the year	**160.45**	**152.60**

(iii) Movement in the plan assets recognised in the balance sheet is as under: **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Fair value of plan assets at beginning of year	**201.47**	**179.06**
Expected return on plan assets	14.41	12.26
Transfer to/from MTNL	0.73	32.93
Receivable from MTNL	7.85	4.38
Premium redemption reserve	0.19	(0.02)
Advance income	-	-
Actuarial gain on plan assets	(4.16)	(11.35)
Benefits paid	(10.97)	(15.79)
Fair value of plan assets at the end of the year	**209.52**	**201.47**
Actual return on plan assets	10.25	0.91

(iv) Breakup of actuarial (gain)/loss: **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(4.00)	(1.54)
Actuarial (gain)/loss on arising from experience adjustment	4.32	4.17
Actuarial (gain)/loss on plan assets	4.16	11.35
Total actuarial (gain)/loss	4.48	13.98

(v) Actuarial assumptions **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Discount rate	7.44%	7.15%
Future basic salary increase	3.50%	3.50%
Future DA increase	4.00%	4.00%

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vi) Sensitivity analysis for gratuity liability

(Rs. in crores)

Description	31 March 2023	31 March 2022
Impact of the change in discount rate		
Present value of obligation at the end of the year	160.45	152.60
- Impact due to increase of 0.50 %	(6.54)	(6.60)
- Impact due to decrease of 0.50 %	7.00	7.08
Impact of the change in salary increase		
Present value of obligation at the end of the year	160.45	152.60

- Impact due to increase of 0.50 %	4.20	4.99
- Impact due to decrease of 0.50 %	(4.55)	(5.14)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(vii) Maturity profile of defined benefit obligation **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Within next 12 months	15.01	10.40
Between 1-5 years	38.93	39.30
Beyond 5 years	106.51	102.90

(viii) Category of investment in gratuity trust: **(Rs. in crores)**

Particulars	31 March 2023	31 March 2022
Government of India Securities	18.03	7.06
Corporate bonds	106.13	92.04
State government securities	10.18	23.16
Mutual funds/Others	2.95	2.40
Others	0.06	38.41
LIC	1.17	1.09
Total	**138.53**	**164.16**

B Compensated absences

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of Rs. 27.08 crores (previous year: Rs. 16.62 crores) has been recognised in the statement of profit and loss.

C Defined contribution plans

Contributions are made to the Government Provident Fund and Family Pension Fund which cover all regular employees eligible under applicable Acts. Both the eligible employees and the Company make pre-determined contributions to the Provident Fund. The contributions are normally based upon a proportion of the employee's salary.

The Company has recognized the following amounts in the statement of profit and loss :

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Employer contribution to provident fund*	25.95	26.65

Leave encashment contribution for DoT employees**	0.49	0.45
Pension contribution for DoT employees***	0.70	0.58
Pension contribution for company employees****	11.69	11.91

* Mentioned as contribution to CPF

** Mentioned as leave encashment - Others

*** Mentioned as pension contribution - Others

**** Mentioned as pension contribution - Company employees

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

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

F The Company has taken an Insurance Policy for medical benefits in respect of its retired and working employees. The Insurance Policy is fully funded by the Company.

49 Related party disclosures

Related parties where control exists:

i Key Management Personnel

Name	Designation
Mr. P. K. Purwar	CMD from 15 April 2020
Mr. Arvind Vednarkar	Director (HR & EB) from 01 September 2021
Mr. Rajiv Kumar, Director (Finance)	Director (Finance) from 02 December 2022
Mr. S.R. Sayal	Company Secretary from 01 October 2006 upto 28 February 2023
Ms. Yojana Das	Director (Finance) from 15 May 2021 upto 30 Nov. 2022
Mr. V. Ramesh	Director (Technical) from 01 April 2022
Mr. Navneet Gupta	Government Director from 11 June 2019 upto 17 May 2022
Mr. Amitabh Ranjan Sinha	Government Director from 11 December 2020 upto 30 May 2022
Mr. Premjit Lal	Government Director from 17 May 2022 upto 17 November 2022
Ms. Yashashri Shukla	Government Director from 30 May 2022 upto 26 December 2022
Mr. Sunil Kumar Verma	Government Director from 23 November 2022
Mr. Shivendu Gupta	Government Director from 05 Januray 2023
Mr. Vishwas Pathak	Independent Director from 12 November 2021
Shri Sarv Daman Bharat	Independent Director from 12 November 2021
Shri Yogesh Kumar Tamrakar	Independent Director from 12 November 2021
Ms. Deepika Mahajan	Independent Director from 23 November 2021
Mr. Piyush Ranjan Nishad	Independent Director from 21 April 2022
Mr. Sultan Ahmed	Chief Financial Officer (CFO) from 14 February 2023
Mr. Ratan Mani Sumit	Company Secretary from 01 March 2023

Mr. Deepak Mukherjee	Executive Director, Mumbai from 24 January 2021
Mr. Bhim Singh	Executive Director, Delhi from 01 March 2022 upto 31 May 2022
Mr. Mukesh Kumar Chauhan	Executive Director, Delhi from 01 June 2022

ii **Subsidiaries**

Mahanagar Telephone (Mauritius) Limited (MTML)

Millennium Telecom Limited

Step down subsidiaries

MTML International Limited (subsidiary of MTML)

MTML Data Limited (subsidiary of MTML)

iii **Joint ventures**

MTNL STPI IT Services Limited ('MSISL')

iv **Associates**

United Telecommunications Limited ('UTL')*

v **Other related parties**

MTNL Leave encashment trust

MTNL Gratuity trust

vi **Other government entity**

Bharat Sanchar Nigam Limited ('BSNL')#

vii **Summary of significant transactions with related parties:**

(Rs. in crores)

Particulars	For the year ended	
	31 March 2023	31 March 2022
Remuneration to Key Managerial Personnel		
- Short-term employee benefits	1.11	1.16
- Post employment benefits	-	0.02
- Other long-term employee benefits	0.02	0.04
Amount received from MTML (Dividend)	0.91	0.88
Amount received from MSISL (Dividend)	1.26	1.21
Amount received from MTL (Dividend)	0.06	0.02
Amount paid to MTL	-	-
Services received from MTL	-	-
Claims made on MTL	-	-
Services rendered to MTML	-	-

viii **Summary of significant outstanding balances with related parties:**

(Rs. in crores)

Particulars	31 March 2023		31 March 2022	
	Advances	Investment in shares	Advances	Investment in shares

MTML		100.97	-	100.97
MTL	0.48	2.88	0.48	2.88
MSISL		2.28	-	2.28
UTL		35.85	-	35.85

ix The Company has certain transactions with respect to sale and purchase of services and receives reimbursement of expenses (vis-a-vis electricity and water charges) in relation to renting of immovable property from BSNL.

* As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and decided to take legal option from local counsel of Nepal for enforcing the exit option. Accordingly, the investment continued to be classified as 'held for sale' in the financial statements for the year ended 31 March 2022 and 31 March 2023.

#Refer Note 65 for detail of transactions with BSNL.

50 Details of contingent liabilities, pending litigations and other matters:

Rs. in crores)

	Particulars	31 March 2023	31 March 2022
a	Income Tax Demands disputed and under appeal ^	315.32	364.93
b	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	835.30	898.03
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	659.07	655.89
e	Pending arbitration/court cases	2,277.77	2,094.18
f	Bank guarantee & Letter of Credit	107.79	107.84
g	Directory dispute	65.04	59.32
h	Pending court cases against land acquisition	4.87	4.87

i	License fee related contingent liability w.r.t. provisional assessment done by DOT	4,038.97	3,572.02
j	BTS related penalty imposed by DoT	84.25	84.25

^Contingent Liability on account of Income Tax as shown in (a) above excludes various notices received from TDS department creating demand due to non-matching of their records with the returns filed.

51 Commitments

A Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Rs. in crores)

	31 March 2023	31 March 2022
Property, plant and equipment	7.87	42.77

B In respect of incomplete contracts where the expenditure already incurred has exceeded the contract value, the additional expenditure required to complete the same cannot be quantified.

52 Ind AS 116 Leases

The Company has leases for office building, warehouses and related fcilities and cars. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

(a) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March 2023
Variable and short-term lease payments	82.30

(b) Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the period

Particulars	31 March 2023
Opening balance	**212.22**
Additions	21.64
Deletions	-
Accretion of interest	19.75
Payments	(77.39)
Closing balance	**176.23**
Current	**66.55**
Non-current	**109.68**

(c) The Company had total cash outflows for leases of Rs. 159.68 Crores for the period ending 31 March 2023.

(d) Refer note 45 for the maturity profile of lease liability.

(e) Information about extension and termination options

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Towers	1,926	0.016 to 15.85 years	1.89 years	282	-	-
Buildings	41	0.08 to 50.23 years	4.36 years	-	-	41
Leasehold land	50	45 to 85.95 years	59.72 years	50	-	50
Vehicles	-	-	-	-	-	-

53 Segment information

The Company is in the business of providing telecommunication services in India and has two reportable segments viz. Basic and Cellular. As per para 4 of Ind AS 108 'Operating Segments", if a financial report contains both the consolidated financial statements as well as the separate financial statements, segment information is required only in the consolidated financial statements.

54 Assets pledged as security

Rs. in crores)

Particulars	31 March 2023	31 March 2022
Current		
Pari-passu charge		
Inventories	4.25	6.55
Trade receivables	575.94	662.36
Cash and cash equivalents	146.52	77.25
Other bank balances	154.48	12.04
Loans	15.41	3.08
Other financial assets	4,563.30	4,599.32
Other currents assets	256.27	365.93
Total current assets pledged as security	**5,716.17**	**5,726.53**
Non-current		
Pari-passu charge		
Apparatus & plant	995.53	1,158.17
Vehicle	0.61	0.86
Furniture & fixtures	7.13	7.51
Office machinery & equipment	1.42	1.60

Electrical appliances	13.27	14.40
Computers	16.18	16.47
Total non-currents assets pledged as security	**1,034.14**	**1,199.01**
Total assets pledged as security	**6,750.31**	**6,925.54**

55 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

Rs. in crores)

	Particulars	31 March 2023	31 March 2022
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	54.64	98.08
(ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	30.81	22.01
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	Nil	Nil

The Company is in the process of seeking confirmation from its vendors regarding their status under the Micro, Small and Medium Exterprises Development Act, 2006. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

56A The Company is covered under Section 135 of the Companies Act, 2013 and accordingly constituted a Corporate Social Responsibility Committee of the Board. However, as the Company did not have average net profits based on the immediately preceding three financial years, the Company is not required to spend amounts towards Corporate Social Responsibility in terms of the 2013 Act.

56B During the year the Company has made expenditure in foreign currency equivalent to Rs. 1.39 crores (previous year Rs. 4.40 crores). Whereas earnings in foreign currency are Rs. 4.45 crores (previous year Rs. 2.63 crores).

57 Revenue from contracts with customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

(i) Identify the contract(s) with customer;

(ii) Identify separate performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when a performance obligation is satisfied.

The Company has adopted the standard on 1 April 2018 using modified retrospective approach with a cumulative catch-up adjustment made in retained earnings at the beginning of the current financial year, ie, 1 April 2018 as if the standard had always been in effect. The standard is applied only to contracts that are not completed as at 1 April 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any adjustments to the Company's revenue or net income.

(i) Revenue recognised in relation to contract assets and contract liabilities

Changes in contract assets: **Rs. in crores)**

Description	**Year ended 31 March 2023**
Contract assets at the beginning of the year	132.59
Add: revenue recognised during the year	905.24
Less: invoices raised during the year	(891.17)
	146.67

Changes in contract liabilities: **Rs. in crores)**

Description	**Year ended 31 March 2023**
Contract liabilities at the beginning of the year	449.20
Less: performance obligations satisfied in current year	(542.57)
Add: advance received during the year	486.55
	393.18

(ii) Disaggregation of revenue: **Rs. in crores)**

Description	**Amount**
Revenue from:	
- Fixed telephone income	421.61
- Enterprise business	241.27
- Mobile services	52.13
- Others	146.57
	861.57

(iii) Assets and liabilities related to contracts with customers **Rs. in crores)**

Description	**As at 31 March 2023**		**As at 31 March 2022**	
	Non-current	**Current**	**Non-current**	**Current**
Contract assets				
Unbilled receivables	-	146.67	-	132.59
Contract liabilities				
Advance from customers	-	319.53	-	354.66
Deferred income	55.47	10.79	65.31	18.20
Deferred activation/ installation charges	6.98	0.41	8.58	2.47

58 Additional disclosures as per the requirements of Division II of Schedule III to the Act

A 1.The Company is in possession of multiple immovable properties (Delhi 38 & Mumbai 53) which were either free hold properties with DOT or taken on lease by Department of Telecommunications ('DoT') prior to incorporation of MTNL. On 30 March 1987, both DoT and MTNL entered into a sale deed for transfer of several movable and immovable assets from DoT to MTNL. The said transfer included both the freehold and leasehold lands and buildings, which are in possession of MTNL since its inception as per the sale deed . These freehold and leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908. Accordingly, in the light of above, it is deemed that the immovable properties both whether free hold or under lease, although not in the name of the MTNL and the unregistered sale deed dated 30 March 1987 is deemed execution of all such properties in favor of MTNL by Government and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per the sale deed.

2. For following properties in Mumbai, acquired by the company after 01-04-1986, the tile deed/lease agreements are not in the name of company and the title is vested with the issuing authority in case of freehold properties and lease agreement is executed on behalf of GOI/P&T/DOT/POI. In respect of Delhi for the properties acquired after 1-4-1986 (53 properties) are deemed to have been registered as conveyed by DDA .

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
PPE							
JUHU DANDA	Freehold Land	0	GOI/P&T	No			Letter of DOT is avialable on records for allotement of plot in favour of MTNL.
Bandra Reclamation	Freehold Building	10983418	Bombay Housing and Area Development Board	No			MHADA Allotment letter is avialabe on records for allotemnt of land.
Magathane, Borivali(E)	Freehold Building	4270028	Bombay Housing and Area Development Board	No			MHADA Allotment letter is avialabe on records for allotemnt of land.
Right to Use properties							
Purchase Cost Land from MHADA (Akurli)	Leasehold Land	6389373	MHADA	No			MHADA Allotment letter is avialabe on records for allotemnt of land.
Purchase of land & Bldg.at Taloja NEW BOMBAY	Leasehold Land	196200	POI	No			Lease Agreement executed by MTNL on behalf of President of India.
PANVEL	Leasehold Land	-	POI (P&T)	No			Permisssion letter from Panvel Municipal Corporation is available on records.

3. In Delhi one leasehold properites and in Mumbai Eleven freehold and leasehold land properites have been encroached by the various persons in respect of which matter is either pending in court or perusing with the various authorities for clearing the encroachment.

B The Company had transactions during the year with companies struck off under section 248 of the

Companies Act, 2013 or section 560 of Companies Act, 1956:

Name of the Company	Nature of transactions with struck company	Balance outstanding	Relationship with struck off company
Ashoka Hotels Private Limited	Trade payables	0.13	Vendor
Indian Air Conditioning Private Limited	Trade payables	0.04	Vendor
Raj Motors Private Limited	Trade payables	0.00	Vendor

59 Financial ratios

Ratio	Measurement unit	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	Change	Remarks
				Ratio	Ratio		
Current ratio	Times	Current assets	Current liabilities	0.46	0.42	10.13%	Note A below
Debt-equity ratio	Times	Total debt [Non-current borrowings + Current borrowings]	Total equity	-1.35	-1.43	-5.22%	Note A below
Debt service coverage ratio	Times	Earnings before depreciation and amortisation and interest [Profit/loss after tax + Depreciation and amortisation expense + Finance costs]	Interest expense + Principal repayment of long-term debt	0.02	0.08	-77.08%	Note E below
Return on equity ratio	Percentage	Profit after tax	Average of total equity	-14.74%	-15.00%	-1.76%	Note A below
Trade receivables turnover ratio	Times	Revenue from operations	Average trade receivables	1.39	1.50	-7.19%	Note A below
Trade payables turnover ratio	Times	Purchases + other expenses	Average trade payables	0.49	0.76	-34.81%	Note G below
Net capital turnover ratio	Times	Revenue from operations	Working capital [Current assets - Current liabilities]	-0.13	-0.14	-4.06%	Note A below
Net profit ratio	Percentage	Profit after tax	Revenue from operations	-337.84%	-243.30%	38.86%	Note C below

Return on capital employed	Percentage	Earnings before depreciation and amortisation, interest and tax = Profit/ loss before tax + Depreciation and amortisation expense + Finance costs	Capital employed [Total assets - Current liabilities + Current borrowings]	2.01%	3
Return on investment	Percentage	Profit after tax	Equity share capital + Instruments entirely equity in nature + Securities premium	-224.77%	-200

Notes:

A Since the change in ratio is less than 25%, no explanation is required to be furnished.

B The variation is because the revenue from operation has declined significantly due to disconnections and the working capital employeed has increased considering the lower cash inflows.

C The variation is because the revenue from operation has declined significantly due to disconnections and the loss after tax has increased due to no resultant decline in the expenses.

D The variation is because the employee benefit cost has increased significantly.

E The variation is because the revenue from operation has declined significantly due to disconnections and employee benefit cost has increased significantly.

F As the principal activities of the company are in the nature of services, so Inventory Turnover ratio is not relevant.

G The variation in Trade payable is due to correction in composition of base figures in this year. If the same is done in the last year the variance comes less than 25%

60 Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the company and the landed properties acquired from DOT have not been transferred in the name of the company and in the case of leasehold lands. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 01 April 1986, the documentation shall be contemplated at the time of sale or disposal as and when effected. In certain cases of freehold and leasehold land, the company is having title deeds which are in the name of the Company but the value of which are not lying in books of accounts.

61 Department of Telecommunications (DOT) vide letter No. P-11014/19/2008-PP(Pt.I) dt. 28/12/2012 has levied One Time Spectrum Charges (OTSC) for the GSM and CDMA spectrum on MTNL. The charges also includes the spectrum given on trial basis to the extent of 4.4 MHz in 1800 MHz frequency. For the period from 01/07/2008 to 31/12/2012, initial 6.2 MHz spectrum was kept free and for the period from 01/01/2013 onwards, initial 4.4 MHz spectrum has been kept free. The calculations are further subject to change in accordance with the changes in the quantum of spectrum held by MTNL and the remaining

.38%	-40.69%	Note D below
.97%	11.84%	Note A below

valid period of license as per DOT. MTNL has surrendered some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 MHz spectrum in respect of CDMA. DOT has been apprised of the same and the matter is still under correspondence. Apart from this, the issue of charges for spectrum given on trial basis is also to be decided. Further MTNL has finally surrendered CDMA spectrum w.e.f. 28 February 2016. DOT has demanded an amount of Rs. 3,205.71 crores from MTNL on account of OTSC.

Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by DOT on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability if any.

Pending final outcome of the issue which itself is sub judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts as the amount is totally indeterminable. However the contingent liability of Rs. 3,205.71 crores is shown on the basis of the demand raised by DOT in respect of GSM which is very old and not insisted till date. As per industry related issue in litigation and TDSAT judgment there upon the estimated liability could not be more than Rs. 455.15 crore. As there is no further demand after the demand of Rs. 3,205.71 crores dated 08 January 2013 till now, the contingent liablity aslo, if the same fructified, can not be more than Rs. 455.15 crore. As such the same is disclosed accordingly.

62 Certain claims in respect of damaged/lost fixed assets and inventory has been lodged with Insurance Companies by MTNL but the settlement of the claims is pending. Final adjustment in respect of difference between amount claimed and assets withdrawn will be made in the year of settlement of claim.

63 The Company had claimed benefit under section 80IA of the Income Tax Act, 1961 for the financial year from 1996-97 to 2005-06. The appellate authorities have allowed the claim to the extent of 75% of the amount claimed. The Company has preferred appeals for the remaining claim before the Hon'ble Court of Delhi. The Company has retained the provision of Rs. 375.96 crores (previous year Rs. 375.96 crores) for this claim for the assessment years 1998-99, 1999-00 and 2000-2001, however, the demands on this account amounting to Rs. 243.22 crores (previous year Rs. 243.22 crores) for the assessment years 2001-02 to 2006-07 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80IA of Income Tax Act, 1961.

64 Litigations

a) The arbitrator, Mr. A. P. Shah published the award on 03.03.2022 against MTNL for Rs. 160 crores with simple interest payable @6% P.A. from 21-10-1993 and Rs.61,14,000/- was also awarded to Canara Bank and Rs.32,49,500/- to CANFINA as costs. MTNL filed OMP (COMM) No.312 of 2022 before Hon'ble Delhi High Court to set aside the Award along with an IA No.14319 0f 2022 seeking unconditional stay on the operation of said award. Further Canara Bank and Canfina also filed applications for enforcement of said award dated 03.03.2022. Canara Bank's- OMP (ENF) (COMM) NO.147 of 2022 and CANFINA's OMP (ENF) (COMM) NO.155 of 2022. Hon'ble HC deferred the hearing of MTNL's OMP (COMM) No.312 of 2022 along with Canara Banks OMP and Canfina OMP to 18.07.2023. The amount of award along with interest to the tune of Rs.443.78 crores therefore has been disclosed as contingent liability.

b) MTNL entered into contracts with M/s. M & N Publications Limited for printing, publishing and supply of telephone directories for Delhi and Mumbai unit for a period of 5 years starting from 1993. After printing and issue of 1993 (main & supplementary) and 1994 main directory, M/s. M & N Publications Ltd terminated the contract prematurely on 04 April 1996. MTNL, Mumbai & Delhi invoked Bank Guarantees on 09 April 1996, issued Legal Notice on 22 July 1996 and terminated the contract. Sole Arbitrator has been appointed by CMD, MTNL. The Sole Arbitrator has since given his award on 09 April 2013 partly in favour of MTNL, Mumbai and on 31 July 2013 in favour of MTNL, Delhi. The claim and counter claim under arbitration will be accounted for in the year when the ultimate collection/payment of the same becomes reasonably certain. M/s. M & N Publications has approached the Bombay & Delhi High Courts against the arbitration awards and MTNL also approached the Bombay & Delhi High Courts for balance amount due. The claim of Rs. 65.04 crores on this account has been shown as contingent liability in Delhi unit.

c) As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai Rs. 124.93 crores and Rs. 33.99 crores in 2004-05 and 2005-06 respectively against the claim of Rs. 158.92 crores. The Company has recognised the amount realized as revenue in the respective period. The Hon'ble TDSAT has ordered for refund of Rs. 96.71 crores. MTNL has filed a Civil Appeal and application for stay of operation of the order of TDSAT in the Hon'ble Supreme Court of India in which Supreme Court directed on 08 May 2014 that TDSAT will review the impugned order on seeking of it by appellant. MTNL filed review application which had been disposed off by Hon'ble TDSAT vide order dated 27 May 2014 on which MTNL filed CWP no.022764 dated 16 July 2014 in Hon'ble Supreme Court and the same is pending. Meanwhile UASL operator also filed appeal in Hon'ble Supreme Court. The claim of Rs. 96.71 crores on this account has been shown as contingent liability.

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

e) In respect of Mobile Services Delhi, a sum of Rs. 25.78 crores claimed by TCL towards ILD charges for the period Oct-09 to March-10 has not been paid due to heavy spurt in ILD traffic towards M/S TCL. On technical analysis it was found that these calls were made to some dubious and tiny destination. These destinations do not confirm to international numbering plan of the respective countries and are not approved destinations as per approved interconnect agreement. Further these calls have not got physically terminated to the destinations. The observations were shared with M/S TCL. M/S TCL has also been advised that the balance, which relates to fraudulent calls, is not payable and accordingly no provision has been made in the books of accounts. The matter was handed over to the committee for investigation. Subsequently M/S TCL filed a case in Hon'ble TDSAT for recovery of the amount, decision for which is awaited. The claim of Rs. 25.78 crores on this account has been shown as contingent liability.

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

65 Settlements with BSNL:

The amount recoverable from BSNL is Rs. 5,713.65 crores (previous year Rs.5,675.92 crores) and amount payable is Rs.2,174.76 crores (previous year Rs. 2,151.01 crores). The net recoverable of Rs. 3,538.89 crores (previous year Rs. 3,524.91 crores) is subject to reconciliation and confirmation. The carrying value of the net recoverable from BSNL is Rs. 3,535.34 crores (previous year - Rs. 3,521.50 crores) measured at amortised cost.

66 Subscribers' dues and deposits:

Other current liabilities include credits on account of receipts including service tax/GST from subscribers amounting to Rs. 88.70 crores (previous year Rs.71.08 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax/GST, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.

67 The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation.

68 The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods.

69 In case of Mumbai Unit, the balances with non-scheduled banks comprise of:

Rs. in crores)

Particulars	31 March 2023	31 March 2022
Indira Sahakari Bank Limited	0.56	0.56

(account closed, considered doubtful)	(0.56)	(0.56)

70 Settlements with DoT:

a) Amount recoverable from DoT is Rs.641.40 crores (previous year Rs.635.81 crores) and amount payable is Rs.517.36 crores (previous year Rs. 454.46 crores). The net recoverable of Rs.124.04 crores (previous year Rs.181.34 crores), (including Rs.0.15 crores against ex-gratia (Previous year Rs.0.15 crores)), Out of which Rs.123.89 Crores (Previous year Rs.181.19 crores) is subject to reconciliation and confirmation . There is no agreement between the MTNL and DoT for interest recoverable/payable on current account. Accordingly, no provision has been made for interest payable/receivable on balances during the year except charging of interest on GPF claims receivable from DoT.

b) Deposits from applicants and subscribers as on 31 March 1986 were Rs. 81.32 crores (previous year Rs. 81.32 crores) in Mumbai unit as intimated provisionally by DoT. At the year end, these deposits amounted to Rs. 103.28 crores (previous year Rs. 103.28 crores), the difference being attributable to connections/refunds granted in respect of deposits received prior to 31 March 1986. Balance on this account still recoverable from DoT is Rs. 55.85 crores (previous year Rs. 55.85 crores).

c) The total provision for Leave encashment is Rs. 236.91 crores up to 31 March 2023 (previous year Rs. 226.74 crores). Out of this, an amount of Rs. 45.49 crores (previous year Rs. 45.49 crores) and Rs. 43.37 crores (previous year Rs. 43.37 crores) is recoverable from DOT in respect of Company C & D and Company B employees respectively for the period prior to their absorption in MTNL.

d) An amount of Rs.6.52 crores (previous year Rs. 6.52 crores) towards GPF contribution is recoverable from DOT as on 31 March 2023. The amount pertains to Company C& D and Company B employees absorbed in MTNL w.e.f. 01 November 1998 and 01 October 2000 respectively.

71 As per gazette notification no.GSR 138(E) dated 3rd March 2014 pensionary benefits in respect of absorbed combined service pension optees are being paid by the Government of India on BSNL pay scales. Gratuity provision for other than combined service pension optee employees of MTNL, and Leave Encashment provision for all of the employees of MTNL has been made on the basis of actuarial valuation.

72 There is no indication of any impairment of assets of the Company, on the basis of the company as a whole as a CGU under Indian Accounting Standards - 36 “Impairment of assets” as specified under Section 133 of the Companies Act, 2013.

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

74 Debenture Redemption Reserve: Being a listed company and mode of issue of debentures is private placement basis, there is no adequacy to maintain Debenture Redemption Reserve (DRR) under Rule 18 (7) (b) (iii) (B) B of Companies (Share Capital and Debenture) Rules, 2014.

75 There is no amount which is required to be transferred to Investor Education and Protection Fund by the Company.

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

77 The Bank Reconciliation Statements as at 31 March 2023 include unmatched/unlinked credits amounting to Rs. 3.68 crore (previous year Rs. 3.68 crore) and unmatched/unlinked debits Rs. 1.13 crore (previous year Rs. 0.01 crore) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.

78 The Company has incurred a loss of Rs. 2,910.74 crores during the period under report. The company has been incurring continuous losses since year 2009-10 (except in FY 2013-14) and the net worth has been fully eroded for the year under report. Considering the continuous losses and negative net worth, the management has made an assessment of its ability to continue as a going concern. In pursuance DoT letter No. F. No. 30-04/2019-PSU Affairs dated 29th October, 2019 and decision of Board of Directors of MTNL through circular regulation on 04th November 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 04th November 2019 under which 14,387 number of MTNL employees of all grades opted and granted VRS to reduce the legacy staff costs inherited on account of absorption of employees recruited under government w.e.f. 01.11.1998 and also on 01.10.2000 and the expenditure of ex-gratia on account of compensation was borne by the DOT/Government of India through budgetary supports as per approval of cabinet. The company therefore reduced the staff expenses by more than 75 % which will help the company to reduce its costs and also thereby losses. Besides, the Government has approved the monetization of the lands and buildings of the company with assistance from DIPAM in order the get rid of the huge debt burden on the company. The monetization of land and buildings of the company is in process.

In addition to this, Government has approved providing 4G license to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license is also being done. As per the deliberations, the maintenance and running of MTNL wireless network is also to be done by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams. The government has provided a sovereign guarantee for the issuance of NCD to MTNL vide F.No. 12(16)-B (SD)/2020 dt. 08/07/2020 for Rs. 6,500 crores. Accordingly, MTNL raise bonds for Rs. 6,500 crore in FY 2020-21, and further support from Govt. is also under consultation for the grant of sovereign guarantee to MTNL by the Government of India so that till the time the monetization process is completed and the debt burden is reduced, MTNL can continue its operations smoothly without any issue. Since, Qtr IV of 2019-20 till date Company's EBIDTA is positive and this is likely to improve further to reduce its negativity in net worth in the future.

Besides these, DOT issued directions to all govt. departments and Ministries to use MTNL services invariably which would pave the way for revenue increase. Recently, As per F.NO.20-28/2022-PR dated 2nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores for the next two financial years i.e. 2022-23 & 2023-24 with waiver of guarantee fee to repay its high-cost debt and restructure it with new sustainable loan. Out of which bonds to the tune of Rs. 10,910 crs has been raised during the year. Also in view of such unsustainable debts of MTNL, a committee of Secretaries will be constituted by the Govt. to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for the merger of MTNL & BSNL. The government will provide budgetary support of Rs. 1851 crores for this restructuring and operational integration. Also, BSNL will provide all telecom services in Delhi & Mumbai through leasing of operational assets or other appropriate models. Once operations are fully taken over by BSNL in Delhi & Mumbai, MTNL would be left with land/building assets which it will continue to monetize through NLMC to discharge its loan liabilities. All of the above, aspects are considered by the management while preparing the financial statements, and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 "Presentation of Financial Statements".

79 The amount recoverable from Reliance Communication and Reliance Infratel is Rs. 62.78 crores and Rs. 5.28 crores. The companies are under insolvency proceedings before Hon'ble NCLT under IBC, 2016. The provision/write-off against the outstanding dues will be considered on final decision in this matter.

80 The maintenance and running of MTNL wireless network has been handed over to BSNL as an outsource agency from 01.04.2021 (in case of Delhi) and from 01.09.2021 (in case of Mumbai) onwards to improve the quality of services. MTNL has initiated the process for raising the claims for gap funding. It is likely to be concretized in the next financial year and the financial impact of same, if any, will be accounted for on finalisation of operational modalties.

81 BSNL brought out a case of settlement of Rs 29.51 crores in respect of PCM links for the period from 2008-09 to 2018-19 during the year , which were cases of surrendered or non working PCM links . The same were under dispute and were got reviewed during the year through a joint committee of MTNL & BSNL and a provisional claim of Rs 34.67 crores is intimated by BSNL. The verification of BSNL claim by MTNL and the accepatance of the same is under process. Pending verification of claim, MTNL has made provision for disputed claim in the current financial year and the further impact, if any, will be accounted on final verification and settlement of dispute.

82 License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR, the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement. The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of Rs. 140.36 crores on this account upto the year 2011-12 has been included in contingent liability. DOT has assessed the LF calculated on the basis of AGR of MTNL. The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Company and DOT. The License agreement between Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT.

Further, DOT has disallowed certain deductions claimed in the AGR e.g. PSTN charges, IUC payment to other operators etc. The deductions claimed in AGR were disallowed for want of documents from MTNL. MTNL has submitted the documents and the revision of assessment of LF is pending at the end of DOT. The provision assessment order of LF from 2006-07 to 2020-21 and SUC from 2011-12 to 2020-21 issued by DOT shows demand of Rs. 4,038.97 crores. The assessment is under revision in view of documents submitted by MTNL to CCA/ DOT. However an amount of Rs. 4,038.97 crores is shown as contingent liability. The list of LF related contingent liability is shown hereafter. Calculation of LF demand is not feasible to include in the notes. The Detail of LF Contingent Liability towards License Fee payable to DOT is given below.

MTNL Corporate Office

Detail of LF Contingent Liability of Licence Fee payable to DOT

Sr. No	DOT Letter No's	Date	F.Y.	Amount Demanded
1	17-90/2005/LF	31-Jul-12	2006-07	9.09
2	17-14/2013/LF	12-May-14	2007-08	214.24
3	17-14/2012/LF	3-Dec-12	2007-08	136.36
4	17-14/2013/LF	12-May-14	2008-09	146.71
5	17-14/2013/LF	12-Mar-13	2008-09	22.52
6	17-18/2013/LF	16-Jun-14	2009-10	144.26
7	17-18/2013/LF	19-Mar-13	2009-10	20.29
8	17-34/2013/LF	24-Jul-14	2010-11	40.94
9	17-19/2016/LFA	3-Oct-16	2011-12	76.29
10	17-34/2013/LF II	20-Dec-16	2010-11	124.34
11	17-34/2013/LF II	20-Dec-16	2010-11	0.86
12	17-20/2016/LFA	27-Dec-16	2012-13	26.60
13	17-19/2016/LFA	6-Jan-17	2011-12	12.93
14	17-19/2016/LFA	6-Mar-17	2011-12	33.50
15	17-19/2016/LFA	6-Mar-17	2011-12	(0.00)
16	17-20/2016/LFA	27-Apr-17	2012-13	5.70
17	17-20/2016/LFA	27-Apr-17	2012-13	0.34
18	17-20/2016/LFA	28-Apr-17	2012-13	0.78
19	17-20/2016/LFA	20-Jul-17	2012-13	1.90
20	17-20/2016/LFA	20-Jul-17	2012-13	0.34

Sr. No	DOT Letter No's	Date	F.Y.	Amount Demanded
21	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	54.47
22	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	28.89
23	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.16
24	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.05
25	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	80.75
26	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	20.26
27	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.01
28	17-7/2017/LFA/MTNL	22-May-19	2014-15	197.66
29	17-7/2017/LFA/MTNL	22-May-19	2014-15	127.74
30	17-7/2017/LFA/MTNL	22-May-19	2014-15	5.80
31	17-7/2017/LFA/MTNL	22-May-19	2014-15	0.09
32	17-7/2017/LFA/MTNL	22-May-19	2014-15	337.08
33	17-7/2017/LFA/MTNL	22-May-19	2014-15	64.96
34	17-7/2017/LFA/MTNL	22-May-19	2014-15	7.16
35	17-43/2019/LFA/MTNL	28-May-19	2015-16	147.29
36	17-43/2019/LFA/MTNL	28-May-19	2015-16	134.41
37	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.73
38	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.06
39	17-43/2019/LFA/MTNL	28-May-19	2015-16	226.75
40	17-43/2019/LFA/MTNL	28-May-19	2015-16	77.51
41	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.52
42	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	181.98
43	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	110.41
44	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	3.15
45	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	238.49
46	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	45.40
47	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	8.35
48	17-51/2019/LFA-MTNL	27-Jan-21	2016-17	0.14
49	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	13.60
50	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	42.15
51	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	2.76
52	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	17.10
53	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	11.66
54	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	4.95
55	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	0.07
56	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	9.04
57	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	0.57
58	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	-
59	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	3.38
60	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	2.89
61	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	0.07
62	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	0.00
63	17-53/2021/LF- MTNL	6-Jan-22	2019-20	58.95
64	17-53/2021/LF- MTNL	6-Jan-22	2019-20	66.50
65	17-53/2021/LF- MTNL	6-Jan-22	2019-20	0.03

Sr. No	DOT Letter No's	Date	F.Y.	Amount Demanded
66	17-53/2021/LF- MTNL	6-Jan-22	2019-20	32.33
67	17-54/LFA/2021/MTNL	3-Mar-23	2020-21	57.74
68	17-54/LFA/2021/MTNL	3-Mar-23	2020-21	28.52
69	17-54/LFA/2021/MTNL	3-Mar-23	2020-21	56.63
70	17-54/LFA/2021/MTNL	3-Mar-23	2020-21	0.02
71	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	0.09
72	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	62.47
73	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	0.09
74	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	17.71
75	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	0.04
76	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	1.33
77	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	0.09
78	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	113.79
79	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	21.76
80	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	65.19
81	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2016-17	53.65
82	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2017-18	(1.52)
83	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2018-19	13.15
84	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2019-20	(1.63)
85	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2020-21	2.29
86	CCA/MUM/Comm/Spectrum/23	8-Nov-19	2010-11	51.09
87	CCA/MUM/Comm/Spectrum/	8-Nov-19	2011-12	45.65
88	CCA/MUM/Comm/Spectrum/	8-Nov-19	2012-13	27.28
89	CCA/MUM/Comm/Spectrum/62	13-Nov-19	2013-14	0.17
90	CCA/MUM/Comm/Spectrum/64	13-Nov-19	2014-15	7.99
91	CCA/MUM/Comm/Spectrum/	13-Nov-19	2015-16	0.10
92	CCA/MUM/Comm/Spectrum/	13-Nov-19	2016-17	30.96
93	CCA/MUM/Comm/Spectrum/	22-Aug-19	2017-18	-
	Total			**4,038.97**

For and on behalf of the Board of Directors

For SCV & Co. LLP
Chartered Accountants
FRN No. 000235N/N500089

Sd/-
(CA Abhinav Khosla)
Partner
Membership No. 087010

For SPMG & Co.
Chartered Accountants
FRN No. 509249C

Sd/-
(CA Mandeep Singh Arora)
Partner
Membership No. 091243

Sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051

Sd/-
(Sultan Ahmed)
Chief Financial Officer

Sd/-
(Ratan Mani Sumit)
Company Secretary

Place: New Delhi
Date: 29 May 2023

SPMG & Co.
CHARTERED ACCOUNTANTS
3322-A, 2nd Floor,
Bank Street, Karol Bagh,
New Delhi – 110005

SCV & Co. LLP
CHARTERED ACCOUNTANTS
B-41, Panchsheel Enclave,
New Delhi – 110002

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mahanagar Telephone Nigam Limited

Report on the Audit of the Consolidated Ind-AS Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated Ind-AS financial statements of MAHANAGAR TELEPHONE NIGAM LIMITED ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures and associates which comprise the Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind-AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the basis for Qualified Opinion Section of our report, the aforesaid Consolidated Ind-AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, the Consolidated Loss and Consolidated total net loss, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the Consolidated Ind-AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind-AS financial statements section of our report. We are independent of the Holding Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Ind-AS financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind-AS financial statements.

(i) The Net Worth of the Holding Company has been fully eroded; The Holding Company has incurred net cash loss during the current year ended March 31, 2023, as well as in the previous year and the current liabilities exceeded the current assets substantially.

Furthermore, the Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Holding Company as “Incipient Sick CPSE”. Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II.

However, the Consolidated Ind-AS financial statements of the Holding Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India.

Further, Union Cabinet has also approved the “Revival plan of BSNL and MTNL” by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guaranteed bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Holding Company has implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.

Recently, as per F.NO.20-28/2022-PR dated 2nd August 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign guaranteed bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 Crore in two financial years i.e., 2022 & 2023 with waiver of guaranteed fee to repay its high-cost debt and restructure it with new sustainable loan. During the year ended March 31, 2023, the company has raised Rs. 10,910/- Crore (refer note no. 82 to the Consolidated Ind-AS financial statements).

(ii) <u>Bharat Sanchar Nigam Limited (BSNL):</u>

a) The Holding Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3535.34 Crore 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 Consolidated IND-AS financial statements of the Holding Company. (refer note no. 69 to the Consolidated Ind-AS financial statements).

b) The Holding Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 115.97 Crore has not been carried forward resulting in overstatement of current assets and understatement of loss to that extent.

(iii) The Holding Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 124.04 Crore, out of which Rs. 123.89 Crore 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 Consolidated Ind-AS financial statements of the Holding Company. (refer point no. (a) of note no. 74 to the Consolidated Ind-AS financial statements).

(iv) Up to 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 Holding Company continues to reflect the difference in license fee arising from working out the same on accrual basis as aforesaid for the period up to financial year 2011-12 by way of contingent liability of Rs. 140.36 Crore instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent. (refer note no. 86 to the Consolidated IND-AS financial statements).

(v) Except for the impairment loss of assets of CDMA units provided in earlier years, no adjustment has been considered on account of impairment loss, if any, during the year, with reference to Indian Accounting Standard – 36 "Impairment of Assets" prescribed under Section 133 of the Act.

In view of uncertainty in achievement of future projections made by the Holding 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 ended March 31, 2023, accumulated balance of other equity and also the carrying value of the cash generating units. (refer note no. 76 to the Consolidated Ind-AS financial statements).

(vi) The Holding Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and other parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, 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 Consolidated Ind-AS financial statements are not ascertainable and quantifiable. (refer note no. 71 to the Consolidated Ind-AS financial statements).

(vii) Unlinked credit of Rs. 88.69 Crore on account of receipts from subscribers against billing by the Holding Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the consolidated Ind-AS financial statements are not ascertainable and quantifiable. (refer note no. 70 and 81 to the Consolidated Ind-AS financial statements).

(viii) Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the consolidated financial statement by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.

(ix) Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crore in 2012-13 on account of one-time charges for 2G spectrum held by the Holding Company for GSM and CDMA for the period of license already elapsed and also for the remaining valid period of license including spectrum given on trial basis.

As explained the demand for spectrum usage for CDMA for Rs. 107.44 Crore has been withdrawn by DOT on account of rectification of actual usage.

Also as explained, pending finality of the issue by the Holding Company regarding surrender of a part of the spectrum, crystallization of issue by the DOT in view of the claim being contested by private operators 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 Rs. 3205.71 Crore has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum allotted beyond 6.2 MHz, directed Govt. to review the demand for spectrum allotted after 1-7-2008 and that too wef 1-1-2013 in case the spectrum beyond 6.2 MHz was allotted before 1-1-2013. As explained, as per the TDSAT orders also no further demand has been raised till now and as per management based on TDSAT direction the demand, if any, cannot be more than Rs 455.15 crore the same is considered 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 Holding Company and the ultimate implications of the same on the consolidated financial statements of the Holding Company. (refer note no. 65 to the consolidated Ind-AS financial statements).

(x) The Holding Company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter in some of the cases. The actual impact of the same on the consolidated Ind-AS financial statements for year is not ascertained and quantified.

(xi) The TDS on provision for Expenses has not been deducted under chapter XVII- B of Income Tax Act, 1961 by the Holding Company. The actual impact of the same on the consolidated Ind-AS financial statements for year is not ascertained and quantified.

(xii) The Holding company is making the provision for interest for late/payment to MSME vendors which is subject to deduction of tax under section 194A of Income Tax Act, 1961.

The actual impact of the same on the consolidated Ind-AS financial statements for year is not ascertained and quantified.

(xiii) The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 33.52 Crore accrued during the year ended March 31, 2023, has not been recognized in Delhi unit in the Consolidated financial statement. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the Consolidated financial statement of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.

(xiv) The Holding Company's investment in its Associates "United Telecom Limited (UTL)", has been classified as Asset-held-for-sale since Year 2018, which is contrary to the recognition principles of IND AS 105 as the expected sale has not been completed within one year from classification.

The impact of the aforesaid on the consolidated Ind-As financial statements for the year ended March 31, 2023, has not been ascertained and quantified.

(xv) The Holding company has not recognized for loss allowance for trade receivables as per the requirements of Ind AS109 "Financial Instruments" amounting to Rs. 68.06 crore relating to companies which are under insolvency process and certain trade receivables amounting to Rs. 11.55 crore pertaining to infrastructure business, wherein there is significant increase in credit risk.

The impact of the aforesaid on the consolidated Ind-As financial statements for the year ended March 31, 2023, has not been ascertained and quantified.

The above basis for qualified opinion referred to in para no. (i) to (xiii) were subject matter of qualification in the Auditor's Report for the year ended March 31, 2022.

In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii)(a), (iii), (v), (vi), (vii),(viii), (ix), (x), (xi),(xii), (xiii), (xiv) and (xv) on the consolidated Ind-AS financial statements of the Group for the year ended on 31st March 2023.

Emphasis of Matters

We draw attention to the following notes on the Consolidated Ind-AS financial statements being matters pertaining to **Mahanagar Telephone Nigam Limited** requiring emphasis by us :

(i) Note no.67 Regarding pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Holding Company u/s 80 IA of the Income Tax Act, 1961 we are unable to comment on the adequacy or otherwise of the provision and / or contingency reserve held by the Holding Company.

(ii) Note No. 68 (b) Impact of 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, will be given in the year when the ultimate collection / payment of the same becomes reasonably certain.

(iii) Note 16 & 20. Amounts receivable from BSNL & Other Operators have been reflected as loans and other financial assets instead of bifurcating the same into trade receivables and other financial assets.

(iv) Notes No.84 The operations and maintenance of wireless network has been handed over to BSNL as an outsource agency from 1.4.2021 (in case of Delhi) and 1.9.2021 (in case of Mumbai) onwards. Pending finalization of standard operating procedures, the financial impact of the same (if any) will be accounted for on finalization of operational modalities.

