Thirty Fourth Annual Report 2019-20

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. 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.

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BOARD OF DIRECTORS

(AS ON 30.11.2020)

Shri P.K.Purwar	CMD
Shri Sunil Kumar	Director (HR&EB)
Shri Milind Vijay Joshi	Director (Finance) (upto 30.09.2020)
Shri Sanjeev Kumar	Director (Technical)
Shri Navneet Gupta	Government Director
Shri Mahmood Ahmed	Government Director (upto 26.11.2020)
Shri Chinmay Basu	Independent Director (upto 25.10.2020)
Shri K.B. Gokulachandran	Independent Director (upto 25.10.2020)
Smt G Padmaja Reddy	Independent Director (upto 25.10.2020)
Smt Suneeta Trivedi	Independent Director (upto 25.10.2020)
Shri. S.K. Gupta	Director (Finance) (From 21.10.2020)
Shri Amitabh Ranjan Sinha	Government Director (From 26.11.2020)

COMPANY SECRETARY	**S.R. SAYAL**
REGISTERED AND CORPORATE OFFICE	Mahanagar Doorsanchar Sadan 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003, Tel: 011-24319020, Fax: 011-24324243, CIN L32101DL1986GOI023501. Website: www.mtnl.net.in / www.bol.net.in
STATUTORY AUDITORS	**M/s Kumar Vijay Gupta & Co., Chartered Accountants** 408, New Delhi House, Barakhamba Road, Connaught Place, New Delhi- 110001Phone: 011-23314525/26,45562649 **M/s Vinod Kumar & Associates, Chartered Accountants** 4696, Brij Bhawan, 21A, Ansari Road, Darya Ganj, New Delhi- 110002 Phone: 011-23288101
COST AUDITOR	**M/s R. M. Bansal & Co.,Cost Accountants** Flat No. 260, Pocket A, Sarita Vihar, New Delhi-110076 Phone: 09415134328
SECRETARIAL AUDITOR	**M/s R. P. Sehgal & Associates, Company Secretaries** A-2304, R. G. Complex, Community Centre, Motia Khan D.B.G. Road, Opp.Paharganj Police Station, New Delhi-110055 Phone: 011-43564836/ 9810126612

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, Oriental Bank of Commerce New Delhi, Central Bank of India Mumbai/Delhi, Bank of Baroda New Delhi/Mumbai, Union Bank of India New Delhi/Mumbai, United Bank of India New Delhi, Indian Bank New Delhi, Axis Bank New Delhi/Mumbai, Syndicate Bank New Delhi, Corporation Bank New Delhi, Punjab & Sindh Bank New Delhi, Yes Bank Limited New Delhi, Induslnd Bank Mumbai, Andhra Bank , Bank of India New Delhi, HDFC Bank 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 Kumar Singh & Associates, Company Secretaries **E-mail :** hemantsinghcs@gmail.com
Investor Helpdesk	Ph: 011-24317225/, Fax: 011-24316655 **E-mail** : mtnlcsco@gmail.com

34th Annual General Meeting of the members of **MAHANAGAR TELEPHONE NIGAM LIMITED** will be held on Thursday, December 31, 2020 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 34th 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, 2020.

PERFORMANCE REVIEW OF MTNL FOR THE FY 2019-20

1. Mobile Network:

A. DoT vide Office memorandum No.30-40/2019-PSU affairs dated 29th Oct 2019 had informed that GoI in its cabinet meeting held on 23-10-2019 has approved the proposal of DoT for Revival of BSNL and MTNL by reducing employee costs through VRS, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetisation of assets and in-principle approval of merger of BSNL and MTNL.

(a) Launching 4G Services in Delhi and Mumbai:

The allotment of spectrum has to be carried by DOT. Regarding launch of 4G services in Delhi and Mumbai, detailed discussions and deliberation were carried out with senior management of BSNL to explore the possibility of best possible alternative to rollout 4G services at the earliest. It was agreed that MTNL quantities may be added in the proposed tender of BSNL. Accordingly after several round of discussions, MTNL has shared its Schedule of requirements (SoR) with BSNL for inclusion of items in their phase IX tender so that competitive rates are received for MTNL also. Due to financial constraints SoR for only Radio Access Network (RAN) with reduced sites 7000 (Delhi 4000 and Mumbai 3000) has been sent to BSNL. The Estimated cost for Radio Access Network (RAN) is Rs. 877 Cr. BSNL has floated tender in this regard on 23rd March 2020.

B. MTNL undertook the task of improving the Wireless Network in Delhi and Mumbai so as to improve the coverage &downlink speed to 21.1 Mbps & uplink speed to 5.76 Mbps which was earlier 3.6 Mbps & 384 Kbps respectively with following major projects:

I. 3G expansion & upgradation in Delhi:

Expansion of GSM / 3G RF network by adding 1080 nos. of 3G sites & 800 nos. of hybrid microwave to meet the backhaul capacity and Data handling capacity to 10 Gbps. In addition, upgradation/replacement of 720 old Node-B and upgradation of 914 old 8Mbps-Microwave Hops to hybrid M/W of 400 Mbps capacity.

II. **3G upgradation in Mumbai:** Upgradation of 720 old Node-Bs and upgradation/ replacement of 497 old 8Mbps-Microwave Hops to hybrid M/W of 400 Mbps capacity. 3G upgrade implementation of HSPA+ enhanced data speed from 3.6 Mbps to 21 Mbps and 384Kbps to 5.76Mbps on downlink and uplink.

III. **Convergence of Core Network of Delhi and Mumbai:** MTNL took initiative to have common core of 3G network for Delhi and Mumbai. Core network of Delhi and Mumbai has been converged by migrating the core elements of Mumbai Network to Delhi. This resulted into saving of opex of Rs. 96 Cr and will help in reducing Opex on annual basis in terms of AMC cost and staff Cost. The convergence lead to significant improvement in resource utilisation and reliability of network. With this convergence Mumbai network is also able to utilise the benefits of upgraded core network of Delhi.

2. **Wireline Network:**

A. **Upgradation of the MPLS Network:** MTNL is planning to upgrade the entire MPLS network and make it future ready to handle the growing traffic needs of FTTH and 4G network.

B. **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. Various partners were roped in to offer the high speed broadband services on fiber. In the year 2019-20 more than 80% subscribers were added by these revenue share partners.

C. **Redeployment of DSLAMs:** Redeployment of DSLAMs of existing Broadband Network near to the subscriber premises in Delhi and Mumbai thereby reducing copper length and enhancing the quality of broadband service. A total of 242 DSLAMs have been redeployed in Delhi and 203 in Mumbai till 31st March 2020 thereby reducing copper length and enhancing the quality of Broadband service. This has improved customer experience and reduced the number of complaints.

D. **Refurbishing of Pillars and DPs**: To improve the QoS parameters, refurbishing of Pillars and DPs has been planned in phased manner. 219 Pillar and 1906 DP in Delhi & 1260 Pillar and 6455 DPs in Mumbai have been refurbished by MTNL in 2019-20.

E. **Replacement of Drop Wire:** To improve copper pair quality, 13,37,110 mtr existing Drop wires have been replaced with twisted drop wires or thermo sleeves have been put at open joints at DPs by MTNL in 2019-20.

F. **Upgradation of Broadband Speed:** To give boost to customer experience, Download Speed of Broadband subscribers has been upgraded to 8 Mbps without any additional cost depending upon feasibility and line parameters.

3. **Integration of Networks between MTNL & BSNL:**

Several Synergy/Integration items have also been identified and shared with BSNL to bring out the best possible technical solutions as given below:

A. **IT system & Infrastructure** - MTNL has legacy IT system for Billing, CRM, provisioning, financial management, BSS etc however BSNL has latest IT system. Further, in BSNL new CDR tender integration of Fixed Line N/w in BSNL platform agreed and it will be done by third party hence no issue. However, efforts for ERP, Mobile BSS, User Interface etc will be required and it is suggested that ERP shall be integrated first then other IT system shall be integrated.

B. **Access Network (OSS & BSS)** – In MTNL and BSNL various access network like PSTN, Broad band, FTTH, Mobile, Leased Line etc are working and these network have separate OSS and BSS system. Both the organizations have to find the network having common OEM / Specification for smooth integration and for different access network development is required.

C. **Business Process -** MTNL agreed for same business process & services of BSNL including customer's experiences & product / services catalogue. There may not be any requirement of extra customization done for MTNL except MTNL logo, address as per respective LSA or as needed by regulatory requirements. However, necessary training with respect of business process and services (including reports) and product/service catalogue will be provided to MTNL employee.

D. **Business support systems (BSS) integration -** MTNL agreed for providing Fixed Line CDRs either through X.25 or appropriate secure channel for BSS integration.

FINANCIAL RESULTS OF MTNL FOR THE FY 2019-20

The Standalone Financial Results of your company alongwith Consolidated Financial Results for Financial Year 2019-20 is placed as an annexure to this Report.

The Standalone and Consolidated Financial highlights of your company for the Financial Year ended March 31, 2020 are summarized as follows:

(Rs. In Crores)

	Standalone Result		**Consolidated Result (MTNL, its Subsidiaries, JV & Associates)**	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Income from Operations	1,536.36	1,987.80	1,623.55	2,085.41
Expenditures (Excluding Finance Cost)	3,981.16	4,293.73	4,067.82	4,404.87
Operating Profit/(Loss)	**(2,444.80)**	**(2,305.93)**	**(2,444.27)**	**(2,319.46)**
Other Income	690.66	618.91	693.04	636.09
Finance Cost	1,941.54	1,703.18	1,941.66	1,703.18
Profit/(Loss) before Tax	**(3,695.68)**	**(3,390.20)**	**(3,692.89)**	**(3,386.55)**
Exceptional Items	-	-	-	-
Share of profit/(loss)in investments accounted for using equity methods	-	-	0.23	(0.64)

	Standalone Result		Consolidated Result (MTNL, its Subsidiaries, JV & Associates)	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Tax Provision for the Year	-	-	1.07	0.88
Profit/ (Loss) for the Year from Continuing Operations	**(3,695.68)**	**(3,390.20)**	**(3,693.73)**	**{3,388.07)·**
Profit/ (Loss) for the Year from Discontinuing Operations		-	-	
Profit/ (Loss) for the Year	**(3,695.68)**	**(3,390.20)**	**(3,693.73)**	**{3,388.07)**
Other Comprehensive Income	(115.32)	(7.39)	(120.44)	(7.75)
Total Comprehensive Income for the Year	**(3,811.00)**	**(3,397.58)**	**(3,814.17)**	**{3,395.82)**
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 2019-20 are given below: -

SOURCES AND USES OF FUNDS	**2019-20**	**2018-19**	**2019-20**	**2018-19**
Authorised Capital	10,000.00	10,000.00	10,000.00	10000.00
Issued, Subscribed & Paid Up Capital	630.00	630.00	630.00	630.00
Other Equity	(14,215.65)	(10,364.94)	(14,212.10)	(10,357.83)'
Non-Current and Current Borrowings	22,965.57	19,737.16	22,965.57	19,737.16
Deferred Tax Liability (Net)	-	-	6.75	6.34
REPRESENTED BY				
Property, Plant and Equipment (Net Block)	3,486.95	4,233.78	3,579.11	4,329.56
Capital Work in progress	328.08	320.04	328.08	320.04
Investment Property	31.42	25.74	39.80	34.96
Intangible Asset (Net Block)	2,766.21	3,101.90	2,766.21	3,101.90
Investment	106.13	106.13	3.51	3.73
Other Assets	9,937.28	6,890.03	9,971.35	6,914.33
Other Liabilities	7,276.15	6,889.86	7,297.84	4,688.85

The company has prepared these consolidated and standalone financial results in accordance with the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013.

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 2019-20.

DIVIDEND

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

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.

CAPITAL AND DEBT STRUCTURE OF MTNL

During the Financial Year, there was no increase in the Authorized Share Capital of your Company. The Authorized Share Capital as at March 31, 2020 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, 2020 of your company was Rs. 630 Crores comprising of 63 Crores Equity Shares of Rs. 10 each.

During the Financial Year 2019-20, your company has neither issued any shares with differential voting rights nor has granted any stock option or sweat 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 2019-20 your company has not issued any Debentures/Bonds.

DETAILS OF PRIVATELY PLACED DEBT SECURITIES/BONDS OF MTNL AS ON 31ST MARCH, 2020.

Details of privately placed debt securities as on 31.03.2020													
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 Debenture Truste**	**Company Remarks if any**
1	MTNL	INE153A08014	28-Mar-13	28-Mar-23	8.57%	Half Yearly	No			10,050,000,000	10,050,000,000	SBI Cap Trustee Company Ltd	-
2		INE153A08022	5-Dec-13	5-Dec-23	9.38%		No			19,750,000,000	19,750,000,000		-
3		INE153A08030	26-Mar-14	26-Mar-24	9.39%		No			7,650,000,000	7,650,000,000		Semi annual interest and principal repayment liability rest with DoT (GOI)
4		INE153A08048	19-Nov-14	19-Nov-24	8.24%		No			14,000,000,000	14,000,000,000		
5		INE153A08055	19-Nov-14	19-Nov-24	8.28%		Yes		Call option at the end of ninth year	1,000,000,000	1,000,000,000		
6		INE153A08063	19-Nov-14	19-Nov-24	8.24%		No			700,000	700,000		
7		INE153A08071	28-Nov-14	28-Nov-24	8.29%		No			22,689,000,000	22,689,000,000		
		Grand Total								**75,139,700,000**	**75,139,700,000**		

CREDIT RATING OF DEBT/BOND ISSUED BY MTNL ALONG WITH ANY REVISIONS THERETO DURING THE FY. 2019-20

CRISIL and CARE have reaffirmed their 'CRISIL AAA(CE)/Stable' and CARE AAA(CE)/stable rating respectively on the Rs 7513.97 crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL). There has been no change in the rating given by CRISIL and CARE in last three years i.e., 2017, 2018 and 2019.

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.

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 2019-20 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 13 Lacs only and having Mobile Tele-density of more than 150%, MTML has been able to successfully position itself with Customer Centric Services and with patronage of more than 3, 00,000 customers, MTML is able to compete well in a saturated telecom market. The company continues to be in profit for 11th Consecutive Year. MTML is offering Mobile Services on latest state of the art technology having 2G/3G Network all over the Island and 4G (LTE) Services covering more than 90% of the total population. With increased coverage of highspeed data services on 4G and migrating more and more subscribers to its 4G network, MTML customers are now generating more than 1000 TB of data every month. Data download has multiplied by more than 250% during the financial year 2019-20. MTML has earned Gross Revenue of approximately MUR 448.33 Million (INR 89.50 Cr) during this financial year as against MUR 468.13 Million (INR 108.43 Cr) during last fiscal year. Slight fall in revenue is mainly due to falling Roaming and ILD revenue due to change in customer usage pattern as more and more customers are now using OTT Services like whatsapp for making and receiving long distance voice and video calls. The company also faced low economic activity and lockdown/ curfew due to COVID19 during March, 2020. Still, the company has managed to earn a Net Profit of MUR 18.12 Million (INR 3.47 Cr) during 2019-20 compared to Net Profit of MUR 18.12 Million (INR 3.41 Cr) last year. The company has started focusing more on Enterprise Services and is making inroads in this challenging market, especially because MTML doesn't have Fixed Line Services and Optical Fibre Network. To overcome this challenge and to meet the requirements of high data growth, MTML has been exploring the possibility of having fibre connectivity for its Mobile Towers. At present, all mobile sites are connected on Microwave Radio Network which has its own limitation in terms of growth of data carrying capacity. MTML has been able to successfully engage Central Electricity Board (CEB) of Mauritius, A Government Organization, to provide Optical Fibre to MTML hub sites free of cost in lieu of MTML Mobile Services for its employees, initially for 6 months and further extendable to one year. Under the proposed arrangement, MTML Mobile connections will also be deployed in Smart Meter Network on trial basis, which is being developed by CEB. The arrangement will strengthen MTML's Backhaul Network for its 4G Network and to provide Carrier Grade Services for Enterprise Customers as well as create further business opportunity in Smart Meter Network. Apart from GSM Network, MTML is also having CDMA Network license which was taken in the year 2004 for 15 years. On expiry of HTML License in Jan'19, due to change in technology, the Telecom Regulator decided to vacate the spectrum by closing its CDMA Network. On MTML's request, the license was extended for one more year and now upto 30th June'20 due to lockdown by when the CDMA Network will be switched off. MTML has already started the process of migrating willing CDMA customers to its GSM Network through various plans and schemes specially designed for the purpose. All the expenses of the company are paid from its own internal resources. The CAPEX for procurement of equipment is totally 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 heart of IT hub in Mauritius. There is no debt liability on the Company. The company is managed by CEO, CTO, CFO and 10 more officers, all on deputation from the parent company. Other operations are managed through local outsourcing

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

Millennium Telecom Ltd (MTL) is a wholly owned subsidiary of MTNL, incorporated in February 2000 under the Companies Act 1956. Services being offered by MTL include Telecom consultancy & engineering, Project Management, Wi-Fi solution, project on e-governance, Managed services, Turnkey ICT solution, GIS based services, capacity building and skill development etc. MTL is also moving ahead with a very high growth rate. In 2014-15, the company turned into profit making company by System Integration and other ICT related business at pan India level. During the year under report i.e. 2019-20 the company has earned a revenue of Rs. 1.47 crores. MTL earned a net profit of Rs. 25.67 lakhs for the period ending 31st March 2020. MTL is in the process of winning over more orders in the upcoming years. A large number of Govt. Institutions have awarded works on nomination basis, which have been successfully executed by MTL. Customer list include Air India, J & K Government, Central University-(Mahendragarh) Haryana, UP Building and Other Constructions Workers Welfare Board (BOCWWB), Lucknow, Thane Municipal Corporation, CIDCO, Film Division of India, Insurance Institute of India, etc. MTL is also expanding its portfolio of services for providing generalized as well customized solutions to suit government and semi government institutions. MTL has empanelled 26 Business Development Associates (BDAs) for 10 years through EOI in the year 2016-17. In the F.Y 2019-20, MTL has worked on various projects GIS based Survey of District Meerut and Ghaziabad of UP for generating social welfare fund for labor's CESS, CIDCO EPABX Server (3 years contract), TMC WAN Networking (5 years contract), TMC Managed services (5 years contract), etc.

JOINT VENTURE

(I) MTNL STPI IT SERVICES LTD. (MSITS)

MTNL STPI IT Services Ltd. (MSITSL) is a 50:50 Joint Venture company of Mahanagar Telephone Nigam Limited (MTNL) and Software Technology Parks of India (STPI). MSITSL was incorporated on 31/03/2006 under the Companies Act, 1956, with authorized Capital of Rs. 50 Crores. MSITSL has established the physical infrastructure of state of the art 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 for setting it up was 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 customers have co-located server racks for their projects and operation 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 has co-located server racks for banking operation.
- The Service Agreement between TCS and MSITS for co-locating Passport Seva Project (PSP) in MSITS data center at Chennai which has expired on 11th June, 2020, has been extended upto 31.12.2020

The revenue of the company has been increasing year from the date of its commercialization in 2009.During the year under Report, MSITSL has registered a turnover of Rs.614.60 lacs as against Rs. 572.54 lacs last year which has registered an increase of Rs.42.06 lacs over last year. MSITSL has earned a profit before tax amounting to Rs.249.79 lacs after providing for depreciation as compared to the last year's figure of Rs.205.92 lacs. Net Profit of the company after deferred tax is Rs.186.33 lacs which was Rs.145.70 lacs in the previous year registered an increase of Rs. 40.63 lacs.

(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 outstandings. 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. Notice of exit (Sale of our share in JV Company) was given 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.

Accordingly, such investment has been classified as "held for sale" in the financial statement for year ended 31st March, 2020. The repatriation of Indian FDI in Nepal is under the consideration of the Nepal Government Department. MTNL and other JV Partner have taken up the matter with Ambassador of India in Nepal through the secretary DoT to get the process expedited so that facilitation of the remittance of amount invested in UTL is done.

The Ministry of Foreign Affairs, Govt. of Nepal has 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.

During the FY 2019-20, there has been no change in subsidiaries, associates or joint ventures of the company.

DETAILS OF SYSTEM STATUS FOR THE FINANCIAL YEAR 2019-20 (AS ON 31st MARCH, 2020)

Your Company has the following equipped and used capacity of Landline, GSM, Broadband etc. as on 31st March, 2020: -

S. No.	Parameters	MTNL Delhi	MTNL Mumbai	MTNL Total
1	Number of Switches	364	285	649
2	**Details of Capacity**			
2a	Fixed Phones	2416505	2586392	5002897
2b	GSM	2800000	2800000	5600000
2c	Broadband Capacity (in Ports)	788736	845908	1634644
3	DELs (including Fixed-Line, GSM and Broadband)	4010763	3234783	7245546
3a	Fixed Line	1395358	1698442	3093800
3b	GSM	2181486	1178701	3360187
3c	Broadband Subscribers	433939	357640	791579
4	FTTH Subscribers	20519	13833	34352
5	ISDN	7057	10560	17617
6	DLC (No.)	425	39	464
7	Tax Capacity	150000	115200	265200
8	Tandem Capacity	215500	331240	546740
9	**Optical Fibre Cable**			
9a	OFC in Route Kms	9047.845	9216.24	18264.085
9b	OFC in Fibre Kms	302312.914	297002.618	599315.532
10	Leased Circuits	9548	16500	26048

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, your company has laid greater emphasis on Human Resources Development. We have been devoting substantial resources on building a skilled workforce that has a capability to counter threats posed by ever changing 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 centre of MTNL, Delhi engaged in imparting induction training and short duration training to its officers and employees in the field of Telecom, IT, Computer System and Management. ITTM has the necessary infrastructure, technical and academic competence and excellence for providing training in specialized courses in the field of GSM, Broadband Technology, Switching, Transmission, External Plant, IT, Computer System, Management and various wellness and Life Style Management subjects comprising of Motivation, Positive Thinking, Stress Management and Spirituality at workplace and other health care programs. In addition to this, ITTM also conducts Industrial Training and Visits for students from Engineering Colleges and Various Schools of India. From April'2019 to March'2020, total 1043 MTNL Delhi (Internal Trainees) and 621 External Trainees (including Industrial Training and Industrial visits) were trained at ITTM. Revenue earned at ITTM for financial year 2019-20 for imparting training to Engineering/diploma students: Rs.13,23,960/-

(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 2019-20 are as follows: (a) CETTM successfully trained 1111 in-house personnel and 1535 external personnel with an achievement of 11828 Trainee days. Total of 158 programs were conducted. (b) CETTM conducted 10 weeks Induction Training Program for newly recruited 03 AM(HR), 07 AM (Sales & Mktg) and 07 AM(Finance) candidates in MTNL. (c) CETTM conducted 6 weeks Induction training of 5 candidates for TM promotion. (d) Students were trained through various certificate courses under Corporate Social Responsibility (CSR), while 23 students took part in one/two/six months Project Training works. Total 1366 number of engineering diploma and degree college Students from 24 different Colleges took part in "Industrial Visit Programme" at CETTM during 2019-20. (e) 28 senior officers from Cabinet Secretariat have been trained in VOIP, Next Generation Networks & Information System Security. (f) 28 officers from MMRCL have been trained in 3 days IP Networking training program. (g) Under ITEC programme, sponsored by MEA, Govt. of India, CETTM successfully completed 2 programs giving training to a Total of 54 foreign delegates from various ITEC countries. (h) Polytechnic faculties from Maharashtra State Board of Technical Education (MSBTE) were trained for 3 days training Course on Information Security. (I) 17 polytechnic students were imparted In-plant Training (I scheme-MSBT) in various area GM units for 6 weeks duration. (j) 3 days In-service course on "4G LTE Basics" and various onsite and in-house programs conducted in Landline, Broadband, OFC Splicing, PON, FTTH & their troubleshooting.CETTM has conducted various short duration Technical as well as Management related courses for MTNL employees on need basis to improve MTNL services.