(v) Note No. 74 (d): The Amounts recoverable from Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optees absorbed employees in MTNL and the matter has been under review with DOT and the full amount of GPF including interest thereon, claimed of the Holding Company in respect of which correspondence in going on between the Holding Company and DOT are continued to be shown as recoverable from DOT and payable to GPF in the Consolidated Ind-AS financial statements.

(vi) Notes No.82 In pursuance DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29th October 2019 and decision of Board of Directors of MTNL through circular regulation on 4th November 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 4thNovember 2019 under which 14,387 number of MTNL employees opted for VRS and the expenditure of ex-gratia on account of compensation to be borne by the DOT/Government of India through budgetary supports as per approval of cabinet. Balance amount payable to VRS opted employees as on 31st March 2023 is shown in the financial statements of the Holding company as receivable from DOT and payable to VRS retirees in the consolidated Ind-AS financial statements, to reflect the actual position with reference to VRS scheme of 2019 of MTNL.

(vii) Notes No.82 The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Holding Company and DOT.

(viii) Notes No.82 The License agreement between Holding Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration by DOT.

(ix) Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts. (refer clause no. (l) of note no. 3 to the consolidated Ind-AS financial statements).

(x) Note No. 62A (1) Certain immovable properties transferred from Department of Telecommunications ('DoT') to MTNL in earlier years, which were taken on lease by DoT prior to incorporation of MTNL. On 30 March 1987, both DoT and MTNL entered into a sale deed for transfer of the several movable and immovable assets from DoT to MTNL. The said transfer includes the leasehold lands and buildings which are now in possession of MTNL since the execution of the sale deed. These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date.

However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908 as considered by the MTNL and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed.

(xi) Note No. 64 In certain cases of freehold and leasehold land the Holding company is having title deeds which are in the name of the Holding Company but the value of which are not lying in books of accounts of the Holding Company.

Our opinion is not modified in respect of these matters.

Material uncertainty related to going concern

We draw attention to Note no. 82 in the consolidated Ind-AS financial statements, which indicates that the Holding company has accumulated losses and its net worth has been fully/ substantially eroded, the Holding company has incurred net loss/net cash loss during the current and previous year(s) and the Holding company's current liabilities exceeded its current assets as at the balance date. These events or conditions, along with other matter as set forth in Note 82, indicate that a material uncertainty exists that may cast significant doubt on the Holding company's ability to continue as a going concern.

Further, Government of India has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guaranteed bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company implemented the Voluntary Retirement Scheme in FY 2019-20 resulted in reduction in Employees Cost and also raised funds by issuing Bonds for Rs. 6,500 Crore in FY 2020-21 in line with cabinet note.

Recently, as per F.NO.20-28/2022-PR dated 2nd August 2022, the Union Cabinet in its meeting held on 27.02.2022 has approved the raising the of the Sovereign Guarantee Bonds for MTNL with the tenure of 10 years or more for the amount of Rs. 17,571 Crore in two financial years i.e., 2022 & 2023 with the waiver of guaranteed fee to repay its highest cost debt and restructure it with new sustainable loan. During the year ended March 31, 2023, the company has raised Rs 10,910/ Crore. Our opinion is not modified in respect of this matter.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind-AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind-AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis of qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
1	**Revenue Recognition:** There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.) Refer Notes no. 61 to the Consolidated Ind-AS Financial Statements.	Our audit approach included control testing and substantive procedures covering in particular: • Testing the IT environment (i.e., IT general controls) in which billing and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams. • Testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing includes validating material journals processed between the billing system and general ledger. • Performing tests on the accuracy of customer bill generation on sample basis and testing of a sample of the credits and discounts applied to customer bills: and testing receipts for a sample of customers back to customer invoice.
2	**Uncertain Taxation Matters:** The Holding Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes no. 54 and 67 to the Consolidated Ind-AS Financial Statements.	We have obtained details of completed tax assessments and demands up to March 31, 2023, from management. We assessed the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We also considered legal precedence and other rulings, including in the Holding company's own cases, in evaluating management's position on these uncertain tax positions.
3	**Contingent liabilities** There are number of litigations pending before various forums against the Holding company and the management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. (Refer to note no. 54 of Consolidated Ind-AS Financial statements.)	We have obtained an understanding of the Holding Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures. - understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases; - discussed with the management any material developments and latest status of legal matters; - read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosures of contingent liabilities; - examined management's judgements and assessment whether provisions are required; - considered the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote; - reviewed the adequacy and completeness of disclosures;

Other Matters

a) We did not audit the financial statements/financial information of one subsidiary, whose financial statements/financial information reflect total assets of Rs. 140.17 Crore as at 31st March, 2023, total revenues of Rs. 76.06 Crore and net cash flow amounting to Rs. (2.32) Crore for the year ended on that date, as considered in the consolidated Ind-AS financial statements. The consolidated Ind-AS financial statements also include the Group's share of net profit of Rs. 1.24 Crore for the year ended 31st March 2023, as considered in the consolidated Ind-AS financial statements, in respect of one jointly controlled entity, whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind-AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associate, and our report in terms of sub section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associate, is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements/financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

b) The accompanying consolidated Ind-AS financial statements also includes unaudited financial statements and other unaudited financial information in respect of one subsidiary whose unaudited financial statements and other financial information reflect total assets of Rs. 9.58 Crore as at March 31, 2023, total revenue of Rs. 0.45 Crore and net cash flow amounting to Rs. 0.17 Crore for the year ended on that date, as considered in consolidated financial statements.

c) The accompanying consolidated Ind-AS financial statements also includes unaudited financial statements and other unaudited financial information in respect of One associate, whose financial statements reflect the Group's share of net loss of Rs. NIL and the Group's share of total comprehensive loss of Rs. NIL for the year ended March 31, 2023, as considered in the Consolidated Ind-AS financial statements whose financial results /statements and other financial information have not been audited by their auditors.

This unaudited financial statements/financial information have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of associate, is based solely on such unaudited financial statements/financial information/financial results. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information/financial results are not material to the Group.

Our opinion above on the consolidated Ind-AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

d) The comparative financial information for the year ended 31st March 2023 included in the accompanying consolidated Ind AS financial statement have been audited by SPMG & Co. Chartered Accountants jointly with another firm of chartered accountants, whose audit report dated 30th May 2023 expressed modified opinion.

Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Company's Annual Report but does not include the consolidated Ind-AS financial statements and our auditor's report thereon. The above-mentioned other information's is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind-AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind-AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind-AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management and those charged with governance for the Consolidated

Ind-AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Ind-AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including total comprehensive loss, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind-AS and other accounting principles generally accepted in India. The respective Management and Board of Directors of the Companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind-AS Financial Statements

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

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

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

our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind-AS financial statements, including the disclosures, and whether the consolidated Ind-AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind-AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As per the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, reporting in accordance with the requirement of the provisions of section 197 (16) of the Act is not applicable to the Holding Company.
3. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for the matters prescribed in the Basis for Qualified Opinion Paragraph above

b) Except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion, proper books of account as required by law have been kept by the Holding Company so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, except for the matters described in the basis of qualified opinion section above, the aforesaid Consolidated Ind-AS financial statements comply with the IND AS specified under Section 133 of the Act.

e) Being the Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of section 164 of the Act, are not applicable to the Holding Company.

f) The matters described in the Basis of Qualified Opinion Paragraph above, in our opinion, may have an adverse effect on the functioning of the Company

g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

h) The qualifications relating to the maintenance of accounts and other matters connected there with are as stated in the Basis of Qualified Opinion Paragraph above.

i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

a) The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind-AS financial statements. (Refer to note no. 54 of Consolidated Ind-AS Financial statements.)

b) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and,

c) There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company.

d) (i) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e) The Holding company has not declared or paid any dividend during the year. Accordingly, the provisions of Section 123 of the Act is not applicable. Further, auditor of a subsidiary company which is incorporated in India and whose financial statements have been audited under the Act has not reported about the compliance of the Section 123 of the Act.

f) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiary, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For SPMG & Co.
Chartered Accountants
Firm Registration No.: 509249C

CA Mandeep Singh Arora
Partner
Membership No.: 091243
UDIN: 23091243BGSKCL6748

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.: 000235N/ N500089

CA Abhinav Khosla
Partner
Membership No.: 087010
UDIN: 23087010BGZFEQ4080

Place: New Delhi
Date: 29th May,2023

Annexure A

Annexure A to the Independent Auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2023.

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) According to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have certain remarks included in their reports under Companies (Auditor's Report) Order, 2020 ("CARO"), which have been reproduced as per the requirements of the Guidance Note on CARO.

S. No	Name of Entities	CIN	Holding Company/ Subsidiary Company/ Joint Venture	Clause Number of CARO Report
1.	MTNL STPI IT Services Limited	U72901DL2006PLC148310	Joint Venture	Clause (XIV)
2.	Mahanagar Telephone Nigam Limited	L32101DL1986GOI023501	Holding Company	Clause (i)(a) Clause (i)(b) Clause (i)(c) Clause (ii)(a) Clause (vi) Clause (vii)(a) Clause (vii)(b) Clause (ix)(a) Clause (xiv)(a) Clause (xiv)(b) Clause (xix)

Annexure B

Annexure B to The Independent Auditors' Report

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind-AS Financial Statements of Mahanagar Telephone Nigam Limited as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of Mahanagar Telephone Nigam Limited (hereinafter referred to as the "Holding Company") and its subsidiary and joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company, its subsidiary and joint venture, which are companies incorporated in India, internal financial controls over financial reporting with reference to these Consolidated Ind-AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Consolidated Ind-AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Consolidated Ind-AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Ind-AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind-AS Financial Statements

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind-AS financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind-AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind-AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the following material weaknesses have been identified in the operating effectiveness in internal financial controls over financial reporting as at March 31, 2023:

(i) The Holding Company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items or due to delay of inventory issue slip by stores. Hence, the date of capitalization is not reliable. This could potentially result into delayed capitalization and corresponding impact on the operational results due to lower charge of depreciation.

(ii) The Holding Company does not have appropriate internal control system for ensuring de-commissioning and de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result into overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.

(iii) The Holding Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / contractors / operators / government departments at the quarter end and year end are duly reversed when actual bills are received and accounted for. This could potentially result in the same being accounting twice.

(iv) The Holding Company does not have an appropriate internal control system to track open purchase orders, work orders, agreements and contracts which have been entered with vendors / contractors / operators / government departments and are lying open. This could have a bearing on efficiency of operations and recording of financial liabilities and provisions pertaining to the same.

(v) The Holding Company does not have an integrated ERP system. Different software packages used by the Holding company are interfaced through software links or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting.

(vi) The Holding Company does not have an appropriate internal control system for reconciliation of vendors / contractors / operators / government departments, accounts which could potentially result in some changes in the Consolidated Ind-AS financial statements. The cases identified by us have been appropriately qualified at various places in our report.

(vii) The Holding Company does not have effective internal audit system so as to cover all major areas with extensive scope. The extent and depth of coverage, manner of conduct and reporting in respect of internal audit is very weak. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.

(viii) The Holding Company does not have an appropriate internal control system for reconciliation of items of unlinked debits and credits because of receipts from the subscriber and the amount debited by the banks. This could potentially lead unreported financial adjustments ultimately resulting into distorted financial reporting.

(ix) The Holding Company does not have an appropriate internal control system for invoicing which are due and payable based on manual invoicing. The invoicing system does not have reliability of measurement and reconciliation of items. This leads to multiple revisions and errors in invoicing. This could potentially lead errors in revenue recognition.

(x) The Holding Company does not have appropriate internal control system for ensuring end use of issued inventory. The accounting is done based on the requisition statement of item and not actual installation or commission of item. This could potentially result in non-identification of pilferage and also early capitalization of equipment.

(xi) The Holding Company does not have appropriate internal control system for ensuring billing and recovery of water and electricity charges from the lessee. This could potentially result into non-recovery and delayed recovery of such charges causing financial loss of the absolute expenses and also finance cost on the delay in realization. This could also result in inaccurate expense values in the financial statements of the Holding company.

(xii) The Holding company does not have appropriate internal control system towards renewals of the expired Rent/Lease agreements. Even though in some of the cases where lease agreements have been expired, company is receiving rentals on the terms and conditions mentioned in the expired agreement with the parties.

(xiii) The Holding company does not have appropriate internal control towards the timely closure of workorders w.r.t landline & FTTH connections and creation of customer master for billing. This could potentially result in leakage and potential loss of revenue.

In some cases, company is recognising rentals on the terms and conditions mentioned in the expired agreements with the parties and not receiving any amount from such parties for more than one year. However, the company has not provided provision for doubtful debts for all such cases.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Holding company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company, its subsidiary and joint venture, which are companies incorporated in India, have, maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of March 31, 2023. Consolidated Ind-AS financial statements of the Holding Company, and these material weaknesses do not affect our opinion on the Consolidated Ind-AS financial statements of the Holding Company.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates 1 joint venture, which is a company incorporated in India, is based on the corresponding reports of the auditor of such company incorporated in India.

For SPMG & Co.	**For SCV & Co. LLP**
Chartered Accountants	Chartered Accountants
Firm Registration No.: 509249C	Firm Registration No.: 000235N/ N500089
CA Mandeep Singh Arora	**CA Abhinav Khosla**
Partner	Partner
Membership No.: 091243	Membership No.: 087010
UDIN: 23091243BGSKCL6748	UDIN: 23087010BGZFEQ4080

Place: New Delhi
Date: 29th May,2023

MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Balance Sheet as at 31 March 2023

	Notes	31 March 2023 (Rs. in crores)	31 March 2022 (Rs. in crores)
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,761.67	3,045.19
Capital work-in-progress	5	59.49	73.98
Right-of-use assets	6	373.16	406.44
Investment property	7	68.03	68.62
Intangible assets	8	1,764.31	2,097.96
Investments accounted for using the equity method	9	3.06	3.07
Financial assets			
Loans	10	3.51	3.43
Other financial assets	11	208.68	215.57
Deferred tax assets (net)	12	0.00	0.00
Non Current tax assets (net)	13	574.76	563.56
Other non-current assets	14	33.59	30.31
Total non-current assets		**5,850.26**	**6,508.13**
Current assets			
Inventories	15	5.05	7.49
Financial assets			
Trade receivables	16	587.14	670.97
Cash and cash equivalents	17	166.39	99.27
Other bank balances	18	187.60	49.25
Loans	19	15.41	3.08
Other financial assets	20	4,563.85	4,599.81
Other current assets	22	268.04	378.69
(d) Current Tax Asset		0.07	
Total current assets		**5,793.55**	**5,808.56**
Assets held for sale	23	0.18	0.05
Total assets		11,643.99	12,316.74
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	24	630.00	630.00
Other equity	25	(21,484.94)	(19,298.26)
Total equity		(20,854.94)	(18,668.26)
Non-current liabilities			
Financial liabilities			
Borrowings	26	19,507.34	16,565.55
Lease liabilities	27	110.16	144.48
Other financial liabilities	28	95.95	194.13
Long-term provisions	29	378.60	385.72
Deferred tax liabilities (net)	30	6.60	6.99
Other non-current liabilities	31	62.67	74.10
Total non-current liabilities		20,161.32	17,370.97
Current liabilities			
Financial liabilities			
Borrowings	32	8,666.67	10,040.92
	33	66.78	68.67
Trade payables	34		
(a) Total outstanding dues of micro enterprises and small enterprises		54.64	98.09
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		977.03	949.68
Other financial liabilities	35	1,959.76	1,828.26
Other current liabilities	36	535.17	600.89
Short-term provisions	37	77.56	25.19
Current tax laibilities	21	-	2.32
Total current liabilities		12,337.60	13,614.03
Total liabilities		32,498.93	30,985.00
Total equity and liabilities		11,643.99	12,316.74

Summary of significant accounting policies 3

The accompanying notes are integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For SCV & Co. LLP Chartered Accountants FRN No. 000235N/N500089	**For SPMG & Co.** Chartered Accountants FRN No. 509249C	Sd/- **(Rajiv Kumar)** Director (Finance) DIN 09811051	Sd/- **(Ratan Mani Sumit)** CO. Secy.
Sd/- **(CA Abhinav Khosla)** Partner Membership No. 087010	Sd/- **(CA Mandeep Singh Arora)** Partner Membership No. 091243	Sd/- **(Sultan Ahmed)** Chief Financial Officer	Sd/- **(P.K. Purwar)** Chairman and Managing Director DIN 06619060

Place: New Delhi
Date: 29 May 2023

MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Statement of Profit and Loss for the year ended 31 March 2023

	Notes	31 March 2023 (Rs. in crores)	31 March 2022 (Rs. in crores)
Income			
Revenue from operations	38	935.23	1,149.04
Other income	39	613.09	628.87
Total income		**1,548.32**	**1,777.91**
Expenses			
Purchases of stock-in-trade		6.47	6.26
License fees expense	40	88.54	114.24
Employee benefits expense	41	549.39	558.64
Finance costs	42	2,354.38	2,139.62
Revenue sharing expense		73.88	101.30
Depreciation and amortisation expense	43	729.74	772.02
Other expenses	44	662.78	687.19
Total expenses		**4,465.18**	**4,379.28**
Profit/(loss) before share of net profits of investments accounted for using equity method and tax		**(2,916.85)**	**(2,601.37)**
Share of profit/(loss) in investments accounted for using equity method		1.24	1.15
Profit/(loss) before tax		(2,915.61)	(2,600.22)
Tax expense	45	(0.50)	2.91
Net profit/(loss) for the year		**(2,915.11)**	**(2,603.13)**
Discontinued operations			
Profit from discontinued operations before and after tax			-
Profit/ (loss) from discontinued operations		-	-
Net profit/ (loss) for the year		(2,915.11)	(2,603.13)
Other comprehensive income	46		
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit plans		(4.48)	(13.98)
Income tax relating to items that will not be reclassified to profit or loss	45	-	-
Items that will be reclassified to profit and loss			
Exchange difference on translation of foreign operations		4.12	(6.65)
Income tax relating to items that will be reclassified to profit or loss	45	-	-
Total other comprehensive income/ (loss) for the year		(0.35)	(20.63)
Total comprehensive income/ (loss) for the year		(2,915.46)	(2,623.77)
Profit/ (loss) is attributable to :			
Owners of Mahanagar Telephone Nigam Limited		(2,915.11)	(2,603.13)
		(2,915.11)	(2,603.13)
Total comprehensive income/ (loss) is attributable to :			
Owners of Mahanagar Telephone Nigam Limited		(2,915.46)	(2,623.77)
		(2,915.46)	(2,623.77)
Loss per equity share:	45		
Basic (Rs.)		(46.27)	(41.32)
Diluted (Rs.)		(46.27)	(41.32)
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements.
This is the statement of profit and loss referred to in our report of even date.

For and on behalf of the Board of Directors

For SCV & Co. LLP
Chartered Accountants
FRN No. 000235N/N500089

For SPMG & Co.
Chartered Accountants
FRN No. 509249C

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051

Sd/-
(Ratan Mani Sumit)
CO. Secy.

Sd/-
(CA Abhinav Khosla)
Partner
Membership No. 087010

Sd/-
(CA Mandeep Singh Arora)
Partner
Membership No. 091243

Sd/-
(Sultan Ahmed)
Chief Financial Officer

Sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi
Date: 29 May 2023

MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Cash Flow Statement for the year ended 31 March 2023

		(Rs. in crores)	(Rs. in crores)
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before tax	(2,915.61)	(2,600.21)
	Continuing operations		
	Discontinued operations	-	-
		(2,915.61)	(2,600.21)
	Adjustments for:		
	Depreciation expense	395.86	438.12
	Amortisation expense	333.88	333.90
	Loss on disposal of property, plant and equipment (net)	(1.33)	(3.31)
	Share of profit from associates and joint ventures	(1.24)	(1.15)
	Interest income	(10.75)	(83.79)
	Excess provisions written back	(69.62)	(145.24)
	Loss of assets	2.36	119.98
	Provision for doubtful debts including discount	61.55	16.43
	Provision for obsolete inventory	1.24	5.45
	Provision for doubtful claims	0.41	6.58
	Provision for abandoned work capital work in progress	-	-
	Remeasurement gains and loss on employee benefit obligations	(4.48)	(13.98)
	Finance costs	2,354.38	2,139.62
	Bad debts recovered	(0.00)	(0.00)
	Bad debts written off	53.87	8.16
	Operating loss before working capital changes	200.51	220.59
	Movement in working capital		
	Increase in loans	(12.15)	19.78
	(Increase)/decrease in inventories	1.21	(15.00)
	Decrease/(increase) in other financial assets	46.54	24.67
	(Increase)/decrease in other assets	108.06	48.23
	Increase in trade and other receivables	(31.39)	(27.66)
	(Decrease)/increase in other financial liabilities	(257.46)	59.59
	Decrease in other liabilities	(76.65)	(64.03)
	Decrease in provisions, trade and other payables	98.65	486.98
	Cash used in operating activities post working capital changes	77.32	753.14
	Income tax (paid)/refunds (net)	(13.48)	(49.40)
	Net cash used in operating activities (A)	63.85	703.74
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment, investment property and intangible assets (including capital work-in-progress) (net of sale proceeds)	(43.68)	(12.85)
	Movement in fixed deposits (net)	(138.35)	143.91
	Dividend received	1.26	1.26
	Interest received	6.97	72.16
	Net cash used in investing activities (B)	(173.80)	204.48
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds and repayment of long-term borrowings (net)	4,528.05	(18.56)
	Proceeds and repayment of short-term borrowings (net)	(2,270.98)	1,271.43
	Finance cost paid	(2,002.25)	(2,110.90)
	Payment towards lease liability (iincluding interest)	(77.75)	(78.01)
	Net cash flows from financing activities (C)	177.07	(936.04)
	Decrease in cash and cash equivalents (A+B+C)	67.12	(27.82)
	Cash and cash equivalents at the beginning of the year	99.27	127.09
	Cash and cash equivalents at the end of the year (As per Note 17)	166.39	99.27
	Refer Note 26 for Reconciliation of financial liabilities arising from financing activities		

For and on behalf of the Board of Directors

For SCV & Co. LLP
Chartered Accountants
FRN No. 000235N/N500089

For SPMG & Co.
Chartered Accountants
FRN No. 509249C

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051

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Partner
Membership No. 091243

Sd/-
(Sultan Ahmed)
Chief Financial Officer

Sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi
Date: 29 May 2023

MAHANAGAR TELEPHONE NIGAM LIMITED

Consolidated Statement of changes in equity for the year ended 31 March 2023

A	Equity share capital									(Rs. in crores)
	Particulars	Balance as at 01 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2023
	Equity share capital	630.00	-	-	-	630.00	-	-	-	630.00
B	Other equity									(Rs. in crores)
		Securities Premium	Promoter's Contribution	General reserve	Research & Development reserve	Contingency reserve	Debenture redemption reserve	Retained Earnings	Exchange differences on translating the financial	Total
	Balance as at 01 April 2021	665.00	-	0.07	30.80	243.22	45.27	(17,659.36)	0.48	(16,674.51)
	Profit/(loss) for the year	-		-	-	-	-	(2,603.12)	-	(2,603.12)
	Dividend paid							-	-	-
	Transfer from other comprehensive income to retained earnings	-		-	(30.80)	-	(45.27)	76.07	-	-
	Addition during the year	-		-	-	-	-	-	-	-
	Other comprehensive income for the year	-		-	-	-	-	(13.98)	(6.65)	(20.63)
	Balance as at 31 March 2022	665.00	-	0.07	-	243.22	-	(20,200.39)	(6.17)	(19,298.26)
	Profit/(loss) for the year	-		-	-	-	-	(2,915.11)	-	(2,915.11)
	Addition during the year		728.78							728.78
	Transfer in/ (out)	-		-	-	-	-	-	-	-
	Other comprehensive income for the year	-		-	-	-	-	(4.48)	4.12	(0.35)
	Balance as at 31 March 2023	665.00	728.78	0.07	-	243.22	-	(23,119.97)	(2.04)	(21,484.94)

For and on behalf of the Board of Directors

For SCV & Co. LLP
Chartered Accountants
FRN No. 000235N/N500089

For SPMG & Co.
Chartered Accountants
FRN No. 509249C

Sd/-
(Rajiv Kumar)
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Sd/-
(Sultan Ahmed)
Chief Financial Officer

Sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi
Date: 29 May 2023

1. Corporate information

Mahanagar Telephone Nigam Limited ('MTNL' or 'Parent') along with its subsidiaries, associates and joint venture (collectively referred to as 'Group'), a public sector enterprise, is engaged in providing telecom services in the geographical area of Mumbai and Delhi. The registered office of the Parent is located at Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi – 110003. The company's shares are listed with Bombay Stock Exchange, National Stock Exchange.

2. Basis of preparation

These consolidated financial statements ('financial statements') have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements of the Group are prepared in accordance with Ind AS 110 and Board of Directors approved the same for issue on 29 May 2023.

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention except for the following –

- Certain financial assets and liabilities which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value; and
- Assets held for sale – measured at fair value less costs of disposal

3. Summary of significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, joint ventures and associates as at 31 March 2023. Control is achieved when the Group is exposed or has rights to variable returns from its involvement through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Subsidiaries

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Profit/(loss) and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Associates and joint ventures

Associates

Investment in entities in which there exists significant influence but not a controlling interest are accounted for under the equity method i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from associate ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities.

Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement.

- **Joint ventures** – Interest in joint venture are accounted for using the equity method, after initially being recognised at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities.

- **Joint operations** – The Group recognises its direct right to the assets, liabilities, revenue and expenses of Joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. These have been incorporated in the financial statement under the appropriate heading.

  When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

b) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. Revenue is recognized on accrual basis, including income from subscribers whose disputes are pending resolution, and closure of the subscribers' line.

a) In the case of contracts involving single performance obligation, accounting for revenue is done on accrual basis and revenue is recognized over the period in which services are rendered.

b) In case of contracts involving multiples promises, which involve delivery or performance of multiple products, services or right to use assets, evaluation is done for all deliverables in an arrangement to determine whether they represent separate performance obligations at the inception of arrangement. Total consideration related to the bundled contract is allocated among the different performance obligations based on their standalone selling prices. In case the relative fair value of different performance obligations cannot be determined on a reasonable basis, the total consideration is allocated to the different performance obligations based on residual value.

c) For sale of prepaid products, processing fee on recharge coupons is recognized over the customer relationship period or coupon validity period, whichever is lower.

d) Activation & installation revenue and related costs, not exceeding the respective revenue, are to be deferred and amortized over the estimated customer relationship period. The excess of costs over revenue, if any, are to be expensed as incurred. Subscriber acquisition costs are to be expensed as incurred.

e) Income from sale of prepaid calling cards, virtual calling cards (VCC) and prepaid internet connection cards is recognised basis the usage or expiry of cards, whichever is earlier.

f) Interest income/expenditure is to be recognized based on effective interest rate [EIR] i.e. the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs fees paid or received, premiums or discounts if any etc. The difference between the actual interest rate and effective interest rate will be routed through statement of profit or loss.

g) Income from services includes income from leasing of infrastructure to other service providers. Cost of related stores and materials consumed in execution is charged to project or revenue job at the time of issue. However, spill over items at the end of the year lying at various stores are valued at weighted average cost.

h) Sale proceeds of scrap arising from maintenance & project works are taken into miscellaneous income in the year of sale.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised when there is billing in excess of revenues or advances received form the customer.

c) Post-employment benefits

a) Defined contribution plan

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Group's defined contribution plans include provident fund, pension contribution and leave salary.

(i) In respect of absorbed combined service pension optees in MTNL, provision for pension contribution is payable to the Govt. of India as per FR-116 as in Bharat Sanchar Nigam Limited ('BSNL') with equivalent BSNL pay scales and it is expensed off in the relevant year.

(ii) In respect of officials who are on deemed deputation from Department of Telecommunications (DoT) and other Government departments, the provision for pension contribution is payable to the Government of India at the rates specified in Appendix 2(A) to FR 116 and 117 of FR. & SR and it is expensed off in the relevant year. Further, provision for leave encashment is payable @ 11% of pay as specified in appendix 2(B) of F.R.116 and 117 of F.R. & S.R. and it is expensed off in the relevant year.

b) Defined benefit plan

The defined benefit plans sponsored by the Group defines the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group. The Group's defined benefit plans include amounts provided for gratuity and provident fund.

(i) For Absorbed CPF optees and direct recruits of MTNL, the Parent made contribution to provident fund Trust administered by the Parent, which was recognised by the income tax authorities. Following the withdrawal of the Parent's exemption from the provident fund, all accumulations in the employees' accounts on the employer's accounts, as well as employee contribution and interest thereon, have been transferred to the Recognised Provident Fund, and with effect from July 2020 the Parent has no legal or constructive obligations to pay further contributions after paying the fixed contribution to Recognised Provident Fund.

(ii) For Absorbed CPF optees and direct recruits of MTNL, the liability for gratuity is estimated using actuarial valuation as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

(iii) For absorbed combined service pension optee employees in MTNL, no provision is made for the pensionary benefits viz pension and gratuity.

c) *Other long-term employee benefits*

(i) Liability for leave encashment for all employees of MTNL is accounted for on actuarial valuation basis, performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the consolidated statement of profit and loss in the year in which such gains or losses arise.

(ii) For post-retirement medical benefits, no provision is made since insurance policy is taken periodically and the premium is expensed off in the relevant year.

d) Short-term benefits comprise of employee costs such as salaries, bonus, ex-gratia, short-term compensated absences are accrued in the year in which the associated services are rendered by employees of the Group.

e) Bonus/Ex-gratia is paid based on the productivity linked parameters and it is to be provided accordingly subject to the profitability of the company.

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time, which is generally considered as one year, to get ready for its intended use or sale are capitalised as part of the cost of the asset. Further, projects with estimated cost up to ` 30 crores generally take a year to complete. All other borrowing costs are expensed in the period in which they occur and reported in finance cost. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest rate.

e) Property, plant and equipment

Recognition and initial measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Assets are capitalized, as per the practices described below, to the extent completion certificates have been issued, wherever applicable.

i. Land is capitalized when possession of land is taken.

ii. Building is capitalized to the extent it is ready for use.

iii. Apparatus &plants principally consisting of telephone exchange equipment and air conditioning plants are capitalised on commissioning of the exchange. Subscriber's installations are capitalized as and when the exchange is commissioned and put to use either in full or in part. Identifiable components in Apparatus &plants having significant cost and/or separate useful life than the main asset i.e. ADSL, VDSL & MES CPES, UPS/Batteries and Subscriber Telephone Instruments are capitalised separately on commissioning and put to use.

iv. Lines & wires are capitalised as and when laid or erected to the extent completion certificates have been issued.

v. Cables are capitalised as and when ready for connection with the main system.

vi. Vehicles and other assets are capitalized as and when purchased.

(a) Property, plant and equipment are being verified by the management at reasonable intervals i.e. once in every three years by rotation. The physical verification of underground cables is done on the basis of working of network and based on records available together with a certificate from the technical officers.

(b) Expenditure on replacement of assets, equipment, instruments and rehabilitation work is capitalized if it is expected to generate future economic benefits for more than one year.

(c) Upon scrapping/decommissioning of assets, these continue to be classified in property, plant and equipment unless they are classified as 'held for sale' and carried at the lower of carrying value or fair value less costs of disposal. Resultant loss, if any, is charged to consolidated statement of profit and loss.

(d) Cost of major inspection is recognized in the carrying amount of plant and equipment if it is expected to generate economic benefits and its life is more than one year.

(e) On replacement of significant components of plant and equipment, recognition is made for such replacement of components as individual assets with specific useful life and depreciated as if these components are initially recognised as separate asset.

(f) In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

(g) The present value of expected cost for decommissioning of the asset on expiry of its useful life is included in the cost of respective asset. A provision for decommissioning is also created with equivalent amount.

(h) Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss as 'other income' or 'other expenses', as the case may be, on the date of disposal.

Subsequent measurement

(a) Depreciation is provided by Parent using straight-line method on the basis of the useful lives prescribed in Schedule II of the Companies Act, 2013 except in respect of Apparatus & Plant (including Towers, Transceivers, switching centers, transmission & other network equipment) and identifiable components in Apparatus & plant having significant cost and/or separate useful life than the main asset, mobile handsets for service connection, low cost aerial optical fibre cable and major structural repairs of the building which are depreciated at the rates based on technical evaluation of useful life of these assets, which are lower than the lives prescribed in Schedule II of the Companies Act 2013. Depreciation is provided by foreign subsidiary on Straight line basis over the useful lives of each part of an item of property plant and equipments. The estimated useful lives and residual value are reviewed at the end of each reporting period.

For **Apparatus &plant** (including Towers, Transceivers, switching centres, transmission & other network equipment), Office equipment & Cable having useful life of 10 Years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
1. UPS/Battery up to 300AH capacity	4
2. UPS/Battery more than 300AH capacity	7
3. ADSL, VDSL & MES CPES	5
4. Subscribers telephone instruments	5

For **Office Equipments** having useful life of 5 Years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
5. Mobile handset for service connection	3

For **Cable** having useful life of 18 years other than following assets/components with shorter useful lives –

Name of assets	Useful life (years)
6. Low cost aerial optical fibre cable	3

For **Office Building & exchange** having useful life of 60 and 30 years respectively other than following assets/ components with shorter useful lives –

Name of assets	Useful life (years)
7. Others (Major structural repair of building)	7

For **Foreign Subsidiary** depreciation rates used are as follows:

Name of assets	Depreciation rate
8. Buildings	4.75%
9. Computer equipments	31.67%
10. Furniture, Fixtures and fittings	11.87%
11. Office equipments	19.00%
12. Motor vehicles	11.88%
13. Plant & equipments (Outdoor)	10.00%
14. Plant & equipments (Indoor)	13.57%

(b) 100 % depreciation is provided on assets immaterial in value up to ` 0.05 lakh, in the year of purchase itself, 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, which is not considered to be material.

(c) Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed or replaced.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

f) Intangible assets

Intangible assets are stated at their cost of acquisition and/or development less accumulated amortisation. Intangible assets including application software are capitalised when ready for use. All intangible assets with definite useful life are amortized on a straight-line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired.

(a) Intangible assets represented by one-time upfront payment for 3G spectrum is amortized on straight-line basis over the period of license i.e. 20 years.

(b) Application software is amortised on straight-line basis over the useful life of the assets which is considered as 10 years.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

g) Leases

Group as a lessee

The Group's lease asset classes primarily consist of leases for BTS sites, towers and building. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option

Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

h) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs of disposal. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit and loss.

i) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of investment properties other than land.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognized.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its investment properties recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

j) Inventories

Inventories being stores and spares are stated at the lower of cost and net realisable value. However, inventories held for capital consumption are stated at cost.

Cost of inventories:

Cost of stores and spares is determined on weighted average basis.

Net realisable value:

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

k) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Company, since substantially the entire funding of the Company and its operational income is denominated in Indian Rupee. The functional currency of the subsidiaries, associate and joint venture is local currency applicable in respective jurisdictions.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the statement of profit or loss.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

l) Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the statement profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within 'other expenses'.

- *Amortised cost*

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

a) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Group's cash and cash equivalents, trade and certain other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

(i) **For debtors that are not past due** – In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

(ii) **For debtors considered past due** – any enhancement in the accrual done for expected credit loss on individually significant receivables is made as follows –

- Provision is made for wrong billing, disputed claims from subscribers (excluding operators covered under the agreements related to IUC/Roaming/MOU) and cases involving suspension of revenue realization due to proceedings in Court.
- For landline services – provision is made on the basis of ECL for debtors outstanding for more than 1 year but up to 3 years and 100% in respect of for more than 3 years.
- For closed connections, provision is made in respect of outstanding for more than 3 years along with spill over amount for up to 3 years.
- For wireless services (GSM & CDMA) – 100% provision is made for debtors outstanding for more than 180 days.

(iii) **For other financial assets –** In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

➢ *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in the statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

➢ *Financial assets at FVOCI*

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category. FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within FVOCI reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statement of profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest rate, except for financial liabilities held for trading or designated as FVTPL, that are carried subsequently at fair value with gains or losses recognised in the statement of profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss and are included within finance costs or finance income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Income taxes

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961and in the overseas branches/companies as per the respective tax laws.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Parent and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax asset ('DTA') is recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilised or to the extent of taxable temporary differences.

In respect of deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that the temporary difference will reverse in the foreseeable future; and taxable profit will be available against which the temporary difference can be utilised.

Minimum Alternate Tax (MAT) credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the consolidated statement of profit and loss and classified under 'deferred tax asset'.

n) Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

For intangible assets with indefinite useful life that are tested at least annually. For other assets, the Group assesses at each balance sheet date whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the consolidated statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factor reflects current market assessment of the time value of money and asset-specific risks factors.

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

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

Contingent assets are not recognised. However, when inflow of economic benefit is probable, related asset is disclosed.

p) Government grants

Government grants are recognised if it is sufficiently certain that the assistance will be granted and the conditions attached to assistance are satisfied. Where the grant relates to specified asset, it is recognised as deferred income, and amortized over the expected useful life of the asset. Other grants are recognised in the consolidated statement of comprehensive income concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the consolidated statement of profit and loss over the expected useful life and pattern of consumption of the benefit of the underlying asset.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

r) Statement of Cash flow

Statement of cash flow is being prepare in accordance with the requirements of Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows". Cash flows from operating activities is reported using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

s) Adjustment pertaining to earlier years

Income from services and other income pertaining to prior years is not disclosed as prior period item for each individual transaction not exceeding Rs. 1.00 lakh and similarly items of expenditure for each individual transaction not exceeding Rs. 1.00 lakh are considered as expenditure of current year.

In respect of other items of income (including operating income and other income) and expenditure relating to prior periods, the net effect of which on retained earning does not exceed 1% of turnover is treated as income/expenditure of current year.

t) Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium account, net of any related income tax benefits.

Other components of equity include the following:

- Re-measurement of defined benefit liability – comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets
- Reserve for contingencies
- Reserve for research and development
- Reserve for debenture redemption
- General reserve
- Other transactions recorded directly in other comprehensive income.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. Following are amendments to existing standards, which are applicable to the company and will be effective from 1 April 2023.

Amendment to Ind AS 1, Presentation of Financial Statements

The Ministry of Corporate affairs ("MCA") vide its notification dated 31 March 2023 has issued an amendment to Ind AS 1 which specifies that companies should disclose material accounting policy information instead of significant accounting policies. Accounting policy information together with other information is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Amendment to Ind AS 8, Accounting Policies, Change in Accounting Estimates and Errors

The Ministry of Corporate affairs ("MCA") vide its notification dated 31 March 2023 has issued an amendment to Ind AS 101 which substituted the definition of 'change in accounting estimate' with accounting estimate. The revised definition says that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. A company develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimate includes selection of a measurement technique and selection of inputs to be used when applying the chosen measurement technique.

An entity uses measurement techniques and inputs to develop an accounting estimate. Measurement techniques include estimation techniques (for example, techniques used to measure a loss allowance for expected credit losses applying Ind AS 109) and valuation techniques

An entity may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience. By its nature, a change in an accounting estimate does not relate to prior periods and is not the correction of an error.

The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors

Prospective recognition of the effect of a change in an accounting estimate means that the change is applied to transactions, other events and conditions from the date of that change. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. For example, a change in a loss allowance for expected credit losses affects only the current period's profit or loss and therefore is recognised in the current period. However, a change in the estimated useful life of, or the expected pattern of consumption of the future economic benefits embodied in, a depreciable asset affects depreciation expense for the current period and for each future period during the asset's remaining useful life. In both cases, the effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

Corrections of errors are distinguished from changes in accounting estimates. Accounting estimates by their nature are approximations that may need changing as additional information becomes known. For example, the gain or loss recognised on the outcome of a contingency is not the correction of an error.

Amendment to Ind AS 12, Income Taxes:

The Ministry of Corporate affairs ("MCA") vide its notification dated 31 March 2023 has issued an amendment to Ind AS 12 which specifies that the initial recognition of an asset or liability in a transaction which at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Income recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences. Accordingly, companies will need to recognise a deferred tax asset and deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

The amendment also specifies that if the transaction is not a business combination, affects neither accounting profit nor taxable profit and does not give rise to equal taxable and deductible temporary differences, an entity would, in the absence of the exemption provided by paragraphs 15 and 24, recognise the resulting deferred tax liability or asset and adjust the carrying amount of the asset or liability by the same amount. Such adjustments would make the financial statements less transparent. Therefore, this Standard does not permit an entity to recognise the resulting deferred tax liability or asset, either on initial recognition or subsequently. Furthermore, an entity does not recognise subsequent changes in the unrecognised deferred tax liability or asset as the asset is depreciated.

A transaction that is not a business combination may lead to the initial recognition of an asset and a liability and, at the time of the transaction, affect neither accounting profit nor taxable profit. For example, at the commencement date of a lease, a lessee typically recognises a lease liability and the corresponding amount as part of the cost of a right-of-use asset. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such a transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences and an entity recognises any resulting deferred tax liability and asset.

Amendment to Ind AS 34, Interim Financial Reporting

The Ministry of Corporate affairs ("MCA") vide its notification dated 31 March 2023 has issued an amendment to Ind AS 101 which specifies that the words "significant accounting policies", is replaced with "material accounting policy information"

Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have significant effect on the financial statements.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Recognition of deferred tax liability on undistributed profits – The extent to which the Company can control the timing of reversal of deferred tax liability on undistributed profits of its subsidiaries, associate and joint venture requires judgement.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Assessment lease term – Lease term includes non-cancellable periods of lease along with extension options reasonably certain to be exercised and termination options reasonably certain not to be exercised. The assessment of whether extension options and termination options are reasonably certain to be excercised or not to be exercised, involve significant management judgement based upon economic incentives to extend or terminate the lease.

Activation and installation fees - The Group receives activation and installation fees from new customers. These fees together with directly attributable costs are amortised over the estimated duration of customer relationship period. The customer relationship period is reviewed periodically. The estimated relationship period principally reflects management's view of the average economic relationship period of the customer base and is assessed by reference to key performance indicators (KPIs) which are linked to establishment/ ascertainment of customer relationship period. A change in such KPIs may lead to a change in the estimated useful life and an increase/ decrease in the amortisation income/charge. The Group believes that the change in such KPIs will not have any material effect on the financial statements.

Recoverability of advances/receivables – At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factor.

Classification of assets and liabilities into current and non-current – The management classifies the assets and liabilities into current and non-current categories based on management's expectation of the timing of realisation of the assets or timing of contractual settlement of liabilities.

Impairment of assets - In assessing impairment, management estimates the recoverable amounts of each asset or cash-generating unit (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate

Useful lives of depreciable/amortisable assets (tangible and intangible) - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment. During the current year, the Parent has changed its estimate of useful live for mobile handsets used for service connection from 4 years to 3 years. The impact of such change in useful live is immaterial on the Group's financial statements.

Inventories – Management estimates the cost of inventories including cost of materials and overheads considered attributable to the production of such inventories, taking into account the most reliable evidence available including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined benefit obligation (DBO) - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses

Fair value measurements - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

MAHANAGAR TELEPHONE NIGAM LIMITED

Notes forming part of consolidated financial statements for the year ended 31 March 2023

4. Property, plant and equipment

Description	Free-hold land	Lease-hold land	Build-ings	Leased prem-ises	Lines & wires	Cables	Appa-ratus & plant	Furni-ture & fixtures	Comput-ers	Vehi-cle	Office machinery & equip-ment	Electrical applianc-es	Asset scrapped/ de-commissioned	Total
Gross carrying value														
As at 01 April 2021	18.41	-	2,021.01	-	178.08	7,914.28	10,682.36	158.88	310.87	21.23	37.71	156.09	47.22	21,546.14
Additions	-	-	25.75	-	0.49	21.02	82.94	-	0.74	-	0.01	2.72	0.50	134.17
Assets held for sale														-
Adjustments^	(0.03)	-	(31.63)	-	-	(3.19)	(3.95)	(0.18)	(0.08)	(0.38)	(0.01)	(0.05)	(0.26)	(39.76)
Exchange differences	-	-	(0.69)	-	-	-	(11.65)	(0.11)	(0.02)	(0.05)	(0.02)	-	-	(12.54)
Disposals	-	-	(0.36)	-	-	-	(7.44)	(0.06)	(0.88)	(2.46)	(0.07)	(0.27)	(0.26)	(11.80)
As at 31 March 2022	18.39	-	2,014.07	-	178.58	7,932.11	10,742.26	158.53	310.63	18.34	37.63	158.50	47.20	**21,616.21**
Additions	-	-	14.45	-	1.22	10.23	30.64	0.25	0.70	-	0.02	0.00	10.88	68.41
Adjustments^	(0.14)	-	(3.94)	-	0.06	(0.10)	24.97	-	-	-	0.00	-	(1.25)	19.61
Exchange differences	-	-	0.44	-	-	-	7.59	0.07	0.02	0.03	0.00	-	-	8.16
Disposals	-	-	(0.76)	-	-	(0.82)	(240.74)	(1.34)	(8.70)	(5.02)	(0.41)	(1.03)	(0.78)	(259.60)
As at 31 March 2023	18.25	-	2,024.26	-	179.86	7,941.43	10,564.72	157.52	302.65	13.35	37.24	157.47	56.06	**21,452.79**
Accumulated depreciation														
As at 01 April 2021	-	-	1,239.13	-	115.50	6,878.54	9,339.94	150.22	294.56	19.77	35.93	143.09	-	18,216.69
Charge for the year	-	-	73.22	-	5.31	90.29	205.57	0.88	0.48	0.11	0.13	1.28	-	377.27
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adjustments^	-	-	(3.24)	-	-	(0.06)	(6.81)	(0.21)	(0.89)	(2.54)	(0.07)	(0.28)	-	(14.10)
Exchange differences	-	-	(0.23)	-	-	-	(8.44)	(0.10)	(0.02)	(0.04)	(0.01)	-	-	(8.84)
As at 31 March 2022	-	-	1,308.88	-	120.81	6,968.77	9,530.27	150.79	294.13	17.30	35.98	144.09	-	**18,571.02**
Charge for the year	-	-	67.12	-	5.28	80.17	182.52	0.62	0.57	0.05	0.08	1.08	-	337.49
Adjustments^	-	-	(2.15)	-	0.00	(0.77)	(204.89)	(1.28)	(8.28)	(4.77)	(0.28)	(0.98)	-	(223.41)
Exchange differences	-	-	0.17	-	-	-	5.74	0.06	0.01	0.03	0.01	-	-	6.02
Impairment loss														
As at 31 March 2023	-	-	1,374.02	-	126.09	7,048.17	9,513.64	150.20	286.44	12.60	35.78	144.19	-	**18,691.12**
Net block as at 31 March 2022	**18.39**	**-**	**705.19**	**-**	**57.77**	**963.34**	**1,211.99**	**7.74**	**16.50**	**1.04**	**1.65**	**14.40**	**47.20**	**3,045.19**
Net block as at 31 March 2023	**18.25**	**-**	**650.23**	**-**	**53.77**	**893.26**	**1,051.08**	**7.32**	**16.21**	**0.74**	**1.46**	**13.28**	**56.06**	**2,761.67**

^Adjustments includes transfer to/from investment properties.