Workshops & Events organized by CETTM in FY 2019-20:_CETTM celebrated 'World Telecommunications & Information Society Day' by conducting one day workshop on 'Network Softwarization - The New Frontier for SDN Clouds, NFV Data-Centers and 5G' by Dr. Ashwin Gumaste, Professor in the Dept. of CSE at IIT Bombay on 17th May 2019. Yoga sessions & talk by 'Yoga Institute' personnel were conducted for MTNL employees to celebrate 'International Yoga Day' at CETTM on 21st June 2019. Workshops on OCB and EWSD Maintenance conducted on 19/07/2019 and 22/10/2019. Workshops of INDAS accounting training conducted in Oct-2019.

(III)**SKILL DEVELOPMENT**

With a vision of a Skilled India, Ministry of Skill Development & Entrepreneurship (MSDE) aims to skill India on a large scale with speed and high standards. Pradhan Mantri

Vikas Yojana (PMKVY) is the flagship scheme that is driving towards greater realisation of this vision. MTNL have two training centre, one at Mumbai (CETTM) and another at Delhi (ITTM). Both of the training centers are engaged to meet the requirement of skill development and giving summer trainings to students of BE/ B.Tech. Short Term (One Day/ Two days) training programs for outsiders including students, housewives & others are also being conducted. To achieve the aim of skill development programme, MTNL has signed MoU with Telecom Sector Skill Council & Global Institute of Skill Development. MTNL has also signed MoU with Gramin Vikas Trust (GVT) to run a training cum skilling center for promotion of entrepreneurship for the period of Five years. Under skill development programme, MTNL has trained 2156 trainees in year 2019-20.

INDUSTRIAL RELATIONS

Industrial peace and Industrial harmony is based on healthy Employee Relations and like the previous year, Employees Relations remained Cordial throughout the year. The Grievances/ Issues raised by the employees/Union/Associations were given due attention and regard. The cases/ issues brought up by them were settled through regular meetings and interactions between Management and Unions/Associations and action as mutually agreed, was taken to settle them. In pursuance of DoT OM dated 29.10.2019 and decision of Board of Directors of MTNL, the MTNL Voluntary Retirement Scheme-2019 was introduced vide Office Order No. MTNL/CO/ GM (HR)/VRS/NE/2016-17/337 dated 04.11.2019. Around 14387 employees took VRS and were relieved on 31.01.2020.

MTNL VOLUNTARY RETIREMENT SCHEME (VRS)- 2019

DOT vide OM. No. 30-04/2019-PSU Affairs dated 29.10.2019 had conveyed the Cabinet's approval on revival of MTNL. One of the measures of revival was to offer Voluntary Retirement Scheme on the pattern of Gujarat Model to the employees of age 50 years and above. Accordingly, MTNL Voluntary Retirement Scheme 2019 was launched w.e.f. 04.11.2019 to 03.12.2019 with the following salient features:Ex-Gratia equal to 35 days salary for each completed year of service plus 25 days salary for every year of service left until superannuation shall be payable. It shall not exceed the sum of salary that the employee would draw at the existing level.The amount of Ex-

Gratia payable to the employees entitled to combined service pension under Rule 37-A of CCS Pension Rules, 1972 would be drawing for the balance period left till date of superannuation, does not exceed 125% of the sum of salary at prevailing level that the employee would have drawn till superannuation from the effective date of VRS i.e. 31.01.2020.In respect of the employees directly recruited by MTNL on or after 01.04.1986, ex-Gratia will be equal to 35 days salary for each completed year of service plus 25 days salary for every year of service left until superannuation. VRS optees shall be eligible for Ex-gratia and normal retirement benefits i.e. Pension, Gratuity, commutation of Pension and Leave encashment. They shall be treated at par with normal retirees. Total employees eligible for VRS were 16361 out of which total employees opted for VRS were 14387. Financial implication of payment of ex-gratia to employees is borne by the Government of India. The employees are also entitled to retirement benefits as per MTNL policy existing on VRS date.

EMPLOYEES' WELFARE

Employees Welfare Schemes like subsidized Canteen, Housing, Medical facilities, Group Insurance, dormitories for females working in night shift etc. continued and maintained by the Company for its employees. Sports and Cultural activities were also given priority during the year. 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 concerned retirees. As on date approximately '10946' retirees in MTNL have benefited from this scheme.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

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

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

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

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.

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, 2020, the total strength of employees and SC/ST Category working in the company as per details is given below: -

Group	Working	SC	ST
A	214	55	26
B	1074	201	41
C	1742	334	28
D	1152	352	31
TSM	3	-	-
Grand Total	4185	942	126

NEW RECRUITMENT

Total 18 trainee officers in the stream of Assistant Manager (HR/Marketing/Finance) at E-2 level joined MTNL.

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 http://mtnl.in/csr_2014.pdf .

VIGILANCE

The Vigilance organization of MTNL is headed by Chief Vigilance Officer. At present, Shri H.S.Sohal, CVO, BSNL is in additional charge of CVO, MTNL. The CVO is responsible for complete vigilance administration in MTNL. During the year 2019-20, emphasis was laid on preventive vigilance and to enhance the awareness of transparency and accountability in working by carrying out various field inspections. Advices for system improvement were issued by Vigilance Unit. CTE type inspections were also carried out as per CVC guidelines. Further, training programme/ seminars on vigilance/ complaints handling and disciplinary proceedings have been conducted during the period for the employees to make the participants understand the conduct rules of MTNL, procedure for handling departmental proceedings and improve their working efficiency. As per CVC instructions, the Vigilance Awareness Week was observed from 28/10/2019 to 02/11/2019. During this week, various activities like administering of integrity pledge, release of information booklet on the Vigilance & Disciplinary matters with a focus on "Integrity –A way of life (ईमानदारी–एक जीवन शैली)" Preventive Vigilance and other general conduct (Do's & Dont's) among the employees of MTNL was distributed. Also various programmes such as seminars, workshops, debates as well as Quiz competitions were also organized during vigilance awareness week. MTNL Board was regularly apprised of the progress of disciplinary cases through for review through quarterly reports. Review of Vigilance works/matters by CMD with approval of CVO was also submitted quarterly.

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.

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. Three Independent External Monitors (IEMs) being persons of eminence nominated by the Central Vigilance Commission (CVC), to monitor the activities. As on 31-03-2020, Shri Dhruv Kr. Agarwal [Ex-Advisor (T), DOT], Shri V. K. Gupta [Ex-Addl. DG, CPWD] and Ms. Alka Sirohi [IAS (Retd)] are acting as IEMs of MTNL. The tenure of all the three IEMs has ended on 22.05.2020. There have been regular Vendor and Management Meeting with IEMs during FY 2019-20. The CVC has vide letter no 011/VGL/001/455 dtd 17.07.2020 has appointed Smt Rashmi Goel, IRAS (Retd) and Shri Dhirendra Kumar Tyagi, IDSE (Retd) as new IEMs of MTNL for a period of three years.

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. 1.44 Crore and the total foreign exchange expenditure was Rs. 2.08 Crore.

ENTERPRISE RISK MANAGEMENT

The Board of Directors of the Company has formed a 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, 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 2019-20. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 & the Listing Regulations. Details of Board Meetings are given in Corporate Governance Report which forms 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 has also initiated evaluation of Independent Directors.

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 therof.

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

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

CORPORATE GOVERNANCE

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 V.K. Sharma & Co. Practising Company Secretaries, regarding compliance of conditions of Corporate Governance as stipulated under Schedule V (E) of SEBI (LODR), 2015 for the FY 2019-20 and Annual Secretarial Compliance Report for the FY 2019-20 pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 has been obtained from M/s Mritunjay Shekhar & Associates, Practising Company Secretaries is also placed at annexure to this report. Further, a separate section on Corporate Governance is also placed as annexure to this report.

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 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 Circular No 14/2020 dtd 08.04.2020, Circular No 17/2020 dtd 13.04.2020 and Circular No 20/2020 dtd 05.05.2020 and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dtd 12/05/2020 and to ensure compliance of Green Initiative, your Company has sent various documents including Notice of the 34th AGM, Audited Financial Statements, Directors' Report, Auditors' Report for the F.Y. 2019-20 etc. to its shareholders 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 34th AGM & Annual Report 2019-20 at its website www.mtnl.net.in. Your Company looks forward towards active participation of Shareholders in this "Green Initiative" and request 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 34th AGM and Annual Report 2019-20 to shareholders having no email ids in compliance with Circulars of MCA.

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 2019-20, 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 2019-20 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 REPORT (BRR)

The Listing Regulations mandate the inclusion of the Business Responsibility Report as part of the Annual Report for top 1000 listed companies based on Market Capitalization and your company comes under top 1000 list. MTNL is disclosing Business Responsibility Report (BRR) as part of Annexure to this report. The BRR maps the sustainability performance of your Company against the reporting framework suggested by SEBI.

STATUTORY AUDITORS

M/s. Kumar Vijay Gupta & Co., Chartered Accountants and M/s Vinod Kumar & Associates, 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 2019-20 and the Board has already ratified their appointment on 14.11.2019.

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. The Cost Audit Report alongwith the Annexures for the Financial Year 2018-19 have been submitted to the Central Government in the Form I-XBRL format on MCA portal on 19/12/2019.

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 2019-20. The Secretarial Audit Report of M/s R. P. Sehgal & Associates are given in as annexure to this report.

AUDITORS QUALIFICATIONS AND MANAGEMENT REPLY THERETO

The replies to the observation of the Statutory Auditors for the Financial Year 2019-20 are given as annexure. 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 Auditors of the Company have not reported any fraud 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 your Company has formulated criteria for appointment of Whole time Directors in your Company. 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 DECLARATION

The Independent Directors have submitted a declaration/confirmation that they meet the criteria of independence as lad down in section 149 (6) of Companies Act, 2013 & Regulation 16 (1) (b) of the Listing Regulation and they are not aware of any circumstances 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, pursuant to Regulation 25 of the Listing Regulations.

The following Non-Executive Director are Independent as on March 31, 2020: -

1. Smt. Suneeta Trivedi
2. Shri Chinmay Basu
3. Smt. G. Padmaja Reddy
4. Shri K. B. Gokulchandran

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 Directors] and Independent Directors.