Notes:

(i) Contractual obligations
Refer note 55 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Depreciation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iii) Additions during the year include adjustments on account of value difference, spill over cost etc. identified during the year in respect of existing property, plant and equipment.

(iv) Title Deeds of Properties.
Refer note 62 for disclosure of title deeds of Properties.

MAHANAGAR TELEPHONE NIGAM LIMITED
Notes forming part of consolidated financial statements for the year ended 31 March 2023

5. Capital work-in-progress (Rs. in crores)

	31 March 2023	31 March 2022
Buildings	9.83	6.99
Apparatus & plants	6.96	15.73
Lines & wires	1.56	2.51
Cables	12.80	16.17
Subscribers' installations	4.44	8.38
Air conditioning plants	9.39	5.59
Others	63.19	68.96
	108.16	**124.33**
Less: provision for :		
Abandoned work	(1.69)	(1.69)
Others	(46.98)	(48.65)
	59.49	**73.98**

Movement in capital work in progress:

(Rs. in crores)

Particulars	Amount
Capital work-in-progress as at 01 April 2021	**184.25**
Add: additions during the year	40.84
Less: capitalisation during the year	(126.55)
Less: reversal/(provision) for abandoned work	(24.56)
Capital work-in-progress as at 31 March 2022	**73.98**
Add: additions during the year	33.02
Less: capitalisation during the year	(44.57)
Less: reversal/(provision) for abandoned work	(2.94)
Capital work-in-progress as at 31 March 2023	**59.49**

Notes:

(i) Capitalised borrowing cost

The borrowing costs capitalised during the year ended 31 March 2023 was NIL crores (31 March 2022: Rs. 0.17). The weighted average borrowing cost of capitalisation is 7.95% per annum.

(ii) Contractual obligations

Refer note 55 for disclosure of contractual commitments.

(iii) Nature of expenses capitalised during the year

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Salaries and other employee costs	19.41	18.25
Finance cost	-	0.17
Administrative costs	-	0.01
Total	**19.41**	**18.43**

(iv) Capital work in progress ageing

Ageing schedule of capital work-in-progress

(Rs. crores)

31 March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	17.67	7.97	13.77	20.08	**59.49**

(Rs. crores)

31 March 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	16.22	6.36	20.26	31.15	**73.98**

6. Right-of-use assets

(Rs. in crores)

Description	Leasehold land	Buildings	Towers	Vehicle	Total
Gross carrying value					
As at 01 April 2021	356.87	33.15	252.58	0.86	643.47
Additions/Transfer In	-	10.29	7.56	-	17.84
'Assets held for sale	-	-	-	-	-
Exchange difference	0.32	1.85	-	-	2.17
Deletions/Transfer Out	(0.13)	(0.02)	-	-	(0.15)
As at 31 March 2022	**357.06**	**45.28**	**260.14**	**0.86**	**663.33**
Additions/Transfer In	-	3.82	1.33	-	5.14
'Assets held for sale	-	-	-	-	-
Adjustments during the year	-0.09	16.49	-	-	16.40
Exchange difference/adjustments	-0.99	1.04	-	-	0.05
Deletions/Transfer Out	-	-	-	-	-
As at 31 March 2023	**355.97**	**66.63**	**261.46**	**0.86**	**684.92**
Accumulated depreciation					
As at 01 April 2021	**79.66**	**17.81**	**98.13**	**0.54**	**196.13**
Charge for the year	3.90	9.40	45.05	0.27	58.61
Assets held for sale	-	-	-	-	-
Tranfeered to investment property	-	-	-	-	-
Adjustments during the year	0.25	1.85	-	-	2.10
	0.04	-	-	-	0.04
As at 31 March 2022	**83.85**	**29.06**	**143.18**	**0.81**	**256.89**
Charge for the year	3.68	10.05	41.10	0.05	54.88
Assets held for sale	-	-	-	-	-
Adjustments during the year	-0.04	-	-	-	(0.04)
Exchange difference	-0.59	0.62	-	-	0.03
As at 31 March 2023	**86.90**	**39.73**	**184.27**	**0.86**	**311.76**
Net block as at 31 March 2022	**273.21**	**16.22**	**116.96**	**0.05**	**406.44**
Net block as at 31 March 2023	**269.07**	**26.89**	**77.19**	**0.00**	**373.16**

Refer note 57 for further details on leases.

7. Investment property

(Rs. in crores)

Description	Gross block					Accumulated depreciation					Net block	Net block
	01 April 2021	Additions	Disposals/ adjustments^	Exchange differences	31 March 2022	01 April 2021	Charge	Disposals/ adjustments^	Exchange differences	31 March 2022	31 March 2022	31 March 2021
Freehold land	0.66	0.01	(0.04)	-	0.63	-	-	-	-	-	0.63	0.66
Leasehold land	16.57	0.12	0.04	-	16.73	4.62	0.19	0.03	-	4.84	11.89	11.95
Buildings	60.72	1.38	28.69	(0.55)	90.24	29.38	2.05	2.90	(0.19)	34.14	56.09	31.34
Total	**77.96**	**1.51**	**28.69**	**(0.55)**	**107.61**	**34.01**	**2.24**	**2.93**	**(0.19)**	**38.98**	**68.62**	**43.95**

(Rs. in crores)

Description	Gross block					Accumulated depreciation					Net block	Net block
	01 April 2022	Additions	Disposals/ adjustments^	Exchange differences	31 March 2023	01 April 2022	Charge	Disposals/ adjustments^	Exchange differences	31 March 2023	31 March 2023	31 March 2022
Freehold land	0.63	0.14	-	-	0.77	-	-	-	-	-	0.77	0.63
Leasehold land	16.73	0.09	-	-	16.83	4.84	0.25	0.04	-	5.13	11.70	11.89
Buildings	90.24	2.95	0.98	0.35	94.52	34.14	3.24	1.45	0.13	38.96	55.56	56.10
Total	**107.61**	**3.18**	**0.98**	**0.35**	**112.12**	**38.98**	**3.49**	**1.48**	**0.13**	**44.09**	**68.03**	**68.62**

^Disposals/adjustments includes transfer from/to property, plant and equipment.

(i) Amount recognised in profit and loss for investment property

(Rs. in crores)

	31 March 2023	31 March 2022
Rental income	434.58	326.77
Direct operating expenses that generated rental income*	-	-
Direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property	**434.58**	**326.77**

*Direct operating expenses attributable to investment property cannot be specifically identified with properties, although management does not expect them to be material.

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given, as required by Ind AS 116 "Leases".

(iii) Fair value of investment property

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Fair value	4,070.24	4,036.19

The Group reviews fair values annually. The following factor have been considered for determination of fair value -

(a) Leasehold properties - These land properties have been allotted to Group on perpetual lease from the government for carrying out operations in normal course of business. The Group constantly reviews the utilisation of its facilities and any surplus properties are considered for letting out to earn rental income. Being leasehold properties, the Group is restricted from selling them in an active market, however, such properties can be converted into freehold properties at circle rates at which the government (or other bodies representing the government) would sell such properties in an active market. This is considered to be representative of the fair value of properties as at reporting date.

(b) Freehold land - The circle rates are considered to be a fair representation at which such properties can be sold in an active market.

(c) Buildings - In case of constructed building, cost of construction adjusted with the present day price index has been taken as the basis of valuation. Necessary depreciation for age and life of the structure has been taken into account.

8. Intangible assets **(Rs. in crores)**

	Software	One time spectrum fees	Total
Gross carrying value			
At 01 April 2021	133.28	6,564.00	6,697.28
Additions	-	-	
Disposals/adjustments	-	-	
Balance as at 31 March 2022	**133.28**	**6,564.00**	**6,697.28**
Additions	0.23	-	0.23
Disposals/adjustments	-	-	-
Balance as at 31 March 2023	**133.51**	**6,564.00**	**6,697.51**
Accumulated amortisation			
At 01 April 2021	115.05	4,150.35	4,265.42
Amortisation charge for the year	5.70	328.20	333.90
Adjustments	-	-	-
Balance as at 31 March 2022	**120.75**	**4,478.55**	**4,599.32**
Amortisation charge for the year	5.68	328.20	333.88
Adjustments	-	-	-
Balance as at 31 March 2023	**126.43**	**4,806.75**	**4,933.20**
Net book value as at 31 March 2022	**12.52**	**2,085.45**	**2,097.96**
Net book value as at 31 March 2023	**7.08**	**1,757.25**	**1,764.31**

Notes:

(i) Contractual obligations

Refer note 55 for disclosure of contractual commitments for the acquisition of intangible assets.

(ii) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

(iii) There was no expenditure incurred on research and development during the current and comparative year.

9. Non-current investments **(` in crores)**

	Number of shares		Amount	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
In equity instruments				
In Joint ventures (unquoted)				
MTNL STPI IT Services Limited (face value of Rs. 10 each fully paid up)	2,282,000	2,282,000	2.28	2.28
			2.28	2.28
Add: share of from joint ventures accounted through equity method			**0.78**	**0.79**
Investments accounted for using the equity method			3.06	3.07

Notes:

(a) Refer note 51 for detailed information on interests in associates and joint ventures

(b) As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice was valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and decided to take legal option from local counsel of Nepal for enforcing the exit option. Accordingly, the investment continued to be classified as 'held for sale' in the financial statements for the year ended 31 March 2022 and 31 March 2023.

10. Loans

(Rs. in crores)

	31 March 2023 Non-current	31 March 2022 Non-current
Secured, considered good		
Loan to employees	3.56	3.49
Unsecured, considered good		
Security deposits with other departments		
Receivable from DoT	-	-
Receivable from BSNL	-	-
	3.56	3.49
Less: allowance for credit impaired loans	(0.04)	(0.06)
	3.51	**3.43**

Notes:

(i) No loans are due from director or other officers of the Group either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is partner, director or a member.

(ii) Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 49 - Financial risk management for assessment of expected credit losses

11. Other financial assets

(Rs. in crores)

	31 March 2023 Non-current	31 March 2022 Non-current
Bank deposits with more than 12 months maturity	13.94	24.57
Unsecured, considered good		
Security deposits with other departments	198.26	191.01
Credit impaired		
Security deposits with other departments	0.21	3.63
	212.41	219.21
Less: allowance for credit impaired loans	(3.73)	(3.63)
Bank Balance under Court Lien	-	-
	208.68	**215.57**

Notes:

(i) Rs. 13.94 crores (31 March 2022 - 24.57 crores) representing deposits with original maturity of more than twelve months, held by the entity that are not available for use by the Group, as these are pledged with the banks for issuing bank guarantees to third parties.

(ii) Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 49 - Financial risk management for assessment of expected credit losses

12. Deferred tax assets (net)

(Rs. in crores)

	31 March 2023	31 March 2022
Deferred tax assets arising on account of :		
Property plant and equipment	0.00	0.00
	0.00	**0.00**

(i) Movement in deferred tax assets for year ended 31 March 2023:

Particulars	01 April 2022	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2023
Non-current assets				
Property plant and equipment	0.00	-	-	0.00
Total	**0.00**	**-**	**-**	**0.00**

(ii) Movement in deferred tax assets for year ended 31 March 2023:

Particulars	01 April 2022	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2022
Non-current assets				
Property plant and equipment	0.00	0	0	0.00
Total	**0.00**	**-**	**(0.00)**	**0.00**

13. Income tax assets (net) (Rs. in crores)

	31 March 2023	31 March 2022
Advance income tax (net of provision)	574.76	563.56
	574.76	**563.56**

14. Other non-current assets (Rs. in crores)

	31 March 2023	31 March 2022
Capital advances (net of provision)	1.66	1.66
Deferred lease income	27.79	23.96
Balances with statutory authorities	2.54	2.54
Prepaid expenses	1.60	2.14
	33.59	**30.31**

15. Inventories (Rs. in crores)

	31 March 2023	31 March 2022
(Valued at cost, unless otherwise stated)		
Exchange equipments	29.82	30.03
Telephones & telex instruments	-	-
Mobile handsets & sim cards	2.87	2.99
WLL equipments	0.08	0.08
Telephones & telex spares	0.09	0.09
Goods in transit	-	-
	32.86	**33.19**
Less : provision for obsolete stores	(27.81)	(25.70)
	5.05	**7.49**

16. Trade receivables

(Rs. in crores)

	31 March 2023	31 March 2022
Trade receivables		
- Secured, considered good	87.07	87.16
- Unsecured, considered good	499.64	572.14
- Credit impaired	1,051.87	1,015.97
Unbilled receivables	146.67	132.59
	1,785.24	**1,807.86**
Less: Allowance for impairment		
Unsecured considered good (expected credit loss)	(146.23)	(120.92)
Credit impaired	(1,051.87)	(1,015.97)
	587.14	**670.97**

Notes:

(i) Trade receivables have been pledged as security for liabilities, for details refer note 59.

(ii) No trade or other receivable are due from director or other officers of the Group either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is partner, director or a member.

(iii) Trade receivables are secured to the extent of security deposits received from customers, with contractual amounts as at 31 March 2023 of Rs. 87.07 crores (31 March 2022 - Rs. 87.16 crores) and related amortised cost as at 31 March 2023 of Rs. 35.24 crores (31 March 2022 - Rs. 46.31 crores).

(iv) Dues from the Operators being on account of revenue sharing agreements are not treated as debtors and consequently are not taken into account for making provision for doubtful debts.

(v) The carrying values of trade receivables are considered to be a reasonable approximation of fair values.

(vi) Ageing schedule of trade receivables **(Rs. in crores)**

31 March 2023	**Outstanding from the transaction date**					**Total**
	Less than 6 months	**6 months -1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
(i) Undisputed Trade receivables – considered good	182.20	39.61	120.73	58.18	58.30	459.01
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	14.40	19.46	26.29	29.74	36.26	126.15
(iii) Undisputed Trade Receivables – credit impaired	0.12	55.91	3.25	6.75	985.82	1,051.85
(iv) Disputed Trade Receivables– considered good	1.55	-	-	-	-	1.55
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Unbilled Revenue	146.49	0.17	-	-	0.00	146.67
Total	**344.76**	**115.15**	**150.27**	**94.66**	**1,080.38**	**1,785.22**
Less Provision for doubtful debts	-19.72	-80.77	-54.54	-31.47	-1,011.57	-1,198.07
Net Trade receivable	325.05	34.38	95.73	63.19	68.81	587.15

31 March 2022	Outstanding from the transaction date					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	147.20	239.85	96.41	61.70	168.76	713.92
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	14.56	13.13	33.13	19.42	308.89	389.13
(iii) Undisputed Trade Receivables – credit impaired	10.09	43.95	8.28	12.06	447.20	521.58
(iv) Disputed Trade Receivables– considered good	1.94	2.96	2.55	2.69	40.49	50.62
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Unbilled Revenue	132.59	-	-	-	-	132.59
Total	**306.38**	**299.89**	**140.37**	**95.88**	**965.33**	**1,807.85**
Less Provision for doubtful debts	-15.09	-58.29	-29.84	-54.33	-979.33	-1,136.89
Net Trade receivable	291.30	241.60	110.53	41.54	-14.00	670.97

17. Cash and cash equivalents

(Rs. in crores)

	31 March 2023	31 March 2022
Balances with banks in current accounts	140.68	91.65
Cheques, drafts in hand	0.94	0.05
Cash on hand	0.09	0.04
Bank deposits with original maturity of less than 3 months	25.24	8.09
Less: provision for doubtful bank balances	(0.56)	(0.56)
	166.39	**99.27**

The carrying values are a reasonable approximate of their fair values.

18. Other bank balances

(Rs. in crores)

	31 March 2023	31 March 2022
Bank deposits maturity for more than 3 months but less than 12 months	34.00	49.25
Balance with banks in escrow accounts	153.60	-
	187.60	**49.25**

Notes:

(i) Rs. 34.00 crores (31 March 2022 - 49.25 crores) representing deposits with original maturity of more than three months but less than twelve months, held by the entity that are not available for use by the Group, as these are pledged with the banks for issuing bank guarantees to third parties.

(ii) The carrying values are a reasonable approximate of their fair values.

19. Loans

(Rs. in crores)

	31 March 2023 Current	31 March 2022 Current
Secured, considered good		
Loan to employees	2.11	3.16
JVs	-	-
Unsecured, considered good		
Loan to employees	15.27	1.80
	17.38	**4.96**
Less: Allowance for credit impaired loans	(1.97)	(1.89)
	15.41	**3.08**

Notes:

(i) Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

(ii) For details on settlement of receivable from related parties refer note 53.

(iii) For details on settlement of receivable from BSNL, refer note 69.

20. Other financial assets

(Rs. in crores)

	31 March 2023 Current	31 March 2022 Current
Amount recoverable		
IUC operators	413.12	346.13
DoT	124.04	181.34
Others	543.33	619.26
Receivable from BSNL	3,535.13	3,521.50
Security deposits with other departments	23.68	23.09
	4,639.31	4,691.32
Less: provision for credit impaired receivables	(75.46)	(91.51)
	4,563.85	**4,599.81**

Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

(ii) For details on settlement of receivable from BSNL, refer note 69.

(iii) For details on settlement of receivable from DoT, refer note 74.

21A. Current tax assets (net)

(Rs. in crores)

	31 March 2023	31 March 2022
Advance income tax (net of provision)	-	-
	-	-

21. Current tax liabilities (net)

(Rs. in crores)

	31 March 2023	31 March 2022
Current tax liabilities (net of advance income tax)	-	2.32
	-	**2.32**

22. Other current assets **(Rs. in crores)**

	31 March 2023	31 March 2022
Advances to suppliers	29.21	33.58
Deferred lease income	40.97	3.96
Advance against future settlements towards DoT		
Balances with statutory authorities	204.14	229.39
Prepaid expenses	17.36	118.72
Other recoverables	2.83	3.87
	294.51	**389.51**
Less: provision for doubtful advances	(26.46)	(10.83)
	268.04	**378.69**

23. Assets held for sale **(Rs. in crores)**

	31 March 2023	31 March 2022
Property, plant and equipment (refer note (a))	0.18	0.05
Investment in equity method acconted investee		
Investments in United Telecom Limited (refer note (b))	35.85	35.85
Less: share of loss share from associates accounted using equity method	(35.85)	(35.85)
		-
	0.18	**0.05**

Notes:

(a) In respect of assets classified as held for sale, the Group was in the process to sell switches and BTS-batteries originally acquired for GSM Services in Mumbai in earlier years. A tender was floated for auction of the asset held for sale, which failed due to technical reasons that was not originally envisaged. Another tender was under process for auction of the asset at the year ending 31 March 2023 and favourable resolution is expected. Therefore, such assets continue to be classified as held for sale.

Non-recurring fair value measurements

Asset classified as held for sale was measured at the lower of its carrying amount and fair value less costs to sell at the time of re-classification, resulting in the recognition of a write down of Rs. nil (31 March 2022: Rs. nil) as impairment loss in the statement of profit and loss.

(b) As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice was valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and decided to take legal option from local counsel of Nepal for enforcing the exit option. Accordingly, the investment continued to be classified as 'held for sale' in the financial statements for the year ended 31 March 2022 and 31 March 2023.

Non-recurring fair value measurements

The recoverable amount is expected to be higher than the carrying value of such investment and therefore, no further loss required to be recognised upon classification of such investment as 'held for sale'.

24. Equity share capital **(Rs. in crores)**

	31 March 2023	31 March 2022
Authorised capital		
3,500,000,000 (previous year 3,500,000,000) equity shares of Rs. 10 each	3,500.00	3,500.00
650,000,000 (previous year 650,000,000) preference shares of Rs. 100 each	6,500.00	6,500.00
	10,000.00	**10,000.00**
Issued, subscribed and fully paid up		
630,000,000 (previous year 630,000,000) equity shares of Rs. 10 each fully paid up	630.00	630.00
	630.00	**630.00**

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

	31 March 2023		31 March 2022	
	No. of shares	(Rs. in crores)	No. of shares	(Rs. in crores)
Equity shares at the beginning of the year	630,000,000	630.00	630,000,000	630.00
Changes during the year	-	-	-	-
Equity shares at the end of the year	**630,000,000**	**630.00**	**630,000,000**	**630.00**

b) Rights/preferences/restrictions attached to equity shares

The Parent has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Parent declares and pays dividends in Indian rupees. In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the Parent, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Parent

	31 March 2023		31 March 2022	
	No. of shares	**% holding**	**No. of shares**	**% holding**
Equity shares of Rs. 10 each fully paid up				
President of India	354,378,740	56.25	354,378,740	56.25
LIC including LIC Fortune Plus secured Fund	82,659,957	13.12	82,659,957	13.12

d) Details of promoter shareholding

Name of promoter	31 March 2023 Number of shares*	% of total shares	% change during the period	31 March 2022 Number of shares	% of total shares	% change during the period
President of India	354,378,740	56.25	0.00%	354,378,740	56.25	0.00%

e) There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

f) There are no shares reserved for issue under options or other purpose.

25. Other equity

(Rs. in crores)

	31 March 2023	31 March 2022
Retained earnings		
As per last balance sheet	(20,200.39)	(17,659.36)
Add : Net profit/ (loss) for the year	(2,915.11)	(2,603.12)
Add : Impact on transition to Ind AS 116	-	-
Add: Remeasurements of employee benefit obligations	(4.48)	(13.98)
Add: Transfer from debenture redemption reserve	-	45.27
Add: Transfer from research and development reserve	-	30.80
Add: Transfer from contingency reserve	-	-
Less : Dividend paid	-	-
	(23,119.97)	**(20,200.39)**
Other reserves		
General reserve	0.07	0.07
Debenture redemption reserve	-	-
Securities premium	665.00	665.00
Research and development reserve	-	-
Contingency reserve	243.22	243.22
Promoter's Contribution	728.78	-
	1,637.08	908.30
Other comprehensive income		
As per last balance sheet	(6.17)	0.49
Foreign currency translation for current year	4.12	(6.65)
	(2.04)	(6.17)
	1,635.03	**902.13**

Nature and purpose of other reserves:

(i) Securities premium

Securities premium represents premium received on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act.

(ii) Contingency reserve

The Group created this reserve for unforeseen tax demands/disallowances by Income tax department under section 80IA of the Income Tax Act, 1961.

(iii) Promoter's Contribution

During the Financial Year 2022-23 MTNL, has issued bonds amounting to Rs. 10,910 Crores on which there is waiver of Government Guarantee Fees of 0.9% per annum for the tenure of bonds issued. As per the provision of Ind AS 109, as the fees payable to the government are waived off, it would imact the initial fair value of the bond. The notional benifit of Guarantee Fee amounting to Rs.981.90 Crres (Fair Value of Rs. 728.78 Crores) is accounted for as promoter contribution received under other equity.

(iii) Other Comprehensive Income(OCI)

The Group has recognised remeasurements benefits on defined benefits plans through Other comprehensive income

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.

26. Borrowings **(Rs. in crores)**

	31 March 2023	31 March 2022
	Non-current	Non-current
Secured		
Term loans (net of current maturities)		
From banks	2,805.46	7,090.50
Unsecured		
Debentures		
Debentures - Series 7E	59.23	-
[634 number of 7.75% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7D	337.89	-
[3,615 number of 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7C	1,511.71	-
[16,176 number of 7.78% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7B	2,579.83	-
[27,579 number of 7.87% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 7A	5,717.15	-
[61,096 number of 8.00% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 6	2,137.32	2,137.16
[21,386 number of 6.85 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 5	4,358.74	4,358.39
[21,386 number of 6.85 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		

Debentures - Series 4D [22,689 number of 8.29% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]	-	-
Debentures - Series 4C [7 number of 8.24% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]	-	-
Debentures - Series 4B [1,000 number of 8.28% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]	-	-
Debentures - Series 4A [14,000 number of 8.24% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]	-	-
Debentures - Series 3A [7650 number of 9.39% Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each less amount recoverable from DoT - refer note(iv) below]	-	-
Debentures - Series 2A* [19,750 number of 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]	-	1,974.63
Debentures - Series 1A* [10,050 number of 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]	-	1,004.88
	16,701.88	9,475.05
	19,507.34	16,565.55
Amount disclosed under other financial liabilities:		
Current maturities of long-term debt	3,992.35	3,095.62
Interest accrued	524.94	249.28

Notes:

(i) No loans have been guaranteed by the directors and others.

(ii) There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.

(iii) These facilities are securred by floating first pari passu charge on all movable fixed assets (classified under property plant and equipment) and current assets except Leasehold land given as mortgage to Bank of India and Union Bank of India given below . Further, for securing the above term loans letter of comfort was issued by DoT. For repayment terms of the outstanding long-term borrowings (including current maturities) refer the table below:

(a) As on 31 March 2023:

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
State Bank of India	718.88	Repayment due in 5 instalments 135 Crores/quarter (5 Instalments) From Sep-23 to Sep-24 & Rs 44.16 cr in Sep-24	8.64%
Union Bank of India	586.86	Repayment due in 5 instalments 150 Crores/quarter (3 Instalments) From Aug-23 to Feb-24 , 50 Crores/quarter (2 Instalments) from May-24 to Aug-24 & Rs 36.86 Cr in Sep-24	8.35%
Andhra Bank	302.11	Repayment due in 5 instalments 75 Crores/quarter (3 Instalments)From Sep-23 to Mar-24 25 Crores/quarter (2 Instalments)From Jun-24 to Sep-24. & Rs 27.11 cr in Sep-24	8.50%
Corporation Bank	318.94	Repayment due in 5+5 instalments 37.5 Crores/quarter (3 Instalments)From Sep-23 to Mar-24 6.25 Cr in Jun-24 & 40.37 in Sep-24 37.5 Crores/quarter (3 Instalments)From Oct-23 to Apr-24 6.25 Cr in Jul-24 & 41.07 in Oct-24	8.35%
Punjab & Sindh Bank	198.77	Repayment due in 5 instalments spread 37.5 Crores/quarter (5 Instalments)From Oct-23 to Oct-24 & Rs 11.27 cr in Oct-24	7.45%
United Bank	124.49	Repayment due in 5 instalments 22.5 Crores/quarter (5 Instalments)From Sep-23 to Sep-24 & Rs 12 cr in Sep-24	7.25%
Oriental Bank of Commerce	310.29	Repayment due in 8 instalments 37.5 Crores/quarter (8 Instalments)From Sep-23 to Jun-25 & Rs 10.30 cr in Jun-25	8.10%
Bank of India	338.84	Repayment due in 9 instalments 25 Crores Sep-23. 37.5 Crores/quarter (8 Instalments)From Dec-23 to Sep-25 & Rs 13.84 cr in Sep-25	8.50%
UCO bank	370.43	Repayment due in 10 instalments 25 Crores/quarter (2 Instalments)From Aug-23 to Nov-23. 37.5 Crores/quarter (8 Instalments)From Feb-24 to Nov-25 & Rs 20.43 cr in Nov-25	7.45%
Andhra Bank	196.54	Repayment due in 9 instalments 22.5 Crores/quarter (8 Instalments)From Aug-23 to May-25 & Rs 16.42 cr in Aug-25	8.50%
Punjab & Sindh Bank	135.32	Repayment due in 9 instalments 10 Crores/quarter (1 Instalments)in Aug-23 15 Crores/quarter (8 Instalments)From Nov-23 to Aug-25 & Rs 5.32 cr in Aug-25	8.50%
Corporation Bank	348.91	Repayment due in 9 instalments 25 Crores/quarter (1 Instalments)From Sep-23 to Sep-23. 37.5 Crores/quarter (8 Instalments)From Dec-23 to Sep-25 & Rs 23.91 cr in Sep-25	8.35%
Bank of India	373.62	Repayment due in 14 instalments 25 Crores/quarter (16 Instalments)From Sep-23 to Dec-26 & 23.62 in Dec-26	8.40%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Union Bank of India	500.00	25 Crores/quarter (20 Instalments)From Mar-24 to Dec-28	10.15%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(1.03)		
Less: Current maturities of long term debt	(2,017.50)		
Long term borrowings	**2,805.46**		

Rate of interest- The Group's total borrowings from banks and others have a effective weighted average rate of 7.72% per annum calculated using the interest rate effective as on 31 March 2023.

(a) As on 31 March 2022:

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
State Bank of India	1,303.88	Repayment due in 10 instalments 90 Crores/quarter (2 Instalments)From Jun-22 & Sep-22. 135 Crores/quarter (8 Instalments)From Dec-22 to Sep-24 & Rs 44.88 cr in Sep-24	7.29%
Union Bank of India	1,336.86	Repayment due in 10 instalments 150 Crores/quarter (8 Instalments)From May-22 to Feb-24 50 Crores/quarter (2 Instalments)From May-24 to Aug-24 & Rs 36.86 cr in Sep-24	7.20%
Andhra Bank	676.91	Repayment due in 10 instalments 75 Crores/quarter (8 Instalments)From Jun-22 to Mar-24 25 Crores/quarter (2 Instalments)From Jun-24 to Sep-24. & Rs 26.91 cr in Sep-24	8.90%
Corporation Bank	718.79	Repayment due in 10+11 instalments 37.5 Crores/quarter (8 Instalments)From Jun-22 to Mar-24 6.25 Cr in Jun-24 & 40.26 in Sep-24 25 Crores/quarter (1 Instalments)Apr-22. 37.5 Crores/quarter (8 Instalments)From Jul-22 to Apr-24 6.25 Cr in Jul-24 & 41.03 in Oct-24	7.20%
Punjab & Sindh Bank	386.48	Repayment due in 11 instalments spread 25 Crores/quarter (3 Instalments)From Apr-22 to Oct-22. 37.5 Crores/quarter (8 Instalments)From Jan-23 to Oct-24 & Rs 11.48 cr in Oct-24	7.65%
United Bank	221.83	Repayment due in 13 instalments 15 Crores/quarter (2 Instalments)From Jun-22 to Sep-22. 22.5 Crores/quarter (8 Instalments)From Dec-22 to Sep-24 & Rs 11.83 cr in Sep-24	7.35%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Oriental Bank of Commerce	422.45	Repayment due in 13 instalments 12.5 Crores/quarter (1 Instalments)in Jun-22. 25 Crores/quarter (4 Instalments)From Sep-22 to Jun-23. 37.5 Crores/quarter (8 Instalments)From Sep-23 to Jun-25 & Rs 9.95 cr in Jun-25	7.35%
Bank of India	438.84	Repayment due in 14 instalments 12.5 Crores/quarter (2 Instalments)From Jun-22 to Sep-22. 25 Crores/quarter (4 Instalments)From Dec-22 to Sep-23. 37.5 Crores/quarter (8 Instalments)From Dec-23 to Sep-25 & Rs 13.84 cr in Sep-25	7.35%
UCO bank	457.98	Repayment due in 15 instalments 12.5 Crores/quarter (3 Instalments)From May-22 to Nov-22. 25 Crores/quarter (4 Instalments)From Feb-23 to Nov-23. 37.5 Crores/quarter (8 Instalments)From Feb-24 to Nov-25 & Rs 20.48 cr in Nov-25	7.30%
Andhra Bank	263.92	Repayment due in 14 instalments 7.5 Crores/quarter (1 Instalments) in May-22. 15 Crores/quarter (4 Instalments)From Aug-22 to May-23. 22.5 Crores/quarter (8 Instalments)From Aug-23 to May-25 & Rs 16.42 cr in Aug-25	8.90%
State Bank of India	265.08	Rs 125 crore in Dec-22,Rs 125 crore in Mar-23 & Rs 15.08 cr in Mar-23	7.95%
Punjab & Sindh Bank	175.40	Repayment due in 14 instalments 5 Crores/quarter (2 Instalments)From May-22 to Aug-22 , 10 Crores/quarter (4 Instalments)From Nov-22 to Aug-23 , 15 Crores/quarter (8 Instalments)From Nov-23 to Aug-25 & Rs 5.40 cr in Aug-25	7.65%
Corporation Bank	448.73	Repayment due in 14 instalments 12.5 Crores/quarter (2 Instalments)From Jun-22 to Sep-22., 25 Crores/quarter (4 Instalments)From Dec-22 to Sep-23, 37.5 Crores/quarter (8 Instalments)From Dec-23 to Sep-25 & Rs 23.73 cr in Sep-25	7.20%
Bank of Baroda	692.79	Repayment due in 16 instalments 18.75 Crores/quarter (4 Instalments)From Jun-22 to Mar-23. 37.5 Crores/quarter (4 Instalments)From Jun-23 to Mar-24. 56.25 Crores/quarter (8 Instalments)From Jun-24 to Mar-26 & Rs 17.79 cr in Mar-26	8.60%
Indian Bank	385.54	Rs 128.77,128.77 & 128.00 crore in Apr-22,Jul-22 & Oct-22.	7.85%
Bank of India	498.62	Repayment due in 19 instalments 25 Crores/quarter (19 Instalments)From Jun-22 to Dec-26 & 23.62 in Dec-26	8.35%
State Bank of India	500.00	Repayment due in 19 instalments 62.50 Crores/quarter (8 Instalments)From Feb-23 to Nov-24	8.45%
State Bank of India	500.00	62.50 Crores/quarter (8 Instalments)From Jun-24 to Mar-26	8.75%
Union Bank of India	500.00	25 Crores/quarter (20 Instalments)From Mar-24 to Dec-28	7.75%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(7.98)		
Less: Current maturities of long term debt	(3,095.62)		
Long term borrowings	7,090.50		

***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 have been redeemed on 28 March 2023.

***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 December 2023. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 5**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.05 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 11th October 2030. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 6**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 6.85 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 20th December 2030. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 8.00% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 15th November 2032. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7B**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.87% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 01st December 2032. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7C**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.78% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 10th February 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7D**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.80% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th February 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 7E**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 7.75% Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 24th March 2033. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

(iv) Government of India approved the financial support to the Company in the year 2014 and on surrender of Broadband Wireless Access (BWA) Spectrum by MTNL, upfront charges paid by the Company in the year 2011 for such spectrum amounting to Rs. 4,533.97 crores were agreed to be funded by way of issuance of debentures by the Company on behalf of Government of India (GOI) and for which GOI provided sovereign guarantee with attendant condition for repayment of principal on maturity as well as the interest payments through DOT. Accordingly, the Company does not have any liability towards repayment of principal and interest on the bonds issued and has been offset against the amount recoverable from DoT of equivalent amount.

(v) Refer note 48 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(vi) Leasehold given as mortgage to Bank of India and Union Bank of India:

(a) Goregaon Telephone Exchange & Staff Quarters CTS No-1387 Pt. & 1388 Pt. S V Road, Goregaon (West),Mumbai-400062 mortgage to UBI

(b) Malabar Telephone Exchange at CTS No-256, Dr. A G Bell Road, Malabar Hills, Mumbai-400006 mortgage to BOI

(vii) Reconciliation of financial liabilities arising from financing activities:

(Rs. in crores)

Particulars	Lease liabilities	Long term borrowings	Short-term borrowings	Total
Net debt as at 1 April 2021	**251.73**	**19,674.68**	**5,673.87**	**25,600.27**
Recognition of lease liabilities	17.82	-	-	17.82
Cash flows:				
- Proceeds	-	1,500.00	2,371.79	3,871.79
- Repayment	(78.01)	(1,514.19)	(1,100.00)	(2,692.20)
Interest expense	21.68	1,567.22	526.57	2,115.47
Interest paid	-	(1,582.41)	(528.19)	(2,110.60)
Exchange difference	(0.06)	-	-	(0.06)

Interest accrued (including unmortised processing fee)	-	265.16	1.26	266.42
Net debt as at 31 March 2022	**213.16**	**19,910.46**	**6,945.30**	**27,068.92**
Recognition of lease liabilities	21.78	-	-	21.78
Cash flows:				
- Proceeds	-	10,902.93	3,650.00	14,552.93
- Repayment	(77.75)	(6,374.87)	(5,920.98)	(12,373.60)
Interest expense	19.75	1,738.70	578.44	2,336.89
Interest paid	-	(1,423.81)	(578.44)	(2,002.25)
Exchange difference	-			-
Interest accrued (including unmortised processing fee)	-	(728.78)	-	(728.78)
Net debt as at 31 March 2023	**176.94**	**24,024.64**	**4,674.32**	**28,875.90**

27. Lease liabilities

(Rs. in crores)

	31 March 2023 Non-current	31 March 2022 Non-current
Lease liabilities	110.16	144.48
	110.16	**144.48**

28. Other financial liabilities

(Rs. in crores)

	31 March 2023 Non-current	31 March 2022 Non-current
Security deposits	186.61	194.13
Employee related payables - GPF of MTNL Optee	(90.66)	-
	95.95	**194.13**

Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

29. Long-term provisions

(Rs. in crores)

	31 March 2023	31 March 2022
Provision for employee benefits		
Provision for leave encashment	215.18	222.70
Provision for pension	96.74	96.77
Provision for gratuity	48.92	48.92
Provision for asset retirement obligations	17.76	17.32
	378.60	**385.72**

(i) Information about individual provisions and significant estimates

(a) Provision for asset retirement obligations

The Group as part of its business installs wireless telecommunication towers and other equipments for facilitating telecommunication services to its customers and is under an obligation to decommission the tower and replenish the site at end of useful life of the tower and other equipment. For the purpose of same Appendix A to Ind AS 16, "Property, Plant and

Equipment" states measurement of Property, plant and equipment to include initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Group has estimated the cost of dismantling based on independent bids received from open market and the same have been escalated using the expected inflation rate (6% per annum) and discounted at the rates prevailing at each period end date.

(b) For disclosures required related to provision for employee benefits, refer note 52 - Employee benefit obligations

(ii) Movement in provision related to asset retirement obligations during the financial year:

(Rs. in crores)

	31 March 2023	31 March 2022
As at beginning of reporting period	**17.32**	**16.54**
Additions during the year	0.02	0.08
Amounts used during the year on account of dismantled towers	(0.15)	(0.10)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	0.57 -	0.81
As at end of reporting period	**17.76**	**17.32**

30. Deferred tax liabilities (net)

(Rs. in crores)

	31 March 2023	31 March 2022
Deferred tax liability arising on account of :		
Difference in carrying value of property, plant & equipment between accounts and tax	6.60	5.98
Deferred tax asset arising on account of :		
Carry forward of unabsorbed business losses	-	-
Provision for doubtful debts and advances	-	1.01
	6.60	**6.99**

Notes:

(i) Movement in deferred tax liabilities for year ended 31 March 2023:

Particulars	1 April 2022	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2023
Non-current assets				
Property plant and equipment	5.98	0.93	(0.31)	6.60
Current assets				
Trade and other receivable	1.01	(0.96)	(0.05)	-
Current liabilities				
Unused tax losses	-	-	-	-
Total	**6.99**	**(0.01)**	**(0.36)**	**6.60**

(ii) Movement in deferred tax liabilities for year ended 31 March 2022:

Particulars	1 April 2021	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2022
Non-current assets				
Property plant and equipment	6.98	(0.64)	(0.36)	5.98
Current assets				
Trade and other receivable	(0.00)	1.01	0.00	1.01
Current liabilities				
Unused tax losses	(0.10)	0.09	0.01	-
Total	**6.88**	**0.47**	**(0.36)**	**6.99**

(iii) The Group does not recognise deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve of subsidiaries and joint venture wherever it controls the timing of the distribution of profits and it is probable that the subsidiaries, joint venture and associate will not distribute the profits in the foreseeable future. Also, the Group does not recognises deferred tax liability on the unremitted earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution.

(iv) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

31. Other non-current liabilities (Rs. in crores)

	31 March 2023	31 March 2022
Deferred income	55.69	65.52
Deferred activation/ installation charges	6.98	8.58
	62.67	**74.10**

32. Short-term borrowings (Rs. in crores)

	31 March 2023	31 March 2022
Secured		
Current maturities of long-term borrowings	2,017.50	3,095.62
Unsecured		
Current maturities of long-term bonds	1,974.85	-
From banks		
Cash credit from banks	4,324.32	5,965.30
Short term loans	350.00	980.00
	8,666.67	**10,040.92**

The carrying values of above are considered to be a reasonable approximation of their fair values.

33. Lease liabilities

(Rs. in crores)

	31 March 2023	31 March 2022
Current portion of lease liabilities	66.78	68.67
	66.78	**68.67**

34. Trade payables

(Rs. in crores)

	31 March 2023	31 March 2022
Due to micro and small enterprises (refer note 60)	54.64	98.09
Due to others	877.58	842.11
Other accrued liabilities	99.45	107.56
	1,031.66	**1,047.76**

The carrying values of above are considered to be a reasonable approximation of their fair values.

Ageing schedule of trade payables

(Rs. in crores)

31 March 2023	Outstanding from the transaction date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises - undisputed	25.33	7.04	2.18	15.22	49.77
Others- undisputed	203.61	143.25	70.18	157.68	574.72
Micro, small and medium enterprises- disputed	25.78	6.85	5.66	2.09	40.38
Others - disputed	-	0.00	0.00	137.89	137.90
Unbilled - undisputed	135.74	24.05	20.25	46.58	226.61
Unbilled - disputed	0.26	-	0.61	1.43	2.30
Total	**390.72**	**181.19**	**98.87**	**360.89**	**1,031.67**

(Rs. in crores)

31 March 2022	Outstanding from the transaction date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises - undisputed	70.93	9.56	7.96	6.22	94.66
Others- undisputed	450.54	116.32	68.53	137.13	772.53
Micro, small and medium enterprises- disputed	0.91	2.26	0.26	0.00	3.43
Others - disputed	0.08	0.61	8.22	36.32	45.23
Unbilled - undisputed	84.86	23.38	19.55	3.21	130.99
Unbilled - disputed	-	-	-	0.94	0.94
Total	**607.31**	**152.13**	**104.52**	**183.81**	**1,047.77**

35. Other financial liabilities

(Rs. in crores)

	31 March 2023	31 March 2022
- Finance lease obligations	-	-
Interest accrued		
- Not due on bonds	519.51	244.92
- Not due on borrowings	5.44	4.37
- Not due on deposits	0.07	0.07
Security deposits	116.40	118.18
Due to employees	889.01	921.06
Amount payable to contractors other than goods and services	214.04	349.80
Amount payable to other operators	43.23	35.43
Other payables	172.06	154.43
	1,959.76	**1,828.26**

Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost.

36. Other current liabilities

(Rs. in crores)

	31 March 2023	31 March 2022
Advances received	319.53	354.66
Statutory dues	204.44	225.57
Deferred income	10.79	18.20
Deferred activation/ installation charges	0.41	2.47
	535.17	**600.89**

37. Short-term provisions

(Rs. in crores)

	31 March 2023	31 March 2022
Provision for employee benefits		
Provision for leave encashment - Company employees	21.73	4.04
Provision for leave encashment - Others	1.01	0.73
Provision for pension - Company employees	-	-
Provision for pension - Others	0.42	0.40
Provision for gratuity - Company employees	-	0.34
Provision - others		
Provision for others *.	54.39	19.69
	77.56	**25.19**

(i) Movement in provision related to others during the financial year:

(Rs. in crores)

	31 March 2023	31 March 2022
As at beginning of reporting period	**19.69**	**17.81**
Additions during the year	34.70	1.88
As at end of reporting period	**54.39**	**19.69**

(ii) For disclosures required related to provision for employee benefits, refer note 52 - Employee benefit obligations

*Refer note 85 for details.

38. Revenue from operations

(Rs. in crores)

	31 March 2023	31 March 2022
Fixed telephone income		
Revenue - Telephone calls and other charges	34.15	43.12
Revenue - Fixed telephone monthly charges	176.91	235.04
Revenue - Telephone (Franchise services)	1.46	2.25
Revenue - Access calls and other charges	11.31	15.34
Revenue - Rent and junction charges	22.87	21.01
Revenue - Broadband	134.10	177.76
Revenue - ISDN call charges	5.60	5.93
Revenue - ISDN call rental	35.23	39.62
Enterprise business		
Revenue - Local circuits	238.21	280.25
Revenue - Long distance circuits	3.06	3.96
Mobile revenue		
Revenue - Activation charges	0.88	0.58
Revenue - Mobile rental and call charges	25.48	28.37
Revenue - Income from roaming	17.26	7.25
Revenue - Prepaid trump	42.74	50.35
Revenue - IUC income	3.63	4.19
Revenue - VAS	28.16	59.09
Others		
Revenue - Free phone services	62.43	68.66
Revenue - Internet	11.82	31.31
Revenue - Premium rate services	0.14	0.14
Revenue - Other services	21.10	27.74
Other operating revenues		
Other operating revenues - Surcharge on delayed payment	3.13	4.87
Other operating revenues - Revenue from enterprise business	48.53	34.99
Other operating revenues - Revenue from sale of goods	6.83	7.00
Other operating revenues - Sale of Inventory/Store/Spare Sold	0.23	0.22
	935.23	**1,149.04**

39. Other income

(Rs. in crores)

	31 March 2023	31 March 2022
Interest on:		
Interest from bank	2.20	1.49
Interest on advance to employees	1.04	1.03
Other interest income	4.10	81.26
Interest on income tax refund	3.40	0.02
	10.75	83.79
Other income		
Income From Trusts	28.35	-
Sale of directories, pub. etc.	0.07	0.08
Gain on sale of property, plant and equipment (net)	1.35	3.39
Income from liquidated damages	0.33	0.00
Exchange variation (net)	0.50	0.15
Bad debts recovered	0.00	0.00
Credit balances written back	69.62	145.24
Rental on quarters/ hostels etc.	8.97	11.33
Rental income from properties	434.58	326.13
Rental income from towers and BTS	54.19	50.90
Miscellaneous income	4.38	7.87
	602.35	**545.09**
	613.09	**628.88**

40. License fees expense

(Rs. in crores)

	31 March 2023	31 March 2022
License fees expenses	83.62	108.42
Spectrum charges	4.92	5.82
	88.54	**114.24**

41. Employee benefit expense

(Rs. in crores)

	31 March 2023	31 March 2022
Salaries, wages allowances & other benefits	459.63	438.58
Bonus/ex-gratia	-	
Medical expenses and allowances	29.53	51.17
Pension contribution		
(a) Group employees	11.69	11.91
(a) Others	0.70	0.58
Leave encashment		

(a) Group employees	26.59	16.17
(a) Others	0.49	0.45
Contribution to gratuity fund	14.12	31.25
Contribution to provident & other funds	25.95	26.65
Staff welfare expenses	0.09	0.13
	568.80	**576.89**
Less : Allocation to CWIP	(19.41)	(18.25)
	549.39	**558.64**

For descriptive notes on disclosure of defined benefit obligation, refer note 52 - Employee benefit obligations.

42. Finance costs

(Rs. in crores)

	31 March 2023	31 March 2022
Interest on		
- term loans	612.02	751.25
- cash credit facility	419.75	437.00
- short-term loan facility	146.19	89.56
- bonds	1,001.05	726.22
- customer deposits	0.01	0.01
- lease liability	19.75	21.68
- others	17.21	19.27
Other finance costs		
- commitment fees	138.40	94.80
	2,354.38	2,139.80
Less : Allocation to CWIP	-	(0.17)
	2,354.38	2,139.62

43. Depreciation and amortisation expense

(Rs. in crores)

	31 March 2023	31 March 2022
Depreciation on		
Property, plant and equipment	337.49	374.54
Investment properties	3.49	2.24
Right-of-use assets	54.88	61.35
Amortisation on		
Intangible assets	333.88	333.90
	729.74	**772.02**

44. Other expenses

(Rs. in crores)

	31 March 2023	31 March 2022
Power, fuel and water	193.89	201.23
Rent	88.78	60.77
Repairs to buildings	8.28	9.61
Repairs to machinery	83.11	76.43
Repairs others	22.25	22.37
Insurance	5.45	13.47
Rates and taxes	45.33	37.96
Travelling and conveyance	0.47	0.34
Postage, telegram and telephones	2.33	3.27
Printing and stationery	1.90	2.29
Vehicle maintenance expenses	0.04	0.07
Vehicle running expenses	0.31	0.32
Vehicle hiring expenses	5.11	6.48
Advertisement and promotional expenses	2.02	1.99
Bad debts written off	53.87	8.16
Legal and professional expenses*	5.57	4.00
Seminar and training charges	0.02	0.01
Security service expenses	18.58	21.60
Loss on sale of property, plant and equipment (net)	0.02	-
Internet charges	4.66	5.14
Loss of assets	2.36	6.67
Provision for abandoned work- capital work-in-progress	-	-
Commission	3.69	4.97
Net loss on foreign currency transactions and translations	0.03	0.03
Provision for doubtful debts including discount	61.55	119.98
Provision for obsolete inventory	1.24	16.43
Provision for doubtful claims	0.41	5.45
Outsourcing expenditure	19.03	30.20
Settlement of financial instruments	0.77	1.44
Penal interest for delay in payment to MSME vendors	9.30	7.58
Interest on reversal of input tax credit on GST	0.30	0.25
Miscellaneous expenses	22.13	18.65
Less: Allocation to CWIP	-	(0.01)
	662.78	**687.19**

***Legal and professional expenses includes payments to Group auditor**

As Auditor:		
Audit fee	0.65	0.65
Tax audit fee	0.08	0.08
Certification and other services	-	-
For reimbursement of expenses	0.12	0.12
	0.85	0.85

45. Tax expense

(Rs. in crores)

	31 March 2023	31 March 2022
Current tax (including taxes earlier years)	0.12	2.44
Deferred tax	(0.61)	0.48
	(0.50)	**2.91**

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 34.944% and the reported tax expense in profit or loss are as follows:

(Rs. in crores)

	31 March 2023	31 March 2022
Accounting profit/(loss) before income tax		
- From continuing operations	(2,915.61)	(2,600.21)
- From discontinued operations	-	-
Total accounting loss before tax	**(2,915.61)**	**(2,600.21)**
At country's statutory income tax rate of 34.944% (31 March 2020: 34.944%)	(1,018.83)	(908.62)
Adjustments in respect of taxes earlier years	-	-
Difference in property, plant and equipment as per books and Income Tax Act, 1961	125.49	124.17
Non-deductible expenses for tax purposes	(94.57)	(66.77)
Employee benefits allowed on payment basis	7.17	0.74
Others	-	-
Deferred tax not created on losses for current year	980.74	880.39
Tax rate differential	-	-
	-	**29.91**

(i) The Parent has unabsorbed depreciation and brought forward business losses amounting to Rs. 28615.04 crores as on 31 March 2023 (31 March 2022 - 25,778.78 crores) on which no deferred tax asset has been recognised. Deferred tax asset shall be created in the year in which the Company will have reasonable certainty of future taxable income as required by Indian Accounting Standard 12 - "Income Taxes" as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

(ii) The Parent has not recognized tax expense/credit (current and deferred tax) in the statement of profit and loss (including other comprehensive income) as the Company is incurring losses and there is no reasonable certainty supported by convincing evidence that sufficient future taxable profits will be available against which unused tax losses can be utilized.

(iii) Details of year wise expiry are given below: **(Rs. in crores)**

Particulars	Year of origination	Year of expiry	Amount
Brought forward losses	Assessment year 2015-16	Financial year 2021-22	1,941.74
Brought forward losses	Assessment year 2016-17	Financial year 2023-24	1,042.33
Brought forward losses	Assessment year 2017-18	Financial year 2024-25	2,242.83
Brought forward losses	Assessment year 2018-19	Financial year 2025-26	2,457.36
Brought forward losses	Assessment year 2019-20	Financial year 2026-27	2,825.57
Brought forward losses	Assessment year 2020-21	Financial year 2027-28	2,965.61
Brought forward losses	Assessment year 2021-22	Financial year 2028-29	2,853.22
Brought forward losses	Assessment year 2022-23	Financial year 2029-30	2,067.07
Brought forward losses	Assessment year 2023-24	Financial year 2030-31	2,444.33
Unabsorbed depreciation	Multiple	Indefinite	7,774.97

46. Other Comprehensive Income

(Rs. in crores)

	31 March 2023	31 March 2022
Items that will not be reclassified to profit or loss		
Re-measurement gains (losses) on defined benefit plans	(4.48)	(13.98)
Income tax effect	-	-
	(4.48)	**(13.98)**
Items that will be reclassified to profit or loss		
Foreign currency translation of foreign operations	4.12	(6.65)
Income tax effect	-	-
	4.12	(6.65)
Other comprehensive loss for the year	**(0.35)**	**(20.63)**

The Parent's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Parent. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

47. Earnings per equity share

(Rs. in crores)

	31 March 2023	31 March 2022
Net loss attributable to equity shareholders	(2,915.11)	(2,603.12)
Discontinued operation	-	-
	(2,915.11)	**(2,603.12)**
Loss per equity share:		
Nominal value of equity share (Rs.)	10.00	10.00
Weighted-average number of equity shares for basic and diluted EPS	630,000,000	630,000,000
Basic and diluted loss per share (Rs.)	**(46.27)**	**(41.32)**

48. Fair value disclosures

i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are divided into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Financial assets and liabilities measured at fair value - recurring fair value measurements

iii) Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

(Rs. in crores)

Particulars	Level	31 March 2023		31 March 2022	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans	Level 3	18.92	18.43	6.51	7.16
Other financial assets	Level 3	4,772.53	5,158.67	4,815.39	4,805.40
Total financial assets		**4,791.45**	**5,177.10**	**4,821.90**	**4,812.56**
Borrowings	Level 3	28,174.01	23,719.00	26,606.48	26,651.45
Finance lease obligations	Level 3	-		-	-
Other financial liabilities	Level 3	2,055.71	2,029.10	2,022.39	1,996.26
Total financial liabilities		**30,229.72**	**25,748.10**	**28,628.87**	**28,647.71**

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of the Group's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2023 was assessed to be insignificant.

49. Financial risk management

i) Financial instruments by category

(Rs. in crores)

Particulars	31 March 2023			31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	-	-	-	-	-
Loans	-	-	18.92	-	-	6.51
Other financial assets	-	-	4,772.53	-	-	4,815.38
Trade receivables	-	-	587.14	-	-	670.97
Cash and cash equivalents	-	-	166.39	-	-	99.27
Other bank balances	-	-	187.60	-	-	49.25
Total	**-**	**-**	**5,732.58**	**-**	**-**	**5,641.37**
Financial liabilities						
Borrowings	-	-	28,174.01	-	-	26,606.48
Trade payables	-	-	1,031.66	-	-	1,047.77
Other financial liabilities	-	-	2,055.71	-	-	2,022.39
Total	**-**	**-**	**31,261.38**	**-**	**-**	**29,676.64**

*Investment in equity instrument of joint ventures and associates have been accounted using equity method of accoutning and hence, not presented here.

ii) Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

(Rs. in crores)

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Group presently does not make any investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Group's risk management is carried out by a central treasury department (of the Parent) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions.

a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

(Rs. in crores)

Credit rating	Particulars	31 March 2023	31 March 2022
A: Low	Loans	18.92	8.45
	Other financial assets	4,772.53	4,787.17
	Bank deposits	226.78	73.82
	Cash and cash equivalents	166.39	99.27
B: Medium	Trade receivables	587.14	670.97
C: High	Trade receivables	1,198.10	1,136.89
	Loans	2.01	1.95
	Other financial assets	79.19	95.14
	Cash and cash equivalents	0.56	0.56

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due in each business segment as follows:

(i) Cellular: Six months past due

(i) Basic & other services: Three years past due

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

The Group provides for expected credit losses based on the following:

Trade receivables

(i) The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by analysing historical trend of default relevant to each business segment based on the criteria defined above. And such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

(Rs. in crores)

Particulars	31 March 2023		31 March 2022	
	Basic & other services	Cellular	Basic & other services	Cellular
Gross amount of sales	1,784.77	6.65	2,679.24	8.24
Expected loss rate	8.08%	30.77%	4.44%	23.31%
Expected credit loss(loss allowance provision)	144.18	2.05	119.00	1.92
Receivables due from customers where specific default has occurred	807.61	244.26	774.78	238.37

(ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

Reconciliation of loss allowance	Trade receivables
Loss allowance on 31 March 2021	**(1,017.04)**
Add/ (Less): Changes in loss allowances due to write off/recovery	15.11
Add/ (Less): Changes in loss allowances due to assets originated or purchased	(134.96)
Loss allowance on 31 March 2022	**(1,136.89)**
Add/ (Less): Changes in loss allowances due to write off/recovery	51.06
Add/ (Less): Changes in loss allowances due to assets originated or purchased	(112.27)
Loss allowance on 31 March 2023	**(1,198.10)**

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population For such financial assets, the Group's policy is to provides for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(Rs. in crores)

Paritculars	31 March 2023			31 March 2022		
	Total facility	Drawn	Undrawn	Total facility	Drawn	Undrawn
0-1 year	7,617.60	6,691.82	925.78	10,445.62	10,041.28	404.34
1-2 years	1,790.32	1,790.32		3,137.50	3,137.50	-
More than 2 years	1,016.44	1,016.44		3,961.01	3,961.01	-
Total	**10,424.36**	**9,498.58**	**925.78**	**17,544.13**	**17,139.79**	**404.34**

b) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Rs. in crores)

31 March 2023	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	5,786.94	5,280.22	2,976.46	22,713.85	36,757.47
Lease liabilities	67.08	49.42	26.90	997.60	1,141.00
Short term borrowings	4,674.32	-	-	-	4,674.32
Trade payable	1,031.66	-	-	-	1,031.66
Other financial liabilities	1,803.28	11.50	3.21	415.19	2,233.18
Total	**13,363.28**	**5,341.14**	**3,006.57**	**24,126.64**	**45,837.63**

(Rs. in crores)

31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	5,503.92	9,239.53	2,335.14	8,318.75	25,397.34
	70.44	119.36	56.54	378.74	625.09
Short term borrowings	6,945.30	-	-	-	6,945.30
Trade payable	1,047.77	-	-	-	1,047.77
Other financial liabilities	1,836.49	7.33	4.30	321.75	2,169.88
Total	**15,403.92**	**9,366.22**	**2,395.98**	**9,019.24**	**36,185.37**

C) Market Risk

a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Group entities. Considering the low volume of foreign currency transactions, the Group's exposure to foreign currency risk is limited and the Group hence does not use any derivative instruments to manage its exposure. Also, the Group does not use forward contracts and swaps for speculative purposes.

(i) Foreign currency risk exposure in USD:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Financial assets	6.05	6.41
Financial liabilities	0.60	4.76
Net exposure to foreign currency risk (liabilities)	**5.45**	**1.65**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
USD sensitivity		
INR/USD- increase by 500 bps (31 March 2022 500 bps)*	0.27	0.08
INR/USD- decrease by 500 bps (31 March 2022 500 bps)*	(0.27)	(0.08)

* Holding all other variables constant

(ii) Foreign currency risk exposure in EURO:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Financial assets	0.21	3.20
Financial liabilities	0.02	3.70
Net exposure to foreign currency risk (liabilities)	**0.19**	**(0.50)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
EURO sensitivity		
INR/EURO- increase by 500 bps (31 March 2022 500 bps)*	0.01	(0.03)
INR/EURO- decrease by 500s bps (31 March 2022 500 bps)*	(0.01)	0.03

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2023 and 31 March 2022, the Group is exposed to changes in interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Variable rate borrowing	9,497.28	17,131.43
Fixed rate borrowing	18,676.73	9,475.05
Total borrowings	**28,174.01**	**26,606.48**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Interest sensitivity*		
Interest rates – increase by 50 bps basis points	47.49	101.14
Interest rates – decrease by 50 bps basis points	(47.49)	(101.14)

* Holding all other variables constant

ii) Assets

The Groiup's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Group does not have any significant investments in equity instruments which create an exposure to price risk.

50 Capital management

The Group's capital management objectives are

- to ensure the Group's ability to continue as a going concern

- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Net debt	28,174.01	26,606.48
Total equity	(20,854.94)	(18,668.26)
Net debt to equity ratio	**(1.35)**	**(1.43)**

The Group has not declared dividend in current year or previous year.

51 Group information

(a) Information about subsidiaries

The Parent's subsidiaries at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Parent, and the proportion of ownership interests held equals the voting rights held by the Parent. The country of incorporation or registration is also their principal place of business.

Name of the entity	Principal activities	County of incorporation	% equity interest	
			31 March 2023	31 March 2022
Millenium Telecom Limited	Information technology/data	India	100	100
Mahanagar Telephone (Mauritius) Limited	Telecommunication service	Mauritius	100	100
MTML Data Limited*	Telecommunication service	Mauritius	100	100
MTML International Limited*	Telecommunication service	Mauritius	100	100

*These companies are step down subsidiaries of the Mahanagar Telephone (Mauritius) Limited.

(b) Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Parent as at 31 March 2023 which, in the opinion of the directors, are material to the Parent. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Parent. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% equity Interest	Relationship	Accounting method
United Telecommunications Limited*	Nepal	26.68	Associate	Equity method
MTNL STPI IT Services Limited*	India	50.00	Joint Venture	Equity method

(1) UTL provides basic, mobile, NLD, ILD and data services in Nepal.

(2) MSITS aims to provide exclusive data center services, messaging services, business application services to the identified sectors of economic activity and thereby also popularizing the .in domain in the networked community across the world.

*Unlisted entity - no quoted price available

** In the current year, the Parent has made a proposal to UTL for sale of its stake and such investment has been classified as 'held for sale'. Refer note 23 for details.

(i) There are no commitments and contingent liabilities in respect of associates and joint ventures for which the Parent is liable.

(ii) Summarised financial information for associate and joint venture

The tables below provide summarised financial information for those joint ventures and associates that are material to the Parent. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not Mahanagar Telephone Nigam Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(Rs. in crores)

Summarised balance sheet	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Current assets				
Cash and cash equivalents	0.02	0.02	5.37	4.72
Other assets	20.74	20.74	2.86	2.18
Total current assets	**20.76**	**20.76**	**8.23**	**6.90**
Total non-current assets	**45.41**	**51.70**	**3.60**	**0.44**
Current liabilities				
Trade payables	-	-	2.75	0.06
Financial liabilities(excluding trade payables)	-	-	-	-

Other liabilities	318.39	291.74	2.79	0.96
Total current liabilities	**318.39**	**291.74**	**5.54**	**1.02**
Non-current liabilities				
Financial liabilities(excluding trade payables)	153.25	153.25	-	-
Other liabilities	-	-	0.17	0.17
Total non-current liabilities	**153.25**	**153.25**	**0.17**	**0.17**
Net assets	**(405.47)**	**(372.53)**	**6.12**	**6.14**

Reconciliation to carrying amounts

(Rs. in crores)

Particulars	**United Telecommunications Limited**		**MTNL STPI IT Services Limited**	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
Opening net assets	(372.52)	(340.10)	6.15	6.35
Profit/ (loss) for the year	(32.94)	(32.42)	2.49	2.31
Other comprehensive income	-	-		
Dividends paid	-	-	-	(2.51)
Other equity - Convertible loan (not forming of equity method)	-	-	-	-
Closing net assets	**(405.46)**	**(372.52)**	**8.63**	**6.15**
Parent's share in %	26.68%	26.68%	50.00%	50.00%
Parent's share in Indian Rupees	(108.18)	(99.39)	4.32	3.07
Less: Contribution from other shareholders not adjusted in equity method	53.79	53.79	-	-
Add: Share of loss limited to carrying value of investment	36.95	36.95	-	-
Carrying amount	**-**	**-**	**4.32**	**3.07**

Summarised statement of profit and loss

(Rs. in crores)

	United Telecommunications Limited		**MTNL STPI IT Services Limited**	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
Revenue	-	-	7.07	6.48
Interest income	-	-	0.27	0.40
Depreciationa and amortisation	(6.28)	(6.01)	0.08	0.16
Income tax expense	-	-	0.84	0.79
Profit from continuing operations	**(32.94)**	**(32.42)**	**2.49**	**2.31**
Profit from discontinued operations	-	-	-	-
Profit for the year	**(32.94)**	**(32.42)**	**2.49**	**2.31**
Other comprehensive income	-	-	-	-
Total comprehensive income	**(32.94)**	**(32.42)**	**2.49**	**2.31**
Dividends received	-	-	1.24	1.15

52 Employee benefit obligations

(Rs. in crores)

Particulars	31 March 2023		31 March 2022	
	Current	Non-current	Current	Non-current
Gratuity	15.01	145.44	10.40	142.20
Compensated absences	21.73	215.18	15.70	211.04
Total	**36.74**	**360.62**	**26.10**	**353.24**

Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan, the Company makes contributions to recognised debt base funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected payments. The expected contribution to the plan for next annual reporting period amounts to Rs. 7.62 crores (previous year - Rs. 7.76 crores). The weighted average duration of the defined benefit obligation as at 31 March 2023 is 11 to 12 years (31 March 2022: 11 to 12 years).

A Disclosure of gratuity

(i) Amount recognised in the statement of profit and loss is as under: (Rs. in crores)

Description	31 March 2023	31 March 2022
Current service cost	7.37	7.38
Amount recognised in the statement of profit and loss	**7.37**	**7.38**

(ii) Movement in the liability recognised in the balance sheet is as under: (Rs. in crores)

Description	31 March 2023	31 March 2022
Present value of defined benefit obligation as at the start of the year	**152.60**	**148.22**
Current service cost	7.37	7.38
Past service cost including curtailment gains/losses	-	
Interest cost	10.91	10.15
Actuarial loss recognised during the year	0.32	2.64
Benefits paid	(10.75)	(15.79)
Present value of defined benefit obligation as at the end of the year	**160.45**	**152.60**

(iii) Movement in the plan assets recognised in the balance sheet is as under: **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Fair value of plan assets at beginning of year	**201.47**	**179.06**
Expected return on plan assets	14.41	12.26
Transfer to/from MTNL	0.73	32.93
Receivable from MTNL	7.85	4.38
Premium redemption reserve	0.19	(0.02)
Advance income	-	-
Actuarial gain on plan assets	(4.16)	(11.35)
Benefits paid	(10.97)	(15.79)
Fair value of plan assets at the end of the year	**209.51**	**201.47**
Actual return on plan assets	10.25	0.91

(iv) Breakup of actuarial (gain)/loss: **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Actuarial (gain)/loss on arising from change in financial assumption	(4.00)	(1.54)
Actuarial (gain)/loss on arising from experience adjustment	4.32	4.17
Actuarial (gain)/loss on plan assets	4.16	11.35
Total actuarial (gain)/loss	**4.48**	**13.98**

(v) Actuarial assumptions **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Discount rate	7.44%	7.15%
Future basic salary increase	3.50%	3.50%
Future DA increase	4.00%	4.00%

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vi) Sensitivity analysis for gratuity liability **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Impact of the change in discount rate		
Present value of obligation at the end of the year	160.45	152.60
- Impact due to increase of 0.50 %	(6.54)	(6.60)
- Impact due to decrease of 0.50 %	7.00	7.08
Impact of the change in salary increase		
Present value of obligation at the end of the year	160.45	152.60
- Impact due to increase of 0.50 %	4.20	4.99
- Impact due to decrease of 0.50 %	(4.55)	(5.14)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(vii) Maturity profile of defined benefit obligation **(Rs. in crores)**

Description	31 March 2023	31 March 2022
Within next 12 months	15.01	10.40
Between 1-5 years	38.93	39.30
Between 5-10 years	106.51	102.90

(viii) Category of investment in gratuity trust: **(Rs. in crores)**

Particulars	31 March 2023	31 March 2022
Government of India Securities	18.03	7.06
Corporate bonds	106.13	92.04
State government securities	10.18	23.16
Mutual funds	2.95	2.40
Others	0.06	38.41
LIC	1.17	1.09
Total	**138.53**	**164.16**

B Compensated absences

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of Rs. 27.08 crores (previous year: Rs. 16.62 crores) has been recognised in the statement of profit and loss.

C Defined contribution plans

Contributions are made to the Government Provident Fund and Family Pension Fund which cover all regular employees eligible under applicable Acts. Both the eligible employees and the Group make pre-determined contributions to the Provident Fund. The contributions are normally based upon a proportion of the employee's salary.

The Group has recognized the following amounts in the statement of profit and loss :

Particulars	31 March 2023	31 March 2022
Employer contribution to provident fund*	25.95	26.65
Leave encashment contribution for DoT employees**	0.49	0.45
Pension contribution for DoT employees***	0.70	0.58
Pension contribution for company employees****	11.69	11.91

* Mentioned as contribution to CPF

** Mentioned as leave encashment - Others

*** Mentioned as pension contribution - Others

**** Mentioned as pension contribution - Company employees

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

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

F The Group has taken an Insurance Policy for medical benefits in respect of its retired and working employees. The Insurance Policy is fully funded by the Group.

53 Related party disclosures

Related parties where control exists:

i Key Management Personnel

Name	Designation
Mr. P. K. Purwar	CMD from 15 April 2020
Mr. Arvind Vednarkar	Director (HR & EB) from 01 September 2021
Mr. Rajiv Kumar, Director (Finance)	Director (Finance) from 02 December 2022
Mr. S.R. Sayal	Company Secretary from 01 October 2006 upto 28 February 2023
Ms. Yojana Das	Director (Finance) from 15 May 2021 upto 30 Nov. 2022
Mr. V. Ramesh	Director (Technical) from 01 April 2022
Mr. Navneet Gupta	Government Director from 11 June 2019 upto 17 May 2022
Mr. Amitabh Ranjan Sinha	Government Director from 11 December 2020 upto 30 May 2022
Mr. Premjit Lal	Government Director from 17 May 2022 upto 17 November 2022
Ms. Yashashri Shukla	Government Director from 30 May 2022 upto 26 December 2022
Mr. Sunil Kumar Verma	Government Director from 23 November 2022
Mr. Shivendu Gupta	Government Director from 05 Januray 2023
Mr. Vishwas Pathak	Independent Director from 12 November 2021
Shri Sarv Daman Bharat	Independent Director from 12 November 2021
Shri Yogesh Kumar Tamrakar	Independent Director from 12 November 2021
Ms. Deepika Mahajan	Independent Director from 23 November 2021
Mr. Piyush Ranjan Nishad	Independent Director from 21 April 2022
Mr. Sultan Ahmed	Chief Financial Officer (CFO) from 14 February 2023
Mr. Ratan Mani Sumit	Company Secretary from 01 March 2023
Mr. Deepak Mukherjee	Executive Director, Mumbai from 24 January 2021
Mr. Bhim Singh	Executive Director, Delhi from 01 March 2022 upto 31 May 2022
Mr. Mukesh Kumar Chauhan	Executive Director, Delhi from 01 June 2022

ii **Joint ventures**

MTNL STPI IT Services Limited ('MSISL')

iii **Associates**

United Telecommunications Limited ('UTL')*

iv **Other related parties**

MTNL Leave encashment trust

MTNL Gratuity trust

v **Other government entity**

Bharat Sanchar Nigam Limited ('BSNL')#

vi **Summary of significant transactions with related parties:** **(Rs. in crores)**

Particulars	For the year ended	
	31 March 2023	**31 March 2022**
Remuneration to Key Managerial Personnel		
Short-term employee benefits	1.11	1.16
Post employment benefits	-	0.02
Other long-term employee benefits	0.02	0.04
Amount received from MSISL	1.26	1.21

vii **Summary of significant outstanding balances with related parties:** **(Rs. in crores)**

Particulars	Investment in shares	
	31 March 2022	**31 March 2021**
MSISL	2.28	3.07
UTL	35.85	35.85

viii The Group has certain transactions with respect to sale and purchase of services and receives reimbursement of expenses (vis-a-vis electricity and water charges) in relation to renting of immovable property from BSNL.

(b) As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice was valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and decided to take legal option from local counsel of Nepal for enforcing the exit option. Accordingly, the investment continued to be classified as 'held for sale' in the financial statements for the year ended 31 March 2022 and 31 March 2023.

#refer note 67 for detail of transaction with BSNL.

54 Details of contingent liabilities, pending litigations and other matters:

(Rs. in crores)

	Particulars	31 March 2023	31 March 2022
a	Income Tax Demands disputed and under appeal ^	315.32	364.93
b	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	835.30	898.03
c	(i) Interest to DDA on delayed payments/pending court cases/Tax cases	Amount Indeterminate	Amount Indeterminate
	(ii) Stamp duty payable on land and buildings acquired by the Parent		Amount Presently Unascertainable
d	Claims against the Parent not acknowledged as debts	660.01	655.89
e	Pending arbitration/court cases	2,277.77	2,094.18
f	Bank guarantee & Letter of Credit	107.79	108.75
g	Directory dispute	65.04	59.32
h	Pending court cases against land acquisition	4.87	4.87
j	License fee related contingent liability w.r.t. provisional assessment done by DOT	4,038.97	3,572.02
k	BTS related penalty imposed by DoT	84.25	84.25

^Contingent Liability on account of Income Tax as shown in (a) above excludes various notices received from TDS department creating demand due to non-matching of their records with the returns filed.

55 Commitments

A Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(Rs. in crores)

	31 March 2023	31 March 2022
Property, plant and equipment	7.87	42.77

B In respect of incomplete contracts where the expenditure already incurred has exceeded the contract value, the additional expenditure required to complete the same cannot be quantified.

56 Segment information

The Group's manaagement examines the group's performance on services offered basis and has identified two reportable segments:

i Basic and other services

ii Cellular services

A Segment revenue and results

(Rs. in crores)

Particulars	31 March 2023					31 March 2022				
	Basic & other Services	Cellular	Unallocable	Inter segment adjustment	Total	Basic & other Services	Cellular	Unallocable	Inter segment adjustment	Total
Revenue from operations	**810.86**	**125.78**	**-**	**(1.41)**	**935.23**	**992.63**	**157.75**	**0.02**	**(1.35)**	**1,149.04**
	-	-	-	-						
Segment result before interest income, exceptional items, finance cost and tax	**(68.20)**	**(496.02)**	**(9.00)**	**-**	**(573.22)**	**(141.38)**	**(437.29)**	**33.14**	**-**	**(545.53)**
Add: Interest income					10.75					83.80
Less: Finance cost					(2,354.38)					(2,139.62)
Add: Share of profit or loss from joint venture and associate					1.24					1.15
Loss before tax					**(2,915.61)**					**(2,600.21)**
Less: Tax expense					(0.50)					2.91
Loss after tax					**(2,915.11)**					**(2,603.12)**
Other comprehensive income/ (loss)					(0.35)					(20.63)
Total other comprehensive loss					**(2,915.46)**					**(2,623.75)**

B Capital employed

(Rs. in crores)

Particulars	31 March 2023				31 March 2022			
	Basic & other Services	Cellular	Unallocable/ eliminations	Total	Basic & other Services	Cellular	Unallocable/ eliminations	Total
Segment assets (A)	6,381.49	3,663.96	1,598.53	11,643.99	6,633.66	4,066.71	1,616.38	12,316.74
Segment liabilities (B)	2,500.74	28,088.03	1,910.16	32,498.93	2,688.53	26,092.99	2,203.48	30,985.00
Capital employed (A-B)	3,880.75	(24,424.07)	(311.63)	(20,854.95)	3,945.13	(22,026.28)	(587.11)	(18,668.26)

Notes:

i Operating segments have been identified by the Group taking into account nature of services, associated risks and returns and internal reporting system that reflects the manner in which operating results are regularly reviewed by the Chief Operating Decision Maker for purpose of makign decisions on resources to be allocated to such segments and assess their performance.

ii The Group caters to the needs of mainly two metro cities viz. Delhi and Mumbai, wherein the risk and return are not different to each other. As such there are no reportable geographical segments.

iii Segment revenue, segment results, segment assets and segment liabilities include the respective amount identifiable for each operating segment. Items which are not directly elatable to the business segment are shown as unallocable.

57 Ind AS 116 Leases

The Group has leases for office building, towers and related facilities and cars. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group is required to pay maintenance fees in accordance with the lease contracts.

(a) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March 2023
Variable lease payments	88.78

(b) Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the period

Particulars	31 March 2023
Opening balance	**213.16**
Additions	21.78
Deletions	-
Accretion of interest	19.75
Exchange difference	-
Payments	(77.75)
Closing balance	**176.94**
Current	**66.78**
Non-current	**110.16**

(c) The Company had total cash outflows for leases of Rs. 159.68 for the period ending 31 March 2023.

(d) Refer note 49(B)(b) for the maturity profile of lease liability.

(e) Information about extension and termination options

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Towers	1,926	0.016 to 15.85 years	1.89 years	282	-	-
Buildings	41	0.08 to 50.23 years	4.36 years	-	-	41
Leasehold land	50	45 to 85.95 years	59.72 years	50	-	50
Vehicles	-	-	-	-	-	-

58 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets*	Amount (Rs.)	As % of consolidated net assets*	Amount (Rs.)	As % of consolidated net assets*	Amount (Rs.)	As % of consolidated net assets*	Amount (Rs.)
Parent								
Mahanagar Telephone Nigam Limited	99.94%	(20,842.90)	99.85%	(2,910.74)	1271.12%	(4.48)	99.99%	(2,915.22)
Indian subsidiaries								
Millenium Telecom Limited	-0.03%	5.95	-0.01%	0.31	0.00%	-	-0.01%	0.31
Foreign subsidiaries								
Mahangar Telephone (Mauritius) Limited	-0.58%	120.93	0.13%	(3.71)	-1171.12%	4.12	-0.01%	0.42
MTML Data Limited	-0.00%	0.34	-0.00%	0.00	0.00%	-	-0.00%	0.00
MTML International Limited	-0.01%	1.72	-0.00%	0.00	0.00%	-	-0.00%	0.00
Associates (Investment as per the equity menthod)								
Foreign								
United Telecom Limited	1.94%	(405.47)	1.13%	(32.94)	0.00%	-	1.13%	(32.94)
Joint venture (Investment as per the equity menthod)								
Indian								
MTNL STPI IT Services Limited	-0.03%	6.12	-0.09%	2.49	0.00%	-	-0.09%	2.49
Less: Inter-company adjustments/eliminations	-1.24%	258.37	-1.01%	29.48	0.00%	-	-1.01%	29.48
Total	**100.00%**	**(20,854.94)**	**100.00%**	**(2,915.11)**	**100.00%**	**(0.35)**	**100.00%**	**(2,915.46)**

*The above amounts / percentage of net assets and net profit or (loss) in respect of Mahanagar Telephone Nigam Limited and its subsidiaries are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

59 Assets pledged as security

(Rs. in crores)

Particulars	31 March 2023	31 March 2022
Current		
Pari-passu charge		
Inventories	4.25	6.55
Trade receivables	575.94	662.36
Cash and cash equivalents	146.52	77.25
Other bank balances	154.48	12.04
Loans	15.41	3.08
Other financial assets	4,563.30	4,599.32
Other currents assets	256.27	365.93
Total current assets pledged as security	**5,716.17**	**5,726.53**
Non-current		
Pari-passu charge		
Apparatus & plant	995.53	1,158.17
Vehicle	0.61	0.86
Furniture & fixtures	7.13	7.51
Office machinery & equipment	1.42	1.60
Electrical appliances	13.27	14.40
Computers	16.18	16.47
Total non-currents assets pledged as security	**1,034.14**	**1,199.01**
Total assets pledged as security	**6,750.30**	**6,925.54**

60 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(Rs. in crores)

	Particulars	31 March 2023	31 March 2022
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	54.64	98.08
(ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	30.81	22.01
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	Nil	Nil

The Group is in the process of seeking confirmation from its vendors regarding their status under the Micro, Small and Medium Exterprises Development Act, 2006. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

60A The Parent is covered under Section 135 of the Companies Act, 2013 and accordingly constituted a Corporate Social Responsibility Committee of the Board. However, as the Parent did not have average net profits based on the immediately preceding three financial years, the Parent is not required to spend amounts towards Corporate Social Responsibility in terms of the 2013 Act.

60B During the year the Group has made expenditure in foreign currency equivalent to Rs. 1.39 crores (previous year Rs. 4.40 crores). Whereas earnings in foreign currency are Rs. 4.45 crores (previous year Rs. 2.63 crores).

61 Revenue from Contracts with Customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

(i) Identify the contract(s) with customer;

(ii) Identify separate performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when a performance obligation is satisfied.

The Group has adopted the standard on 1 April 2018 using modified retrospective approach with a cumulative catch-up adjustment made in retained earnings at the beginning of the current financial year, ie, 1 April 2018 as if the standard had always been in effect. The standard is applied only to contracts that are not completed as at 1 April 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any adjustments to the Group's revenue or net income.

(i) Revenue recognised in relation to contract assets and contract liabilities

Changes in contract assets: **(Rs. in crores)**

Description	Year ended 31 March 2023
Contract assets at the beginning of the year	132.59
Add: revenue recognised during the year	905.24
Less: invoices raised during the year	(891.16)
	146.67

Changes in contract liabilities: **(Rs. in crores)**

Description	Year ended 31 March 2023
Contract liabilities at the beginning of the year	449.42
Less: performance obligations satisfied in current year	(542.57)
Add: advance received during the year	486.55
	393.40

(ii) Disaggregation of revenue: **(Rs. in crores)**

Description	Amount
Revenue from:	
- Fixed telephone income	421.61
- Enterprise business	241.27
- Mobile services	118.15
- Others	154.21
	935.23

(iii) Assets and liabilities related to contracts with customers **(Rs. in crores)**

Description	As at 31 March 2023		As at 31 March 2022	
	Non-current	Current	Non-current	Current
Contract assets				
Unbilled receivables	-	146.67	-	132.59
Contract liabilities				
Advance from customers	-	319.53	-	354.66
Deferred income	55.69	10.79	65.52	18.20
Deferred activation/ installation charges	6.98	0.41	8.58	2.47

62 Additional disclosures as per the requirements of Division II of Schedule III to the Act

A The Holding Company is in possession of multiple immovable properties which were taken on lease by Department of Telecommunications ('DoT') prior to incorporation of MTNL. On 30 March 1987, both DoT and MTNL entered into a sale deed for transfer of the several movable and immovable assets from DoT to MTNL. The said transfer included the leasehold lands and buildings which are now in possession of MTNL since the execution of sale deed . These leasehold immovable properties have not been mutated or renewed in the name of MTNL till date. However, considering MTNL is a Public Sector Undertaking ('PSU'), the sale deed not registered at that time and executed by DOT is deemed to have been registered for the purpose of transfer of all such assets in terms of section 90 of the Indian registration act, 1908. Accordingly, in the light of above, it is deemed that the immovable properties under lease, although not in the name of the MTNL and the unregistered sale deed dated 30 March 1987 is deemed execution of all leases in favor of MTNL by Government and stamp duty payable, if any, will be borne and paid by Government as and when any such occasion arises as per sale deed.

2. For following properties in Mumbai, acquired by the company after 01-04-1986, the tile deed/lease agreements are not in the name of company and the title is vested with the issuing authority in case of freehold properties and lease agreement is executed on behalf of GOI/P&T/DOT/POI. In respect of Delhi for the properties acquired after 1-4-1986 (53 properties) are deemed to have been registered as conveyed by DDA .

Description of property	Type of Properties	Gross Carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company*	Remarks
PPE							
JUHU DANDA	Freehold Land	0	GOI/P&T	No			Letter of DOT is avialable on records for allotement of plot in favour of MTNL.
Bandra Reclamation	Freehold Building	10983418	Bombay Housing and Area Development Board	No			MHADA Allotment letter is avialabe on records for allotemnt of land.
Magathane, Borivali(E)	Freehold Building	4270028	Bombay Housing and Area Development Board	No			MHADA Allotment letter is avialabe on records for allotemnt of land.
Right to Use properties							
Purchase Cost Land from MHADA (Akurli)	Leasehold Land	6389373	MHADA	No			MHADA Allotment letter is avialabe on records for allotemnt of land.
Purchase of land & Bldg.at Taloja NEW BOMBAY	Leasehold Land	196200	POI	No			Lease Agreement executed by MTNL on behalf of President of India.
PANVEL	Leasehold Land	-	POI (P&T)	No			Permisssion letter from Panvel Municipal Corporation is available on records.

3. In Delhi one leasehold properites and in Mumbai Eleven freehold and leasehold land properites have been encroached by the various persons in respect of which matter is either pending in court or perusing with the various authorities for clearing the encroachment.

B The Holding Company had transactions during the year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

Name of the Company	Nature of transactions with struck company	Balance outstanding	Relationship with struck off company
Ashoka Hotels Private Limited	Trade payables	0.13	Vendor
Indian Air Conditioning Private Limited	Trade payables	0.04	Vendor
Raj Motors Private Limited	Trade payables	0.00	Vendor

63 Financial Ratios

This requirement is not relevent at this CFS level and hence not disclosed here.

64 Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the company and the landed properties acquired from DOT have not been transferred in the name of the company and in the case of leasehold lands. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 01 April 1986, the documentation shall be contemplated at the time of sale or disposal as and when effected. In certain cases of freehold and leasehold land, the company is having title deeds which are in the name of the Company but the value of which are not lying in books of accounts.

65 Department of Telecommunications (DOT) vide letter No. P-11014/19/2008-PP(Pt.I) dt. 28/12/2012 has levied One Time Spectrum Charges (OTSC) for the GSM and CDMA spectrum on MTNL. The charges also includes the spectrum given on trial basis to the extent of 4.4 MHz in 1800 MHz frequency. For the period from 01/07/2008 to 31/12/2012, initial 6.2 MHz spectrum was kept free and for the period from 01/01/2013 onwards, initial 4.4 MHz spectrum has been kept free. The calculations are further subject to change in accordance with the changes in the quantum of spectrum held by MTNL and the remaining valid period of license as per DOT. MTNL has surrendered some of the spectrum allotted on trial basis and does not require to pay for CDMA spectrum since it holds only 2.5 MHz spectrum in respect of CDMA. DOT has been apprised of the same and the matter is still under correspondence. Apart from this, the issue of charges for spectrum given on trial basis is also to be decided. Further MTNL has finally surrendered CDMA spectrum w.e.f. 28 February 2016. DOT has demanded an amount of Rs. 3,205.71 crores from MTNL on account of OTSC.

Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators and is sub judice as on date whereas MTNL's case is also to be decided by DOT on the basis of outcome of the court case and the spectrum surrendered or retained. The finalisation of charges and the modalities of payment are therefore to be crystallized yet and as on date the position is totally indeterminable as to the quantum of charges and also the liability if any. Pending final outcome of the issue which itself is sub judice and non finality of quantum of charges payable, if at all, to DOT, no provision is made in the books of accounts as the amount is totally indeterminable. However the contingent liability of Rs. 3,205.71 crores is shown on the basis of the demand raised by DOT in respect of GSM which is very old and not insisted till date. As per industry related issue in litigation and TDSAT judgment there upon the estimated liability could not be more than Rs. 455.15 crore. As there is no further demand after the demand of Rs. 3205.71 cr dt. 08/01/2013 till now, the contingent liablity aslo, if the same fructified, can not be more than Rs. 455.15 crore. As such the same is disclosed accordingly.

66 Certain claims in respect of damaged/lost fixed assets and inventory has been lodged with Insurance Companies by MTNL but the settlement of the claims is pending. Final adjustment in respect of difference between amount claimed and assets withdrawn will be

made in the year of settlement of claim.

67 The Parent had claimed benefit under section 80IA of the Income Tax Act, 1961 for the financial year from 1996-97 to 2005-06. The appellate authorities have allowed the claim to the extent of 75% of the amount claimed. The Parent has preferred appeals for the remaining claim before the Hon'ble Court of Delhi. The Parent has retained the provision of Rs. 375.96 crores (previous year Rs. 375.96 crores) for this claim for the assessment years 1998-99, 1999-00 and 2000-2001, however, the demands on this account amounting to Rs. 243.22 crores (previous year Rs. 243.22 crores) for the assessment years 2000-01 to 2006-07 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80IA of Income Tax Act, 1961.

68 Litigations

a) The arbitrator, Mr. A. P. Shah published the award on 03.03.2022 against MTNL for Rs. 160 crores with simple interest payable @6% P.A. from 21-10-1993 and Rs.61,14,000/- was also awarded to Canara Bank and Rs.32,49,500/- to CANFINA as costs. MTNL filed OMP (COMM) No.312 of 2022 before Hon'ble Delhi High Court to set aside the Award along with an IA No.14319 0f 2022 seeking unconditional stay on the operation of said award. Further Canara Bank and Canfina also filed applications for enforcement of said award dated 03.03.2022. Canara Bank's- OMP (ENF) (COMM) NO.147 of 2022 and CANFINA's OMP (ENF) (COMM) NO.155 of 2022. Hon'ble HC deferred the hearing of MTNL's OMP (COMM) No.312 of 2022 along with Canara Banks OMP and Canfina OMP to 18.07.2023. The amount of award along with interest to the tune of Rs.443.78 crores therefore has been disclosed as contingent liability.

b) MTNL entered into contracts with M/s. M & N Publications Limited for printing, publishing and supply of telephone directories for Delhi and Mumbai unit for a period of 5 years starting from 1993. After printing and issue of 1993 (main & supplementary) and 1994 main directory, M/s. M & N Publications Ltd terminated the contract prematurely on 04 April 1996. MTNL, Mumbai & Delhi invoked Bank Guarantees on 09 April 1996, issued Legal Notice on 22 July 1996 and terminated the contract. Sole Arbitrator has been appointed by CMD, MTNL. The Sole Arbitrator has since given his award on 09 April 2013 partly in favour of MTNL, Mumbai and on 31 July 2013 in favour of MTNL, Delhi. The claim and counter claim under arbitration will be accounted for in the year when the ultimate collection/payment of the same becomes reasonably certain. M/s.M&N Publications has approached the Bombay & Delhi High Courts against the arbitration awards and MTNL also approached the Bombay & Delhi High Courts for balance amount due. The claim of Rs. 65.04 crores on this account has been shown as contingent liability in Delhi unit.

c) As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai Rs. 124.93 crores and Rs. 33.99 crores in 2004-05 and 2005-06 respectively against the claim of Rs. 158.92 crores. The Parent has recognised the amount realized as revenue in the respective period. The Hon'ble TDSAT has ordered for refund of Rs. 96.71 crores. MTNL has filed a Civil Appeal and application for stay of operation of the order of TDSAT in the Hon'ble Supreme Court of India in which Supreme Court directed on 08 May 2014 that

TDSAT will review the impugned order on seeking of it by appellant. MTNL filed review application which had been disposed off by Hon'ble TDSAT vide order dated 27 May 2014 on which MTNL filed CWP no.022764 dated 16 July 2014 in Hon'ble Supreme Court and the same is pending. Meanwhile UASL operator also filed appeal in Hon'ble Supreme Court. The claim of Rs. 96.71 crores on this account has been shown as contingent liability.