List of Present Directors of MTNL as on 31-07-2020 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 R. K Khandelwal ceased to be Government Nominee Director on 30.05.2019.
2. Shri Navneet Gupta, Jt. Secretary (Admin), Government of India was appointed as Government Nominee Director vide DoT letter no. E-5-4/2019-PSA dtd 27.05.2019.
3. Smt Tiakala Lynda Yaden ceased to be Government Nominee Director on 24.09.2019.
4. Shri P. K. Purwar ceased to be CMD of MTNL w.e.f 15.07.2019 and was given additional charge of CMD vide DOT letter no. E-2-2/2019-PSA dtd.13.04.2020 w.e.f 15.04.2020.
5. Shri Sunil Kumar Director (HR & EB) was entrusted with additional charge of CMD vide DOT letter no. E-2-2/2019-PSA dtd.24.07.2019 w.e.f 24.07.2019 till 15.04.2020.
6. Shri Rakesh Nangia and Shri Ashok Mittal ceased to be Independent directors w.e.f. 31.01.2020.
7. Shri Mahmood Ahmed, DDG LFA, DoT Government of India was appointed as Government Nominee Director vide DoT letter no. E-5-4/2019-PSA dtd 05.02.2020.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel (KMP) of your Company as on 31.03.2020 are: -

i) Shri Sunil Kumar, Director (HR&EB} (Relinquished additional charge of CMD on 15.04.2020)

ii) Shri Milind Vijay Joshi, Director (Finance)

iii) Shri Sanjeev Kumar, Director (Technical)

iv) Shri S.R. Sayal, Company Secretary

Apart from the above, no other Director (including Independent Directors) or KMP were appointed or had retired or resigned during the Financial Year 2019-20. Details of Board of Directors are given 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 Sunil Kumar, Director (HR & EB) and Shri Navneet Gupta, Director retire by rotation at the forthcoming Annual General Meeting 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 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 31.03.2020:-

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

Details of all the Committees along with their main terms, composition and meeting held during the year under review are provided in the report on Corporate Governance, a part of this annual report.

ACKNOWLEDGMENT

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, ADR holders, for their continued patronage and confidence reposed in the company. The Directors would like to express their thanks for the sincere hard work and dedicated services rendered by every employee of the company. The Board is confident that with the employees' continued enthusiasm, initiative and dedicated efforts, your company could face the new challenges and opportunities arising out of the resultant competition from private operators in the Cellular Mobile, Basic Telephone, Internet services and other Value Added services.

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

Sd/-

(Shri P.K.Purwar)
CMD

PLACE: NEW DELHI
DATE: 15.09.2020

Note: After the approval of Directors Report by the Boardof Directors on 15.09.2020, the following changes have taken place till 30.11.2020:-

(i) Shri Milind Vijay Joshi has ceased to be director on 30.09.2020 on superannuation and the Govt. of India, Dept. of Telecommunication(DoT) has appointed Shri S.K. Gupta as Director(Finance), who has taken over the charge on 21.10.2020.

(ii) Shri Chinmay Basu, Shri K.B. Gokulchandran, Smt. G. Padmaja Reddy and Smt. Suneeta Trivedi have ceased to be the Independent Director of the Company on the Completion of their 3 year term on 25.10.2020.

(iii) Govt. of India DoT has appointed Shri Amitabh Ranjan Sinha, DDG (Finance & FIPP) DoT as Govt Director vide letter No. E-5-4/2-19-PSA dt. 26.11.2020 in place of Shri Mahmood Ahmed, formar DDG(LFA),DoT.

ANNEXURE I TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

[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 -110003

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 2020 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 2020 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, 2009 (Not applicable to the Company during the Audit Period).

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) 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 and Rules and Regulations made there-under,

b) The Indian Telegraph Act, 1885.

c) The Indian Wireless Telegraphy Act, 1933

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India,

b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **The Company has applied for delisting from the Calcutta Stock Exchange Limited & Delhi Stock Exchange Limited on 16th October, 2012. However, the confirmation is still awaited. The shares of the Company are also listed on OTCQX, New York.**

During the period under review, as per our audit of records of the Company and as per the explanations and clarifications given to us, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above subject to our observation as under.

The company did not comply with the Regulation 30(1) and (2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations) Regulations, 2011.

As per the above Regulation, the promoter did not file the Annual disclosure relating to their aggregate shareholding and voting rights as on 31 March to the Stock Exchanges and to the company's registered office. However, The Company has forwarded letter to the Joint Secretary (Admin.) DOT, Govt. of India for such Annual Disclosure requirements.

We further report that

As informed by the Company and as per inspection of records, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors.

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.

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

Place: New Delhi

Date: 20.08.2020

ANNEXURE II TO DIRECTORS' REPORT

V.K. SHARMA & CO.
Company Secretaries
B-1902,Ace Aspire, Techzone 4,
Greater Noida (West) - 201306
Mobile : 9811009592, 9818816592
E-mail : vks_cosecy@yahoo.com

CERTIFICATE OF COMPLIANCE WITH CORPORATE GOVERNANCE UNDER LISTING AGREEMENT/ REGULATIONS FOR THE FINANCIAL YEAR 2019-2020

To

The Members of

Mahanagar Telephone Nigam Limited

1. We have examined the compliance of the conditions of corporate governance by Mahanagar Telephone Nigam Limited ('Company') for the year ended 31st March, 2020, as stipulated in the relevant clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Schedule V to the 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 complied with the conditions of corporate governance as stipulated in the listing regulations.

4. 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 V. K. SHARMA & Co
Company Secretaries

sd/-
(V.K Sharma)
FCS: 3440
C. P. NO: 2019
UDIN: F003440B000549964

Place: Greater Noida
Date: 04.08.2020

ANNEXURE III TO DIRECTORS' REPORT

Mritunjay Shekhar & Associates
Company Secretaries
311, Aadarsh Apartment Pocket 16, Sector 3, Dwarka, New Delhi-75
E-mail : shekharmritunjay3@gmail.com
Mobile : 9540043975/ 8076567045

ANNUAL SECRETARIAL COMPLIANCE REPORT
OF
M/S. MAHANAGAR TELEPHONE NIGAM LIMITED
FOR THE YEAR ENDED 31st MARCH 2020

(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:

(a) All the documents and records made available to us and explanation provided by **M/s Mahanagar Telephone Nigam Limited**.

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) the website of the listed entity,

(d) any other document/ filing, as may be relevant,

Which has been relied upon to make this certification, for the year ended 31st March 2020 ("Review Period") in respect of compliance with the provisions of :-

a. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

b. 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:-

SI No.	Compliance Requirement (Regulations/ circulars / Remarks of the guidelines including specific Practicing clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
NA	NA	NA	NA

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of Violations	Details of action taken e.g. fines, remarks of the warning letter, Practicing debarment, etc.	Observations/Remarks of the Practicing Company Secretary, if any
1	NSE	Regulation 33 of SEBI (LODR) Regulation, 2015.	Clarification sought on non-compliance with remarks "the auditor's report of MTNL which is an important set of information for investors was not made available to market participants within prescribed time limits as per SEBI (LODR), Regulations, 2015."	Clarification submitted vide letter no. MTNL/SECTT/SE/2020 Dated 27/01/2020. Submission as follows :- I. Immediately after the Board meeting, MTNL had filed the Financial Results with the Stock Exchanges on 30.05.2019. II. On 31.05.2019, we had submitted to the Stock Exchanges Audit Qualifications raised by Statutory Auditors (in both Standalone & Consolidated financial results of MTNL for FY 2018-19) along with impact of such Audit Qualifications duly signed by Partners of Statutory Auditors Firms of MTNL i.e M/s Kumar Vijay Gupta & Co., Chartered Accountants and M/s Mehra Goel & Co., Chartered Accountants respectively on 31/05/2019 in NSE (at 11:48 AM) & BSE (at 11:37 AM). III. Independent Audit Report given by Statutory Auditors of MTNL on the financial statement (both Standalone & Consolidated) was submitted to NSE & BSE on 04/06/2019. You will notice that the Audit Qualification and its impact which was filed on 31.05.2019 also contain the same no. of qualifications (12Nos.) as mentioned in the Independent Auditor's Reports.

Sr. No.	Action taken by	Details of Violations	Details of action taken e.g. fines, remarks of the warning letter, Practicing debarment, etc.	Observations/Remarks of the Practicing Company Secretary, if any
				IV. This implies that MTNL had submitted Audit Qualifications which is a material part of Independent Audit Report on its Financial Statement for FY 2018-19 on 31/05/2019 to NSE & BSE. The Financial Results for FY 2018-19 of MTNL were submitted by MTNL on 30/05/2019 after closure of trading/market hours. V. As Audit Qualifications is an important set of information for Investors/Market participants, it was made available to Market participants/ Investors/Shareholders within the prescribed time limit as per SEBI (LODR) Regulations, 2015 by MTNL to enable them to take informed decision through its filing in NSE & BSE on 31/05/2019. In fact, in order to make informed decision by the Market participants/ Investors/Shareholders, the Management of MTNL has also given its reply impact of each and every Audit Qualifications raised by its Statutory AuditorsA.The Independent Audit Report for FY 2018-19 was also uploaded in the Company's website for dissemination of information to Market participants/ Investors/Shareholders of MTNL. VI. Thus MTNL has filed 'Material Extract of Independent Audit Report' duly signed by Partners of Statutory Auditors firms who were also signatories of Independent Audit Report' on 31/05/2019 in NSE & BSE respectively so that Market participants/ Investors/Shareholders of MTNL can take an informed and balanced decision. MTNL has never accepted the delay in submission of the Auditor's Report. Rather in our reply dtd. 25.06.2019 we had clearly mentioned that MTNL has filed the Statutory Auditor's qualifications and their impact (Reply of the Management) on 31.05.2019 itself. The original Auditor's Report was filed on 04.06.2019. Thus, the investors have been well informed in time about the audit qualifications and their impact. Hence, the above mentioned at para 5.2 of the captioned letter of NSE that the auditor's Report was not made available to all the market participants including investors of the Company within prescribed time limits is not correct.

Sr. No.	Action taken by	Details of Violations	Details of action taken e.g. fines, remarks of the warning letter, Practicing debarment, etc.	Observations/Remarks of the Practicing Company Secretary, if any
				VII. We further state and confirm to the exchange that the company has always complied with the regulations in true spirit being a Government Public Sector Undertaking.

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

Sr. No	Observations of the Practicing Company Secretary in the previous report	Observations made in the previous Secretarial Compliance Report for the year ended 31st March 2019(the years are to be mentioned)	Action taken by the listed entity, if any	Comments of the Practicing Company Secretary on the Action taken by the listed entity
1	Audit Committee Meeting No. 117 held on 30.05.2018 and Meeting No. 118 held on 14.11.2018. There is a gap of 167 days. It could not hold within 120 days. The Company Scheduled Audit Committee meeting on 14th August 2018 but due to lack of quorum the audit committee meeting did not took place.	Prescribed date gaps between two audit Committee meetings are 120 days whereas it got delayed by 167 days. Only three Audit Committee Meetings held in the Financial Year 2018-2019	The Listed Entity has complied with the norms of the said regulations and held the meetings within the prescribed time limits during the Financial Year 2019-20.	There is no deviation noted during the Financial Year 2019-20.
2	Board Meeting No. 333 dated 14.08.2018 financial results approved by the Board without placed before the Audit Committee for its recommendation. The Company Scheduled Audit Committee meeting on 14th August 2018 but due to lack of quorum the audit committee meeting did not took place.	Audit Committee should review and recommend the financial results before approval of the Board.	The Listed Entity has complied with the norms of the said regulations and Audit Committee reviewed and recommended the financial results before approval of the Board during the Financial Year 2019-20.	There is no deviation noted during the Financial Year 2019-20.

For MRITUNJAY SHEKHAR & ASSOCIATES

Company Secretaries

Place: New Delhi — **ACS/ FCS No.: 17250**

Date: 13.06.2020 — **C P No.: 20871**

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 2019-20

S. No.	Qualifications	Observations/Remarks of the Company
1.	The Company did not comply with the Regulation 30(1) and (2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations) Regulations, 2011.	The Promoter & Promoter Group are required to send a letter to the Stock Exchanges and the Company about their holding annually but DOT has not submitted it yet. The Company has forwarded letter to the Joint Secretary (Admin) DOT, Govt. of India for such Annual Disclosure requirement

-

ANNEXURE V TO DIRECTORS' REPORT

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2020

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

1. REGISTRATION AND OTHER DETAILS :

i) **CIN:-** L32101DL1986GOI023501

ii) **Registration Date:-** 28th February, 1986

iii) **Name of the Company: -** Mahanagar Telephone Nigam Limited

iv) **Category/ Sub-Category of the Company:-** Government of India Enterprises

v) **Address of the Registered office and contacts details:-** Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003, Tel:- 011-24319020,Fax 011-24324243

vi) **Whether listed company Yes / No:-** Yes

vii) **Name, Address and Contact details of Registrar and Transfer Agent, If any:-**

M/s Beetal Financial and Computer Services (Pvt) Ltd. , 3rd Floor, Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062, Ph:011-29961281-82, Fax:011-29961284, Email ID: beetalrta@gmail.com, beetal@beetalfinancial.com, website: www.beetalfinancial.com .

2. 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	752	100%

3. 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)

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

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

i) Category-wise Shareholding

Category of Shareholders	No. Of Shares held at the Beginning of the Year i.e. 01/04/2019				No. Of Shares held at the end of the Year i.e. 31/03/2020				% Change during the Year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
A) Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0		0		0
b) Central govt/ State Govt(s)	354378740	0	354378740	56.25	354378740	0	354378740	56.25	0
Bodies Corp.	0	0	0	0	0	0	0	0.00	0
d) Banks/FI	0	0	0	0	0	0	0	0.00	0
e) Any Other	0	0	0	0	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	0	0	0	0.00	0
b) Bodies Corp.	0	0	0	0	0	0	0	0.00	0
c) Bank/FI	0	0	0	0	0	0	0	0.00	0
d) Any Other	0	0	0	0	0	0	0	0.00	0

Category of Shareholders	No. Of Shares held at the Beginning of the Year i.e. 01/04/2019				No. Of Shares held at the end of the Year i.e. 31/03/2020				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-Total (A) (2):-	0	0	0	0	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	100	4400	4500	0.00	0
b) Banks/FI/ Insurance Companies	127497698	2200	127499898	20.25	91941761	2200	91943961	14.59	-5.656
c) Central Govt/ State Govt.	2500	0	2500	0	2500	0	2500	0.00	4E-04
e) Venture Capital Funds	0	0	0	0	0	0	0	0.00	0
f) Foreign Fin Inst./ Banks/ Foreign Portfolio Investors	2169654	600	2170254	0.34	2165704	600	2166304	0.34	0.004
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	0
h) Others(Specify)	0	0	0	0	0	0	0	0.00	0
(i)Stressed Asset	0	0	0	0	0	0	0	0.00	0
Sub-Total (B)(1):-	129669952	7200	129677152	20.59	94110065	7200	94117265	14.94	-5.651
2. Non Institutions									
a) Bodies Corp. (Indian & Overseas)	28851594	6001	28857595	4.59	11667739	6000	11673739	1.85	-2.737
b) Individuals									0
(i) Individual Shareholders holding nominal Share Capital Upto Rs. 2 lakh	67333011	72994	67406005	10.72	88349264	61261	88410525	14.03	3.313
(ii) Individual Shareholders holding nominal Share Capital in excess of Rs. 2 lakh	33036273	0	33036273	5.25	61946340	0	61946340	9.83	4.583
c) Others (Specify)									0
Trusts	255932	0	255932	0.04	301052	0	301052	0.05	0.008
Foreign Nationals	0	0	0	0	0	0	0		0
NRI & Foreign Corporate Bodies	1499070	0	1499070	0.23	2055752	0	2055752	0.33	0.096
c-ii) Clearing Members	1072154	0	1072154	0.12	1133363	0	1133363	0.18	0.06
HUF	6635957	0	6635957	1.06	8943830	0	8943830	1.42	0.36
Sub-Total (B)(2):-	138683991	78995	138762986	22.01	174397340	67261	174464601	27.69	5.683
Total Public Shareholding (B)=(B)(1)+(B)(2)	268353943	86195	268440138	42.6	268507405	74461	268581866	42.63	0.032
C. Shares held by Custodian for GDRs & ADRs	7181122	0	7181122	1.15	7039394	0	7039394	1.12	-0.033
Grand Total (A+B+C)	629913805	86195	630000000	100	629925539	74461	630000000	100.00	0

ii) **Shareholding of Promoters during F.Y. 2019-20**

S NO.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2019			Shareholding at the end of the year as on 31.03.2020			
		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	% change in shareholding during the year
1.	PRESIDENT OF INDIA	354378740	56.25	Nil	354378740	56.25	Nil	Nil
	Total	**354378740**	**56.25**	**Nil**	**354378740**	**56.25**	**Nil**	**Nil**

(iii) Change in Promoters' Shareholding during the F.Y. 2019-20 (please specify, if there is no change)

S NO.		Shareholding at the Beginning of the year as on 01.04.2019		Cumulative Shareholding during the year (2019-20)	
		No. of Shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1.	At the beginning of the year (as on 01.04.2019)	354378740	56.25	354378740	56.25
2.	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	N.A.	—	N.A.	—
3.	At the end of the year (as on 31.03.2020)	354378740	56.25	354378740	56.25

 # There is no change in the total Shareholding of Promoters i.e. President of India between 01.04.2019 and 31.03.2020 (during F.Y. 2019-20).

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31.03.2020:

S. No.	Name	Shareholding at the beginning of the year as on 01.04.2019					Cumulative Shareholding during the year (2019-20)	
		No. of Shares at the beginning of the year (01.04.2019) end of the year (31.03.2020)	% 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	115158966	18.2792	30-Mar-19				0
			0	05-Apr-19	-6810335	Sell	108348631	17.1982

S. No.	Name	Shareholding at the beginning of the year as on 01.04.2019					Cumulative Shareholding during the year (2019-20)	
		No. of Shares at the beginning of the year (01.04.2019) end of the year (31.03.2020)	% of total shares of the Company	Date	Increase / Decrease in share-holding	Reason	No. of shares	% of total shares of the company
			0	12-Apr-19	-624500	Sell	107724131	17.0991
			0	19-Apr-19	-500500	Sell	107223631	17.0196
			0	26-Apr-19	-100000	Sell	107123631	17.0038
			0	03-May-19	-223451	Sell	106900180	16.9683
			0	10-May-19	-698290	Sell	106201890	16.8574
			0	17-May-19	-1938102	Sell	104263788	16.5498
			0	24-May-19	-4708991	Sell	99554797	15.8023
			0	31-May-19	-600000	Sell	98954797	15.7071
			0	07-Jun-19	-1960000	Sell	96994797	15.396
			0	14-Jun-19	-4544047	Sell	92450750	14.6747
			0	21-Jun-19	-543330	Sell	91907420	14.5885
			0	28-Jun-19	-1219299	Sell	90688121	14.3949
			0	05-Jul-19	-2918824	Sell	87769297	13.9316
			0	12-Jul-19	-552743	Sell	87216554	13.8439
			0	19-Jul-19	-1320061	Sell	85896493	13.6344
			0	26-Jul-19	-412042	Sell	85484451	13.569
			0	02-Aug-19	-622847	Sell	84861604	13.4701
			0	09-Aug-19	-826	Sell	84860778	13.47
		84860778	13.47	31-Mar-20			84860778	13.47
			0	- -				0
2	Kamlesh B Shah	1765	0.0003	30-Mar-19				0
			0	08-Nov-19	8545000	Purchase	8546765	1.3566
			0	15-Nov-19	-3364000	Sell	5182765	0.8227
			0	24-Jan-20	4000000	Purchase	9182765	1.4576
		9182765	1.4576	31-Mar-20			9182765	1.4576
			0	- -				0
3	The Bank of New York Mellon	7039394	1.1174	30-Mar-19		Nil Movement During The Year	7039394	1.1174
		7039394	1.1174	31-Mar-20			7039394	1.1174
			0	- -				0
4	Prakash Babalal Shah	900	0.0001	30-Mar-19				0
			0	15-Nov-19	2149000	Purchase	2149900	0.3413
		2149900	0.3413	31-Mar-20			2149900	0.3413

S. No.	Name	Shareholding at the beginning of the year as on 01.04.2019					Cumulative Shareholding during the year (2019-20)	
		No. of Shares at the beginning of the year (01.04.2019) end of the year (31.03.2020)	% of total shares of the Company	Date	Increase / Decrease in share-holding	Reason	No. of shares	% of total shares of the company
			0	- -				0
5	The New India Assurance Company Limited	1994544	0.3166	30-Mar-19		Nil Movement During The Year	1994544	0.3166
		1994544	0.3166	31-Mar-20			1994544	0.3166
			0	- -				0
6	Kavita R. Popley	1746940	0.2773	30-Mar-19		Nil Movement During The Year	1746940	0.2773
		1746940	0.2773	31-Mar-20			1746940	0.2773
			0	- -				0
7	Elara India Opportunities Fund Limited	1618500	0.2569	30-Mar-19		Nil Movement During The Year	1618500	0.2569
		1618500	0.2569	31-Mar-20			1618500	0.2569
			0	- -				0
8	Punjab National Bank	1550000	0.246	30-Mar-19		Nil Movement During The Year	1550000	0.246
		1550000	0.246	31-Mar-20			1550000	0.246
			0	- -				0
9	The Oriental Insurance Company Limited	1392970	0.2211	30-Mar-19		Nil Movement During The Year	1392970	0.2211
		1392970	0.2211	31-Mar-20			1392970	0.2211
			0	- -				0
10	Ravi Kumar Ram Kishore Sanwalka	1060000	0.1683	30-Mar-19				0
			0	17-May-19	10000	Purchase	1070000	0.1698
			0	29-Nov-19	-10000	Sell	1060000	0.1683
			0	17-Jan-20	-1000	Sell	1059000	0.1681
			0	24-Jan-20	-1000	Sell	1058000	0.1679
		1058000	0.1679	31-Mar-20			1058000	0.1679
			0	- -				0

(v) Shareholding of Directors and Key Managerial Personnel as on 31st March 2020:

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year as on 01.04.2020		Cumulative Shareholding during the year (2019-20)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri P. K. Purwar CMD (Ceased to be CMD w.e.f. 15.07.2019 and was entrusted with additional charge of CMD w.e.f. 15.04.2020)	Nil		Nil	
2.	Shri Sunil Kumar Director (HR&EB) (Entrusted with additional charge of CMD w.e.f. 24.07.2019 till 15.04.2020)	Nil		Nil	
3.	Shri Milind Vijay Joshi, Director (Finance)	Nil		Nil	
4.	Shri Sanjeev Kumar, Director (Tech)	Nil		Nil	
5.	Shri. R.K. Khandelwal, Govt. Director (Ceased to be Director w.e.f 30.05.2019)	Nil		Nil	
6.	Shri. Navneet Gupta, Govt. Director	Nil		Nil	
7.	Smt. Tiakala Lynda Yaden, Govt. Director (Ceased to be Director w.e.f 24.09.2019)	Nil		Nil	
8.	Shri Rakesh Nangia, Independent Director (Ceased to be Director w.e.f 31.01.2020)	Nil		Nil	
9.	Shri Ashok Mittal, Independent Director (Ceased to be Director w.e.f 31.01.2020)	Nil		Nil	
10.	Shri Chinmay Basu, Independent Director	Nil		Nil	
11	Shri K.B. Gokulchandran, Independent Director	Nil		Nil	
12.	Smt. G. Padmaja Reddy, Independent Director	NIL		NIL	
13.	Smt. Suneeta Trivedi, Independent Director	NIL		NIL	
14.	Shri S. R. Sayal, Company Secretary.	NIL		NIL	

V. INDEBTEDNESS

(a) Indebtedness of the Company including interest outstanding/accrued but not due for payment during F.Y. 2019-20 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 as on 01.04.2019				
i) Principal Amount	**9,093.13**	**10,598.80**	**-**	**19,691.93**
ii) Interest due but not paid	**-**	**-**	**-**	**-**
iii)Interest accrued but not due	**1.08**	**60.33**	**-**	**61.41**
Total (i+ii+iii)	**9,094.21**	**10,659.13**	**-**	**19,753.34**
Change in Indebtedness during the financial year 2019-20				
• **Addition**	**1,596.34**	**1,679.00**	**-**	**3,275.34**
• **Reduction**	**-**	**-**	**-**	
Net Change	**1,596.34**	**1,679.00**	**-**	**3,275.34**
Indebtedness at the end of the financial year as on 31.03.2020				
i) Principal Amount	**10,690.34**	**12,275.23**	**-**	**22,965.57**
ii) Interest due but not paid	**-**	**-**	**-**	**-**
iii) Interest accrued but not due	**0.20**	**62.90**	**-**	**63.10**
Total (i+ii+iii)	**10,690.55**	**12,338.13**	**-**	**23,028.68**

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. 2019-20:

S. No.	Particulars of Remuneration	NAME OF MD/WTD/Manager				Total Amount in Rupees
		Shri P. K. Purwar, CMD (Ceased to be CMD w.e.f. 15.07.2019 and was Entrusted with additional charge of CMD w.e.f. 15.04.2020)	Shri Sunil Kumar, Director (HR & EB) (Entrusted with additional charge of CMD w.e.f. 24.07.2019 till 15.04.2020)	Shri Milind Vijay Joshi Director (Finance)	Shri Sanjeev Kumar, Director (Technical)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	9,81,006/-	26,44,707/-	22,81,363/-	25,34,443/-	84,41,519/-
	(b) Value of perquisites u/s 17(2) Income –tax Act, 1961	2,84,388/-	7,65,112/-	6,23,751/-	7,60,665/-	24,33,916/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
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	NIL	NIL	NIL	NIL	NIL
	Total (A)	**12,65,394**	**34,09,819**	**29,05,114**	**32,95,108**	**108,75,435**
	Ceiling as per the Act	As per Section 198 of the Companies Act, 2013				

B. Remuneration to other directors during the F.Y. 2019-20:-

S. No.	Particulars of Remuneration	Name of Directors						Total Amount in Rupees
	Independent Directors	**Shri Rakesh Nangia (Ceased to be director on 31.01.2020)**	**Shri Ashok Mittal (Ceased to be director on 31.01.2020)**	**Shri Chinmay Basu**	**Shri K.B. Gokul-chandran**	**Smt. G Padmaja Reddy**	**Smt. Suneeta Trivedi**	
1.	• Fee for attending Board and its committee meetings • Commission • Others, please specify	70,000	70,000	40,000	30,000	60,000	90,000	3,60,000
2.	Total (1)	70,000	70,000	40,000	30,000	60,000	90,000	3,60,000
3.	**Other Non-Executive Directors**							
4.	• Fee for attending board committee meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5.	Total (2)	—	–	—	–	–	–	—
6.	**Total (B)=(1+2)**							**3,60,000**
7.	**TOTAL MANAGERIAL REMUNERATION (A+B)**							**112,35,435**
8.	Overall Ceiling as per the Act	As per Section 198 of the Companies Act, 2013						

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD during the F.Y. 2019-20:-

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	**COMPANY SECRETARY**	**TOTAL Amount in Rupees**
		N.A.	Shri S.R.Sayal	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income – tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961	- -	20,02,821 49,596	20,02,821 49,596
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	COMPANY SECRETARY	TOTAL Amount in Rupees
4.	Commission - As % of profit - Others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	-	20,52,417	20,52,417

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES DURING THE F.Y. 2019-20: --- NIL

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

ANNEXURE VI TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2019-20

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Philosophy on Corporate Governance encompasses achieving the balance between Shareholders interest and Corporate Goals through the efficient conduct of its business and meeting its Stakeholder's obligation in a manner that is guided by Transparency, Accountability and Integrity. The Companies Act, 2013 together with the Companies Rules and SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 [SEBI (LODR), 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) Regulation, 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 Heavy Industries, Government of India.

2. BOARD OF DIRECTORS

(I) The Composition of the Board of Directors as on March 31, 2020 is as follows:

Category of Directors	Board Structure	Actual Strength as on March 31, 2020
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	1
Part-time Non-official (Independent) Directors	6	4
Total	**12**	**09***

*Director (HR & EB) was given additional charge of CMD till 15.04. 2020.Shri P.K.Purwar has been appointed as CMD of MTNL w.e.f. 15.04.2020.

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 Directors] and Independent Directors. The composition of the Board is in conformity with Regulations 17 of SEBI (LODR) Regulation, 2015 read with Section 149 of the Act and the DPE Guidelines on Corporate Governance as on 31.03.2020.

(II) Board Level Committee in MTNL

The Board has constituted five mandatory Board Level Committees under the Companies Act, 2013, SEBI (LODR) Regulation, 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.

(III) The list of Present Directors & Chairmanship/Membership in Board Level Committee in MTNL (as on 31.07.2020) and their Directorship in other Companies

Name	Category	Details of Directorship in other Companies	Details of Committee Chairmanship and Membership MTNL
Shri P.K.Purwar CMD DIN :06619060	Executive	1. BSNL – CMD 2. MTNLSTPI IT Services Ltd. – Director 3. BSNL Tower Corporation Ltd – Director	NIL
Shri Sunil Kumar Director (HR&EB) DIN :06628803	Executive	**1. MTNLSTPI IT Services Ltd. – Director** **2. Millennium Telecom Ltd. - Director**	Chairman- Enterprise Risk Management Committee & CSR Committee Member- Audit Committee.
Shri Milind Vijay Joshi Director (Fin) DIN :08273959	Executive	1. MTNLSTPI IT Services Ltd. – Director	Member- Stakeholders Relationship Committee, Enterprise Risk Management Committee & CSR Committee.
Shri Sanjeev Kumar Director (Tech) DIN :07566882	Executive	1.MTNLSTPI IT Services Ltd. – Director	Member- CSR Committee & Enterprise Risk Management Committee.
Shri Navneet Gupta DIN :08478052	Government Nominee Director	1. Bharat Sanchar Nigam Limited (BSNL)- Director	Member- CSR Committee & Nomination and Remuneration Committee.
Shri Mahmood Ahmed DIN :07694375	Government Nominee Director	NIL	NIL
Shri Chinmay Basu DIN :02105505	Independent Director	NIL	Member- CSR Committee & Enterprise Risk Management Committee.
Shri K.B. Gokulchandran DIN :07969005	Independent Director	NIL	Chairman- Audit Committee, Nomination and Remuneration Committee & Stakeholders Relationship Committee Member- CSR Committee & Enterprise Risk Management Committee.
Smt G. Padmaja Reddy DIN :06464905	Independent Director	1.Sapthashwa Teja Energy Pvt Ltd - Director	Member- Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, CSR Committee & Enterprise Risk Management Committee.

Name	Category	Details of Directorship in other Companies	Details of Committee Chairmanship and Membership MTNL
Smt Suneeta Trivedi DIN :06742087	Independent Director	Delhi Gymkhana Club Limited - Director	Member- Audit Committee, Nomination and Remuneration Committee, Enterprise Risk Management Committee & CSR Committee.

None of the Directors on the Board hold Directorships in more than Twenty (20) Companies or acts as Independent Director in more than Seven (7) Listed Companies. CMD does not serve as Independent Director on any Listed Company. Further none of them is a member of more than Ten (10) Board Level Committees or Chairman of more than Five (5) such committees across all Companies in which he is a Director. Also, no director of MTNL is holding equity shares of MTNL. Necessary disclosures i.e., Form MBP-1 i.e., Notice of Interest by Director for the Financial Year 2019-20 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 2019-20 has been taken from all the directors. Disclosure of relationship between Directors inter alia: - NIL

(IV) Attendance of Directors at the Board Meetings during the Financial Year 2019-20 and in the last Annual General Meeting (held on 27-09-2019).

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 Listing 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 2019-20, 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.

Name of the Director	No. of Board Meetings		Percentage of attendance (%)	Attendance at the Last AGM (held on 27th September, 2019)	Remarks
	Held during their Tenure	Attended during their Tenure			
Shri P.K. Purwar, CMD	1	1	100%	NA	Ceased to be CMD of MTNL w.e.f 15.07.2019 and was Entrusted with additional charge of CMD w.e.f. 15.04.2020

Name of the Director	No. of Board Meetings		Percentage of attendance (%)	Attendance at the Last AGM (held on 27th September, 2019)	Remarks
	Held during their Tenure	Attended during their Tenure			
Shri Sunil Kumar, Director (HR & EB)	4	4	100%	Yes	Was given additional Charge of CMD w.e.f 24.07.2019 till 15.04.2020
Shri Milind Vijay Joshi, Director (Finance)	4	4	100%	Yes	---
Shri Sanjeev Kumar, Director (Technical)	4	4	100%	Yes	---
Smt. Tiakala Lynda Yaden, Government Nominee Director	2	1	50%	N.A	Ceased to be Director of MTNL w.e.f 24.09.2019
Shri R.K Khandelwal, Government Nominee Director	0	0	N.A.	N.A	Was appointed as Government Nominee Director Vide DoT letter -5-1/2018-PSA dtd 11.10.2018 and Ceased to be Director on 30.05.2019
Shri Navneet Gupta, Government Nominee Director	4	4	100%	No	Was appointed as Government Nominee Director Vide DoT letter - E-5-4/2019PSA dtd 27.05.2019
Shri Rakesh Nangia, Independent Director	3	3	100%	No	Ceased to be Director of MTNL w.e.f 31.01.2020
Shri Ashok Mittal, Independent Director	3	3	100%	Yes	Ceased to be Director of MTNL w.e.f 31.01.2020
Shri Chinmay Basu, Independent Director	4	3	75%	No	---
Shri K.B. Gokul Chandran, Independent Director	4	1	25%	No	---
Smt. G. Padmaja Reddy, Independent Director	4	4	100%	No	---

Name of the Director	No. of Board Meetings		Percentage of attendance (%)	Attendance at the Last AGM (held on 27th September, 2019)	Remarks
	Held during their Tenure	Attended during their Tenure			
Smt. Suneeta Trivedi, Independent Director	4	4	100%	No	---

(V) Details of Board Meetings and dates & places at which held during the Financial Year 2019-20 (01/04/2019 to 31/03/2020) are given below: -

S. No.	Meeting No.	Date	Place	No. of Directors present
1	337	30.05.2019	New Delhi	11/12
2	338	14.08.2019	New Delhi	8/11
3	339	14.11.2019	New Delhi	9/10
4	340	14.02.2020	New Delhi	8/8

(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. All the Independent Directors have confirmed that they meet the criteria of Independence as provided in Regulation 16(1) (b) of the SEBI (LODR) Regulation, 2015 read with Section 149(6) of the Act. As required under Regulation 46(2)(b) of the Listing Regulations, the Company has given Formal Letter of Appointment to Independent Directors. The terms and conditions of their appointment are posted on the Company's website and can be accessed at http://mtnl.in/directors.html. Each newly appointed Independent Director is provided with an appointment letter which sets out their Role, Functions, Duties & Responsibilities and copy of the Code of Conduct is made available to them. A separate meeting of Independent Directors was held on 14th February, 2020 which was attended by following Independent Directors - Shri Chinmay Basu, Shri K.B. Gokul Chandran, Smt. Suneeta Trivedi and Smt. G. Padmaja Reddy.