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

e) In respect of Mobile Services Delhi, a sum of Rs. 25.78 crores claimed by TCL towards ILD charges for the period Oct-09 to March-10 has not been paid due to heavy spurt in ILD traffic towards M/S TCL. On technical analysis it was found that these calls were made to some dubious and tiny destination. These destinations do not confirm to international numbering plan of the respective countries and are not approved destinations as per approved interconnect agreement. Further these calls have not got physically terminated to the destinations. The observations were shared with M/S TCL. M/S TCL has also been advised that the balance, which relates to fraudulent calls, is not payable and accordingly no provision has been made in the books of accounts. The matter was handed over to the committee for investigation. Subsequently M/S TCL filed a case in Hon'ble TDSAT for recovery of the amount, decision for which is awaited. The claim of Rs. 25.78 crores on this account has been shown as contingent liability. In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management perceives that these legal actions, when ultimately concluded and determined, will not have any material impact on the Group's financial statements.

69 Settlements with BSNL:

The amount recoverable from BSNL is Rs. 5,713.65 crores (previous year Rs.5,675.92 crores) and amount payable is Rs.2,174.76 crores (previous year Rs. 2,151.01 crores). The net recoverable of Rs. 3,538.89 crores (previous year Rs. 3,524.91 crores) is subject to reconciliation and confirmation. The carrying value of the net recoverable from BSNL is Rs. 3,535.34 crores (previous year - Rs. 3,521.50 crores) measured at amortised cost.

70 Subscribers' dues and deposits:

Other current liabilities include credits on account of receipts including service tax/GST from subscribers amounting to Rs. 88.70 crores (previous year Rs.71.08 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax/GST, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.

71 The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation.

72 The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods.

73 In case of Mumbai unit of the Parent, the balances with non-scheduled banks comprise of:

Particulars	31 March 2023	31 March 2022
Indira Sahakari Bank Limited	0.56	0.56
(account closed, considered doubtful)	(0.56)	(0.56)

74 Settlements with DoT:

a) Amount recoverable from DoT is Rs.641.40 crores (previous year Rs.635.81 crores) and amount payable is Rs.517.36 crores (previous year Rs. 454.46 crores). The net recoverable of Rs.124.04 crores (previous year Rs.181.34 crores), (including Rs.0.15 crores against ex-gratia (Previous year Rs.0.15 crores)), Out of which Rs.123.89 Crores (Previous year Rs.181.19 crores) is subject to reconciliation and confirmation . There is no agreement between the MTNL and DoT for interest recoverable/payable on current account. Accordingly, no provision has been made for interest payable/receivable on balances during the year except charging of interest on GPF claims receivable from DoT.

b) Deposits from applicants and subscribers as on 31 March 1986 were Rs. 81.32 crores (previous year Rs. 81.32 crores) in Mumbai unit as intimated provisionally by DoT. At the year end, these deposits amounted to Rs. 103.28 crores (previous year Rs. 103.28 crores), the difference being attributable to connections/refunds granted in respect of deposits received prior to 31 March 1986. Balance on this account still recoverable from DoT is Rs. 55.85 crores (previous year Rs. 55.85 crores).

c) The total provision for Leave encashment is Rs. 236.91 crores up to 31 March 2023 (previous year Rs. 226.74 crores). Out of this, an amount of Rs. 45.49 crores (previous year Rs. 45.49 crores) and Rs. 43.37 crores (previous year Rs. 43.37 crores) is recoverable from DOT in respect of Company C & D and Company B employees respectively for the period prior to their absorption in MTNL.

d) An amount of Rs.6.52 crores (previous year Rs. 6.52 crores) towards GPF contribution is recoverable from DOT as on 31 March 2023. The amount pertains to Company C& D and Company B employees absorbed in MTNL w.e.f. 01 November 1998 and 01 October 2000 respectively.

75 As per gazette notification no.GSR 138(E) dated 3rd March 2014 pensionary benefits in respect of absorbed combined service pension optees are being paid by the Government of India on BSNL pay scales. Gratuity provision for other than combined service pension optee employees of MTNL, and Leave Encashment provision for all of the employees of MTNL has been made on the basis of actuarial valuation.

76 There is no indication of any impairment of assets of the Company, on the basis of the company as a whole as a CGU under Indian Accounting Standards - 36 "Impairment of assets" as specified under Section 133 of the Companies Act, 2013.

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

78 Debenture Redemption Reserve: Being a listed company and mode of issue of debentures is private placement basis, there is no adequacy to maintain Debenture Redemption Reserve (DRR) under Rule 18 (7) (b) (iii) (B) B of Companies (Share Capital and Debenture) Rules, 2014.

79 There is no amount which is required to be transferred to Investor Education and Protection Fund by the Paremt.

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

81 The Bank Reconciliation Statements as at 31 March 2023 include unmatched/unlinked credits amounting to Rs. 3.68 crore (previous year Rs. 3.68 crore) and unmatched/unlinked debits Rs. 1.13 crore (previous year Rs. 0.01 crore) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.

82 The Group has incurred a loss of Rs (2915.11) crores during the period under report. The company has been incurring continuous losses since year 2009-10 (except in FY 2013-14) and the net worth has been fully eroded for the year under report. Considering the continuous losses and negative net worth, the management has made an assessment of its ability to continue as a going concern. In pursuance DoT letter No. F. No. 30-04/2019-PSU Affairs dated 29th October, 2019 and decision of Board of Directors of MTNL through circular regulation on 04th November 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 04th November 2019 under which 14,387 number of MTNL employees of all grades opted and granted VRS to reduce the legacy staff costs inherited on account of absorption of employees recruited under government w.e.f. 01.11.1998 and also on 01.10.2000 and the expenditure of ex-gratia on account of compensation was borne by the DOT/Government of India through budgetary supports as per approval of cabinet. The company therefore reduced the staff expenses by more than 75 % which will help the company to reduce its costs and also thereby losses. Besides, the Government has approved the monetization of the lands and buildings of the company with assistance from DIPAM in order the get rid of the huge debt burden on the company. The monetization of land and buildings of the company is in process.

In addition to this, Government has approved providing 4G license to BSNL and an infusion of fresh capital by the Government in lieu of granting 4G license is also being done. As per the deliberations, the maintenance and running of MTNL wireless network is also to be done by BSNL from 01.04.2021 (in the case of Delhi) and from 01.09.2021 (in the case of Mumbai) onwards to improve the quality of services and also the launching of 4G services of MTNL as and when BSNL launches which also is likely to stabilize the revenue streams. The government has provided a sovereign guarantee for the issuance of NCD to MTNL vide F.No. 12(16)-B (SD)/2020 dt. 08/07/2020 for Rs. 6,500 crores. Accordingly, MTNL raise bonds for Rs. 6,500 crore in FY 2020-21, and further support from Govt. is also under consultation for the grant of sovereign guarantee to MTNL by the Government of India so that till the time the monetization process is completed and the debt burden is reduced, MTNL can continue its operations smoothly without any issue. Since, Qtr IV of 2019-20 till date Company's EBIDTA is positive and this is likely to improve further to reduce its negativity in net worth in the future.

Besides these, DOT issued directions to all govt. departments and Ministries to use MTNL services invariably which would pave the way for revenue increase. Recently, As per F.NO.20-28/2022-PR dated 2nd August, 2022, the Union Cabinet in its meeting held on 27.07.2022 has approved the raising of Sovereign Guarantee bonds for MTNL with a tenure of 10 years or more for an amount of Rs. 17,571 crores for the next two financial years i.e. 2022-23 & 2023-24 with waiver of guarantee fee to repay its high-cost debt and restructure it with new sustainable loan. Out of which bonds to the tune of Rs. 10,910 crs has been raised during the year. Also in view of such unsustainable debts of MTNL, a committee of Secretaries will be constituted by the Govt. to examine matters such as asset monetization, AGR dues, debt restructuring etc. for further course of action for the merger of MTNL & BSNL. The government will provide budgetary support of Rs. 1851 crores for this restructuring and operational integration. Also, BSNL will provide all telecom services in Delhi & Mumbai through leasing of operational assets or other appropriate models. Once operations are fully taken over by BSNL in Delhi & Mumbai, MTNL would be left with land/building assets which it will continue to monetize through NLMC to discharge its loan liabilities. All of the above, aspects are considered by the management while preparing the financial statements, and an assessment of its ability to continue as a going concern is made accordingly as required in SA (570) and Para 25 & 26 of Ind AS 1 "Presentation of Financial Statements".

83 The amount recoverable from Reliance Communication and Reliance Infratel is Rs. 62.78 crores and Rs. 5.28 crores. The companies are under insolvency proceedings before Hon'ble NCLT under IBC, 2016. The provision/write-off against the outstanding dues will be considered on final decision in this matter.

84 The maintenance and running of MTNL wireless network has been handed over to BSNL as an outsource agency from 01.04.2021 (in case of Delhi) and from 01.09.2021 (in case of Mumbai) onwards to improve the quality of services. MTNL has initiated the process for raising the claims for gap funding. It is likely to be concretized in the next financial year and the financial impact of same, if any, will be accounted for on finalisation of operational modalties.

85 BSNL brought out a case of settlement of Rs 29.51 crores in respect of PCM links for the period from 2008-09 to 2018-19 during the year , which were cases of surrendered or non working PCM links . The same were under dispute and were got reviewed during the year through a joint committee of MTNL & BSNL and a provisional claim of Rs 34.67 crores is intimated by BSNL. The verification of BSNL claim by MTNL and the accepatance of the same is under process. Pending verification of claim, MTNL has made provision for disputed claim in the current financial year and the further impact, if any, will be accounted on final verification and settlement of dispute.

86 License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR, the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement. The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of Rs. 140.36 crores on this account upto the year 2011-12 has been included in contingent liability. DOT has assessed the LF calculated on the basis of AGR of MTNL. The payables towards license fees and spectrum usage charges have been adjusted with excess pension payouts to Combined Pensioners Optees recoverable from DOT in respect of which matter is under consideration and correspondence in going on between the Company and DOT. The License agreement between Company and DOT does not have any guidance on change in method of calculation of Adjusted Gross Revenue (AGR) due to migration to Ind-AS from I-GAAP. Provisioning and payment of liability in respect of license fees and spectrum usage charges payable to DOT has been done on the basis of Ind-AS based financial statements. The amount of difference in computation of Adjusted Gross Revenue (AGR) is under consideration of DOT.

Further, DOT has disallowed certain deductions claimed in the AGR e.g. PSTN charges, IUC payment to other operators etc. The deductions claimed in AGR were disallowed for want of documents from MTNL. MTNL has submitted the documents and the revision of assessment of LF is pending at the end of DOT. The provision assessment order of LF from 2006-07 to 2020-21 and SUC from 2011-12 to 2020-21 issued by DOT shows demand of Rs. 4,038.97 crores. The assessment is under revision in view of documents submitted by MTNL to CCA/ DOT. However an amount of Rs. 4,038.97 crores is shown as contingent liability. The list of LF related contingent liability is shown hereafter. Calculation of LF demand is not feasible to include in the notes. The Detail of LF Contingent Liability towards License Fee payable to DOT is given below.

MTNL Corporate Office
Detail of LF Contingent Liability of Licence Fee payable to DOT

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
1	17-90/2005/LF	31-Jul-12	2006-07	9.09
2	17-14/2013/LF	12-May-14	2007-08	214.24
3	17-14/2012/LF	3-Dec-12	2007-08	136.36
4	17-14/2013/LF	12-May-14	2008-09	146.71
5	17-14/2013/LF	12-Mar-13	2008-09	22.52
6	17-18/2013/LF	16-Jun-14	2009-10	144.26
7	17-18/2013/LF	19-Mar-13	2009-10	20.29
8	17-34/2013/LF	24-Jul-14	2010-11	40.94
9	17-19/2016/LFA	3-Oct-16	2011-12	76.29
10	17-34/2013/LF II	20-Dec-16	2010-11	124.34
11	17-34/2013/LF II	20-Dec-16	2010-11	0.86
12	17-20/2016/LFA	27-Dec-16	2012-13	26.60
13	17-19/2016/LFA	6-Jan-17	2011-12	12.93
14	17-19/2016/LFA	6-Mar-17	2011-12	33.50
15	17-19/2016/LFA	6-Mar-17	2011-12	(0.00)
16	17-20/2016/LFA	27-Apr-17	2012-13	5.70
17	17-20/2016/LFA	27-Apr-17	2012-13	0.34
18	17-20/2016/LFA	28-Apr-17	2012-13	0.78
19	17-20/2016/LFA	20-Jul-17	2012-13	1.90
20	17-20/2016/LFA	20-Jul-17	2012-13	0.34
21	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	54.47
22	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	28.89
23	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.16
24	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.05
25	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	80.75
26	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	20.26
27	17-4/2017/LFA/MTNL	28-Sep-18	2013-14	0.01
28	17-7/2017/LFA/MTNL	22-May-19	2014-15	197.66
29	17-7/2017/LFA/MTNL	22-May-19	2014-15	127.74
30	17-7/2017/LFA/MTNL	22-May-19	2014-15	5.80
31	17-7/2017/LFA/MTNL	22-May-19	2014-15	0.09
32	17-7/2017/LFA/MTNL	22-May-19	2014-15	337.08
33	17-7/2017/LFA/MTNL	22-May-19	2014-15	64.96
34	17-7/2017/LFA/MTNL	22-May-19	2014-15	7.16
35	17-43/2019/LFA/MTNL	28-May-19	2015-16	147.29
36	17-43/2019/LFA/MTNL	28-May-19	2015-16	134.41
37	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.73
38	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.06
39	17-43/2019/LFA/MTNL	28-May-19	2015-16	226.75
40	17-43/2019/LFA/MTNL	28-May-19	2015-16	77.51
41	17-43/2019/LFA/MTNL	28-May-19	2015-16	0.52
42	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	181.98
43	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	110.41
44	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	3.15
45	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	238.49
46	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	45.40
47	17-50/2019/LFA-MTNL	27-Jan-21	2016-17	8.35
48	17-51/2019/LFA-MTNL	27-Jan-21	2016-17	0.14
49	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	13.60
50	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	42.15
51	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	2.76
52	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	17.10
53	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	11.66
54	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	4.95
55	17-51/2019/LFA-MTNL	8-Mar-21	2017-18	0.07
56	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	9.04

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
57	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	0.57
58	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	-
59	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	3.38
60	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	2.89
61	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	0.07
62	17-51/2019/LFA-MTNL	30-Mar-21	2018-19	0.00
63	17-53/2021/LF- MTNL	6-Jan-22	2019-20	58.95
64	17-53/2021/LF- MTNL	6-Jan-22	2019-20	66.50
65	17-53/2021/LF- MTNL	6-Jan-22	2019-20	0.03
66	17-53/2021/LF- MTNL	6-Jan-22	2019-20	32.33
67	17-54/LFA/2021/MTNL	3-Mar-23	2020-21	57.74
68	17-54/LFA/2021/MTNL	3-Mar-23	2020-21	28.52
69	17-54/LFA/2021/MTNL	3-Mar-23	2020-21	56.63
70	17-54/LFA/2021/MTNL	3-Mar-23	2020-21	0.02
71	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	0.09
72	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	62.47
73	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	0.09
74	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	17.71
75	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	0.04
76	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	1.33
77	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	0.09
78	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	113.79
79	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	21.76
80	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	65.19
81	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2016-17	53.65
82	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2017-18	(1.52)
83	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2018-19	13.15
84	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2019-20	(1.63)
85	1-9/CCA/Rev/Spectrum/Assmt./MTNL/2018-19,2019-20&2020-21/11915-171864	17-Apr-23	2020-21	2.29
86	CCA/MUM/Comm/Spectrum/23	8-Nov-19	2010-11	51.09
87	CCA/MUM/Comm/Spectrum/	8-Nov-19	2011-12	45.65
88	CCA/MUM/Comm/Spectrum/	8-Nov-19	2012-13	27.28
89	CCA/MUM/Comm/Spectrum/62	13-Nov-19	2013-14	0.17
90	CCA/MUM/Comm/Spectrum/64	13-Nov-19	2014-15	7.99
91	CCA/MUM/Comm/Spectrum/	13-Nov-19	2015-16	0.10
92	CCA/MUM/Comm/Spectrum/	13-Nov-19	2016-17	30.96
93	CCA/MUM/Comm/Spectrum/	22-Aug-19	2017-18	-
	Total			**4,038.97**

For and on behalf of the Board of Directors

For SCV & Co. LLP
Chartered Accountants
FRN No. 000235N/N500089

For SPMG & Co.
Chartered Accountants
FRN No. 509249C

Sd/-
(Rajiv Kumar)
Director (Finance)
DIN 09811051

Sd/-
(Ratan Mani Sumit)
CO. Secy.

Sd/-
(CA Abhinav Khosla)
Partner
Membership No. 087010

Sd/-
(CA Mandeep Singh Arora)
Partner
Membership No. 091243

Sd/-
(Sultan Ahmed)
Chief Financial Officer
DIN 06619060

Sd/-
(R.K. Purwar)
Chairman & mananging Director
DIN 06619060

Place: New Delhi
Date: 29 May 2023

Annexures's to Directors Report (FY.2022-23) Standalone

Sr. No.	Qualification	Management Reply
i	The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the quarter and Year ended March 31, 2023 as well as in the previous year and the current liabilities exceeded the current assets substantially. Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II. However, the standalone financial results of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India. Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company had implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ₹ 6,500 crore in FY 2020-21 in line with cabinet note.	The Company has incurred a loss of Rs. 2,910.74 crores during the period under report. The company has been incurring continuous losses since year 2009-10 (except in FY 2013-14) and the net worth has been fully eroded for the year under report. Considering the continuous losses and negative net worth, the management has made an assessment of its ability to continue as a going concern. In pursuance DoT letter No. F. No. 30-04/2019-PSU Affairs dated 29th October, 2019 and decision of Board of Directors of MTNL through circular regulation on 04th November 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 04th November 2019 under which 14,387 number of MTNL employees of all grades opted and granted VRS on 31-1-2020 to reduce the legacy staff costs inherited on account of absorption of employees recruited under government w.e.f. 01.11.1998 and also on 01.10.2000 and the expenditure of ex-gratia on account of compensation was borne by the DOT/Government of India through budgetary supports as per approval of cabinet. The company therefore reduced the staff expenses by more than 75 % which will help the company to reduce its costs and also thereby losses. Subsequently in the year under report, the Government/cabinet has further constituted a committee of secretaries to look into the issues of MTNL including modalities of merger with BSNL and to come up with a a way forward. The note for committee of secretaries meeting is sent on 20.03.2023 to DOT which is under examination at DOT. The monetization of land and buildings of the company is in process through NLMC. Apart from this SG for raising bonds to the tune of Rs.10910 crs.in FY 22-23 and Rs.6661 crs in FY 23-24 was also accorded and bonds for Rs. 10910 crs were raised in the year under report catering to debt servicing requirements fully. As such the accounts are prepared on going concern basis.

Sr. No.	Qualification	Management Reply
ii	**<u>Bharat Sanchar Nigam Limited (BSNL):</u>** **a) <u>Bharat Sanchar Nigam Limited (BSNL):</u>** The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3535.34 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 standalone financial results of the Company. **b)** The Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 115.97 Crores has not been carried forward resulting in overstatement of Current Assets and understatement of loss to that extent. .	Management has taken up the matter of reconciliation of receivables from and payables to BSNL through a standing committee constituted by D.O.T. and also with DOT. In addition to the request to DOT to intervene, the matter has been taken up directly with BSNL also for reconciliation and confirmation of all such claims. In case of AFNET the dues upto 2022-23 of Rs. 21.92 crores were settled through mutual consultations with BSNL. As such, in the year under report also BSNL settled the service connection issues and also certain other claims of tele-com revenue. Besides IUC and roaming charges payable between MTNL & BSNL were already settled after BSNL & MTNL agreeing to the applicable rates in the year under report. All such issues now are under settlement mode, since both being PSUs under DOT, and management of both being common and also wireless operations of MTNL were already taken over by BSNL and merger with BSNL is also under review of govt. In view of above, no impact is anticipated at this stage and, besides in view of ongoing synergy no such ascertainable impact is likely to crop up in future also. **b)** The major portion of Rs 107 crs out of Rs. 115.97 crores pertains to BSNL . The amount of Rs. 51.65 crores pertains to CENVAT credit of pre POTR regime which allowed payment by BSNL to service tax dept. only when it is paid for the invoices and remaining amount pertains post POTR regime when payment of service tax was to be made while raising invoice itself. As service tax credits including Pre & Post POTR credits were lapsed ,due to non settlement, on inception of GST regime the method of settlement is under review. As such management has considered the issue in its entirety and the matter is under mutual deliberations between BSNL & MTNL for arriving at mutually acceptable and tenable resolution to the issue. On conclusions of the same, appropriate action will be taken in 2023-24 on this issue.

Sr. No.	Qualification	Management Reply
iii	The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 124.04 Crores, Out of which Rs. 123.89 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 standalone financial results of the Company	Management has taken up the matter of reconciliation and settlement of amounts which ever are not confirmed with the Administrative ministry. However, there are recoverable amounts particularly claims on account of old bonds and other miscellaneous claims which are clearly identified and processed for settlement with DOT. The matter has been taken up with highest level of officers of DOT for reconciliation and confirmation. The issue of settlement of earlier period bonds related claims is also in progress in D.O.T through high level committee and Member (Fin.) had directed to send the claim papers duly certified by Director(Fin) of MTNL, which is also under review. DoT settled MTNL claims including service connections, CGESIS etc . in the year under report and it is also expected that similar action will be taken by DoT in respect of other claims including leave encashment also. In view of above the balances of DOT both receivables and payables are constantly under review and are being settled also. Besides DOT, as administrative ministry has been striving extraordinarily for revival of MTNL and settlement its issues. Therefore due to all these acts, the reconciliation being an ongoing process which is on and accordingly the management does not perceive any impact on this count.
iv	Up to 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 up to financial year 2011-12 by way of contingent liability of Rs. 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent.	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. Necessary action can be taken only after reconciliation is completed this is going on. Till such reconciliation is completed there will be no ascertainable impact in both companies. As such there is no scope for quantification without actual known liability. In addition it is to apprise that DOT has initiated process of reconciliation and assessment and also contemplating an early settlement to all license fee related issues in a phased manner and with the approval of govt. On review and obtaining the reconciled figures from DOT in respect of AGR issues completely and committee of Secretaries constituted for all MTNL issues including AGR/LF issues reviewing the same for a way forward the issue will attain finality. As such, there is no effective or ascertainable impact at this stage.

Sr. No.	Qualification	Management Reply
v	Except for the impairment loss of assets of CDMA units provided in earlier years, no adjustment has been considered on account of impairment loss, if any, during the year, with reference to Indian Accounting Standard – 36 "Impairment of Assets" prescribed under Section 133 of the Act. 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 quarter and the year ended March 31, 2023, accumulated balance of other equity and also the carrying value of the cash generating units.	The impairment testing is being done in respect of MTNL as a whole as CGU and the same is carried out at the end of every year and as per test carried for the period ending 31.3.2023, there is no impairment loss and there are also no specific indicators of such loss. Incurring of recurring losses is although an indicator for going for impairment testing in case of assets, it is not necessary that assets should also get impaired on account of losses as the losses are primarily due to extraneous reasons viz. not having 4-G to render effective and sought after mobile services and also dwindling wire-line revenues due to quantum shift of subscriber calling pattern from wire-line to wireless etc. not attributable to the efficiency of assets earning capacity or impairment of the value in use of the related assets. In view of above according to management there may not be any impact on this count.
vi	The Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and others parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, 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 standalone financial results are not ascertainable and quantifiable.	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 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 needed from them. Since the payables and receivables are settled as stated above and the same is a continuous process and also as there are specific disputes brought to compass notice as to the quantum of payables or receivables from excess as provided in books or disclosed in contingent liability. There is no impact other than disclosed in financial statemetnts.

Sr. No.	Qualification	Management Reply
vii	Unlinked credit of Rs. 88.69 Crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the standalone financial results are not ascertainable and quantifiable.	The non matching is basically due to the non identification of the subscribers for want of their customer account numbers not available due to wrong or non provision of the same at the time of payment or due to wrong punching of it in the customer records. Besides it is a continuous process and necessary adjustments entries, if any, will be made on reconciliation, if necessary. Besides the reconciliation is constantly under process and same will be completed in due course of time and amount will be booked to correct head of account. Since this is purely accounting classification matter, no impact will be there.
viii	Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.	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 got reduced and capitalised pertaining to previous years. However further efforts will be mopped up in 2023-24 also. In view of above and also the ongoing process of capitalisation of old to oldest WIP, management does not expect that there could be any impact and thereby the same is also not ascertainable at this stage.

Sr. No.	Qualification	Management Reply
ix	Department of Telecommunication (DOT) had raised a demand of Rs. 3,313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of license already elapsed and also for the remaining valid period of license including spectrum given on trial basis. As explained the demand for spectrum usage for CDMA for Rs 107.44 Crores has been withdrawn by DOT 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, crystallization of issue by the DOT in view of the claim being contested by private operators 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 Rs. 3,205. 71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum alloted beyond 6.2 Mhz , directed Govt. to review the demand for spectrum alloted after 1-7-2008 and that too w.e.f 1-1-2013 in case the spectrum beyond 6.2 Mhz was allotted before 1-1-2013. As explained , as per the TDSAT orders also no further demand is raised till now and as per management based on TDSAT direction the demand ,if any, cannot be more than Rs 455.15 crores the same is considered 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 standalone financial results of the Company.	Dept. of Telecom has levied onetime spectrum charges for the GSM and CDMA spectrum on MTNL and the spectrum given on trial basis to the extent of 4.4 Mhz in 1800 Mhz frequency is also included the demand raised earlier on MTNL. As regards CDMA MTNL has surrendered spectrum allotted on trial basis in respect of GSM and does not require to pay for CDMA spectrum as the allotment was within allotted quantum and D.O.T. was apprised of the same and the demand of Rs.107.44 crores of CDMA was withdrawn on 28.10.2013. For GSM no notice or demand was raised for 2G(GSM) spectrum till date after initial demand dated 8/1/2013. Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators TDSAT directed vide judgment dated 4/7/2019 to review the OTSC, while setting aside the demands raised by DOT directed govt review the demand for spectrum allotted after 1/7/2008 and that too w.e.f 1/1/2013 in case the spectrum beyond 6.2 Mhz was allotted before 1/1/2013. Since MTNL spectrum was allotted much before 1/7/2018 as per TDSAT judgement dated 4/7/2019, the demand if any cannot be more than 415 crores. As no demand is raised by DOT after 4/7/2019 the contingent liability of Rs. 455 crores is disclosed although same is not expected to arise. However, the contingent liability of Rs.455.15 crores is estimated on the basis TDSAT judgement in this regard given in case filed by private operators.DOT will finalise the case on disposal of this litigation and action for MTNL will also be made clear by DOT on the same line. As such only contingent liability on the basis of the legal verdict available on estimation basis is made. Hence this issue gets resolved once final decision of govt. is taken. In view of above there is no impact expected in this regard.

Sr. No.	Qualification	Management Reply
x	The company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter. The actual impact of the same on the standalone financial results for the quarter and year ended March 31, 2023 has not been ascertained and quantified.	It is already instructed to charge GST vide IM 36 in all cases where there is no sub-meter. However, in cases where GST is not charged also there will be not be any loss or gain to the govt, as the charges of GST by MTNL and claim of ITC by tenants firms/company will be having neutralizing and nil effect. However IM 36 is reiterated and IM 36A is also issued to units to comply and further action will be taken on confirmation of not having meter in current year, if such instances are found out.
xi	The TDS on provision for Expenses (Accrued Liability) has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 have not been ascertained and quantified.	TDS is being deducted on vendors bills as and when credited when invoice are received. However if the liability provision is made on estimated basis at closing date of accounts, in the absence of any invoice or possibility of accurately assessing liability, provisional liability is being created in lump sum manner and the same is reviewed and reversed, if necessary, in the next year from accrued liability and credited to the vendor account as per actual transaction or invoice or confirmation. TDS will be deducted accordingly on receipt of invoice or credit to party account. This practice is being followed in MTNL consistently. The expert opinion from tax consultant also obtained in this regard and the consultant also opined that as no credit is given to vendor/ party in books and liability is being created on estimation basis no TDS is required to be deducted. Management does not perceive any impact on account of it and further review if necessary will be made in 2023-24 if necessary.
xii	The Company is making the provision for interest for late/non-payment to MSME vendors and the company has not complied with the provision of chapter XVII- B of Income Tax Act, 1961 on such provision for interest The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 is not ascertained and quantified.	As per section 2(28) of income tax act 1961 interest is defined as interest accrued on account of any debt deposit or any claim and the interest on delayed payments for purchases is not contemplated to be falling in the definition of interest on account of debt or deposit. Hence no such liability to deduct TDS in this regard arises. The expert opinion on this is received and is under review. In view of various judgements on this subject pronouncing that interest on delayed payments on purchases is not falling in the definition of section 2(28) of income tax act, 1961 and as opinion on consultant is under review, any further action if necessary will be considered by management in current financial year. However as per the settled law on the subject , TDS liability is not to arise as per the view of management and accordingly no impact is anticipated at this stage.

Sr. No.	Qualification	Management Reply
xiii	The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 33.52 Crores accrued during the year ended March 31st , 2023 respectively has not been recognized in Delhi unit in the standalone financial results. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the standalone financial results of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.	Rented income against BSNL is booked only if acceptance of BSNL is available after first inspection. However, where any dispute about building and area regarding title etc. there is no income is booked due to uncertainty of realization as well as a cognizable and covering agreement as to the liability of as per Ind AS between both companies. However, all such cases will be reviewed and the charging of rental will be done if no issues are there. Otherwise the issue will be referred to DOT for further guidance in view of going action plan for getting all issues of MTNL examined through committee of secretaries so that both companies will review and settle the issue. The impact if any is not ascertainable at this stage that too when the merger is on the anvil with Committee of secretaries to decide the way forward.
xiv	Company's investment in its associates "United Telecom Limited (UTL)" aggregating Rs. 35.85 Crores has been classified as 'Assets-held-for-sale' however, we have not been made available with the 'fair value less costs to sell' to arrive at the lower of 'carrying amount' and 'fair value less costs to sell' as required pursuant to the measurement principles enumerated in IND AS 105. On our review of the latest available financial statements of the UTL, we have noticed that the net worth has been fully eroded and is negative.Further, the said investment has been classified as Asset-held-for-sale since Year 2018, which is contrary to the recognition principles of IND AS 105 as the expected sale has not been completed within one year from classification. The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified.	As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and took legal option from local counsel of Nepal for enforcing the exit option and issued notice to UTL to hold BOD meeting to decide inter alia, this issue. Accordingly, the investment continued to be classified as 'held for sale'

Sr. No.	Qualification	Management Reply
xv	The company has not recognised for loss allowance for trade receivables as per the requirements of Ind AS109 “Financial Instruments” amounting to Rs.68.06 crores relating to companies which are under insolvency process and certain trade receivables amounting to Rs.11.55 crores pertaining to infrastructure business, wherein there is significant increase in credit risk. The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified	As per Accounting policy of MTNL, dues from operators are being considered for making provisions where recoverability is not possible. In all other cases where the proceedings are in vogue or absolutely going on , the review of recoverability is being done and provisions are not made unless there is absolute certainty about irrecoverability and this assessment of credit risk is an going process and as and when need arises provision shall be made accordingly. Hence no quantification is as such is ascertainable at this stage .

Annexures's to Directors Report (FY.2022-23) Consolidated

Sr. No.	Qualification	Management Reply
i	The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the quarter and Year ended March 31, 2023 as well as in the previous year and the current liabilities exceeded the current assets substantially. Furthermore, Department of Public Enterprises vide its Office Memorandum No. DPE/5(1)/2014-Fin. (Part-IX-A) has classified the status of the Company as "Incipient Sick CPSE". Department of Telecommunication (DOT) has also confirmed the status vide its issue no. I/3000697/ 2017 through file no. 19-17/2017 – SU-II. However, the standalone financial results of the Company have been prepared on a going concern basis keeping in view the majority stake of the Government of India. Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL. Further, the Company had implemented the Voluntary Retirement Scheme in FY 2019-20 resulted into reduction in Employees Cost and also raised funds by issuing Bonds for ◎ 6,500 crore in FY 2020-21 in line with cabinet note.	The Company has incurred a loss of Rs. 2,910.74 crores during the period under report. The company has been incurring continuous losses since year 2009-10 (except in FY 2013-14) and the net worth has been fully eroded for the year under report. Considering the continuous losses and negative net worth, the management has made an assessment of its ability to continue as a going concern. In pursuance DoT letter No. F. No. 30-04/2019-PSU Affairs dated 29th October, 2019 and decision of Board of Directors of MTNL through circular regulation on 04th November 2019, the MTNL Voluntary Retirement Scheme has been introduced with effect from 04th November 2019 under which 14,387 number of MTNL employees of all grades opted and granted VRS on 31-1-2020 to reduce the legacy staff costs inherited on account of absorption of employees recruited under government w.e.f. 01.11.1998 and also on 01.10.2000 and the expenditure of ex-gratia on account of compensation was borne by the DOT/Government of India through budgetary supports as per approval of cabinet. The company therefore reduced the staff expenses by more than 75 % which will help the company to reduce its costs and also thereby losses. Subsequently in the year under report, the Government/cabinet has further constituted a committee of secretaries to look into the issues of MTNL including modalities of merger with BSNL and to come up with a a way forward. The note for committee of secretaries meeting is sent on 20.03.2023 to DOT which is under examination at DOT. The monetization of land and buildings of the company is in process through NLMC. Apart from this SG for raising bonds to the tune of Rs.10910 crs.in FY 22-23 and Rs.6661 crs in FY 23-24 was also accorded and bonds for Rs. 10910 crs were raised in the year under report catering to debt servicing requirements fully. As such the accounts are prepared on going concern basis.

Sr. No.	Qualification	Management Reply
ii	<u>**Bharat Sanchar Nigam Limited (BSNL):**</u> **a)** <u>**Bharat Sanchar Nigam Limited (BSNL):**</u> The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3535.34 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 standalone financial results of the Company. **b)** The Company has not provided a provision for doubtful claims in respect of lapsed CENVAT Credit due to non-payment of service tax to service providers within the period of 180 days and due to transition provision under Goods and Service Tax (GST) where the aforesaid CENVAT credit amounting to Rs. 115.97 Crores has not been carried forward resulting in overstatement of Current Assets and understatement of loss to that extent. .	Management has taken up the matter of reconciliation of receivables from and payables to BSNL through a standing committee constituted by D.O.T. and also with DOT. In addition to the request to DOT to intervene, the matter has been taken up directly with BSNL also for reconciliation and confirmation of all such claims. In case of AFNET the dues upto 2022-23 of Rs. 21.92 crores were settled through mutual consultations with BSNL. As such, in the year under report also BSNL settled the service connection issues and also certain other claims of tele-com revenue. Besides IUC and roaming charges payable between MTNL & BSNL were already settled after BSNL & MTNL agreeing to the applicable rates in the year under report. All such issues now are under settlement mode, since both being PSUs under DOT, and management of both being common and also wireless operations of MTNL were already taken over by BSNL and merger with BSNL is also under review of govt. In view of above, no impact is anticipated at this stage and, besides in view of ongoing synergy no such ascertainable impact is likely to crop up in future also. **b)** The major portion of Rs 107 crs out of Rs. 115.97 crores pertains to BSNL . The amount of Rs. 51.65 crores pertains to CENVAT credit of pre POTR regime which allowed payment by BSNL to service tax dept. only when it is paid for the invoices and remaining amount pertains post POTR regime when payment of service tax was to be made while raising invoice itself. As service tax credits including Pre & Post POTR credits were lapsed ,due to non settlement, on inception of GST regime the method of settlement is under review. As such management has considered the issue in its entirety and the matter is under mutual deliberations between BSNL & MTNL for arriving at mutually acceptable and tenable resolution to the issue. On conclusions of the same, appropriate action will be taken in 2023-24 on this issue.

Sr. No.	Qualification	Management Reply
iii	The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 124.04 Crores, Out of which Rs. 123.89 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 standalone financial results of the Company	Management has taken up the matter of reconciliation and settlement of amounts which ever are not confirmed with the Administrative ministry. However, there are recoverable amounts particularly claims on account of old bonds and other miscellaneous claims which are clearly identified and processed for settlement with DOT. The matter has been taken up with highest level of officers of DOT for reconciliation and confirmation. The issue of settlement of earlier period bonds related claims is also in progress in D.O.T through high level committee and Member (Fin.) had directed to send the claim papers duly certified by Director(Fin) of MTNL, which is also under review. DoT settled MTNL claims including service connections, CGESIS etc . in the year under report and it is also expected that similar action will be taken by DoT in respect of other claims including leave encashment also. In view of above the balances of DOT both receivables and payables are constantly under review and are being settled also. Besides DOT, as administrative ministry has been striving extraordinarily for revival of MTNL and settlement its issues. Therefore due to all these acts, the reconciliation being an ongoing process which is on and accordingly the management does not perceive any impact on this count.
iv	Up to 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 up to financial year 2011-12 by way of contingent liability of Rs. 140.36 Crores instead of actual liability resulting in understatement of current liabilities and understatement of loss to that extent.	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. Necessary action can be taken only after reconciliation is completed this is going on. Till such reconciliation is completed there will be no ascertainable impact in both companies. As such there is no scope for quantification without actual known liability. In addition it is to apprise that DOT has initiated process of reconciliation and assessment and also contemplating an early settlement to all license fee related issues in a phased manner and with the approval of govt. On review and obtaining the reconciled figures from DOT in respect of AGR issues completely and committee of Secretaries constituted for all MTNL issues including AGR/LF issues reviewing the same for a way forward the issue will attain finality. As such, there is no effective or ascertainable impact at this stage.

Sr. No.	Qualification	Management Reply
v	Except for the impairment loss of assets of CDMA units provided in earlier years, no adjustment has been considered on account of impairment loss, if any, during the year, with reference to Indian Accounting Standard – 36 "Impairment of Assets" prescribed under Section 133 of the Act. 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 quarter and the year ended March 31, 2023, accumulated balance of other equity and also the carrying value of the cash generating units.	The impairment testing is being done in respect of MTNL as a whole as CGU and the same is carried out at the end of every year and as per test carried for the period ending 31.3.2023, there is no impairment loss and there are also no specific indicators of such loss. Incurring of recurring losses is although an indicator for going for impairment testing in case of assets, it is not necessary that assets should also get impaired on account of losses as the losses are primarily due to extraneous reasons viz. not having 4-G to render effective and sought after mobile services and also dwindling wire-line revenues due to quantum shift of subscriber calling pattern from wire-line to wireless etc. not attributable to the efficiency of assets earning capacity or impairment of the value in use of the related assets. In view of above according to management there may not be any impact on this count.
vi	The Company does not follow a system of obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, deposits with Government Departments and others, claim recoverable from operators and others parties and amount payables to trade payables, claim payable to operators, and amount payable to other parties. Accordingly, 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 standalone financial results are not ascertainable and quantifiable.	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 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 needed from them. Since the payables and receivables are settled as stated above and the same is a continuous process and also as there are specific disputes brought to compass notice as to the quantum of payables or receivables from excess as provided in books or disclosed in contingent liability. There is no impact other than disclosed in financial statemetnts.

Sr. No.	Qualification	Management Reply
vii	Unlinked credit of Rs. 88.69 Crores on account of receipts from subscribers against billing by the Company which could not be matched with corresponding receivables is appearing as liabilities in the balance sheet. To that extent, trade receivables and current liabilities are overstated. Pending reconciliations, the impact thereof on the standalone financial results are not ascertainable and quantifiable.	The non matching is basically due to the non identification of the subscribers for want of their customer account numbers not available due to wrong or non provision of the same at the time of payment or due to wrong punching of it in the customer records. Besides it is a continuous process and necessary adjustments entries, if any, will be made on reconciliation, if necessary. Besides the reconciliation is constantly under process and same will be completed in due course of time and amount will be booked to correct head of account. Since this is purely accounting classification matter, no impact will be there.
viii	Property, Plant and Equipment are generally capitalized on the basis of completion certificates issued by the engineering department or bills received by finance department in respect of bought out capital items or inventory issued from the Stores. Due to delays in issuance of the completion certificates or receipt of the bills or receipt of inventory issue slips, there are cases where capitalization of the Property, Plant and Equipment gets deferred to next year. We are unable to comment whether the Capital Work-in-progress (CWIP) shown in books in the current year are actually part of CWIP or have already been commissioned. The resultant impact of the same on the standalone financial results by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.	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 got reduced and capitalised pertaining to previous years. However further efforts will be mopped up in 2023-24 also. In view of above and also the ongoing process of capitalisation of old to oldest WIP, management does not expect that there could be any impact and thereby the same is also not ascertainable at this stage.

Sr. No.	Qualification	Management Reply
ix	Department of Telecommunication (DOT) had raised a demand of Rs. 3,313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of license already elapsed and also for the remaining valid period of license including spectrum given on trial basis. As explained the demand for spectrum usage for CDMA for Rs 107.44 Crores has been withdrawn by DOT 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, crystallization of issue by the DOT in view of the claim being contested by private operators 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 Rs. 3,205. 71 Crores has been disclosed as contingent liability till FY 2018-19 although no further demand is there from DOT till date. However as explained further, the TDSAT while setting aside the levy of OTSC on spectrum alloted beyond 6.2 Mhz , directed Govt. to review the demand for spectrum alloted after 1-7-2008 and that too w.e.f 1-1-2013 in case the spectrum beyond 6.2 Mhz was allotted before 1-1-2013. As explained , as per the TDSAT orders also no further demand is raised till now and as per management based on TDSAT direction the demand ,if any, cannot be more than Rs 455.15 crores the same is considered 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 standalone financial results of the Company.	Dept. of Telecom has levied onetime spectrum charges for the GSM and CDMA spectrum on MTNL and the spectrum given on trial basis to the extent of 4.4 Mhz in 1800 Mhz frequency is also included the demand raised earlier on MTNL. As regards CDMA MTNL has surrendered spectrum allotted on trial basis in respect of GSM and does not require to pay for CDMA spectrum as the allotment was within allotted quantum and D.O.T. was apprised of the same and the demand of Rs.107.44 crores of CDMA was withdrawn on 28.10.2013. For GSM no notice or demand was raised for 2G(GSM) spectrum till date after initial demand dated 8/1/2013. Besides, ab-initio, the very policy of levy of one time spectrum charges by DOT itself has been challenged by private operators TDSAT directed vide judgment dated 4/7/2019 to review the OTSC, while setting aside the demands raised by DOT directed govt review the demand for spectrum allotted after 1/7/2008 and that too w.e.f 1/1/2013 in case the spectrum beyond 6.2 Mhz was allotted before 1/1/2013. Since MTNL spectrum was allotted much before 1/7/2018 as per TDSAT judgement dated 4/7/2019, the demand if any cannot be more than 415 crores. As no demand is raised by DOT after 4/7/2019 the contingent liability of Rs. 455 crores is disclosed although same is not expected to arise. However, the contingent liability of Rs.455.15 crores is estimated on the basis TDSAT judgement in this regard given in case filed by private operators.DOT will finalise the case on disposal of this litigation and action for MTNL will also be made clear by DOT on the same line. As such only contingent liability on the basis of the legal verdict available on estimation basis is made. Hence this issue gets resolved once final decision of govt. is taken. In view of above there is no impact expected in this regard.