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 reimbursed.

The sitting fees paid to the Independent Directors during the Financial Year 2019-20 is as under:

S. 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.	Shri Rakesh Nangia (Ceased to be director on 31.01.2020)	30,000	30,000	-	-	-	10,000	70,000
2.	Shri Ashok Mittal (Ceased to be director on 31.01.2020)	30,000	30,000	-	-	-	10,000	70,000
3.	Shri Chinmay Basu	30,000	-	-	-	-	10,000	40,000
4.	Shri K.B. Gokulchandran	10,000	10,000	-	-	10000		30,000
5.	Smt. G Padmaja Reddy	40,000	10,000	-	-	10,000		60,000
6.	Smt. Suneeta Trivedi	40,000	40,000	-	-	-	10,000	90,000

(VII) Service contracts and Severance fee

The Chairman-cum-Managing Director and other Executive directors are appointed by the Government of India, for a period of five years from the date of taking over charge or till the date of superannuation (presently 60 years of age) or till further order, whichever event occurs the first. Government Nominee directors are 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. The Familiarization Programme is uploaded in company's website and can be accessed at http://mtnl.in/Det.pdf.

(IX) Skills/Expertise/Competencies identified by the Board of Directors of MTNL

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 charges of CMD apart from a Regular Charge of CMD of BSNL.
2.	Director (HR & EB)	The incumbent should 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 Sunil Kumar the present Director (HR & EB) is having the requisite qualification and experience He was selected to this post by the PSEB w.e.f 21-06-2013. Further w.e.f 24.07.2019, he was entrusted with additional charges of CMD till 15.04.2020.
3.	Director (Finance)	The incumbent should possess a Cost Accountant/Charted 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 Milind Vijay Joshi, the present Director (Finance) is having the requisite qualification and experience. He was selected to this post by the PSEB w.e.f 15-10-2018.
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 Sanjeev Kumar, the present Director (Technical) is having the requisite qualification and experience He was selected to this post by the PSEB w.e.f 02-07-2016.

Presently i.e. as on 31.03.2020, MTNL has four Independent Director on its Board who have been possessing qualification and vast experience in different fields like Admin., Finance, Management Consultancy etc. The Govt. Nominee Directors hold requisite qualification and joined Central Govt. Services through UPSE.

3. AUDIT COMMITTEE

(I) Terms of Reference of Audit Committee

The term of reference of Audit Committee covers all matters specified under the provisions of the Companies Act, 2013 as well as Regulation 18 (3) read with Part 'C' of Schedule V of SEBI (LODR), 2015 which inter alia including the following: -

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with Management the Quarterly and Annual Financial Statements alongwith related party transactions, if any, before submission to the Board.

- Approval or any subsequent modification of transactions of the Company with related parties.
- Reviewing with the Management and Statutory and Internal Auditors, the adequacy of internal control systems.
- Discussion with Internal Auditors on Annual Internal Audit Program, Significant Audit Findings and follow up on such issues.
- 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.
- Reviewing the Company's financial and risk management policies. - Evaluation of internal financial controls and risk management systems.
- Reviewing with the Management, the observations / comments / assurances of the Comptroller & Auditor General of India (CAG).
- Review with the Management, the follow-up action taken on the recommendations of the Parliamentary Committee on Public Undertaking (CoPU), if any.
- Review of Cost Audit Report.
- To examine, decide and deal with all issues relating to Ethics in the Company. - Review of functioning of Whistle Blower Policy.

(II) Composition of Audit Committee

As on 31.07.2020, the Audit Committee consists of the following Members: -

1.	Shrii K.B.Gokulchandran, Independent Director	Chairman
2.	Smt Suneeta Trivedi, Independent Director	Member
3.	Smt. G. Padmaja Reddy, Independent Director	Member
4.	Shri Sunil Kumar, Director (HR & EB)	Member

The members of the Audit Committee have requisite financial and management expertise. The Company Secretary acts as the Secretary to the Committee.

(III) Attendance of Directors at the Audit Committee Meetings during the Financial Year 2019-20.

The Audit Committee held 04 meetings during the Financial Year 2019-20 and the gap between two meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings.

Name of the Director	No. of Audit Committee Meetings attended	Percentage (%)	Remarks
Shri Ashok Mittal, Independent Director	3/3	100%	Ceased to be Chairman & Member of Audit Committee on 31.01.2020
Shri Rakesh Nangia, Independent Director	3/3	100%	Ceased to be Member of Audit Committee on 31.01.2020
Smt. Suneeta Trivedi, Independent Director	4/4	100%	
Shri Sunil Kumar, Director (HR & EB)	4/4	100%	

Name of the Director	No. of Audit Committee Meetings attended	Percentage (%)	Remarks
Shri K.B.Gokulchandran, Independent Director	1/1	100%	Become Chairman & Member w.e.f. 31.01.2020
Smt. G. Padmaja Reddy, Independent Director	1/1	100%	Become Member w.e.f. 31.01.2020

(IV)Details of Audit Committee Meetings held during the Financial Year 2019-20 (01/04/2019 to 31/03/2020)

Sl. No.	Meeting No.	Date	Place	No. of Members Attended
1	120	30.05.2019	New Delhi	4/4
2	121	14.08.2019	New Delhi	4/4
3	122	14.11.2019	New Delhi	4/4
4	123	14.02.2020	New Delhi	4/4

4. NOMINATION & REMUNERATION COMMITTEE:

(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 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 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 31.07.2020, the Nomination & Remuneration Committee consists of the following members: -

1.	Shri K.B. Gokulchandran, Independent Director	Chairman
2.	Smt Suneeta Trivedi, Independent Director	Member
3.	Smt. G. Padmaja Reddy, Independent Director	Member
4.	Shri Navneet Gupta, Govt. Director	Member

The Company Secretary acts as the Secretary to the Committee.

(III) Attendance of Directors at the Nomination & Remuneration Committee during the Financial Year 2019-20

One meeting of the Nomination & Remuneration Committee was held during the Financial Year 2019-20 which was attended by all the members of the Committee.

(IV) The details of remuneration paid to the Whole- Time Directors during F.Y. 2019-20 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 P. K. Purwar, CMD (Ceased to be CMD w.e.f. 15.07.2019 & Was given additional charge of CMD on 15.04.2020)	9,81,006/-	___	2,84,388/-	**12,65,394/-**
Shri Sunil Kumar, Director (HR & EB)	26,44,707/-	___	7,65,112/-	**34,09,819/-**
Shri Milind Vijay Joshi, Director (Finance)	22,81,363/-	___	6,23,751/-	**29,05,114/-**
Shri Sanjeev Kumar, Director (Technical)	25,34,443/-	___	7,60,665/-	**32,95,108/-**

**relating to FY 2019-20*

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

(I) Terms of Reference of Stakeholder Relationship Committee

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."

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. 2019-20 only Two (2) complaints were received from the Shareholders directly or through SEBI (SCORES)/Stock Exchange/MCA, etc. which pertains to non-receipt of Annual Report and both the complaints have been resolved. The Shareholders 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 http://mtnl.in/off_grievances.pdf and http://mtnl.in/email_inv.pdf respectively.

(II) Composition of Stakeholders Relationship Committee

As on 31.07.2020, the Stakeholders Relationship Committee consists of the following members: -

The Company Secretary acts as the Secretary to the committee.

1.	Shri K.B. Gokulchandran, Independent Director	Chairman
2.	Smt. G. Padmaja Reddy, Independent Director	Member
3.	Shri Milind Vijay Joshi, Director (Finance)	Member

(III) Attendance of Directors at the Stakeholders Relationship Committee Meetings during the Financial Year 2019-20

Name of the Director	No. of Stakeholders Relationship Committee attended	Percentage (%)	Remarks
Shri Ashok Mittal, Independent Director	NA	NA	Ceased to be Chairman & Member w.e.f. 31.01.2020
Shri Rakesh Nangia, Independent Director	NA	NA	Ceased to be Member w.e.f. 31.01.2020
Smt. G. Padmaja Reddy, Independent Director	1/1	100%	Become Member w.e.f. 31.01.2020
Shri Milind Vijay Joshi, Director(Finance)	1/1	100%	Become Member w.e.f. 31.01.2020
Shri K.B.Gokulchandran, Independent Director	1/1	100%	Become Chairman & Member w.e.f. 31.01.2020

(IV) Details of Stakeholders Relationship Committee Meetings held during the Financial Year 2019-20 (01/04/2019 to 31/03/2020)

Sl. No.	Meeting No.	Date	Place	No. of Members Attended
1	1	14.02.2020	New Delhi	2/2

6. CORPORATE SOCIAL RESPONSIBILTY ("CSR") COMMITTEE

(I) Terms of Reference CSR Committee

- 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;
- Recommend the amount of expenditure to be incurred on the activities referred as above;
- Monitor the CSR Policy of the Company from time to time;

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 31.07.2020, Corporate Social Responsibility (CSR) Committee consists of the following members: -

1.	Shri Sunil Kumar, Director (HR & EB)	Chairman
2.	Shri Milind Vijay Joshi, Director (Finance)	Member
3.	Shri Sanjeev Kumar, Director (Tech)	Member
4.	Shri Navneet Gupta, Government Director	Member
5.	Shri K.B. Gokulchandran, Independent Director	Member
6.	Shri Chinmay Basu, Independent Director	Member
7.	Smt. G. Padmaja Reddy, Independent Director	Member
8.	Smt. Suneeta Trivedi, Independent Director	Member

The Company Secretary acts as the Secretary to the Committee.

No Meeting of the CSR Committee was held during the Financial Year 2019-20.

7. ENTERPRISE RISK MANAGEMENT COMMITTEE

(I) Terms of Reference of Enterprise Risk Management Committee The Enterprise Risk

Management Committee (ERM) has been constitute to evaluate and present the Risk Management report of the Company to the Board which include among other aspects, the identification of various risks, analysis of the risk management, risk associated with operational, technological and application systems processes related to internal controls and remedial measures for mitigating the same. 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.

(II) Composition of Enterprise Risk Management Committee

As on 31.07.2020, the Enterprise Risk Management Committee consists of the following Members: -

1.	Shri Sunil Kumar, Director (HR & EB)	Chairman
2.	Shri Milind Vijay Joshi, Director (Finance)	Member
3.	Shri Sanjeev Kumar, Director (Tech)	Member
4.	Smt G. Padmaja Reddy, Independent Director	Member
5.	Smt.SuneetaTrivedi,IndependentDirector	Member
6.	Shri K.B. Gokulchandran, Independent Director	Member
7.	Shri Chinmay Basu, Independent Director	Member

The Company Secretary acts as the Secretary to the Committee.