Sr. No.	Qualification	Management Reply
x	The company has recovered Electricity Charges from the tenants, on which liability for Goods and Services Tax (GST) has not been considered, as the expenses recovered without installing sub meter. The actual impact of the same on the standalone financial results for the quarter and year ended March 31, 2023 has not been ascertained and quantified.	It is already instructed to charge GST vide IM 36 in all cases where there is no sub-meter. However, in cases where GST is not charged also there will be not be any loss or gain to the govt, as the charges of GST by MTNL and claim of ITC by tenants firms/company will be having neutralizing and nil effect. However IM 36 is reiterated and IM 36A is also issued to units to comply and further action will be taken on confirmation of not having meter in current year, if such instances are found out.
xi	The TDS on provision for Expenses (Accrued Liability) has not been deducted under chapter XVII- B of Income Tax Act, 1961. The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 have not been ascertained and quantified.	TDS is being deducted on vendors bills as and when credited when invoice are received. However if the liability provision is made on estimated basis at closing date of accounts, in the absence of any invoice or possibility of accurately assessing liability, provisional liability is being created in lump sum manner and the same is reviewed and reversed, if necessary, in the next year from accrued liability and credited to the vendor account as per actual transaction or invoice or confirmation. TDS will be deducted accordingly on receipt of invoice or credit to party account. This practice is being followed in MTNL consistently. The expert opinion from tax consultant also obtained in this regard and the consultant also opined that as no credit is given to vendor/ party in books and liability is being created on estimation basis no TDS is required to be deducted. Management does not perceive any impact on account of it and further review if necessary will be made in 2023-24 if necessary.
xii	The Company is making the provision for interest for late/non-payment to MSME vendors and the company has not complied with the provision of chapter XVII- B of Income Tax Act, 1961 on such provision for interest The actual impact of the same on the standalone financial results for the quarter and the year ended March 31, 2023 is not ascertained and quantified.	As per section 2(28) of income tax act 1961 interest is defined as interest accrued on account of any debt deposit or any claim and the interest on delayed payments for purchases is not contemplated to be falling in the definition of interest on account of debt or deposit. Hence no such liability to deduct TDS in this regard arises. The expert opinion on this is received and is under review. In view of various judgements on this subject pronouncing that interest on delayed payments on purchases is not falling in the definition of section 2(28) of income tax act, 1961 and as opinion on consultant is under review, any further action if necessary will be considered by management in current financial year. However as per the settled law on the subject , TDS liability is not to arise as per the view of management and accordingly no impact is anticipated at this stage.

Sr. No.	Qualification	Management Reply
xiii	The income arising on account of rental income in respect of property occupied by the BSNL amounting to Rs. 33.52 Crores accrued during the year ended March 31st , 2023 respectively has not been recognized in Delhi unit in the standalone financial results. Further, the Goods and Services Tax (GST) has also not been considered in respect of income arising on account of rented property occupied by the BSNL for both Delhi and Mumbai unit. The accumulated impact on the standalone financial results of such income and liability under Goods and Services Tax (GST) for the current year and preceding years is not ascertained and quantified.	Rented income against BSNL is booked only if acceptance of BSNL is available after first inspection. However, where any dispute about building and area regarding title etc. there is no income is booked due to uncertainty of realization as well as a cognizable and covering agreement as to the liability of as per Ind AS between both companies. However, all such cases will be reviewed and the charging of rental will be done if no issues are there. Otherwise the issue will be referred to DOT for further guidance in view of going action plan for getting all issues of MTNL examined through committee of secretaries so that both companies will review and settle the issue. The impact if any is not ascertainable at this stage that too when the merger is on the anvil with Committee of secretaries to decide the way forward.
xiv	Company's investment in its associates "United Telecom Limited (UTL)" aggregating Rs. 35.85 Crores has been classified as 'Assets-held-for-sale' however, we have not been made available with the 'fair value less costs to sell' to arrive at the lower of 'carrying amount' and 'fair value less costs to sell' as required pursuant to the measurement principles enumerated in IND AS 105. On our review of the latest available financial statements of the UTL, we have noticed that the net worth has been fully eroded and is negative.Further, the said investment has been classified as Asset-held-for-sale since Year 2018, which is contrary to the recognition principles of IND AS 105 as the expected sale has not been completed within one year from classification. The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified.	As per article 12.19 (b) of the Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL, and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires the prior consent of other Investors. Further, at any such point of time or otherwise also, as per the exit clause in the agreement, any of the other Investors (India partners) other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 months' notice. Pursuant to this exit clause, the Company had issued notice to UTL on 30 January, 2018 for making an exit. The notice is valid uptil 30 April 2018 and subsequent to 30 April 2018, the local partner had sought a time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. However M/S NVPL vide its letter dated 31 March 2021, has sent a draft SPA and requested MTNL & other associates to submit response in respect of the draft Share Purchase Agreement ('SPA') for the acquisition of shares held by Indian Investors at face value of Nepalese Rupees 100 per share and also CFO of UTL reminded on e-mail on 17-06-2021 to return agreed SPA. MTNL and other partners submitted their consent to the SPA in September 2021. The same is in the process of finalization with Nepal authorities. In view of the inordinate delay in closing the issue all the Indian partners met and took legal option from local counsel of Nepal for enforcing the exit option and issued notice to UTL to hold BOD meeting to decide inter alia, this issue. Accordingly, the investment continued to be classified as 'held for sale'

Sr. No.	Qualification	Management Reply
xv	The company has not recognised for loss allowance for trade receivables as per the requirements of Ind AS109 "Financial Instruments" amounting to Rs.68.06 crores relating to companies which are under insolvency process and certain trade receivables amounting to Rs.11.55 crores pertaining to infrastructure business, wherein there is significant increase in credit risk. The impact of the aforesaid on the standalone financial results for the quarter and the year ended March 31, 2023 and on the statement of asset & liability as at 31st March 2023 has not been ascertained and quantified	As per Accounting policy of MTNL, dues from operators are being considered for making provisions where recoverability is not possible. In all other cases where the proceedings are in vogue or absolutely going on , the review of recoverability is being done and provisions are not made unless there is absolute certainty about irrecoverability and this assessment of credit risk is an going process and as and when need arises provision shall be made accordingly. Hence no quantification is as such is ascertainable at this stage .

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Azadi Ka Amrit Mahotsav

CONFIDENTIAL

No. Rep – PSU A/cs/F- 361 /MTNL/2022-23/ 30

OFFICE OF THE

Principal Director of Audit, Finance & Communication

Shamnath Marg, (Near Old Secretariat), Delhi-110054

Date: 22.08.2023

To

The Chairman and Managing Director,

Mahanagar Telephone Nigam Limited.

Delhi

Subject: Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Annual Accounts of MTNL for the year 2022-23.

Sir,

I am forwarding herewith the comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the Annual Accounts of MTNL for the Year 2022-23 for information and necessary Action.

Yours faithfully,

Encl : As above.

Sd-/
(Roli Shukla Malge)
Principal Director of Audit (Finance &Communication)

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31st MARCH 2023

The preparation of Financial Statements of Mahanagar Telephone Nigam Limited (MTNL) for the year ended 31st March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor/ 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 29th May 2023.

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 2023. 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

Assets

Non- Current Assets

Property Plant and Equipment-Rs. 2697.87 crore (Note 4)

1. The above head is understated by an amount of Rs. 6.96 crore recovered as liquidated damages which was not capitalized during the year. This also resulted in understatement of income by the same amount.

Current Assets

2. **Cash and Cash Equivalents Rs. 146.52 crore (Note 16)**

   The above head is overstated by an amount of Rs. 25.20 crore due to inclusion of fixed deposits tied up with banks as Performance Bank Guarantee. This also resulted in understatement of Non-Current-Other financial assets by the same amount.

3. **Contingent Liabilities-(Note 50)**

   The above head is understated by an amount of Rs. 101.23 crore due to non-inclusion of the demand raised by South Delhi Municipal Corporation on MTNL, in March 2021 towards property tax outstanding for the period from 2004-05 to 2020-21.

For and on behalf of the

Comptroller and Auditor General of India

Sd-/

Place: New Delhi **(Roli Shukla Malge)**
Date: 22 .08.2023 **Principal Director of Audit (Finance & Communication)**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31st MARCH 2023

Comments of CAG	Reply of MTNL Management
. The preparation of Financial Statements of Mahanagar Telephone Nigam Limited (MTNL) for the year ended 31st March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor/ 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 29th May 2023. 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 2023. 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** **Assets** **Non- Current Assets** **Property Plant and Equipment-Rs. 2697.87 crore (Note 4)**	
2. The above head is understated by an amount of Rs. 6.96 crore recovered as liquidated damages which was not capitalized during the year. This also resulted in understatement of income by the same amount.	The Liquidated damages recovered are being reduced from the corresponding expenses/ assets. LD are generally recovered on accounts of deficiency of service/supplies and this is being a deficiency in the services/supplies made by a vendors, the value of supplies/services is reduced to the extent of such deficiency as per P O.

	As per ICAI's guidance on Ind AS 16, the liquidated damages received from the contractor, which are directly identifiable with the project and mitigate extra project cost to be incurred by the entity, should be adjusted in the cost of the project. Taking reference from said guidance, the liquidated damages which are directly identifiable with the assets i.e Apparatus & Plants (A&P) are being adjusted with the cost of A & P. As such there is no understatement of Property plant & Equipment and income.
<u>Current Assets</u> **2. Cash and Cash Equivalents Rs. 146.52 crore (Note 16)** The above head is overstated by an amount of Rs. 25.20 crore due to inclusion of fixed deposits tied up with banks as Performance Bank Guarantee. This also resulted in understatement of Non-Current-Other financial assets by the same amount.	Noted for future compliance.
3. Contingent Liabilities-(Note 50) The above head is understated by an amount of Rs. 101.23 crore due to non-inclusion of the demand raised by South Delhi Municipal Corporation on MTNL, in March 2021 towards property tax outstanding for the period from 2004-05 to 2020-21.	The demand raised by the SDMC is not tenable as per MTNL. SDMC has been requested to furnish the complete property wise details on account of which the demand has been raised, but no response has yet been received from the SDMC. On receipt of complete details of the demand, MTNL shall decide the legal course of action against the said demand. In view of these facts there does not seems to be any valid reason to provide for any contingent liability against the said demand at this stage.

Sd/-

(Roli Shukla Malge)

Principal Director of Audit

(Finance & Communication)

Sd/-

(Sultan Ahmed)

GM (Finance)/CFO

MTNL CO

CONFIDENTIAL

No. Rep – PSU A/cs/F-377/MTNL/2022-23/ 31

OFFICE OF THE

Principal Director of Audit, Finance & Communication

Shamnath Marg, (Near Old Secretariat), Delhi-110054

Date: 22-08-2023

To

The Chairman and Managing Director,

Mahanagar Telephone Nigam Limited.

Delhi

Subject: Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Annual Accounts (Consolidated) of MTNL for the year 2022-23.

Sir,

I am forwarding herewith the comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the Annual Accounts of MTNL (Consolidated) for the Year 2022-23 for information and necessary Action.

Yours faithfully,

Encl : As above.

Sd-/
(Roli Shukla Malge)
Principal Director of Audit (Finance &Communication)

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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 2023

The preparation of consolidated financial statements of MAHANAGAR TELEPHONE NIGAM LIMITED for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act 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 29th May 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of Consolidated Financial Statements of MAHANAGAR TELEPHONE NIGAM LIMITED for the year ended 31 March 2023 under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements. We conducted the supplementary audit of financial statements of Mahanagar Telephone Nigam Limited and Millennium Telecom Limited[1] but we did not conduct a supplementary audit of the financial statements of Mahanagar Telephone Mauritius Limited (wholly owned subsidiaries of the company) and MTML Data Ltd. & MTML International Ltd. (Step down subsidiaries), United Telecom Limited & MTNL STPI IT Services Ltd. (jointly controlled entities) for the year ended on that date. **Further, section 139(5) and 143(6)(a) of the Act are not applicable to Mahanagar Telephone Mauritius Limited and MTML Data Ltd., MTML International Ltd., United Telecommunications Limited & MTNL STPI IT Services Ltd. being private entities/entities incorporated in Foreign Countries under the respective Laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

[1]Audit is in progress on the date of issue of these comments.

Balance Sheet

Assets

Non- Current Assets

Property Plant and Equipment-Rs. 2761.67 crore (Note 4)

1. The above head is understated by an amount of Rs. 6.96 crore recovered as liquidated damages which was not capitalized during the year. This also resulted in understatement of income by the same amount.

Current Assets

2. Cash and Cash Equivalents Rs. 166.39 crore (Note 17)

The above head is overstated by an amount of Rs. 25.20 crore due to inclusion of fixed deposits tied up with banks as Performance Bank Guarantee. This also resulted in understatement of Non-Current-Other financial assets by the same amount.

3. Contingent Liabilities-(Note 54)

The above head is understated by an amount of Rs. 101.23 crore due to non-inclusion of the demand raised by South Delhi Municipal Corporation on MTNL, in March 2021 towards property tax outstanding for the period from 2004-05 to 2020-21.

For and on behalf of the

Comptroller and Auditor General of India

Sd-/
(Roli Shukla Malge)
Principal Director of Audit (Finance & Communication)

Place: Delhi
Date: 22 .08.2023

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH 2023

Comments of CAG	Reply of MTNL Management
The preparation of consolidated financial statements of MAHANAGAR TELEPHONE NIGAM LIMITED for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act 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 29th May 2023. I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of Consolidated Financial Statements of MAHANAGAR TELEPHONE NIGAM LIMITED for the year ended 31 March 2023 under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements. We conducted the supplementary audit of financial statements of Mahanagar Telephone Nigam Limited and Millennium Telecom Limited[1] but we did not conduct a supplementary audit of the financial statements of Mahanagar Telephone Mauritius Limited (wholly owned subsidiaries of the company) and MTML Data Ltd. & MTML International Ltd. (Step down subsidiaries), United Telecom Limited & MTNL STPI IT Services Ltd. (jointly controlled entities) for the year ended on that date.	

<u>**Further, section 139(5) and 143(6)(a) of the Act are not applicable to Mahanagar Telephone Mauritius Limited and MTML Data Ltd., MTML International Ltd., United Telecommunications Limited & MTNL STPI IT Services Ltd. being private entities/entities incorporated in Foreign Countries under the respective Laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies.**</u> This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:	
[1]Audit is in progress on the date of issue of these comments. **Balance Sheet** **Assets** **Non- Current Assets** **Property Plant and Equipment-Rs. 2761.67 crore (Note 4)** The above head is understated by an amount of Rs. 6.96 crore recovered as liquidated damages which was not capitalized during the year. This also resulted in understatement of income by the same amount	The Liquidated damages recovered are being reduced from the corresponding expenses/ assets. LD are generally recovered on accounts of deficiency of service/supplies and this is being a deficiency in the services/supplies made by a vendors, the value of supplies/services is reduced to the extent of such deficiency as per P O. As per ICAI's guidance on Ind AS 16, the liquidated damages received from the contractor, which are directly identifiable with the project and mitigate extra project cost to be incurred by the entity, should be adjusted in the cost of the project. Taking reference from said guidance, the liquidated damages which are directly identifiable with the assets i.e Apparatus & Plants (A&P) are being adjusted with the cost of A & P.

	As such there is no understatement of Property plant & Equipment and income.
Current Assets **2. Cash and Cash Equivalents Rs. 166.39 crore (Note 17)** The above head is overstated by an amount of Rs. 25.20 crore due to inclusion of fixed deposits tied up with banks as Performance Bank Guarantee. This also resulted in understatement of Non-Current-Other financial assets by the same amount.	Noted for future compliance.
3. Contingent Liabilities-(Note 54) The above head is understated by an amount of Rs. 101.23 crore due to non-inclusion of the demand raised by South Delhi Municipal Corporation on MTNL, in March 2021 towards property tax outstanding for the period from 2004-05 to 2020-21.	The demand raised by the SDMC is not tenable as per MTNL. SDMC has been requested to furnish the complete property wise details on account of which the demand has been raised, but no response has yet been received from the SDMC. On receipt of complete details of the demand, MTNL shall decide the legal course of action against the said demand. In view of these facts there does not seems to be any valid reason to provide for any contingent liability against the said demand at this stage.

Sd/-

(Roli Shukla Malge)

Principal Director of Audit

(Finance & Communication)

Sd/-

(Sultan Ahmed)

GM (Finance)/CFO

MTNL CO

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: **Millennium Telecom Limited**
3. The date since when subsidiary acquired:**17.02.2000**
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as Holding Company**
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.: **Not Applicable**
6. Share capital: Rs.2.88 crore
7. Reserves & surplus: Rs. 3.07 crore
8. Total assets: Rs. 9.58 crore
9. Total Liabilities: Rs. 9.58 crore
10. Investments: NIL
11. Turnover: Rs. 0.45 crore
12. Profit before taxation: Rs. 0.43 crore
13. Provision for taxation: Rs. 0.12 crore
14. Profit after taxation: Rs. 0.31 crore
15. Proposed Dividend: Rs. 0.14 crore
16. % 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. The date since when subsidiary was acquired:**14.11.2000**
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as Holding Company**
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries: **Reporting currency- Mauritian Rupees(MUR)**

   Exchange rate: 1 INR = 0.58 MUR

6.	Share capital:	Rs. 117.19 Crore
7.	Reserves & surplus:	Rs. 3.74 Crore
8.	Total assets:	Rs. 140.17 Crore
9.	Total Liabilities:	Rs. 140.17 Crore
10.	Investments*:	Rs. NIL
11.	Turnover:	Rs. 76.06 Crore
12.	Profit before taxation:	Rs. - 4.32 Crore
13.	Provision for taxation	Rs. - 0.61 Crore
14.	Profit after taxation	Rs. - 3.71 Crore
17.	Proposed Dividend:	NIL
15.	% of shareholding:	100%

* Investments exclude investment in subsidiaries.

1. Names of subsidiaries which are yet to commence operations: Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

Part "B": Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate/ Joint Ventures	United Telecommunication Limited	MTNLSTPI IT Services Limited
1. Latest audited Balance Sheet Date	31.03.2023*	31.03.2023
2. Date on which the Associate or Joint Venture was associated or acquired	21.07.2001	31.03.2006
3. Shares of Associate/ Joint Venturesheld by the company on the year end		
No.	5736200	2282000
Amount of investment in Associates/ Joint Venture	Rs. 35.85 crore	Rs. 2.28 Crore
Extend of Holding %	26.68%	50%
4. Description of how there is significant influence	Holding more than 20 % shares	Holding more than 20 % shares
5. Reason why the associate/ joint venture is not consolidated	Not Applicable	Not Applicable
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	NIL	Rs. 6.12 Crore
7. Profit/ (Loss) for the year	Loss	Profit
i. Considered in Consolidation	-	1.24 Crore
ii. Not Considered in Consolidation	Rs. (32.94) Crore	1.24 Crore

*United Telecommunication Ltd is incorporated in Nepal. The last audited Balance sheet date was 15.07.2021 therefore we have taken Unaudited Provisional Balance sheet date as on 31.03.2023

1. Names of associates or joint ventures which are yet to commence operations: Not Applicable
2. 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

(Ratan Mani Sumit)
Company Secretary

(Sultan Ahmed)
Chief Financial Officer

(Rajiv Kumar)
Director (Finance)

Place: New Delhi
Date: 18-07-2023

(P. K. Purwar)
Chairman & Managing Director

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 23rd Annual Report of your Company together with the Statement of Accounts and Auditors Report for the year ended on 31st March, 2023 and report as under:

FINANCIAL PERFORMANCE

During the Financial Year under report, your Company has registered a profit after tax of Rs 31,76,964 /- as against a profit after tax of Rs 19,78,963/- last year and has a reserve and surplus of Rs 3,07,10,755/- as against Rs 2,81,49,806/- last year.

TRANSFER TO RESERVES

For the period ended 31st **March 2023**, the Company has not transferred any sum to Reserve.

PERFORMANCE OF YOUR COMPANY FOR F.Y. 2022-23

Millennium Telecom Ltd. (MTL): a wholly owned subsidiary of Mahanagar Telephone Nigam Limited, a Government of India CPSE, registered office in New Delhi. MTL was incorporated in February 2000. ICT related Services being offered by MTL include Cloud services, Wi-Fi solution; Project on E-governance, Managed Services, Turnkey ICT solution, GIS based services, Capacity Building and Skill Development etc. MTL earned a net profit of Rs. 31.77 lakhs for the period ending 31st March 2023. MTL has also declared a dividend of Rs 14.38 Lakhs, which amounts to 5% of paid up capital. MTL's customer list includes Air India, Uttarkhand Government, J&K Government, Central University-(Mahendragarh) Haryana, UP Building and Other Constructions Workers Welfare Board (UP BOCWWB), Lucknow, Thane Municipal Corporation CIDCO, Film Division of India, Insurance Institute of India etc. MTL is also expanding its portfolio of service for providing generalized as well customized solutions to suit Government and Semi Government Institutions. MTL has empanelled Business Development Associates (BDAs) for 10 years through EOI. MTL has around 21 empanelled Business Development Associates (BDAs) for innovative projects in ICT related fields.

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 your Company in addition to their existing duties & responsibilities. This is done for gearing up the company since lot of businesses are available in the market.

SHARE CAPITAL

There has been no change in the Share Capital and Shareholding of your Company. The paid-up Share Capital of your Company is Rs. 2,87,58,800/- (28,75,880 equity shares of Rs10/- each). All the shares are held by MTNL and its nominees.

SUBSIDIARIES/ ASSOCIATES OR JOINT VENTURES

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

SIGNIFICANT ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

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

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM, IF ANY,

The provision of establishment of vigil mechanism is not applicable to your company.

DIVIDEND

The Board of Directors of your Company has recommended the payment of final dividend @ 5% on the paid up share capital of Rs. 2,87,58,800/- of the Company which works out to Rs 14, 37,940 i.e the Rs 0.50 per share on 28,75,880 no. of shares for the FY 2022-23.

TRANSFER OF UNCLAIMED/UNPAID AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

The provision relating to transfer to the Unclaimed/Unpaid Dividend amount to IEPF is not applicable to your company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) & 134(3)(C) 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

(e) 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 YOUR 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 these financial statements relate and the date of the report. There has been no Change in the nature of Business of your Company.

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

The provisions of Section 134(m) of the Companies Act, 2013 is not applicable to your Company.

During the year, there was no foreign exchange earnings and expenditure in foreign exchange.

PARTICULARS OF EMPLOYEES & RELATED DISCLOSURES

The provisions of Section 197(12) of Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, are not applicable to your company.

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

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is not applicable to your Company as there is no employee working in the company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS IN THE FINANCIAL YEAR 2022-23

During the Financial Year 2022-23, four meetings of Board of directors of your company were held. Details of Board meetings are given below: -

Sl. No.	Meeting No.	Date	Place
1	102	26.05.2022	New Delhi
2	103	24.08.2022	New Delhi
3	104	20.12.2022	New Delhi
4	105	08.02.2023	New Delhi

The maximum interval between any two Board Meetings did not exceed 120 (One hundred and twenty) days. The details of attendance of each Director at Board Meetings are as follows:

S. No.	Name of the Director	Board Meetings	
		No. of Meetings held	No. of Meetings attended
1.	Shri Arvind Vadnerkar	4	4
2.	Shri Sultan Ahmed	4	2
3.	Shri Deepak Mukherjee	4	4
4.	Shri Bhim Singh	1	1
5.	Shri Mukesh Kumar Chauhan	2	2

SECRETARIAL STANDARDS

Your Company is comply with applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to ‘meetings of the Board of Directors’ and ‘General Meetings.

DIRECTORS AND KEY MANAGERIAL PERSONNEL AND CHANGES AMONG THEM

Shri Arvind Vadnerkar, Shri Sultan Ahmed and Shri Deepak Mukherjee continues to be the Nominee Director of MTNL during the Financial Year 2022-23. Shri Bhim Singh ceased to be Director of the Company w.e.f. 24.08.2022. Shri Mukesh Kumar Chauhan has been appointed as Nominee Director of MTNL w.e.f. 08.11.2022.

Shri S.R.Sayal, Company Secretary of the Company ceased to be Company Secretary w.e.f. 28.02.2023 on account of superannuation. Shri Ratan Mani Sumit was appointed as Company Secretary of the Company w.e.f. 28.03.2023.

CHIEF OPERATING OFFICER (COO)

Shri M.L.Meghwal, GM (EB & LC), MTNL Mumbai and Shri A.R. Gupta, DGM (EB&MKTG) MTNL CO have been nominated as a Chief Operating Officer (COO) of your Company. They are holding the charge of COO in addition to their existing duties & responsibilities in MTNL.

EXTRACT OF ANNUAL RETURN UNDER SECTION 92(3) OF COMPANIES ACT, 2013 [(MGT-9) PURSUANT TO SECTION 134(3)(a) OF THE COMPANIES ACT,2013]

Pursuant to Section 134(3)(a) of Companies Act, 2013, Extract of Annual Return for the FY 2022-23 under Section 92(3) (in Form-MGT-9) of the Companies Act 2013 is annexed to this Report.

ESTABLISHMENT OF CSR POLICY AND RELATED DISCLOSURE / COMPLIANCES

The provision relating to establishment of CSR Policy and related disclosure/ compliances are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR 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 your Company under Section 186 of Companies Act, 2013.

FIXED DEPOSITS

During the year under report, your Company has not invited/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

During the period under review, your Company has not entered with any material transaction with any of its related parties. The Company's major Related Party Transactions are generally with its Holding Company i.e. MTNL. All Related Party Transactions were in ordinary course of Business and were negotiated on an Arm's Length basis and they were intended to further the Company's interest. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of Companies Act, 2013 in Form AOC-2 is not applicable. Details of Related Party Transactions during the year ended 31st March 2023 is given in the Notes to the Financial Statement.

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Report on the Internal Financial Control under Section 143(3)(1) of the Companies Act, 2013 for the FY 2022-23 is attached as annexure to the Independent Auditors Report which is part of the report.

DETAILS OF APPLICATION / ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Neither any application was made nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the Financial Year 2022-23.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

During the year under review, your company has not done any one time settlement with Banks/ Financial Institutions, hence no disclosure is required.

FRAUD REPORTED BY AUDITORS

The Statutory Auditors have not reported any fraud during FY 2022-23 as specified under Second Proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being enforce).

STATUTORY AUDITORS

M/s Satya Prakash Mangal & Co. Chartered Accountants were appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Companies Act, 2013 as the Statutory Auditors of the Company for the FY 2022-23. The said Statutory Auditors have conducted the audits of the Books of Accounts of the Company and submitted their report, which forms part of the Annual Report.

MAINTENANCE OF COST RECORDS

The provision relating to maintain of Cost Records is not applicable to your Company.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013.

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.

ARVIND VADNERKAR

CHAIRMAN & DIRECTOR

DIN: 08597016

Place: New Delhi

Date:

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31 MARCH, 2023

[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:-** U64200DL2000GOI333459
- ii. **Registration Date:-** 17 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:-** Room No. 4208, 4th Floor Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi- 110003.
- vi. **Whether Listed Company Yes / No:-** No
- vii. **Name, Address and Contact details of Registrar and Transfer Agent, If any:-** NA

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,5th Floor, 9 CGO Complex, Lodhi Road,New Delhi-110003.	L32101DL1986GOI023501	Holding Company	100%	2 (87)

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

1. Category – wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2022				No. of Shares held at the end of the year 31.03.2023				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A) Promoters									
1. Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0	0
b) Central Govt/ State Govt(s)	0	0	0	0.00	0	0	0	0	0
c) Bodies Corp. (MTNL)	0	2875880	2875880	100.0	0	2875880	2875880	100	0
d) Banks/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 (1):-	**0**	**2875880**	**2875880**	**100**	**0**	**0**	**2875880**	**2875880**	**0**
(2) Foreign									
a) NRIs- Individuals	0	0	0	0.00	0	0	0	0	0
b) Bodies Corp.	0	0	0	0.00	0	0	0	0	0
c) Bank/FI	0	0	0	0.00	0	0	0	0	0
d) Any other….	0	0	0	0.00	0	0	0	0	0
Sub- total(A) (2):-	0	0	0	0.00	0	0	0	0	0
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)(1):-	0	0	0	0.00	0	0	0	0.00	0
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**
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 01.04.2022			Shareholding at the end of the year 31.03.2023			% 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.	Mahanagar Telephone Nigam Limited	2875880	100.00	Nil	2875880	100.0	Nil	NIL
	Total	**2875880**	**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 01.04.2022		Cumulative Shareholding during the year (F.Y. 2022-23)	
		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(01.04.2022) **i)** Principal Amount **ii)** Interest due but not paid **iii)** Interest accrued but not due	NIL 0 0	60,60,175 0 0	NIL 0 0	60,60,175 0 0
Total (i+ii+iii)	**NIL**	**60,60,175**	**NIL**	**60,60,175**
Change in Indebtness during the financial year • **Addition** • **Reduction**	-	-	-	-
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtness at the end of the financial year (31.03.2023) i. Principal Amount ii. Interest due but not paid iii. Interest accrued but not due	NIL - -	60,60,175 - -	- - -	60,60,175 - -
Total (i+ii+iii)	**NIL**	**60,60,175**	**NIL**	**60,60,175**

(VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: At Present there exist no employees on the roll of MTL.

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

M/s. Satya Prakash Mangal & Co.
Chartered Accountant
A-2/51, Second Floor,
Safdarjung Enclave, New Delhi-110029
Mobile No.-91-9818688200,9312254987
e-mail: info@spmca.com
Vist us at : www.spmca.com

INDEPENDENT AUDITOR'S REPORT

To the Members of

MILLENNIUM TELECOM LIMITED

4th Floor, Mahanagar Doorsanchar Sadan

9 CGO Complex, Lodhi Road

New Delhi, Delhi-110003

Report on the Audit of the Standalone Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of **M/s. Millennium Telecom Limited** ('the Company'), which comprise the Balance Sheet as on **31st March 2023**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter collectively referred to as "the aforesaid financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the **'Basis for Qualified Opinion'** section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under the section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at **31st March 2023**, the profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 'Basis for Qualified Opinion' on the aforesaid financial statements.

i. Property, Plant & Equipments

- The company has not complied with the requirements of Ind AS-16: 'Property, Plant and Equipments' (PPE) w.r.t the decapitalisation of the items of Property, Plant and Equipments (PPE) when such items are fully depreciated and have no economic benefits in the future. Thus, the resultant impact of the same on the aforesaid financial statements of the Company would be overstatement of such items and understatement of loss to that extent.

ii. Deferred Tax Assets

- The non-compliance of items of Property, Plant & Equipments in accordance with the Ind AS-16 have also a consequential effect on the treatment of Deferred Tax Assets/ Liabilities (Net) as covered under Ind AS-12: 'Income Taxes'. However, the consequential impact of adjustment, if any, owing to this non-compliance on the aforesaid financial statements is presently not ascertainable.

iii. Non-Current Assets

- The company claims that the balances of Income Tax Paid for Assessment Year (A.Y.) 2003-04, 2004- 05 and 2005-06 are subject matter of the 'Vivad se Vishwas' (VSV) Scheme in accordance with Direct Tax Vivad se Vishwas Act, 2020 and Tax Deducted at Source (TDS) receivable for Assessment Year (A.Y.) 2016-17, 2017-18 & 2019-20, are due to be received from Income Tax Department. However, in the absence of the relevant audit evidences being made available to us, we could not verify the veracity of the claim and its consequential impact on the aforesaid financial statements is presently not ascertainable.

iv. Trade Receivables

- The Company has amount receivable of Rs. 98,42,822/- from its holding company i.e., Mahanagar Telephone Nigam Ltd. (MTNL). The amount recoverable from MTNL is subject to confirmation and reconciliation. In view of non-confirmation and non-reconciliation, we are not in a position to ascertain and comment on the correctness of the such balances and resultant impact of the same on the aforesaid financial statements of the Company.

- The Company has amount receivable of Rs. 5,59,685/-, 1,00,001/-, 28,39,002/-, 2,15,771/- and 58,200/- from Jammu & Kashmir E Gov, CIDCO Ltd and UP Building and Other Construction Worker Welfare Board, Cement Corporation of India and HPSEDC respectively. The amount receivable from mentioned parties is subject to confirmation and reconciliation. In view of non-reconciliation and non-confirmation, we are not in a position to ascertain and comment on the correctness of the such balances and resultant impact of the same on the aforesaid Ind AS financial statements of the Company.

- The Company has neither computed the Estimated Credit Loss (ECL) nor provided the relevant disclosures in Notes to Accounts as per Ind AS-109 'Financial Instruments'. However, the consequential impact of adjustment, if any, owing to this non-compliance on the aforesaid financial statements is presently not ascertainable.

v. Cash & Cash Equivalents

- The Company claims that ICICI Bank A/c number-000405016748 is having balance of Rs 1,00,825/- as on 31.03.2023. However, in view of non-confirmation from the concerned bank, we are not in a position to ascertain and comment on the correctness of the such balances and resultant impact of the same on the aforesaid financial statements of the Company.

vi. Other Financial Assets

- The Company has amount receivable of Rs. 1,74,213/-, 8,40,223/- and 6,63,275/-from 'Receivable from Related parties', 'Deposit with Thane Municipal Corporation' and 'Deposit with CIDCO' respectively. The amount receivable from mentioned parties is subject to confirmation and reconciliation. In view of non-confirmation and non-reconciliation, we are not in a position to ascertain and comment on the correctness of the such balances and resultant impact of the same on the aforesaid financial statements of the Company.

vii. Current Tax Assets

- The company claims that the balances of Tax Deducted at Source (TDS) receivable for Assessment Year (A.Y.) 2007-08 and AY 2015-16, are due to be received from Income Tax Department. However, in the absence of the relevant audit evidences being made available to us, we could not verify the veracity of the claim and its consequential impact on the aforesaid financial statements is presently not ascertainable.

viii. Other Current Assets

- The Balances of CGST, SGST, IGST Cash and Credit Ledgers of Delhi and Mumbai units, as appearing under different heads on 31st March, 2023 are subject to reconciliation by the management. In view of non-reconciliation, we are not in a position to ascertain and comment on the correctness of the such balances and resultant impact of the same on the standalone Ind AS financial statements of the Company.
- The Company has not provided a provision for doubtful claims in respect of lapsed Cess Credit and Krishi Kalyan Cess Credit due to transition provisions under Goods and Service Tax (GST) Laws where the aforesaid credit amounting to Rs. 2,24,397/- has not been carried forward under GST Laws resulting in overstatement of current assets and understatement of loss to that extent.

ix. Trade Payables

- The amounts payable of Rs.36,935/-, 1,00,000/- and 3,39,357/- to ITI Limited, Pentagon Network Solution Ltd and GAAP Education Pvt. Ltd. respectively is subject to confirmation and reconciliation. In view of non-confirmation and non-reconciliation, we are not in a position to ascertain and comment on the correctness of the such balances and resultant impact of the same on the standalone Ind AS financial statements of the Company.

x. Other Financial Liabilities

- The Company has amount payable of Rs. 60,60,175/- to its holding company i.e., Mahanagar Telephone Nigam Ltd. (MTNL). The amount payable to MTNL is subject to confirmation and reconciliation. In view of non-confirmation and non-reconciliation, we are not in a position to ascertain and comment on the correctness of the such balances and resultant impact of the same on the aforesaid financial statements of the Company.

- The account balance of Trade/Security Deposits of Rs. 2,35,71,901/- is subject to confirmation and reconciliation. In view of non-confirmation and non-reconciliation, we are not in a position to ascertain and comment on the correctness of the such balances and resultant impact of the same on the aforesaid financial statements of the Company.

xi. Miscellaneous

- The Company has not carried out any techno-economic assessment during the year ended 31 March 2023 and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified Ind AS 36: 'Impairment of Assets'. The consequential impact of adjustment, if any, on the Standalone financial statements is not ascertainable.
- The Company has not identified and restated the prior year Financial Statements with regard to prior period transaction recorded in the current financial year which is in violation of Ind AS-8: 'Prior Period items. In the absence of specific details, the consequential impact of adjustments, if any, on the Standalone Financial Statements is presently not ascertainable.
- The Company has shown the Interest Income of Rs. 31,49,145/- from Fixed Deposits with the Bank under Operating Activities instead of Investing Activities which is in violation of Ind AS-7: 'Cash Flow Statement' and the financial impact would be overstatement under 'Cash Flow from Operating Activities' and understatement of 'Cash Flow from Investing Activities' by said amount.
- The Company has not complied with disclosure requirements of Ind AS-18: Revenue Recognition, Ind AS-37: Provisions, Contingent Liabilities and Contingent Assets and Ind AS-24: Related Party Disclosures w.r.t the Categorisation of Revenue, Litigations including Tax disputes as Contingent Liability, Each Class of Provisions and w.r.t list of Key Managerial Personnel (KMPs) respectively.
- The Company has not complied with the disclosures and other requirements of Division-II: Ind AS based Schedule-III (Revised) to the Companies Act, 2013 read with the Section 129, in respect of classification of assets/ liabilities into current and non-current; categorization of assets/ liabilities into appropriate captions, Functional and presentation currency, Additional Regulatory Information etc.
- The Company is using the resources of the holding company (MTNL) (Deputation of Employees in addition to his/her own duty, Information Technology (I.T.) System and Other Resources etc.). However, there is no booking of relevant expenses in the Statement of Profit and Loss Account on such usage/deployment. In the absence of specific details, the consequential impact of adjustments, if any, on the aforesaid financial statements is presently not ascertainable.
- There are certain items which are remaining static when compared to preceding financial year, without any cogent reasons/justification, which are as follows:
- Service Tax Not due for Payable - 10.2%: Rs.3,10,945/-

- Service Tax Not due for Payable - 5%: Rs.2,29,109/-
- Provision for Bad Debts: Rs.2,73,971/-

Emphasis of Matter

Reference is invited to Note No.13 of the Notes to Accounts, whereby the Company has disclosed the encashment of one Fixed Deposit having Principal Value of Rs.10,00,000/- in the month of April, 2023 to meet its operational expenses.

Our report is not qualified on that matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a Whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, Changes in Equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; section and application of appropriate accounting policies; making judgements and estimates that are responsible and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company Financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, Forgery, Intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work

and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements:

1. As per the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197 (16) of the Act is not applicable on the Company.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we provide the **"Annexure-A"** statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

3. As required by section 143(5) of the Act, we report in **"Annexure-B"** a statement on the matters specified by the Comptroller and Auditor General of India (C&AG) w.r.t the Company.

4. As required by section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of accompanying standalone financial statements;

   b) Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, the proper books of account as required by law have been kept so far as it appears from our examination of those books;

   c) The Company is having a Registered Office or Corporate Office in the state of Delhi only. Further, the company does not have any branch office in any state, however, the three units in different states namely Haryana, Uttar Pradesh, Maharashtra are existing for the purpose of Goods & Services Tax (GST) Laws;

   d) Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying standalone financial statements dealt with by this report are in agreement with the relevant books of accounts;

   e) Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements are complied with requirements of the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015;

f) The matters described in the Basis for Qualified Opinion para above, may have an adverse effect on the functioning of the Company;

g) Since, the Company is a Government Company, section 164(2) of the Companies Act, 2013 regarding obtaining written representations from the directors of the Company, is not applicable to the respective companies in terms of notification no. GSR-463(E), issued by Ministry of Corporate Affairs;

h) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;

i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate Report in **"Annexure-C"**;

j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us;

   i. The Company has not disclosed the impact of pending Tax litigations on its financial positions as on 31st March, 2023;

   ii. The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as on 31st March, 2023;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended on 31st March, 2023;

   iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 63 to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The company has declared/ paid dividend of Rs. 5,75,176/- during the financial year which is not in accordance with the section 123(4) of the Companies Act, 2013.

For M/s. Satya Prakash Mangal & Co.
Chartered Accountant
[FRN:008513N]

CA Satya Prakash Mangal
Partner
M.No.: 086342
UDIN: 23086342BHADLQ5279

Place: New Delhi
Date: 29.05.2023

MILLENIUM TELECOM LIMITED

ANNEXURE – 'A' TO THE AUDITOR'S REPORT

[Referred to in Our Report of even date]

On the basis of the information and explanation given to us during the course of our audit, we report that: -

1. (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipments.

   (b) The Company was not having any Intangible Asset hence comment on the maintenance of proper records showing full particulars of intangible assets is not applicable in this case.

   (c) The management of the company is oblivious w.r.t the current location and condition of its Property, Plant and Equipments and has not physically verified such Property, Plant and Equipments during the year under audit.

   (d) The Company is not holding any immovable property hence comment on the title deeds of immovable properties held in the name of the company is not applicable in this case.

2. The Company was not having any inventory during the current financial year and at the end of the year and hence comment on physical verification of inventory by the management is not applicable for the year under audit.

3. The Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, during the year under audit. Hence, the para 3(iii) of the Order is not applicable in this case.

4. The Company has not granted loans or made investments, guarantees, and security as covered under the provisions of Sec.185 and 186 of the Companies Act, 2013 and rules made thereunder. Hence, the para 3(iv) of the Order is not applicable in this case.

5. The Company has not accepted any deposits from the public and amounts which are deemed to be deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules made thereunder are not applicable. Hence, the para 3(v) of the Order is not applicable in this case.

6. The maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried out by the Company. Hence, the para 3(xi) of the Order is not applicable in this case.

7. (a)The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods & Service Tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. Further, no undisputed amounts payable in respect of material statutory dues were in arrears as on **31st March 2023** for a period of more than six months from the date on when they become payable, except the following:

   - Service Tax Not due for Payable - 10.2%: Rs.3,10,945/-
   - Service Tax Not due for Payable - 5%: Rs.2,29,109/-

(b) There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute other than the following:

Assessment Year	Demand (Rs.)	Amount Deposited (Rs.)	Amount under VSV Scheme (Rs.)
AY 2003-04	63,75,755	72,89,541	40,63,127
AY 2004-05	39,51,744	51,04,043	27,21,485
AY 2005-06	29,82,670	38,19,306	28,11,094
AY 2007-08	6,34,050	-	-

- The company has opted to settle the dispute the pending appeals before Hon'ble ITAT for AY 2003-04 to AY 2005-06 and filed the application under 'Vivad se Vishwas' (VSV) Scheme in accordance with Direct Tax Vivad se Vishwas Act, 2020 and rules made thereunder.
- The Commissioner of Income Tax (Appeals) has allowed appeal partly and appeal effect is still pending in respect of AY 2007-08.

8. The Company does not have any transactions, which are not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the para 3(viii) of the order is not applicable in this case.

9. The Company does not have any loans or borrowings from any banks, financial institutions and Government during the year under audit. Accordingly, the para 3(ix) of the order is not applicable in this case.

10. The Company has not raised money by way of initial public offer or further public offer including debt instruments during the year under audit. Further, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the para 3 (x) of the Order is not applicable to the Company and hence not commented upon.

11. (a) No fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year under audit.

    (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

    (c) No whistle-blower complaints have been received by the company during the year under audit.

12. The Company is not a Nidhi Company as per Section 406 of the Companies Act, 2013 and rules made thereunder. Hence, the para 3(xii) of the Order is not applicable to this case.

13. The company has not entered any transaction with the related parties during the year under audit (other than the payment of dividend), as specified under sections 177 and 188 of the Companies Act, 2013 and rules made thereunder. However, the disclosures requirements as required by the applicable accounting standards (Ind AS-24) in the financial statements are not properly complied by the company.

14. The company is not required to appoint the Internal Auditors as per Sec. 138 of Indian Companies Act 2013 read with Rule 13 Of Companies (Accounts) Rules, 2014. Hence, the

para 3(xiv) of the Order is not applicable in this case.

15. The company has not entered into any non-cash transactions with directors or persons connected with him. Hence, the para 3(xv) of the Order is not applicable in this case.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Further, it has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934 and the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

17. The company has incurred cash losses in the current financial year as well as in the immediately preceding financial year, the details of which are as follows:

Particulars	FY 2022-23	FY 2021-22
Net Cash Flow from Operating Activities	-	-
Net Cash Flow from Investing Activities	-	-
Net Cash Flow from Financing Activities	(5,75,766)	(2,18,568)

Note: The values are restated under 'Cash Flow from Financial Activities' for Financial year 2021-22.

18. There has not been any resignation of the statutory auditors during the year under audit. Hence, the para 3(xviii) of the Order is not applicable in this case.

19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, there is no material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

20. The requirements of the Sec.135 of the Companies Act, 2013 and rules made thereunder is not applicable to the Companies Act, 2013 and rules made thereunder. Hence, the para 3(xx) of the Order is not applicable in this case.

21. This clause is applicable only for the purpose of reporting in case of consolidated financial statements. Hence, the para 3(xxi) of the Order is not applicable in this case.

For M/s. Satya Prakash Mangal & Co.
Chartered Accountant
[FRN:008513N]

CA Satya Prakash Mangal
Partner
M.No.: 086342
UDIN: 23086342BHADLQ5279

Place: New Delhi
Date: 29.05.2023

MILLENIUM TELECOM LIMITED
ANNEXURE – 'B' TO THE AUDITOR'S REPORT
[Referred to in Our Report of even date]

We report our point-wise audit observation for each direction under Section 143(5) of the Companies Act, 2013 issued by the Comptroller and Auditor General of India, as under:

1. Whether the company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.

   According to the information and explanation given to us, we report that the Company has placed the system named 'WFMS' in place to process all the accounting transactions through such IT system, Whereas, such system has been made fully operational by the company for F.Y. 2022-23 only and Financial Statements of the Company for F.Y. 2022-23 are still being prepared and finalised by the management in MS-Excel Software. Hence, the account balances (including opening balances) and transactions are vulnerable to manual intervention or unauthorised alterations or unintentional/intentional mistakes which could potentially result in impaired financial reporting of the Company. However, the resultant financial implications could not be presently ascertainable.

2. Whether there is any restructuring of an existing loan or cases of waiver /write off of debts/ loan/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, Lender is a Government Company, then the direction is also applicable for statutory auditor of Lender Company).

   According to the information and explanation given to us, we report that there is no restructuring of an existing loan or cases of waiver /write off of debts/loan/interest etc. made by a lender to the company during the year under audit.

3. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/utilised as per its term and conditions? List the cases of deviation.

   According to the information and explanation given to us, we report that there are no funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies during the year under audit.

For M/s. Satya Prakash Mangal & Co.
Chartered Accountant
[FRN:008513N]

CA Satya Prakash Mangal
Partner
M.No.: 086342
UDIN: 23086342BHADLQ5279

Place: New Delhi
Date: 29.05.2023

ANNEXURE – 'C' TO THE AUDITOR'S REPORT

[Referred to in Our Report of even date]

Report on the Internal Financial Controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/s. Millennium Telecom Limited** ("The Company") as of **31st March 2023** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be Prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the institute of Chartered Accountants of India. Those standards and the guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internet financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial Controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The Procedures selected depend on the auditor's judgement, including the assessment of the risks. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial reporting includes those policies and procedure that

(1) Pertain to the maintenance of record that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipt and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the Inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or frauds may occur and not be detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subjects to the risk that the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at **31st March 2023**:

i. The Company does not have an appropriate internal control system for ensuing the proper compliance of format and disclosure requirements of Division-II: Ind-AS based Schedule-III (Revised) to the Companies Act, 2013 as well as of applicable Ind-AS notified u/s 133 of the Companies Act, 2013 which could potentially result in contravention of Section 129 w.r.t True and Fair view of the financial statements of the Company.

ii. The Company does not have an appropriate internal control system for ensuring de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result in overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.

iii. The Company does not have an appropriate internal control system for obtaining confirmations and performing reconciliation of balances in respect of amount receivables from trade receivables, third parties and others, and other parties and amount payables to trade payables, and amount payable to other parties.

iv. The Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / third parties/other parties/others at the quarter-end and year-end and the same are duly reversed when actual bills are received and accounted for. This could potentially result in the same being booked twice in the books of accounts.

v. The Company does not have an appropriate internal control system for ensuring Sales Invoice is prepared after receipt of Purchase Invoice. The company was regularly issuing Sales Invoice before receipt of Purchase Invoice, resulting in blockage of Excess Working Capital due to payment of Goods & Services Tax (GST) through Cash ledger and Subsequent booking of Purchase Invoice leading to unutilized balance in Credit Ledger.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of **31st March, 2023** based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the company.

For M/s. Satya Prakash Mangal & Co.
Chartered Accountant
[FRN:008513N]

CA Satya Prakash Mangal
Partner
M.No.: 086342
UDIN: 23086342BHADLQ5279

Place: New Delhi
Date: 29.05.2023

MILLENNIUM TELECOM LIMITED

Standalone Balance Sheet as at 31 March 2023

(ALL amount in INR Thousands)

	Particulars	Note No.	As at March 31, 2023 Rupees	As at March 31, 2022 Rupees
	1	2	3.00	4.00
	A. ASSETS			
(1)	**NON-CURRENT ASSETS**			
	I (a) Property, Plant and Equipments	2	43.86	43.86
	(b) Right-of-use assets		0.00	0.00
	(c) Capital work-in-progress		0.00	0.00
	(d) Goodwill		0.00	0.00
	(e) Other intangible assets		0.00	0.00
	(f) Financial assets			
	(i) Investments		0.00	0.00
	(ii) Loans		0.00	0.00
	(iii) Other financial assets		0.00	0.00
	II Share application money pending allotment			
	(b) Deffered Tax (Assets) Net	3	12.23	15.46
	(c) Other non current Assets	4	3124.69	3113.36
	Total non-current assets		**3180.77**	**3172.68**
(2)	**Current assets**			
	(a) Inventories		0.00	0.00
	(b) Financial Assets			
	(i) Investments		0.00	0.00
	(ii) Trade receivables	5	13341.51	14211.95
	(iii) Cash and cash equivalents	6	629.37	1771.62
	(iv) Bank balances other than above	7	60597.29	57777.59
	(v) Loans		0.00	0.00
	(vi) Other financial assets	8	1677.71	1663.43
	(c) Current Tax Assets	9	724.33	813.29
	(d) Other current assets	10	15662.88	15822.18
	Total current assets		92633.09	92060.06
	TOTAL ASSETS		**95813.87**	**95232.74**
	B. EQUITY AND LIABILITIES			
	1. Equity			
	(a) Equity Share capital	11	28758.80	28758.80
	(b) Other Equity	12	30710.76	28149.81
	Total Equity		**59469.56**	**56908.61**
	2. LIABILITIES			
(2.1) Non current liabilities				
	(a) Financial liabilities			
	(i) Lease liabilities		0.00	0.00
	(ii)Other financial liabilities		0.00	0.00
	(b) Provisions		0.00	0.00
	(c) Deffered Tax liabilities (Net)		0.00	0.00
	(d) Other non-current liabilities	13	2177.00	2177.00
			2177.00	2177.00
(2.2) Current liabilities				
	(a) Financial Liabilities			
	(i) Borrowings		0.00	0.00
	(ii) Lease liabilities		0.00	0.00
	(iii) Trade payable			
	(A) Total outstanding dues of micro enterprises and small enterprise		0.00	0.00
	(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	571.56	698.58
	(c) Other Financial Liabilities	15	29632.08	29646.11
	(d) Current Provision	16	3394.93	5262.38
	(e) Other Current Liabilities	17	568.75	540.05
	(d) Current Tax liabilities			
			34167.31	**36147.13**
	TOTAL EQUITY AND LIABILITIES		**95813.87**	**95232.74**
	TOTAL **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**		0.00	0.00

Sd/-
For M/s SATYA PRAKASH MANGAL & COMPANY
Chartered Accountants
Firm's Registration No.:008513N

Sd/-
CA Satya Prakash Mangal
Partner
Membership No. 086342
UDIN: 23086342BHADLQ5279

Place: New Delhi
Date: 29 May 2023

For and on behalf of the Board of Directors

Sd/-
Arvind Vadnerkar
Chairman & Director
DIN 08597016

Sd/-
Sultan Ahmed
Director
DIN 07564073

Sd/-
(Ratan Mani Sumit)
Company Secretary
ACS15193

MILLENNIUM TELECOM LIMITED

PART II – STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

(ALL amount in INR Thousands)

	Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
	1	2	3.00	4.00
	Income			
I	Revenue from operations	18	0.00	193.97
II	Other Income	19	4549.75	2868.64
III	Total Income (I+II)		4549.75	3062.60
IV	**Expenses**			
	Cost of material consumed		0.00	0.00
	Purchase of Stock in Trade		0.00	0.00
	Changes in inventories of finished goods work-in-progress		0.00	0.00
	Employee benefits expense		0.00	0.00
	Finance costs	20	0.59	0.00
	Depreciation and amortisation expense		0.00	
	Other expenses	21	256.01	388.38
	Total expenses		**256.60**	**388.38**
V	**Profit / (Loss) before exceptional items and tax (III-IV)**		**4293.15**	**2674.23**
VI	**Exceptional items**		0.00	0.00
VII	**Profit / (Loss) before tax (V-VI)**		4293.15	2674.23
VIII	**Tax expense:**			
	(a) Current tax		1112.95	691.55
	(b) Pertaining to earlier years		0.00	0.00
	(c) Deferred Taxexpense/(income)		3.24	3.71
			1116.19	695.26
IX	**Profit/(loss) after tax from continuing operations (VII-VIII)**		**3176.96**	**1978.96**
X	**Discontinued Operations**			
	(1) Profit/(loss) from discontinued operations		0.00	0.00
	(2) Tax Expense of discontinued operations		0.00	0.00
XI	**Profit / (Loss) from Discontinuing Operations**		0.00	0.00
XII	**Profit / (Loss) for the period (IX-XI)**		**3176.96**	**1978.96**
XIII	**Other Comprehensive Income**		0.00	0.00
	A (i) Items that will not be reclassified to profit or loss		0.00	0.00
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.00	0.00
	B (i) Items that will be reclassified to profit or loss		0.00	0.00
	(ii) Income tax relating to items that will be reclassified to profit or loss		0.00	0.00
XIV	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income ‘for the period)		3176.96	1978.96
XV	**Earnings per equity share (For continuing operation)**			
	(a) Basic (INR)		0.00	0.00
	(b) Diluted(INR)		0.00	0.00
XVI	**Earnings per equity share (For discontinued operation)**			
	(a) Basic (INR)			
	(b) Diluted(INR)			
XVII	**Earnings perequity share (For continuing & discontinued operation)**			
	(a) Basic (INR)		0.00	0.00
	(b) Diluted(INR)		0.00	0.00
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	**1 & 23 to 36**		

Sd/-
For M/s SATYA PRAKASH MANGAL & COMPANY
Chartered Accountants
Firm's Registration No.:008513N

Sd/-
CA Satya Prakash Mangal
Partner
Membership No. 086342
UDIN: 23086342BHADLQ5279

Place: New Delhi
Date: 29 May 2023

For and on behalf of the Board of Directors

Sd/-
Arvind Vadnerkar
Chairman & Director
DIN 08597016

Sd/-
Sultan Ahmed
Director
DIN 07564073

Sd/-
(Ratan Mani Sumit)
Company Secretary
ACS15193

MILLENNIUM TELECOM LIMITED

Standalone Cash Flow Statement for the year ended 31 March, 2023

(ALL amount in INR Thousands)

Particulars	As at March 31, 2023 (Rupees)	(Rupees)	As at March 31, 2022 (Rupees)	(Rupees)
A. Cash flow from operating activities				
Profit before tax for the year		4293.15		2674.23
Adjustments for:				
Depreciation and amortisation of non-current assets	0.00	0.00	0.00	
Finance costs	0.59	0.00	0.00	
Interest income	0.00		0.00	
Dividend income	0.00			
Net (gain) / loss on sale of investments	0.00			
Rental income from investment properties	0.00			
Rental income from operating leases	0.00			
Share of profit from partnership firms	0.00			
Income Tax earlier year	0.00		113.02	
Dividend Declared	0.00		-218.57	
Dividend Distribution Tax	0.00			
		0.59	0.00	-105.55
Operating profit / (loss) before working capital changes		4293.74		2568.68
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	0.00			
Trade receivables	870.44		10.37	
Short-term loans and advances				
Other current financial assets	-14.28		0.00	
Other current tax asset	88.97		1212.28	
Other current assets	159.30		-44.94	
Other non-current assets	-11.34		0.00	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	-127.02		148.42	
Other current financial liabilities	-14.04		3409.44	
Other current liabilities	-1867.46		-9.00	
Other Long-term liabilities	0.00		0.00	
Short-term provisions	28.70	-886.73	-29.32	4697.25
		3407.01		7265.93
Cash flow from extraordinary items		0.00		0.00
Cash generated from operations		3407.01		7265.93
Net income tax (paid) / refunds		-1153.79		-691.55
Net cash flow from / (used in) operating activities (A)		**2253.22**		**6574.38**
B. Cash flow from investing activities				
Bank balances not considered as Cash and cash equivalents				
- Matured	0.00		0.00	
Interest received				
- Others Bank FD	0.00		0.00	
- Others	0.00	0.00	0.00	0.00
Purchase of Fixed Asset		0.00		0.00
Net cash flow from / (used in) investing activities (B)		0.00		0.00
C. Cash flow from financing activities				
Proceeds from other long-term advances	0.00		0.00	
Repayment of other short-term borrowings	0.00		0.00	
Payment of Dividend on Equity Shares	-575.18			
Finance cost	-0.59	-575.77	0.00	0.00
Net cash flow from / (used in) financing activities (C)		**-575.77**		**0.00**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**1677.46**		**6574.38**
Cash and cash equivalents at the beginning of the year		59549.21		52974.83
Cash and cash equivalents at the end of the year		**61226.67**		**59549.21**
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 5)		61226.67		59549.21
Less: Bank balances not considered as Cash and cash equivalents as defined in Ind-AS 7 Cash Flow Statements		0.00		0.00
Net Cash and cash equivalents (as defined in IND-AS 7 Cash Flow Statements) included in Note 5		**61226.67**		**59549.21**
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		0.00		0.00
Cash and cash equivalents at the end of the year *		**61226.67**		**59549.21**
* Comprises:				
(a) Cash on hand		0.00		0.00
(b) Cheques, drafts on hand		0.00		0.00
(c) Balances with banks				
(i) In current accounts		156.08		1312.86
(ii) In deposit accounts		61070.58		58236.35
		61226.67		59549.21
		0.00		0.00

Sd/-

For M/s SATYA PRAKASH MANGAL & COMPANY
Chartered Accountants
Firm's Registration No.:008513N

Sd/-
CA Satya Prakash Mangal
Partner
Membership No. 086342
UDIN: 23086342BHADLQ5279

Place: New Delhi
Date: 29 May 2023

For and on behalf of the Board of Directors

Sd/-
Arvind Vadnerkar
Chairman & Director
DIN 08597016

Sd/-
Sultan Ahmed
Director
DIN 07564073

Sd/-
(Ratan Mani Sumit)
Company Secretary
ACS15193

Millennium Telecom Limited
Significant accounting policies and other explanatory information for the year ended March 31, 2023

Notes	Particulars
1	**Corporate information**

MILLENNIUM TELECOM LIMITED (MTL), a wholly owned subsidiary of MAHANAGAR TELEPHONE NIGAM LIMITED (MTNL), is set up to set up submarine cable project & to provide IT solutions. After cancellation of the Sub-marine Cable Project Tender, the Board of MTL decided to enter into new line of business and started exploring the new different business prospects. The following are the services which are intened to be provided by MTL. The various services being offered are Remote monitoring of customer network, Capacity building and skill development programme, End-to-end ICT Solution provider along with operation & maintenance. Launch, operate, provide and maintained Cloud and managed services. Surveillance and perimeter security including emergency communication. Campus wide Wi-Fi , Surveillance projects, Infrastructure Sharing, Data Centre Outsourcing Application including Web Hosting, Cloud computing etc

1.1 Significant accounting policies

Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) specified under section 133 of Companies Act, 2013 read with Rule-7 of Companies (Accounts) Rules, 2014 & as amended time to time and the relevant provisions of the Companies Act 2013. The financial statements have been prepared on accrual 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.

1.2 Property Plant and Equipment

All items of property, plant and equipment are stated at cost of acquisition historical cost less accumulated depreciation and impairment loss, if any. Cost includes of cost of acquisition, construction and installation, taxes, duties, freight and other incidental expenses that are directly attributable to bringing the asset to its working conditions for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives of the assets as specified under Schedule II of the Companies Act, 2013 and in manner as specified in that Schedule II.

1.3 Impairment of non financial assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount to the carrying amount of the asset that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior accounting periods.

1.4 Investments and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVPL), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of profit and loss are expensed in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

De-recognition of financial assets

A financial asset is derecognised only when

• The Company has transferred the rights to receive cash flows from the financial asset or

• retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

1.5 Inventories

Inventories are valued lower of cost or net realisable value.

1.6 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities.

1.7 Employee benefits

No provision for retirement benefits has been made since there are no employees.

1.8 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The company does not recognize a contingent liability but discloses its existence in the financial statements.

1.9 Income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognized in equity are recognized in equity and not in the Statement of Profit and Loss.

1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.11 Use of estimates

The preparation of the financial statements in conformity with Indian Accounting Standard requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

11. Equity Share Capital

(ALL amount in INR Thousands)

	As at March 31, 2023	As at March 31, 2022
	Rupees	Rupees
Equity share capital		
Authorised:		
10,00,00,000 (Previous Year:10,00,00,000) Equity Shares of Rs. 10 each	1,000,000,000	1,000,000,000
Issued:		
28,75,880 (Previous Year:28,75,880) Equity Shares of Rs. 10 each	28758.80	28758.80
Subscribed and Paid-Up:		
28,75,880 (Previous Year:28,75,880) Equity Shares of Rs. 10 each	28758.80	28758.80
	28758.80	28758.80

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

(ALL amount in INR Thousands)

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, 2021				
- Number of shares	2,875,880	-	-	2,875,880
- Amount (Rs.)	28,758.80	0.00	0.00	28,758.80
Year ended 31 March, 2022				
- Number of shares	2,875,880	-	-	2,875,880
- Amount (Rs.)	28,758.80	0.00	0.00	28,758.80

Notes:

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights
	Number of shares
As at March 31, 2023 Mahanagar Telephone Nigam Limited, the holding company	2,875,880
As at March 31, 2022 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

MILLENNIUM TELECOM LIMITED

Statement of Changes in Equity for the year ended March 31, 2023

(ALL amount in INR Thousands)

	Number of shares	Amount
As at March 31, 2022	28,758,800	28758.80
Changes during the year	-	0.00
As at March 31, 2023	28,758,800	28758.80

Other equity (ALL amount in INR Rs.)

	Revenue Reserve	Retained earnings	Total
Opening balance as at April 01, 2022	**724.12**	**27,425.69**	**28,149.81**
Profit / (loss) for the year		3,176.96	3,176.96
Income Tax earlier year (Excess Prov)		-40.84	-40.84
Dividend and Proposed Dividend		-575.18	-575.18
Closing balance as at March 31, 2023	**724.12**	**29,986.64**	**30,710.76**

12. OTHER EQUITY

(ALL amount in INR Thousands)

Particulars	As at March 31, 2023	As at March 31, 2022
	Rupees	Rupees
Reserves and surplus		
Revenue reserve		
Opening balance	724.119	724.119
Add: Additions / transfers during the year	0.000	0.000
Less: Utilisations / transfers during the year	0.000	0.000
Amortization of fixed assets as per new	0.000	0.000
Companies Act 2013	0.000	0.000
Closing balance	724.119	724.119
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	27425.687	25552.271
Add: Profit / (Loss) for the current year	3176.964	1978.963
Add: Excess Provision on Dividend Tax	0.000	0.000
Add: Income Tax excess provision	-40.839	113.021
Less: Dividend	-575.176	-218.568
Less: Dividend Distribution Tax		
Less: Income Tax of earlier year		
Closing balance	29986.636	27425.687
Total	**30710.755**	**28149.806**

Notes to the standalone financial statements for the year ended 31st March 2023

(All amounts in INR lakhs, unless otherwise stated)

Note 11 : Equity share capital

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Number	Amount	Number	Amount
Authorized capital				
Equity shares of INR 10/- each	100,000,000	10,000.00	100,000,000	10,000.00
Issued, subscribed and paid up capital				
Equity shares of INR 10/- each	2,875,880	287.59	2,875,880	287.59
Total issued, subscribed and paid-up share capital	**2,875,880**	**287.59**	**2,875,880**	**287.59**

a. Terms and rights attached to equity shares

The Company has only one class of equity shares. The equity shares have a paid up value of INR 10 per share. Each holder of equity shares is entitled to vote in proportion of the share of paid-up capital of the Company held by the shareholder. Each shareholder is entitled to receive interim dividend when it is declared by the Board of Directors. The final dividend proposed by the Board of Directors are paid when approved by the shareholders at the ensuing annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution shall be according to the members right and interest in the Company.

b. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Number	Amount	Number	Amount
At the beginning of the year	2,875,880	287.59	2,875,880	287.59
Add: Shares issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Outstanding at the end of the year	2,875,880	287.59	2,875,880	287.59

c. Details of shareholder(s) holding more than 5% shares in the company.

Name of the shareholder	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of Rs. 10 each, fully paid-up*				
Mahanagar Telephone Nigam Limited, the holding company	2,875,880	100.00%	2,875,880	100.00%

* As per records of the company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownerships of shares.

d. Equity shares held by promoters of the company

Name of the shareholder	As at 31st March, 2023			As at 31st March, 2022		
	No. of Shares held	% of Holding	% Change during the year	No. of Shares held	% of Holding	% Change during the year
Mahanagar Telephone Nigam Limited, the holding company	2,875,880	100.00%	0.00%	2,875,880	100.00%	0.00%

e. Changes in authorized share capital of the Company

There has been no change in the authorised share capital of the company in the current financial year

f. Details of interim and final dividend

The Board of directors in its meeting dated 20th Sep 2022 have declared an dividend for the F.Y. 2021-22 of INR 0.20 per share aggregating to INR 5.76 Lakhs.

Notes to the standalone financial statements for the year ended 31st March 2023

(All amounts in INR lakhs, unless otherwise stated)

Note 40 : Ratio analysis

S No.	Particulars	Numerator	Denominator	As at		Variance
				31st March, 2023	31st March, 2022	
1	Current Ratio	Current assets	Current Liabilities	2.71	2.55	6.45%
2	Debt-Equity Ratio5	Total debt1	Shareholder's equity	-	-	0.00%
3	Debt Service Coverage Ratio6	Earnings available for debt service2	Debt service3	-	-	0.00%
4	Return on Equity ratio	Net profits after taxes	Average shareholder's equity	5.34%	3.48%	53.62%
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	-	-	0.00%
6	Trade Receivable Turnover Ratio	Revenue	Average trade receivable	0.34	0.22	58.25%
7	Trade Payable Turnover Ratio	Purchases and other expenses	Average trade payables	-	-	0.00%
8	Net Capital Turnover Ratio	Revenue	Working capital	-	-	0.00%
9	Net Profit Ratio	Net profit	Revenue	69.83%	64.62%	8.06%
10	Return on Capital Employed	Earning before interest and taxes	Capital employed4	7.22%	4.70%	53.62%
11	Return on Investments					
	- Equity investments	Income generated from investments	Time weighted average investments	7.22%	4.70%	53.62%
	- Mutual fund	Income generated from investments	Time weighted average investments	0.00%	0.00%	0.00%
	- Fixed deposits	Income generated from investments	Time weighted average investments	0.00%	0.00%	0.00%
	- Loans and advances	Income generated from investments	Time weighted average investments	0.00%	0.00%	0.00%

1. Total debt represents borrowings and lease liabilities

2. Earnings available for debt service = Net profit after tax + Non-cash operating expenses + Interest + Other adjustments like loss on sale of fixed assets etc.
3. Borrowings and lease repayments.
4. Capital employed = Tangible net worth + Deferred tax liabilities + Lease liabilities
5. Increase in debt in the form of lease liabilities for 3 additional plants acquired by the Company during the year.
6. Decrease in debt payments of borrowings during the financial year as there were no outstanding borrowings in the Company.

Millennium Telecom Limited

Significant accounting policies and other explanatory information for the year ended March 31, 2023

(ALL amount in INR Thousands)

Note No	Particulars	As at March 31, 2023	As at March 31, 2022
		Rupees	**Rupees**
3	**Deferred tax assets**		
	Timing difference between book depreciation and depreciation as per Income Tax Act, 1961	12.23	15.46
		12.23	15.46
4	**Non current tax assets**		
	Advance tax (net of provisions)	3124.69	3113.36
		3124.69	3113.36
5	**Trade receivables (Unsecured)**		
	Considered good	13341.51	14211.95
	Considered doubtful	273.97	273.97
		13615.48	14485.92
	Less: Provision for doubtful debts	-273.97	-273.97
		13341.51	14211.95
6	**Cash and Cash equivalents**		
	Cash in hand		
	- current accounts	156.08	1312.86
	- in deposit account with original maturity upto 3 months	473.29	458.76
		629.37	1771.62
7	**Balance with banks**		
	- in deposit account with original maturity more than 12 months	60597.29	57777.59
		60597.29	57777.59
8	**Other current financial asset**		
	Receivable from related parties	174.21	174.21
	Deposit with Thane Municipal Corporation	840.22	840.22
	Deposit with CIDCO	663.28	649.00
	Bank Guarantee	0.00	0.00
		1677.71	1663.43
9	**Other current tax assets**		

	Income tax refund receivable	724.33	813.29
		724.33	813.29
10	**Other current assets**		
	Service not billed (Accrud Income)	0.00	272.52
	CGST credit ledger-Maharsahtra		
	SGST credit ledger-Maharsahtra		
	GST Crdit ledger-Delhi	183.24	183.24
	Tax credit not utilized	0.00	
	Balance with statutory authorities	15479.64	15366.42
		15662.88	15822.18

Note No	Particulars	As at March 31, 2023	As at March 31, 2022
13	**Other non current liabilities**		
	Mobilization Advance Received from Jammu & Kashmir E-Gov	2177.000	2177.000
		2177.000	2177.000
14	**Trade Payables**		
	Due to MSME	0.000	0.000
	Due to Others	571.562	698.583
		571.562	698.583
15	**Other current financial liabilities**		
	Advances from related parties	6060.175	6060.175
	Interim Dividend Payable	0.000	0.000
	Proposed Dividend	0.000	0.000
	Earnest money deposit and security deposit	23571.901	23585.938
		29632.076	29646.113
16	**Current Provisions**		
	Provision for expenses	3394.925	5262.382
		3394.925	5262.382
17	**Other current liabilities**		
	Income Received in Advance	0.000	0.000
	Statutory remittances (Professional Tax, Service Tax, TDs payable)	568.750	540.054
		568.750	540.054

Millennium Telecom Limited

Significant accounting policies and other explanatory information for the year ended March 31, 2023

(ALL amount in INR Thousands)

Note No	Particulars	Year Ended	Year Ended
		45016.00	44651.00
		Rupees	Rupees
18	Revenue from operations		
	Sales of Products		
	Sales of Services	0.00	193.97
	Other Operating Revenues	0.00	0.00
	GST	0.00	34.91
	Gross Revnue	0.00	228.88
	Less: Service Tax / GST	0.00	-34.91
	Net Revenue from operations	0.00	193.97
19	Other Income		
	Interest income	3149.15	2696.33
	Interest on IT refund	18.61	151.81
	Reversal of Provision	1382.00	
	Tender & EMD forfeiture	0.00	20.50
		4549.75	2868.64
20	Finance costs		
	Bank Charges	0.59	0.00
		0.59	0.00
21	Other expenses		
	Direct Expenses	0.00	159.97
	Meeting Expenses		0.00
	Email ID creation charges	7.86	1.28
	Rates and taxes		
	Travelling and conveyance	32.60	0.00
	Printing and stationery	0.80	0.00
	Postage		0.00
	Late Fees GST TDS deposit	0.00	0.10
	CS Fees	40.39	51.02
	Fees to CA GST Audit & Consultancy fees		35.00
	Rent & Electricity of Office	66.01	66.01
	Digital Signature	7.36	
	Payments to auditors	75.00	75.00
	RoC filing fees	25.99	
		256.01	388.38

Millennium Telecom Limited
Balance Sheet as at 31st March 2023

2. Property Plant and Equipment **(ALL amount in INR Thousands)**

Particulars	Furniture and fixtures	Office equipment	Electrical fittings	Computers	Vehicles	Total
Carrying amount as on 01-Apr-2022	23.71	17.03	3.11	0.00	0.00	43.86
Addition	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Opening accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation charge duting the year	0.00	0.00	0.00	0.00	0.00	0.00
Assets included in a disposal group classified as held for sale	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Exchange differences	0.00	0.00	0.00	0.00	0.00	0.00
Closing accumulated depreciation	-	-	-	-	-	0.00
Net carrying amount	23.71	17.03	3.11	0.00	0.00	43.86

Significant accounting policies and other explanatory information for the year ended March 31, 2023

Related party transactions
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 Arvind Vadnerkar, Chairman & Director from 01-09-2021 Shri Sultan Ahmed, Director Shri Mukesh Kumar Chauhan Director from 08-11-2022 Shri Bhim Singh, Director up to 24-08-2022 Shri Deepak Mukherjee, Director from 08-07-2021 Shri S R Sayal, Company Secretry up to 28-02-2023 Shri Ratan Mani Sumit, Company Secretry w.e.f. 28-03-2023 No transaction with any of them.
Relatives of KMP	No transactions
Company in which KMP / Relatives of KMP can exercise significant influence	No Transactions

Note: Related parties have been identified by the Management.

1. Details of related party transactions during the year ended 31 March, 2023 and balances outstanding as at 31 March, 2023:				
	Associates : Bharat Sanchar Nigam Ltd. / United Telecom Ltd	**Ultimate Holding Company : Mahanagar Telephone Nigam Ltd.**	**Fellow Subsidiaries : Mahanagar Telephone Nigam (Mauritius) Ltd**	**Total**
	(ALL amount in INR Thousands)			
Balances outstanding at the end of the year				
Trade receivables (Related Party)	-	9,843	-	9,843
	-	(10,438)	-	(10,438)
Advances to parent company	-	174	-	174
	-	(174)	-	(174)
Advances from parent company	-	6,060	-	6,060
	-	(6,060)	-	(6,060)
Provision for doubtful receivables, loans and advances	-	-	-	-
	-	-	-	-
Note: Figures in bracket relates to the previous year				

Trade Payables As on 31.03.2023

For current trade payables, please share aging shcedule in the following format

(ALL amount in INR Thousands)

Particulars	Outstanding for following periods from due date of payment#				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	0.00	0.00	0.00	0.00	0.00
(ii) Others	95.27	0.00	476.29	0.00	571.56
(iii) Disputed dues – MSME	0.00	0.00	0.00	0.00	0.00
(iv)Disputed dues - Others	0.00	0.00	0.00	0.00	0.00
(v) Unbilled Dues *	0.00	0.00	0.00	0.00	0.00
vi) Disputed dues - Unbilled *	0.00	0.00	0.00	0.00	0.00
TOTAL=	**95.27**	**0.00**	**476.29**	**0.00**	**571.56**

similar information shall be given where no due date of payment is specified in that case disclosure shall be from the d ate of the transaction. Also, unbilled dues shall be disclosed separately

Trade Payables As on 31.03.2022

For current trade payables, please share aging shcedule in the following format

(ALL amount in INR Thousands)

Particulars	Outstanding for following periods from due date of payment#				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	0.00	0.00	0.00	0.00	0.00
(ii) Others	222.30	0.00	0.00	476.29	698.58
(iii) Disputed dues – MSME	0.00	0.00	0.00	0.00	0.00
(iv)Disputed dues - Others	0.00	0.00	0.00	0.00	0.00
(v) Unbilled Dues *	0.00	0.00	0.00	0.00	0.00
vi) Disputed dues - Unbilled *	0.00	0.00	0.00	0.00	0.00
TOTAL=	**222.30**	**0.00**	**0.00**	**476.29**	**698.58**

similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction. Also, unbilled dues shall be disclosed separately

Trade Receivables (Current and Non - current) As on 31.03.2023

For both current and non-current trade receivables, please share aging shcedule in the following format

(ALL amount in INR Thousands)

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	0.00	0.00	0.00	0.00	13341.51	13341.51
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Undisputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Disputed Trade Receivables– considered good	0.00	0.00	0.00	0.00	0.00	0.00
(v) Disputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	0.00
(vi) Disputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	0.00

similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction. Also, unbilled dues shall be disclosed separately

Trade Receivables (Current and Non - current) As on 31.03.2022

For both current and non-current trade receivables, please share aging shcedule in the following format

(ALL amount in INR Thousands)

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	0.00	0.00	636.72	0.00	13575.23	14211.95
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Undisputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Disputed Trade Receivables– considered good	0.00	0.00	0.00	0.00	0.00	0.00
(v) Disputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	0.00
(vi) Disputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	0.00

similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction. Also, unbilled dues shall be disclosed separately

Millennium Telecom Limited

Significant accounting policies and other explanatory

information for the year ended March 31, 2023

22 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities of the company are under the amortised cost measurement category at each of the reporting dates.

Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments in the level 2 category for the company include forward exchange contract derivatives.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

The carrying amounts of trade receivables, other financial assets, fixed deposits with banks, trade payables and other current financial liabilities are considered to be approximately equal to the fair value.

The Fixed Deposit shown as Cash and Equivalent as it's nature like "Readily convertible to known amounts of cash" as per IND AS 7. As the company withdraw money from fixed deposit as and when required for its on going projects.

23 Financial risk management

The company is exposed to credit risk and liquidity risk.

Credit risk

Credit risk arises from cash and bank balances, trade receivables and other financial assets carried at amortised cost.

Credit risk management

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. There is no significant concentration of credit risk.

Bank balances are held with only high rated banks. The major portion of trade receivables are due from parent company. Accordingly, the provision for impairment is considered immaterial.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and other financial liabilities.

The Company's finance department is responsible for liquidity and settlement management. Also the liquidity position is assessed at reasonable intervals through budgeted cashflow.

Maturities of non – derivative financial liabilities

As at March 31 ,2023 (ALL amount in INR Thousands)

Particulars	Within 6 months	6 months to 1 year	Total
Trade Payables	87.17	484.39	571.56
Other current financial liability		29,632.08	29,632.08

As at March 31 ,2023 (ALL amount in INR Thousands)

Particulars	Within 6 months	6 months to 1 year	Total
Trade Payables	100.00	471.56	571.56
Other current financial liability		29,646.11	29,646.11

NAME OF COMPANY:	**MILLENIUM TELECOM LIMITED**			
F.Y:	**2022-2023**			
A.Y:	**2023-2024**			
PAN:	**AADCM3056G**			
COMPUTATION OF TOTAL INCOME FOR THE YEAR ENDED 31.03.2023:				
		(ALL amount in INR Thousands)		
INCOME FROM BUSINESS & PROFESSION:				
Profit as per Profit & Loss A/c (Before Tax)			4293.153	
Add: Items considered separately/ disallowable:				
Depreciation as per Companies Act		-		
Professional Taxes not paid		-		
Late Filing Fees GST		-		
Penalty & Interest		-		
Prior Period Items			0.000	
			4293.153	
Less:Considered separately/allowed:				
Depreciation as per Income Tax Act		12.576		
			12.576	4280.577
				4280.577
				0.000
Total Taxable Income				**4280.577**
Total Taxable Income Rounded				**4280.580**
Normal Tax Payable @ 25%	(A)			1070.145
Tax Payable u/s 115JB on book profit	(B)			354.175
Tax Payable (Normal Tax Payable or Tax u/s 115JB whichever is higher)				1070.145
Add: Surcharge @ 7%/12%				
				1070.145
Education Cess 4%				42.806
				1112.951
Less: MAT Tax Credit B/f from earlier u/s 115JAA utilised				0.000
				1112.951
Add: Interest u/s 234 B & C as per Software working				0.000
				1112.951
Tax deducted at source				0.000
Tax Payable / (Refundable)				**1112.951**
Advance tax paid				
Advance tax paid			772.000	
TDS Claims			319.755	
				1091.755
				21.196
Less: Self assessment Tax Paid				0.000
Balance Payable/(Refund Due)				21.196

Calculation of Interest u/s 234:				
U/S-234 B:			**Shortfall**	**Interest**
As per Income tax software			0.000	0.000
U/S-234 C:				
As per Income Tax software				0.000
COMPUTATION U/S 115JB				
HEADS OF INCOME		**(ALL amount in INR Thousands)**		
INCOME FROM BUSINESS OR PROFESSION				
NET PROFIT AS PER P & L A/C AFTER TAX			3176.964	
Add: 1) Income Tax		1112.951		
2) deferred tax		3.238	1116.189	
Net Profit After adjustment of additions			4293.153	
ADD: ITEMS DISALLOWABLE/ CONSIDERED SEPARATELY				
		4293.153		
LESS;				
Income Exempt u/s 10 (Dividend Recd)			0.000	
BOOK PROFITS			4293.153	
TOTAL INCOME			4293.153	
BOOK PROFITS R/O			4293.150	
TAX ON BOOK PROFITS @ 18.5%			794.233	354.175

MILLENNIUM TELECOM LIMITED

NOTE TO ACCOUNTS

NOTE NO 11

Defferred Tax (Asset \ Liabilities)

(ALL amount in INR Rs.)

AY 2021-22					
Depreciation working for the F.Y. 2020-21					
		Op.WDV	Addition	Dep	Cl. WDV
Computer	40%	131		52.00	79.00
Office Equipment	15%	22372		3356.00	19016.00
Motor Car	15%	20559		3084.00	17475.00
F/F & E/F	10%	60844		6084.00	54760.00
		103906.00		**12576.00**	**91330.00**
				12.576	91.33
Deferred Tax liability as on 31.3.2022			**(ALL amount in INR Thousands)**		
WDV as per Co's Act		43.86			
WDV as per I.T Act		91.33			
Less Dep. Claimed in I.T		-47.48			
Deferred Tax Asset as on 31.3.2023		**12.23**		**Tax Rate**	**25.75%**
Deferred Tax Asset as on 31.3.2022		-15.46			
Deferred tax for the year		**-3.238**			

Millennium Telecom Limited

Significant accounting policies and other explanatory information for the year ended March 31, 2023

		As at March 31, 2023	As at March 31, 2022
1	Contingent liabilities and commitments (to the extent not provided for)		
2	Dividend of Rs 0.20 per equit share has been paid for the year ended 31-03-2022 in the finacial year 2022-23. Board of director recommended to Dividend of Rs 0.20 per Equity Share for the year ended 31-03-2022		
3	The Fixed Deposit shown as Cash and Equivalent have maturity period less tnen 3 months and it's nature is like "Readily convertible to known amounts of cash" as per IND AS 7. As the company withdraw money from fixed deposit as and when required for its on going projects.		
4	The company operates in one segment i.e. providing of services in India.		
5	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, 2023 and March 31, 2022.		
	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.		
6	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.		
7	Details of consumption of imported and indigenous items are Nil for the company.		
8	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.		
9	Account balance confirmation and reconciliation not available for transactions and balances with Holding Company MTNL. Hence balance appearing in the books in respect of MTNL are subject to confirmation and reconciliation as on 31.3.2023		
10	No bill wise details available regarding status of Statutory remittances pending as per Note No.16 towards service tax liability of Rs.5,40,054/-.		
11	The Company's Board of Directors is responsible with respect to the preparation of financial statements in accordance with the requirements of Indian Accounting Standard (Ind AS) 34, "Interim Financial Reporting" as specified under Section 133 of the Companies Act, 2013 ('Act') read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The Board of Directors are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design,implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements are free from material misstatement, whether due to fraud or error.		
12	Bank statement not provided by ICICI Bank having balance of Rs 100825 as account is marked under lien by the bank due to order by income tax authorities,current Status of this A/c is dormat.		
13	One FDR of Rs.10,00,000/-(Principal Value) has been encashed in Apr-2023 for operational expenses.		
14	CSGT and SGST of Delhi Unit wrong Input Credit of Rs.4009/- will be reversed in Apr-2023 return.		

As per our report attached.

Sd/-

For M/s SATYA PRAKASH MANGAL & COMPANY
Chartered Accountants
Firm's Registration No.:008513N

Sd/-
CA Satya Prakash Mangal
Partner
Membership No. 086342
UDIN: 23086342BHADLQ5279

Place: New Delhi
Date: 29 May 2023

For and on behalf of the Board of Directors

Sd/-
Arvind Vadnerkar
Chairman & Director
DIN 08597016

Sd/-
Sultan Ahmed
Director
DIN 07564073

Sd/-
(Ratan Mani Sumit)
Company Secretary
ACS15193

Millennium Telecom Limited

Annexures to the Notes forming part of the financial statements

Annexures to note no 4 **(ALL amount in INR Thousands)**

Non Current Tax Assets	As at March 31, 2023	As at March 31, 2022
Income Tax Paid (A.Y. 2003-04)	6375.775	6375.775
Income Tax Paid (A.Y. 2004-05)	3437.127	3437.127
Income Tax Paid (A.Y. 2005-06)	3819.306	3819.306
	13632.208	13632.208
Less: Provision for taxation		
AY 2003-04	-4063.127	-4063.127
AY 2004-05	-2721.485	-2721.485
AY 2005-06	-2811.094	-2811.094
AY 2007-08	-941.800	-941.800
Total	3094.702	3094.702
TDS Assets:-		
TDS Assests F.Y 2015-16	14.986	14.986
TDS Assests F.Y 2016-17	3.671	3.671
TDS Assests F.Y 2018-19	11.336	0.000
TOTAL	**3124.695**	**3113.359**

Annexures to note no 5 **(ALL amount in INR Thousands)**

Trade Receivable	As at March 31, 2023	As at March 31, 2022
Considered Good		
CE (BW), MTNL, Delhi	1724.630	1724.630
CE (BW), MTNL, Mumbai	1260.870	1260.870
GM (Mktg & PR), MTNL, Mumbai	267.400	267.400
GM (Mktg), MTNL, Delhi	6010.020	6010.020
GM (Mktg-GSM), MTNL Delhi	120.410	120.410
GM (Mktg-GSM), MTNL, Mumbai	32.400	32.400
SVP (Mktg), MTNL, CO	375.255	375.255
GM (Mktg), MTNL, Delhi (CUH project)	51.837	636.720
JAMMU & KASHMIR E GOV	559.685	559.685
CIDCO Ltd	100.001	385.561
Thane Municipal Corporation	0.000	0.000
UP Building and Other Construction Worker Welfare Board	2839.002	2839.002
	13341.510	**14211.953**
Considered doubtful		
Cement Corporation of India	215.771	215.771
HPSEDC	58.200	58.200
	273.971	**273.971**
Provision for bad-debt	273.971	273.971

Annexures to note no 6 & 7 **ALL amount in INR Thousands)**

Cash and Bank Balance	As at March 31, 2023	As at March 31, 2022
Balances with banks		
(i) In current accounts		
IOB A/C - Mumbai- Collection	23.222	3.602
IOB A/C - Mumbai-Operation	8.410	8.752
IOB A/C - Delhi	23.627	1199.677
ICICI A/C	100.825	100.825
	156.084	1312.856
(ii) In deposit fixed deposit accounts		
IOB A/C - Mumbai	0.000	0.000
IOB A/C - Delhi	61070.582	58236.352
	61070.582	**58236.352**

Annexures to note no 9 **ALL amount in INR Thousands)**

Other current asset	As at March 31, 2023	As at March 31, 2022
Income Tax refund receiveble AY 2007-08	636.478	636.478
Income Tax refund receiveble AY 2015-16	87.849	87.849
Income Tax refund receiveble AY 2018-19	0.000	0.000
Income Tax refund receiveble AY 2019-20	0.000	0.000
Income Tax refund receiveble AY 2020-21	0.000	0.000
Income Tax refund receiveble AY 2022-23	0.000	88.965
Income Tax refund receiveble AY 2023-24	0.000	0.000
	724.327	**813.292**

Annexures to note no 10(A) **ALL amount in INR Thousands)**

GST TDS credit not utilized	As at March 31, 2023	As at March 31, 2022
CGST Credit-Delhi	7.124	7.124
SGST Credit-Delhi	7.124	7.124
IGST Credit-Delhi	168.989	168.989
SGST Credit-UP	0.000	0.000
	183.237	**183.237**

Annexures to note no 10(B) **ALL amount in INR Thousands)**

Balance with statutory authorities	As at March 31, 2023	As at March 31, 2022
CGST Credit-Mah	5056.181	5036.381
SGST Credit-Mah	1749.502	1729.702
CGST Credit Delhi	200.743	156.325
SGST Credit Delhi	166.005	129.743
IGST Credit Delhi	1.098	8.155
CGST Credit-UP	4040.858	4040.858
SGST Credit-UP	4040.858	4040.858
Cess credit receivable	20.761	20.761
Krishi Kalyan Cess credit	203.636	203.636
	15479.642	**15366.420**

Annexures to note no 14 **ALL amount in INR Thousands)**

Trade payable	As at March 31, 2023	As at March 31, 2022
Sundry creditors		
MTNL-Rent payable	77.892	0.000
Telexcell Information System Ltd	0.000	160.130
ITI Limited	36.935	36.935
Pentagon Network Solution Ltd	100.000	100.000
GAAP Education Pvt ltd	339.357	339.353
National Informatic Center	9.280	0.000
	0.000	0.000
Creditor for expenses	0.000	0.000
MRITYUNJAY SHEKHAR & ASSOCIATE	0.000	12.300
V K Sharma	8.098	11.448
Hemant Singh Associatre	0.000	38.417
TOTAL	**571.562**	**698.583**

Annexures to note no 15 **ALL amount in INR Thousands)**

Other current financial liabilities	As at March 31, 2023	As at March 31, 2022
Advances from related parties		
Holding Company Mahanagar Telephone Nigam Ltd		
Delhi Unit	4811.756	4811.756
Mumbai Unit	1248.419	1248.419
	6060.175	**6060.175**
Trade / security deposits received		
EMD FROM TELEXCELL	10.000	38.315
Deposit from Vikas Buildtech Pvt. Ltd.	10715.047	10715.047

Other current financial liabilities	As at March 31, 2023	As at March 31, 2022
Advance from NSRC Data center	1845.662	1845.662
Deposit from Pentagon Network Sol Pvt Ltd	2801.192	2786.914
DEPOSIT OF BDA	8200.000	8200.000
	23571.901	**23585.938**

Annexures to note no 16 **ALL amount in INR Thousands)**

Current Provision	As at March 31, 2023	As at March 31, 2022
Provision for Air India		
Provision for CUH-WiFi	0.000	258.801
Provision for MPLS toll plaza	112.000	112.000
Provision for UP GIS project	3215.425	3215.425
Provision for other exp	67.500	105.000
Provision for TMC maintenance	0.000	1571.156
	3394.925	**5262.382**

Annexures to note no 17 **ALL amount in INR Thousands)**

Other current liabilities	As at March 31, 2023	As at March 31, 2022
Statutory remittances (Professional Tax, Service Tax, TDs payable)		
Service Tax Not due for Payable - 10.2%	310.945	310.945
Service Tax Not due for Payable - 5%	229.109	229.109
TDS Payable-Delhi	7.500	0.000
Income Tax payable	21.196	0.000
TOTAL	**568.750**	**540.054**

NJC ASSOCIATES
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHANAGAR TELEPHONE (MAURITIUS) LTD

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of **Mahanagar Telephone (Mauritius) Ltd** and its subsidiaries(together referred to as the "Group") and the Company's separate financial statements which comprise the statement of financial position as at 31 March 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 48.

In our opinion, these financial statements give a true and fair view of the financial position of **Mahanagar Telephone (Mauritius) Ltd** as at 31 March 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code) *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the commentary of the directors and certificate from the secretary.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Corporate governance

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the principles of the Code.

The directors have given satisfactory explanations on the principles of the Code which have not been complied with. In our opinion, the disclosures in the annual report, including explanations on the reasons for non-compliance, is consistent with the principles of the Code.

Directors' Responsibility for the consolidated and separate financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters discussed in the table below relate to the consolidated financial statements. We have determined that there are no key audit matters regarding the audit of the separate financial statements of the Company for the current period to communicate in our report.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition (Refer to note 16 to the consolidated financial statements)	
The Group reported revenues of Rs. 434,438,220. The amount involved is material to the Group financial statement and there is a rebuttable presumption that revenue is a significant risk. MTML revenue consists of two major streams namely the income from ancillary services and mobile services making up to 21% and 45% respectively of rendering of services revenue category. We have also identified a risk of management override of controls through manual revenue journal entries which may be susceptible to fraud and error.	Our audit procedures included, among others, obtaining an understanding of, evaluating the design and implementation, testing the operating effectiveness of the controls over the Group's revenue recognition process. • Tested the key controls over the calculation of the amounts billed to customers and the capturing and recording of the revenue transactions; • Tested the key controls over the authorisation of the rate changes and the input of such rates to the billing systems; • Tested the end-to-end reconciliations from business support systems to billing systems to the general ledger.

Directors' Responsibility for the consolidated and separate financial statements (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td></td><td>Tested material journals processed between the billing systems and the general ledger.
Performed tests on the accuracy of customer bill generation process on a sample basis and tested a sample of the credits and discounts applied to such customer bills.
We have reviewed the appropriateness of revenue recognition accounting policies and assessed the compliance with the requirement of IFRS 15 Revenue Recognition.</td></tr>
<tr><td>Provision of impairment of trade receivables (refer to note 8(a))</td><td></td></tr>
<tr><td>We focused on this area as the provision of trade receivables require the application of judgement and the use of subjective assumptions as described in critical accounting estimates and judgments in Note 4.</td><td>We evaluated management's assumptions and methods applied for calculating the provision for impairment of trade receivables by carrying out the following procedures, among others:
Obtained an update of the understanding of the process relating to the provisions for impairment of trade receivables and performed tests of a sample to confirm our understanding.
Obtained an ageing report of trade receivables and tested the accuracy by verifying the ageing of individual invoices on a sample basis.
Obtained the management's calculation of the provision for various age categories made in accordance with the impairment policy and checked if they were in line with assumptions made by management. We have also considered the appropriateness of the policy based on historical experience and application of the Expected Credit Losses model.
We have also considered the appropriateness of the disclosures in accordance with the requirements of IFRS 9.</td></tr>
</table>

Auditors' Responsibilities for the Audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

This report is made solely to the Company's member in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's member those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

NJC ASSOCIATES

Chartered Accountants

5th Floor, Orbis Court

Royal Road St Jean

Quatre Bornes

Date: 27-05-2023

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Business Registration Number: F13000058•VAT NO: 31014729

MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

ASSETS	Notes	THE GROUP		THE HOLDING COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Non-current assets					
Property, plant and equipment	5 (a)	**369,986,907**	374,686,925	**369,986,907**	374,686,925
Right-of-use assets	5 (b)	**2,909,080**	3,673,573	**2,909,080**	3,673,573
Investment property	5 (c)	**36,397,996**	39,145,828	**36,397,996**	39,145,828
		409,293,983	417,506,326	**409,293,983**	417,506,326
Current assets					
Inventories	7	**4,652,754**	5,627,362	**4,652,754**	5,627,362
Trade receivables	8(a)	**62,931,949**	49,348,405	**62,931,949**	49,348,405
Other current assets	8(b)	**62,050,165**	69,998,528	**62,103,565**	70,050,929
Financial Assets at Amortised Cost	9(b)	**159,212,648**	225,325,124	**159,212,648**	225,325,124
Cash and cash equivalents	9(a)	**114,872,856**	96,391,082	**114,872,856**	96,391,082
		403,773,772	446,690,501	**403,773,772**	446,742,902
TOTAL ASSETS		**813,067,755**	**864,196,827**	**813,067,755**	**864,249,228**

EQUITY AND LIABILITIES

Equity	Notes	THE GROUP		THE HOLDING COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Stated capital	10	**673,717,949**	673,717,949	**673,717,949**	673,717,949
Retained earnings	11	**27,668,025**	49,537,071	**27,720,525**	49,588,721
		701,438,474	723,255,020	**701,438,474**	723,306,670
Non-current liabilities					
Leased liabilities	5 (b)	**2,797,639**	4,230,893	**2,797,639**	4,230,893
Deferred tax liabilities	15	**38,290,588**	41,916,325	**38,291,488**	41,917,075
		41,088,227	46,147,218	**41,089,127**	46,147,968
Current liabilities					
Trade and other payables	12	**69,184,494**	74,298,818	**69,184,494**	74,298,818
Current tax liabilities	15	**-**	13,890,112	**-**	13,890,112
Leased liabilities	5 (b)	**1,355,660**	1,355,660	**1,355,660**	1,355,660
Dividend Payable	18		5,250,000		5,250,000
		70,540,154	94,794,590	**70,540,154**	94,794,590
Total Equity And Liabilities		**813,067,755**	864,196,827	**813,067,755**	864,249,228

These financial statements have been approved for issue by the board of directors on: 27-05-2023

(RAMAPATEE GUJADHUR)
DIRECTOR

(P.K. PURWAR)
DIRECTOR

MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	THE GROUP		THE HOLDING COMPANY	
		2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Revenue	**16**	**434,438,220**	463,190,582	**434,438,220**	463,190,582
Cost of sales	**27**	**(338,643,089)**	(337,505,906)	**(338,643,089)**	(337,505,906)
Gross profit		**95,795,131**	125,684,676	**95,795,131**	125,684,676
Personnel expenses	**28**	**(24,560,632)**	(21,143,086)	**(24,560,632)**	(21,143,086)
Licence fees	**29**	**(64,240,660)**	(61,978,771)	**(64,240,660)**	(61,978,771)
Other operating expenses	**30**	**(23,965,533)**	(9,927,298)	**(23,964,533)**	(9,926,298)
Marketing expenses	**31**	**(18,935,482)**	(18,237,791)	**(18,935,482)**	(18,237,791)
Impairment loss	**6**	**-**	-	**-**	-
Other income	**13**	**5,092,195**	3,704,677	**5,092,195**	3,704,677
Operating (loss)/ profit	**19**	**(30,814,981)**	18,102,407	**(30,813,981)**	18,103,407
Finance income	**14**	**6,026,602**	1,161,424	**6,026,602**	1,161,424
Finance cost	**5(b)(ii)**	**(706,404)**	(1,038,508)	**(706,404)**	(1,038,508)
(Loss)/ profit before tax		**(25,494,783)**	18,225,323	**(25,493,783)**	18,226,323
Taxation	**15**	**3,625,737**	(16,679,791)	**3,625,587**	(16,679,941)
PROFIT FOR THE YEAR		**(21,869,046)**	1,545,532	**(21,868,196)**	1,546,382
Other comprehensive income, net of income tax		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(21,869,046)**	1,545,532	**(21,868,196)**	1,546,382
(Loss)/ profit attributable to:					
Owners of the parent		**(21,869,046)**	1,545,532		
Non-controlling interests		**-**	-		
		(21,869,046)	1,545,532		
Earnings per share (Rs.)	**17**	**(0.04)**	0.03	**(0.03)**	0.03

MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENTS OF CHANGES IN EQUITY

THE GROUP	Notes	Stated capital Rs.	Retained earnings Rs.	Total equity Rs.
Balance at 01 April 2021		673,717,949	53,241,539	726,959,488
Adjustment for change in accounting policy		-	-	-
Total comprehensive income for the year		-	1,545,532	1,545,532
Dividend	18	-	(5,250,000)	(5,250,000)
Balance at 31 March 2022		673,717,949	49,537,071	723,255,020
Balance at 01 April 2022		**673,717,949**	**49,537,071**	**723,255,020**
Total comprehensive income for the year		**-**	**(21,869,046)**	**(21,869,046)**
Dividend	18	-		-
Other comprehensive income for the year, net of income tax		-	-	-
Balance at 31 March 2023		673,717,949	27,668,025	701,385,974

THE HOLDING COMPANY	Notes	Stated capital Rs.	Retained earnings Rs.	Total equity Rs.
Balance at 01 April 2021		673,717,949	53,292,339	727,010,288
Adjustment from application of IFRS 16		-	-	-
Total comprehensive income for the year		-	1,546,382	1,546,382
Dividend	18	-	(5,250,000)	(5,250,000)
Balance at 31 March 2022		673,717,949	49,588,721	723,306,670
Balance at 01 April 2022		**673,717,949**	**49,588,721**	**723,306,670**
Total comprehensive income for the year		**-**	**(21,868,196)**	**(21,868,196)**
Dividend	18	-		-
Other comprehensive income for the year, net of income tax		-	-	-
Balance at 31 March 2023		**673,717,949**	**27,720,525**	**701,438,474**

MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENTS OF CASH FLOWS

	Notes	The Group		The Company	
		2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Cash flow from operating activities					
(Loss)/Profit Before Tax		**(25,493,783)**	18,225,323	**(25,493,783)**	18,226,323
Adjustments for:-					
Profit on disposal of assets		**-**	-	**-**	-
Provision for bad debts		**200,000**	150,000	**200,000**	150,000
Impairment		**-**			-
Finance cost		**764,492**	1,038,508	**764,492**	1,038,508
Depreciation	**20**	**77,991,044**	75,982,107	**77,991,044**	75,982,107
Cashflow from operation before working capital changes		**53,460,753**	95,395,938	**53,461,753**	95,396,938
Changes in working capital					
Inventories		**974,608**	(3,882,950)	**974,608**	(3,882,950)
Trade and other receivables		**(6,283,706)**	(38,645,195)	**(6,284,706)**	(38,646,195)
Trade and other payables		**(5,114,324)**	(27,272,626)	**(5,114,324)**	(27,272,626)
Net cash generated from operating activities		**43,037,331**	25,595,167	**43,037,331**	25,595,167
Cash flows from investing activities					
Purchase of investment in financial assets	**9 (b)**	**66,561,002**	(9,186,005)	**66,561,002**	(9,186,005)
Purchase of property, plant and equipment	**5 (a)**	**(69,778,696)**	(7,184,460)	**(69,778,696)**	(7,184,460)
Net cash used in investing activities		**(3,217,694)**	(16,370,465)	**(3,217,694)**	(16,370,465)
Cash flows from financing activities					
Dividend paid	**18**	**(5,250,000)**	(5,250,000)	**(5,250,000)**	(5,250,000)
Principal paid on lease liabilities		**(1,564,004)**	(1,157,327)	**(1,564,004)**	(1,157,327)
Interest paid on lease liabilites		**(764,492)**	(1,038,508)	**(764,492)**	(1,038,508)
Corporate Tax Paid		**(5,774,277)**	-	**(5,774,277)**	-
Solidarity Levy Paid		**(7,985,090)**	(7,985,090)	**(7,985,090)**	(7,985,090)
Net cash used in financing activities		**(21,337,863)**	(15,430,925)	**(21,337,863)**	(15,430,925)
Net movement in cash and cash equivalents		**18,481,774**	(6,206,223)	**18,481,774**	(6,206,223)
Movement in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		**96,391,082**	102,597,305	**96,391,082**	102,597,305
Cash and cash equivalents at the end of the year	**9**	**114,872,856**	96,391,082	**114,872,856**	96,391,082
Net Movement in cash and cash equivalents		**18,481,774**	(6,206,223)	**18,481,774**	(6,206,223)

MAHANAGAR TELEPHONE (MAURITIUS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. CORPORATE INFORMATION

Mahanagar Telephone (Mauritius) Ltd is a private limited Company incorporated in Mauritius on 14 November 2003. The address of the registered office is MTML Square, 63 Cyber City, Ebene, Mauritius. The principal activity of the Holding Company and its subsidiaries is to provide telecommunication services.

2. Standards, Amendments to published Standards and Interpretations effective in the reporting period

New and revised IFRSs with no material effect on the financial statements

The following new and revised IFRSs have been adopted in these financial statements. The nature and effect of the application of these new and revised IFRSs and the International Financial Reporting Interpretations Committee ("IFRIC") has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) - The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. This standard is not applicable to the Company.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) - The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). This standard is not applicable to the Company

New standards, interpretations and amendments to published standards

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and these statements, where applicable, will be applied in the year when they are effective.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent: The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

New standards, interpretations and amendments to published standards

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for annual periods beginning on or after 1 January 2023, with early application permitted.

Definition of Accounting Estimates (Amendments to IAS 8): The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after 1 January 2023, with early application permitted.

Non-current Liabilities with Covenants (Amendments to IAS 1): The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted. Classification of Liabilities as Current or Non-Current (Amendments to IAS 1): The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: – Right-of-use assets and lease liabilities – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Mahanagar Telephone (Mauritius) Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of the Holding Company and its subsidiaries and are presented in Mauritian Rupees. The financial statements are prepared under the historical cost convention, except that the relevant financial assets and financial liabilities are stated at them fair value or at amortised cost.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Investments in subsidiaries

Investments in subsidiary companies are carried at cost (or at fair value). The carrying amount is reduced to recognise any impairment in the value of individual investments.

Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss and other comprehensive income. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss and other comprehensive income. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not premeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss and other comprehensive Income. If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss and other comprehensive income.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

*(iv) Loss of cont*rol

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of profit or loss and other comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue recognition

Revenue from contracts with customers

(i) Rendering of services

Revenue relates to the provision of telephone services, data communication services and other corollary services.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognise revenue when they transfer control over a good and service to a customer, either over time or at a point in time.

International revenue is derived from outgoing calls from Mauritius and from payments by foreign network operators for calls and other traffic that originate outside Mauritius but which use the Company's network.

The Company pays a proportion of the international traffic revenue it collects from its customers to transit and destination network operators. These revenues and costs are stated gross in the financial statements. Amount payable and receivable from the same foreign network operators are shown net in the statement of financial position where a right of set off exists.

The two subsidiaries of the Company had not yet started operations during the year under review and, as such, did not derive any income.

(ii) Sale of goods

Revenue from sales of goods relates to sales of phone cards and mobile phones.

(ii) Other Income

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the Holding Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Holding Company and the Group recognised rental income on an accural basis.

Functional and presentation currency

(i) Reporting currency

The financial statements are presented in Mauritian Rupees (Rs), which is the Group's and the Company's functional and presentation currency. This represents the currency of the primary economic environment in which the Group and the Company operate.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies at year end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Leases

From January 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Company obtains substantially all the economic benefits from use of the asset; and

(c) The Company has the right to direct use of the asset.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Trade and other payables

Trade payables and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are declared.

*Investment in Subsidiarie*s

Subsidiaries are entities over which the Company has control. The Company controls an entity if and only if it has power over the entity and when it is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect those returns. The Company will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Holding Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Stated capital

Ordinary shares are classified as equity.

Related parties

For the purpose of these financial statements, parties are considered to be related to the company if they have the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the company is subject to common control or common significant influence. Related parties may be individuals or other entities.

Financial Instruments

The Group and the Holding Company classifies non-derivative financial assets into the following category: loans and receivables.

The Group and the Holding Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group and the Holding Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group and the Holding Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group and the Company is recognised as a separate asset or liability.

The Group and the Holding Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group and the Company on terms that the Group and the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy.

(v) Financial assets measured at amortised cost

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company/Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, inconsequence, the new expected cashflows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Company/Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and cash at bank.

Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the branch and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is recognised in the profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Additions during the year bear a due proportion of the annual depreciation charge. As per the company policy,only 95% of total cost is depreciated over the useful life of the assets and 5% is treated as residual value.

The annual effective depreciation rates used are as follows:

Building	4.75%
Computer equipment	31.67%
Furniture, fixtures and fittings	11.88%

Office equipment	19.00%
Motor vehicles	11.88%
Plant and equipment	9.50%

Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit.

Investment property

Property held to earn rental and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are measured initially at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

The annual depreciation rates used are as follows:

Building	4.75%

Related parties

Related parties may be individuals or other entities where the individual or other entities has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company are subject to common control of common significant influence.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the First in First out basis (FIFO).The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Cost of inventories include the transfer from equity of any gains / losses on qualifying cash flow hedges relating to purchases of raw materials.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the period of the revision and future periods if the revision affects both current and future periods.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

With regards to the nature of the Group's and the Company's business there were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Going concern

The Group's and the Company's management has made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Impairment of assets

Property, plant and equipment and investment properties are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself. Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. Cash flows which are utilised in these assessments are extracted from the yearly budget.

Impairment of financial asset

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Company uses judgement in making theses assumptions and selecting the inputs to the impairment calculation, based on the Group and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group and Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life. The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group and Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

5 (a) PROPERTY, PLANT AND EQUIPMENT

(i) THE GROUP AND THE HOLDING COMPANY

	Building Rs.	Computer equipment Rs.	Furniture, fixtures and fittings Rs.	Office equipment Rs.	Motor vehicles Rs.	Plant and equipment Rs.	Total Rs.
COST							
At 01 April 2022	76,117,144	1,974,527	12,438,432	1,650,376	5,812,178	1,286,152,637	1,384,145,294
Additions	-	74,958	17,539	65,360	-	69,620,839	69,778,696
At 31 March 2023	**76,117,144**	**2,049,485**	**12,455,971**	**1,715,736**	**5,812,178**	**1,355,773,476**	**1,453,923,990**
DEPRECIATION							
At 01 April 2022	27,184,858	1,728,386	11,062,625	1,439,291	4,782,956	963,260,248	1,009,458,364
Charge for the year	3,434,790	128,802	294,495	60,781	229,561	70,330,290	74,478,719
At 31 March 2023	**30,619,648**	**1,857,188**	**11,357,120**	**1,500,072**	**5,012,517**	**1,033,590,538**	**1,083,937,083**
NET BOOK VALUE							
At 31 March 2023	**45,497,496**	**192,297**	**1,098,851**	**215,664**	**799,661**	**322,182,938**	**369,986,907**

(ii) THE GROUP AND THE HOLDING COMPANY

	Building Rs.	Computer equipment Rs.	Furniture, fixtures and fittings Rs.	Office equipment Rs.	Motor vehicles Rs.	Plant and equipment Rs.	Total Rs.
COST							
At 01 April 2021	76,117,144	1,890,547	12,438,432	1,650,376	5,812,178	1,279,052,157	1,376,960,834
Additions	-	83,980	-	-	-	7,100,480	7,184,460
Disposal	-	-	-	-	-	-	-
At 31 March 2022	**76,117,144**	**1,974,527**	**12,438,432**	**1,650,376**	**5,812,178**	**1,286,152,637**	**1,384,145,294**
DEPRECIATION							
At 01 April 2021	23,750,068	1,621,739	10,566,293	1,362,799	4,349,704	895,553,404	937,204,008
Charge for the year	3,434,790	106,647	496,332	76,492	433,252	67,706,848	72,254,361
disposel	-	-	-	-	-	-	-
At 31 March 2022	**27,184,858**	**1,728,386**	**11,062,625**	**1,439,291**	**4,782,956**	**963,260,252**	**1,009,458,369**
NET BOOK VALUE							
At 31 March 2022	**48,932,286**	**246,141**	**1,375,807**	**211,085**	**1,029,222**	**322,892,385**	**374,686,925**

Depreciation of Rs 70,330,290 (2022: Rs. 67,706,848) has been charged in cost of sales and depreciation of Rs 4,148,429 (2022: Rs. 4,547,513) has been charged in other operating expenses.

5(b)(i). Right-Of-Use Assets

Year 2023	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
COST			
At 01 April 2022	**2,374,500**	**6,014,658**	**8,389,158**
Additions	-	-	-
At 31 March 2023	**2,374,500**	**6,014,658**	**8,389,158**
DEPRECIATION			
At 01 April 2022	1,108,100	3,607,485	4,715,585
Charge for the year	79,150	685,343	764,493
At 31 March 2023	**1,187,250**	**4,292,828**	**5,480,078**
NET BOOK VALUE			
At 31 March 2023	**1,187,250**	**1,721,830**	**2,909,080**

Year 2022	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
COST			
At 01 April 2021	2,374,500	3,009,928	5,384,427
Additions	-	3,004,730	3,004,730
At 31 March 2022	2,374,500	6,014,658	8,389,158
DEPRECIATION			
At 01 April 2021	1,028,950	2,706,721	3,735,671
Charge for the year	79,150	900,764	979,914
At 31 March 2022	1,108,100	3,607,485	4,715,585
NET BOOK VALUE			
At 31 March 2022	1,266,400	2,407,173	3,673,573

Depreciation of Rs 764,492 (2022: Rs. 979,914) has been charged in other operating expenses.

Note: The right use of assets consists of :
- Land lease agreement from Landscope (Mauritius) Ltd. The lease is valid for a period of 30 years starting from 2009;
- Leasing of shop outlet. The lease is valid for a period of 5 years starting from 2018.

5(b)(ii). Lease liabilities

IFRS 16 'Leases' effective in the financial statements for the accounting period commencing 01 January 2019. The company adopt the standard prospectively by using the modified retrospective approach. IFRS 16 requires lessees to recognise right of use assets and lease liabilities on balance sheet for all leases, except short-term and low value asset leases. At commencement of the lease, the lease liability equals the present value of future lease payments, and the right of use asset equals the lease liability. Depreciation is charged on a straight-line basis, however, interest (finance cost) is charged on outstanding lease liabilities and therefore reduces over the life of the lease. As a result, the impact on the income statement below operating profit is dependent on lease maturity. The breakdown for the lease liability is as follows:

Year 2023	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
At April 1	3,044,445	2,542,108	5,586,553
Additions	-	-	-
Finance cost	441,569	264,835	706,404
Repayments	(408,904)	(1,730,754)	(2,139,658)
At March 31	3,077,110	1,076,189	4,153,299
Analysed as follows:			
- Current			1,355,660
- Non Current			2,797,639
			4,153,299

Year 2022	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
At April 1	3,011,780	3,732,101	6,743,881
Additions	-		-
Finance cost	441,569	596,939	1,038,507
Repayments	(408,904)	(1,786,932)	(2,195,836)
At March 31	3,044,444	2,542,108	5,586,552
Analysed as follows:			
- Current			1,355,660
- Non Current			4,230,893
			5,586,553

5(c). Investment Property

THE GROUP AND THE HOLDING COMPANY	Building 2023	Building 2022
	Rs.	Rs.
COST		
At 31 March	**60,893,715**	60,893,715
DEPRECIATION		
At 01 April	21,747,887	19,000,055
Charge for the year	2,747,832	2,747,832
At 31 March	**24,495,719**	21,747,887
NET BOOK VALUE		
At 31 March	**36,397,996**	39,145,828

Depreciation of Rs 2,747,832 (2022: Rs. 2,747,832) has been charged in other operating expenses.

Note: The Directors of the company have adopted the cost model in accordance with IAS 16 to be used for the valuation of the investment property There were no direct operating expenses related to Investment property during the year under review.

The following amounts have been recognised in profit or loss:		
Rental income	**5,092,195**	3,704,677

Investment property relates to MTML building situated at MTML Square, 63, cyber city; 1st floor, 3rd Floor, 4th Floor, 5th Floor are rented out and same treated as investment property. The remaining floors are used by MTML itself.

Building is used for office purpose and only the unused part is rented out. Insured valued can be taken as fair value. The insured value of the building is Rs. 150 M and given that approximately 40% of the floors are rented out, the fair value of the investment property will approximate to Rs 60 M, where the fair value measurement is categorised within level 3.

6. Investment in subsidiaries

	The Holding Company	
	2023 Rs.	**2022 Rs.**
Unquoted investment at cost		
At 01 April	-	-
Impairment losses	-	-
As 31 March	-	-

The impairment losses relates to the two subsidiaries as described below, which were fully impaired.

Details of Company's investment in subsidiaries:-

Name of company	**Country of incorporation**	**Class of shares**	**Principal activity**	**Nominal value of investment** Rs.	**Holding** %
MTML Data Ltd	Mauritius	Ordinary	Telecommunication	2,000,000	100
MTML International Ltd	Mauritius	Ordinary	Telecommunication	10,000,000	100

The reporting date of the two subsidiaries is at 31 March 2023.

7. Inventories

	The Group And The Holding Company	
	2023 Rs.	**2022 Rs.**
Stock of subscribers equipment	**4,652,754**	5,627,362

Note:

- All stocks are measured at net realisable value
- All costs of inventories have been recognised in the cost of sales during the year.
- The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 36,610,204 (2022: Rs.35,357,382).

8(a) Trade receivables

	The Group		The Holding Company	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Trade receivables	79,060,459	66,122,665	79,060,459	66,122,665
Less: Provision for impairment	(16,128,510)	(16,774,260)	(16,128,510)	(16,774,260)
	62,931,949	49,348,405	62,931,949	49,348,405

(i) Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before March 31, 2023 or April 01, 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP as the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The closing loss allowances for trade receivables as at March 31, reconcile to the opening loss allowances as follows:

	TRADE RECEIVABLES	
	2023 Rs.	**2022 Rs.**
Loss allowance as at April 1,	**16,774,260**	16,624,260
Loss allowance recognised in profit or loss during the year	**200,000**	150,000
Provision written back during the year	**(845,750)**	-
At March 31,	**16,128,510**	16,774,260

Financial Year	Credit sales Rs.	Expected loss rate %	Loss Allowance Rs.
Mar_ 2021	176166057	2%	3,585,000.00
Mar_ 2022	200411059	2%	3,420,000.00
Mar_ 2023	201997245	2%	3,254,000.00

8(b) Other current assets

	THE GROUP		The Holding Company	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Claims receivable	**5,854,904**	5,854,904	**5,854,904**	5,854,904
Advance payment	**17,075,116**	29,663,402	**17,075,116**	29,663,402
Prepayments	**34,886,638**	30,262,704	**34,886,638**	30,262,704
Other receivables	**4,233,507**	4,217,518	**4,286,907**	4,269,919
	62,050,165	69,998,528	**62,103,565**	70,050,929

9.(a) CASH AND CASH EQUIVALENTS

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Cash at bank	**110,330,168**	88,800,492	**110,330,168**	88,800,492
Cash in hand	**4,542,688**	7,590,590	**4,542,688**	7,590,590
	114,872,856	96,391,082	**114,872,856**	96,391,082

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

9.(b) FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Interest bearing deposits	**156,125,003**	222,686,005	**156,125,003**	222,686,005
Other financial assets at amortised costs	**3,087,645**	2,639,119	**3,087,645**	2,639,119
	159,212,648	225,325,124	**159,212,648**	225,325,124

(a) The other financial assets at ammortised cost are interest free, unsecured and are repayable on demand.

(b) Fair values of financial assets at amortised cost

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Impairment and risk exposure

(i) Financial assets at amortised cost did not include any loss allowance at March 31, 2023.

(ii) All of the financial assets at amortised cost are denominated in Mauritian rupee. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

10. STATED CAPITAL

	THE GROUP AND THE HOLDING COMPANY			
	2023		2022	
	Number of shares	Ordinary shares Rs.	Number of shares	Ordinary shares Rs.
At 31 March	**673,717,949**	673,717,949	**673,717,949**	673,717,949

The shares are fully paid ordinary shares and each carry one voting right and a right to dividends.

11 RETAINED EARNINGS

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At 01 April 2022	**49,537,071**	53,241,539	**49,588,719**	53,292,338
Total comprehensive income for the year	**(21,869,046)**	1,545,532	**(21,868,196)**	1,546,382
Dividend proposed (note 19)	**-**	(5,250,000)	**-**	(5,250,000)
At 31 March 2023	**27,668,025**	49,537,071	**27,720,522**	49,588,719

Note: Dividend of Rs. 5,250,000 was proposed and paid during the financial years 2022 and 2023.

12. Trade and other payables

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade payables	**52,483,057**	52,237,997	**52,483,057**	52,237,997
Refundable deposit	**7,764,272**	9,321,772	**7,764,272**	9,321,772
Accruals	**4,706,654**	6,036,430	**4,706,654**	6,036,430
VAT payables	**-**	3,693,732	**-**	3,693,732
Other payables	**4,230,511**	3,008,887	**4,230,511**	3,008,887
	69,184,494	74,298,818	**69,184,494**	74,298,818

13. Other income

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Rental income	**5,092,195**	3,704,677	**5,092,195**	3,704,677
	5,092,195	3,704,677	**5,092,195**	3,704,677

14. Finance income

	THE GROUP		THE HOLDING COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Interest income	**2,650,244**	704,337	**2,650,244**	704,337
Foreign exchange gain	**3,376,358**	457,087	**3,376,358**	457,087
	6,026,602	1,161,424	**6,026,602**	1,161,424

15A. TAXATION

The Company is liable to income tax at the rate of 15% (2022: 15%) on its profit as adjusted for tax purposes. provision for corporate tax was made amount to Rs. NIL in the accounts. There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Current tax charge	**-**	5,774,277	**-**	5,774,277
Solidarity Levy	**-**	8,115,834	**-**	8,115,834
Deferred tax charge	**(3,625,737)**	2,789,679	**(3,625,587)**	2,789,829
Total tax expense for the year	**(3,625,737)**	16,679,790	**(3,625,587)**	16,679,940
Reconciliation of effective taxation				
(Loss)/ profit before taxation	**(25,494,783)**	20,566,799	**(25,493,783)**	18,226,323
Income tax at 15%	**(3,824,217)**	2,733,798	**(3,824,067)**	2,733,948
Non-allowable expenses	**168,480**	33,381	**168,480**	33,381
Tax rate differential	**30,000**	22,500	**30,000**	22,500
	(3,625,737)	2,789,679	**(3,625,587)**	2,789,829

15B. Deferred tax

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Deferred tax assets	**(5,321,287)**	(6,056,695)	**(5,322,037)**	(6,057,295)
Deferred tax liabilities	**(32,969,301)**	(35,859,630)	**(32,969,451)**	(35,859,780)
	(38,290,588)	(41,916,325)	**(38,291,488)**	(41,917,075)

(a) There is a legallly enforceable right to offset current tax assets against current liabilities and deferred income taxes and liabilities when the deferred income taxes relate to the fiscal authority on the same entity.

(b) The movement on the deferred income tax account is as follows:

Deferred tax assets

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
At April 1,	**(6,056,695)**	598,909	**(6,057,295)**	598,459
(Charge) for the year	**735,408**	(6,655,604)	**735,258**	(6,655,754)
At March 31,	**(5,321,287)**	(6,056,695)	**(5,322,037)**	(6,057,295)

Deferred tax liabilities

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
At April 1,	**(35,859,630)**	(39,725,554)	**(35,859,780)**	(39,725,705)
(Release) / Charge for the year	**2,890,329**	3,865,924	**2,890,329**	3,865,925
At March 31,	**(32,969,301)**	(35,859,630)	**(32,969,451)**	(35,859,780)

16. Revenue

(a) The following is an analysis of the revenue for the year.

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Rendering of services	**394,766,021**	423,695,655
Sales of goods	**39,672,199**	39,494,927
Total revenue	**434,438,220**	463,190,582

(b) Disagreegation of revenue

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Ancillary services	**92,785,640**	89,349,008
International Long Distance (ILD)	**21,392,245**	32,341,847
Mobile services	**197,263,588**	225,574,361
Voice services	**50,803,801**	56,672,553
Roaming services	**27,749,603**	14,408,186
Internet services	**4,771,144**	5,349,700
Sales of mobile	**39,672,199**	39,494,927
Total revenue	**434,438,220**	463,190,582

(c) The geographic market is located in Mauritius.

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Timing of revenue recognition		
At a point in time	**434,438,220**	463,190,582
Over time	**-**	-
Total revenue	**434,438,220**	463,190,582

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 2023.

18. DIVIDEND

	The Holding Company	
	2023 Rs.	**2022 Rs.**
Amount due at April 1,	**5,250,000**	5,250,000
Dividend paid	**(5,250,000)**	(5,250,000)
Dividend proposed and payable	**-**	5,250,000
Amount due at March 31,	**-**	5,250,000

Dividend proposed was Rs Nil (2022 : Rs 0.0078 per share). The dividend per share have been rounded to 4 decimal places.

19. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging the following items:-

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Staff costs	**24,560,632**	21,143,086
Director's fees	**15,000**	15,000
Depreciation on property, plant and equipment	**74,478,719**	72,254,361
Auditors' remuneration	**105,000**	105,000

20. DEPRECIATION

Depreciation is as follows:

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Property, plant and equipment	**74,478,719**	72,254,361
Right of use asset	**764,493**	979,914
Investment property	**2,747,832**	2,747,832
	77,991,044	75,982,107

Depreciation of Rs 70,330,290 (2022: Rs. 67,706,848) has been charged in cost of sales and depreciation of Rs 4,148,429 (2022: Rs. 4,547,513) has been charged in other operating expenses.

Depreciation of Rs 764,493 (2022: Rs. 979.914) relating to right of use assets has been charged in other operating expenses.

Depreciation of Rs 2,747,832 (2022: Rs. 2,747,832) has been charged in other operating expenses.

21. RELATED PARTY TRANSACTIONS

The Company had the following transactions and balances with related parties.

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Non- executive director fees	**15,000**	15,000
Remuneration and other short term benefits to key management personnel	**5,090,132**	5,067,944

- All related party transactions are priced on commercial terms and conditions.

22. COMMITMENTS

(a) Bank guarantee

There is a contingent liability not provided for in the accounts in respect of guarantees given to third parties amounting to Rs 5,480,976.The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

(b) Capital commitments

There were no capital commitments as at 31 March 2023.

23. Financial instruments

Capital management

The Group's and the Company's primary objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern. As the Group and the Company is part of a larger group, the Group's and the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Group and the Company defines "capital" as including all components of equity.

The Group's and the Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Group and the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company and additional needs for capital.

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Fair value

The Group's and the Company's financial assets and liabilities include trade and other receivables, cash and cash equivalents and trade and other payables.

Fair values of financial assets and liabilities

As at 31 March 2023, the carrying amounts of the following financial assets and financial liabilities shown on the statement of financial position represent or approximate their fair value.

THE GROUP	Carrying amount 2023 Rs.	Carrying amount 2022 Rs.
Financial assets		
Trade and other receivables	**62,931,949**	49,348,405
Financial assets at amortised cost	**159,212,648**	225,325,124
Other Current assets	**10,088,411**	10,072,422
Cash and cash equivalents	**114,872,856**	96,391,082
	347,105,864	381,137,033
Financial liabilities		
Trade and other payables	**61,420,222**	64,977,046
Lease liabilities	**4,153,299**	5,586,555
	65,573,521	70,563,601

THE HOLDING COMPANY

THE GROUP	Carrying amount 2023 Rs.	Carrying amount 2022 Rs.
Financial assets		
Trade receivables	**62,931,949**	49,348,405
Financial assets at amortised cost	**159,212,648**	225,325,124
Other Current assets	**10,141,811**	10,124,823
Cash and cash equivalents	**114,872,856**	96,391,082
	347,159,264	381,189,434
Financial liabilities		
Trade and other payables	**61,420,222**	64,977,046
Lease liabilities	**4,153,299**	5,586,555
	65,573,521	70,563,601

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's and the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group and the Company has assets and liabilities denominated in foreign currencies. Consequently, the Group and the Company is exposed to the risk that the exchange rate of the MUR relative to the foreign currencies may change in a manner which has a material effect on the reported values of the Group's and the Company's assets and liabilities which are denominated in foreign currencies. The figures in the table below are all presented in MUR.

THE GROUP	2023		2022	
	Financial assets Rs	Financial liabilities Rs	Financial assets Rs	Financial liabilities Rs
Mauritian Rupee (MUR)	**265,570,997**	**25,421,406**	339,318,772	22,988,316
United States Dollar (USD)	**74,413,298**	**21,374,949**	22,844,277	25,427,620
Euro (EUR)	**7,121,569**	**18,777,166**	18,973,984	22,147,665
	347,105,864	**65,573,521**	381,137,033	70,563,601

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE GROUP	Rate – MUR/USD		2023 Rs	2022 Rs
	2023	2022		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**45.95**	45.10	**53,038,349**	(2,583,343)
Increase of 1%	**46.41**	45.55	**(53,568,732)**	2,609,176
Difference			**(530,383)**	25,833

A 1 percent weakening of MUR against USD at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE GROUP	Rate – MUR/USD		2023 Rs	2022 Rs
	2023	2022		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**45.95**	45.10	**53,038,349**	(2,583,343)
Decrease of 1%	**45.49**	44.65	**(52,507,966)**	2,557,510
Difference			**530,383**	(25,833)

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE GROUP	Rate – MUR/EUR		2023 Rs	2022 Rs
	2023	2022		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**50.34**	50.06	**(11,655,597)**	(3,173,681)
Increase of 1%	**50.84**	50.56	**(11,772,153)**	(3,205,418)
Difference			**116,556**	31,737

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE GROUP	Rate – MUR/EUR		2023 Rs	2022 Rs
	2023	2022		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**50.34**	50.06	**(11,655,597)**	(3,173,681)
Decrease of 1%	**49.84**	49.56	**(11,539,041)**	(3,141,944)
Difference			**(116,556)**	(31,737)

THE HOLDING COMPANY	2023		2022	
	Financial assets Rs	Financial liabilities Rs	Financial assets Rs	Financial liabilities Rs
Mauritian Rupee (MUR)	**265,624,397**	**25,421,406**	339,371,173	22,988,316
United States Dollar (USD)	**74,413,298**	**21,374,949**	22,844,277	25,427,620
Euro (EUR)	**7,121,569**	**18,777,166**	18,973,984	22,147,665
	347,159,264	**65,573,521**	381,189,434	70,563,601

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE HOLDING COMPANY	Rate – MUR/USD		2023 Rs	2022 Rs
	2023	2022		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**45.95**	**45.10**	53,038,349	(2,583,343)
Increase of 1%	**46.41**	**45.55**	53,568,732	(2,609,176)
Difference			(530,383)	25,833

A 1 percent weakening of MUR against USD at 31 March would have decreased profit or loss and other comprehensive inncome by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE HOLDING COMPANY	Rate – MUR/USD		2023 Rs	2022 Rs
	2023	2022		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**45.95**	**45.10**	53,038,349	(2,583,343)
Decrease of 1%	**45.49**	**44.65**	52,507,966	(2,557,510)
Difference			530,383	(25,833)

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE HOLDING COMPANY	Rate – MUR/EUR		2023 Rs	2022 Rs
	2023	2022		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**50.34**	50.06	**7,121,569**	18,973,984
Increase of 1%	**50.84**	50.56	**(7,192,785)**	(19,163,724)
Difference			**(71,216)**	(189,740)

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE HOLDING COMPANY	Rate – MUR/EUR		2023 Rs	2022 Rs
	2023	2022		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**50.34**	50.06	**7,121,569**	18,973,984
Decrease of 1%	**49.84**	49.56	**(7,050,353)**	(18,784,244)
Difference			**71,216**	189,740

(ii) Interest rate risk

Financial instruments subject to interest rate risk consist of bank balances. Interest rates applicable to bank balances fluctuate with movements in the prime lending rate and are comparable with rates currently available on the market. The Group's and the Company's variable interest rate instruments are analysed as follows:

	The Group and the Company	
	2023 Rs.	**2022 Rs.**
Bank balances	**114,872,856**	96,391,082

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the Group's and the Company's exposure to interest rates for interest bearing assets and liabilities at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points lower it would have had the equal but opposite effect, on the basis that all other variables remain the same.

(iii) Price risk

The Group and Company is not faced with any price risk.

(b) Credit risk

The Group and Company has no significant concentration of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company is unable to meet its payment obligations, associated with its financial liabilities, when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash. In addition, the Company has access to its holding company for its financing needs.

(d) Fair value estimation

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

24. Financial summary

Financial summary	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.
Issued and fully paid up share capital	673,717,949	673,717,949	673,717,949	673,717,949	673,717,949
Retained Earnings	27,720,525	49,588,721	53,292,338	49,099,549	37,988,148
Profit before taxation	(25,493,783)	18,226,323	20,567,799	21,563,828	20,764,928
Profit after taxation	(21,868,196)	1,546,382	9,442,790	18,125,073	17,470,890

25. The Holding Company

The directors consider Mahanagar Telephone Nigam Limited (MTNL), incorporated in India, New Delhi, as the holding company of MTML. MTNL owns 100% of the shares.

26. Events after the reporting period

There have been no other material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2023.

27. Cost of sales

	The Group		The Holding Company	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Roaming Charges	**2,711,618**	2,546,965	**2,711,618**	2,546,965
ICTA Special account fee/USF Charges	**6,825,586**	9,258,616	**6,825,586**	9,258,616
Carrier charges	**18,126,368**	14,284,748	**18,126,368**	14,284,748
IPLC charges	**38,100,996**	37,313,637	**38,100,996**	37,313,637
Cost of GSM Mobile	**36,610,204**	35,357,382	**36,610,204**	35,357,382
IUC charges	**21,738,540**	27,172,805	**21,738,540**	27,172,805
Rental BTS sites	**35,600,908**	33,074,348	**35,600,908**	33,074,348
Electricity-Equipments	**59,837,862**	56,604,985	**59,837,862**	56,604,985
Repairs and maintenance - Equipment	**16,877,676**	17,435,552	**16,877,676**	17,435,552
Commission and brokerage fees	**21,490,767**	25,208,954	**21,490,767**	25,208,954
Depreciation of plant and equipment	**70,330,290**	67,706,848	**70,330,290**	67,706,848
Collocation Charges	**10,392,274**	11,541,066	**10,392,274**	11,541,066
	338,643,089	337,505,906	**338,643,089**	337,505,906

28. Personnel expenses

	The Group		The Holding Company	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Salaries and allowances	**23,990,875**	20,690,782	**23,990,875**	20,690,782
Other benefits	**569,757**	452,304	**569,757**	452,304
	24,560,632	21,143,086	**24,560,632**	21,143,086

29. Licence fees

	The Group		The Holding Company	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
PLMN	**8,000,000**	8,668,667	**8,000,000**	8,668,667
ILD	**2,000,000**	2,168,667	**2,000,000**	2,168,667
Microware	**8,707,000**	10,878,500	**8,707,000**	10,878,500
Spectrum	**1,476,664**	5,041,270	**1,476,664**	5,041,270
ISP	**50,000**	50,000	**50,000**	50,000
Dealership	**7,000**	5,000	**7,000**	5,000
GSM 2G Spectrum	**1,000,000**	1,000,000	**1,000,000**	1,000,000
GSM 3G	**3,840,000**	3,840,000	**3,840,000**	3,840,000
GSM 4 G	**19,159,996**	18,659,998	**19,159,996**	18,659,998
GSM 5 G	**20,000,000**	11,666,669	**20,000,000**	11,666,669
	64,240,660	61,978,771	**64,240,660**	61,978,771

30. Other operating expenses

	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Meeting expenses	**416,797**	222,538	**416,797**	222,538
Rental accomodation	**911,408**	816,908	**911,408**	816,908
Water charges	**146,845**	182,369	**146,845**	182,369
Motor vehicle running expenses	**752,818**	551,482	**752,818**	551,482
Repairs and maintenance - office	**1,278,286**	1,442,439	**1,278,286**	1,442,439
Repairs and maintenance - shop	**335,856**	374,313	**335,856**	374,313
Repairs and maintenance	**564,769**	542,600	**564,769**	542,600
Maintenance sites	**1,747,799**	1,740,745	**1,747,799**	1,740,745
Printing	**636,609**	471,230	**636,609**	471,230
Stationery	**267,350**	198,939	**267,350**	198,939
Communication expenses	**639,697**	695,457	**639,697**	695,457
Bank charges	**1,462,481**	1,133,508	**1,462,481**	1,133,508
Horticulture expenses	**69,500**	112,725	**69,500**	112,725
Professional charges	**227,308**	159,300	**227,308**	159,300
General expenses	**414,096**	348,165	**414,096**	348,165
Value Added Sevice- Revenue share	**1,014,549**	1,089,756	**1,014,549**	1,089,756
Office insurance	**857,435**	806,139	**857,435**	806,139
Security charges	**657,787**	584,446	**657,787**	584,446
Licences, rates and taxes	**5,380,776**	4,022,807	**5,379,776**	4,021,807
Provision for bad debts	**200,000**	150,000	**200,000**	150,000
Lease rental	**168,000**	168,000	**168,000**	168,000
Freight charges	**153,432**	75,000	**153,432**	75,000
Provision written back	**(3,095,750)**	(16,004,618)	**(3,095,750)**	(16,004,618)
Directors fee	**15,000**	15,000	**15,000**	15,000
Travelling Expenses	**894,824**	1,268,781	**894,824**	1,268,781
Custom duty and clearance	**187,108**	484,010	**187,108**	484,010
Depreciation on property, plant and equipment	**4,148,429**	4,547,513	**4,148,429**	4,547,513
Depreciation on right of use assets	**764,492**	979,914	**764,492**	979,914
Depreciation on investment property	**2,747,832**	2,747,832	**2,747,832**	2,747,832
	23,965,533	9,927,298	**23,964,533**	9,926,298

31. Marketing expenses

	The Group		The Holding Company	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Electricity for shops	**382,445**	195,337	**382,445**	195,337
Rent of shops	**1,904,142**	1,375,370	**1,904,142**	1,375,370
Call centre charges	**5,640,120**	5,554,430	**5,640,120**	5,554,430
Publicity and advertisement	**10,986,175**	11,095,554	**10,986,175**	11,095,554
Website development and maintenance	**22,600**	17,100	**22,600**	17,100
	18,935,482	18,237,791	**18,935,482**	18,237,791

NOTES

MTNL

Transparency makes us different !

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