(III) Attendance of Directors at the Enterprise Risk Management Committee Meetings during the Financial Year 2019-20

Name of the Director	No. of Enterprise Risk Management Committee attended	Percentage (%)	Remarks
Shri P.K Purwar, CMD	1	100%	Ceased to be Chairman & Member w.e.f 15.07.2019
Shri Sunil Kumar, Director (HR & EB)	1	100%	Become Chairman w.e.f 24.07.2019
Shri Milind Vijay Joshi, Director (Finance)	1	100%	
Shri Sanjeev Kumar, Director (Technical)	1	100%	
Shri Ashok Mittal, Independent Director	1	100%	Ceased to be Member w.e.f 31.01.2020
Shri Rakesh Nangia, Independent Director	1	100%	Ceased to be Member w.e.f 31.01.2020
Smt G. Padmaja Reddy, Independent Director	NA	NA	Become Member w,e,f, 31.05.2019
Smt. Suneeta Trivedi, Independent Director	1	100%	
Shri K.B. Gokulchandran, Independent Director	0	0%	
Shri Chinmay Basu, Independent Director	1	100%	

(IV) Details of Enterprise Risk Management Committee Meetings held during the Financial Year 2019-20 (01/04/2019 to 31/03/2020)

Sl. No.	Meeting No.	Date	Place	No. of Members Attended
1	6	30.05.2019	New Delhi	8/9

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) The Share Transfer Committee meeting held One (01) time during the FY 2019-20.

(iii) 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.

(iv) 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 S.R.Sayal

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

10. 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
33rd Annual General Meeting (2019)	27th September, 2019, 11:30A.M	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9,CGO Complex, Lodhi Road, New Delhi-110003	1. Re-Appointment of Shri Ashok Mittal (DIN - 06581045), Non-Official Part-Time (Independent) Director of the Company: 2. Re-Appointment of Shri Rakesh Nangia (DIN - 00147386), Non-Official Part-Time (Independent) Director of the Company:
32nd Annual General Meeting (2018)	28th September, 2018, 11:30A.M	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9,CGO Complex, Lodhi Road, New Delhi-110003	1. To Increase the Authorized Share Capital of MTNL from Rs. 800 Crores to Rs. 10,000 Crores. 2. To approve the Issue of Non-Convertible Debentures on Private Placement basis. 3. To Raise the Borrowing Powers of the Board from Rs.18,000 Crores to Rs.25,000 Crores.
31th Annual General Meeting (2017)	27th September, 2017, 11:30A.M.	Auditorium, Mahanagar Doorsanchar Sadan, Floor 9, CGO Complex, Lodhi Road, New Delhi-110003	1. Issuance of Non Convertible Debentures on Private Placement basis.

No special resolution was passed through Postal Ballot during the FY 2019-20. None of the business proposed to be transacted in the ensuring Annual General Meeting require passing a special resolution through Postal Ballot.

An EGM of MTNL was held on Wednesday, 8th January 2020 at 11:30 am at Auditorium, Mahanagar Doorsanchar Sadan, 9 CGO Complex, Lodhi Road, New Delhi-110003 during the FY 2019-20. The following items was passed through Special Resolution in the EGM held on 08.01.2020: - 1. To approve the Issue of Non-Convertible Debentures on Private Placement basis. 2. To approve Monetization of Land and Buildings by following DIPAM Guidelines and/ or the Board/ DoT approved procedure for Asset Monetization. 3. To approve Monetization of Towers and Fiber Assets using an appropriate model. 4. To approve Re-Classification of Capital through Alteration of Capital Clause of Memorandum of Association and Articles of Association. 5. To issue Non-Convertible Redeemable Non-Cumulative Preference Shares (NCRNCPS) on private placement basis to the Government of India towards payment of Spectrum Cost of 4G.

11. DISCLOSURES

(I) CEO/CFO Certification - CMD & Director (Finance) of the Company have given the CEO/ CFO certification to the Board for the Financial Year 2019-20.

(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 fulfill 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 V.K.Sharma & Co., 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 or any other statutory authority for the FY 2019-20.. 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. 2018-19 & 2019-20 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 for the Financial Year 2019-20 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 V. K. Sharma & Co. for the Financial Year 2019-20, 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 2019-20 has been obtained from M/s Mritunjay Shekhar & Associates Practising Company Secretaries and has been filed in BSE, NSE & OCTIQ on 13.06.2020.

(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.

(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) 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.

(XII) 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: http://mtnl.in/insiderpolicy.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 during the time of declaration of financial results.

(XIII) Business Responsibility Report for the FY 2019-20: In order to comply with Regulation 34 (2) of SEBI (LODR) Regulation, 2015, a Business Responsibility Report (BRR) of MTNL describing the initiatives taken by MTNL from an environmental, social and governance perspective has been prepared and placed as Annexure to Directors Report.

(XIV) Share Capital Audit: M/s V.K. Sharma & Co., Practicing Company Secretaries has carried out a Share Capital Audit in quarterly basis in FY 2019-20 to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services Limited ("CDSL") and the total issued and listed equity share capital.

(XV) 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) Regulation, 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.

(XVI) 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. 2019-20. 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 2019-20".

sd/-
Shri P.K. Purwar
CMD

Place: New Delhi
Date : 11.08.2020

(XVII)Means of Communication:-

a) The Quarterly, Half Yearly and Annual Financial results were published in English and indi Newspapers on the SEBI prescribed format and are also posted on the Company's website i.e. http://www.mtnl.net.in/.

b) Annual Report: The Annual Report containing, inter-alia, Audited Financial Statements, Audited Consolidated Financial Statements, Director's Report, Auditor's Report, Business Sustainability Report, Management Discussion & Analysis (MD&A) Report and other important information is circulated to members through email and other's entitled thereto & is also displayed on the Company's website www.mtnl.net.in 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 Compliances are filed electronically in OTCQX through its website www.otciq.com.

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

(XVIII) 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** - Thursday, December 31, 2020 at 11.30 A.M. through Video Conferencing (VC)/Other Audio Visual Means (OVAM)

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

(4) **Financial year** - 1st April 2019 to 31st March 2020

(5) **Financial Calendar**

Board meeting for considering Audited Annual Accounts for the year ended on 31.03.2020	22nd July , 2020
Submission of Audited Accounts to C&AG of India	31st July , 2020
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30th June 2020	15th September, 2020
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the Quarter ended on 30th September 2020	11th November, 2020
Board Meeting for Unaudited Reviewed Quarterly Financial Results for the quarter ended on 31st December 2020	On or before 14th February, 2021
Board Meeting for Annual Financial Results and Unaudited Quarterly Financial Results for the Quarter ended on 31st March 2021	On or before 30th May, 2021

(6) Dates of Book Closure - Friday, December 25, 2020 to Thursday, December 31, 2020 (Both days inclusive)

(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
American Depository Receipts (ADR)	OTCQX International Market, New York		MTENY

- The Bond issued by MTNL are listed in BSE.
- 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 is delisted from Madras Stock Exchange w.e.f. 26/07/2013. No Confirmation of delisting has been received from Delhi & Calcutta Stock Exchange so far. However, the Company has not been paying listing fees from the financial year 2013-14 onwards.

(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 fee for the Financial Year 2019-20 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 2019-20 at BSE and NSE is given here under:-

The Opening Price on BSE as on 01/04/2019 was Rs. 12.14 and NSE as on 01/04/2019 was Rs. 12.15. The Closing Price on BSE as on 31/03/2020 was Rs.6.04 and NSE as on 31/03/2020 was Rs.6.05:

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, 2019	13.28	11.71	13,30	11.70
May, 2019	12.05	8.42	12.00	8.10
June, 2019	10.90	7.25	10.90	7.25
July, 2019	9.40	6.05	9.45	6.05
August, 2019	6.90	4.49	6.80	4.45
September, 2019	6.65	5.25	6.60	5.25
October, 2019	7.87	4.95	7.90	5.00
November, 2019	12.16	7.80	11.70	7.80
December, 2019	10.12	7.55	10.10	7.50
January, 2020	13.32	9.35	13.30	9.30
February, 2020	11.67	8.15	11.65	8.30
March, 2020	8.80	5.55	8.85	5.55

(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 RTA.

(14) Registrar and Transfer Agents of Debentures/ Bonds of MTNL – 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

(15) Debenture Trustee Details - SBI CAP TRUSTEE CO.LTD, Apeejay House,6th Floor, West Wing,3, Dinshaw Wachha Road Churchgate, Mumbai-400020, Contact person – Shri Harish Shetty, Landline:022-43025512.E-Mail: harish.shetty@sbicaptrustee.com

(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 from M/s V.K. Sharma & Co., 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 half-yearly basis.

(17) Information on Shareholding in MTNL -

(i) Shareholding Pattern of MTNL as on 31st March, 2020.

S. No.	Category of Shareholder	Total number of Shares	Total Shareholding as a % of Total number of Shares
1.	President of India	354378740	56.25
2.	Mutual Funds	4500	0.00
3.	Financial Institutions/Banks	2728283	0.44
4.	LIC	84860778	13.48
5.	Other Insurance Companies	4354900	0.69
6.	Bodies Corporate	11667739	1.85
7.	Individuals	150356865	23.87
8.	Trusts	301052	0.04
9.	HUF	8943830	1.42
10.	Clearing Members	1133363	0.18
11.	Foreign Portfolio Investors	2166304	0.34
12.	NRI	2055752	0.33
13.	Foreign Bodies Corporate	6000	0.00
14.	Shares held by Custodians and against which Depository Receipts have been issued	7039394	1.11
15.	Any other	2500	0.00
	GRAND TOTAL	**630000000**	**100**

Particulars	Total number of Shares	Total Shareholding as a %
Domestic shareholding	618732550	98.22
Foreign shareholding	11267450	1.78
Total	**630000000**	**100**

(ii) Information on Distribution of Equity Shareholding as on 31st March, 2020:-

Share Holding of Nominal Value of ₹	No. of Share holders	% to Total holders	No. of Shares	Amount in ₹ (Face value)	% to Total Share Capital
UPTO 5000	102513	75.76	15317340	153173400.00	2.4313
5001 to 10000	13876	10.25	11913429	119134290.00	1.8910
10001 to 20000	7957	5.88	12604936	126049360.00	2.0008
20001 to 30000	3218	2.37	8412585	84125850.00	1.3353
30001 to 40000	1506	1.11	5461914	54619140.00	0.8670
40001 to 50000	1638	1.21	7841163	78411630.00	1.2446
50001 to 100000	2465	1.82	18744093	187440930.00	2.9753
100001 and above	2128	1.57	549704540	5497045400.00	87.2547
TOTAL	135301	100.00	630000000	6300000000.00	100.00

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

(iii) List of Shareholders who are holding more than 5% of the shares of the company as on March 31, 2020: -

Category & Shareholder's Name	No. of Shares held	% of Total number of Shares
1. President of India	354378740	56.25
2. LIC of India	84860778	13.48

(18) Dematerialization of shares and liquidity - As on 31st March 2020, 99.99% shares of the Company's equity share capital available in the market is in dematerialized form. The Company has entered into agreements with both the depositories 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.

(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. 2019-20 for all debt instruments - CRISIL has reaffirmed its 'CRISIL AAA(CE)/Stable' rating on the Rs 7513.97 crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL). There has been no change in the rating given by CRISIL in last three years i.e., 2017, 2018 and 2019. CARE Ratings has reaffirmed its 'CARE AAA (CE); Stable' rating on the Rs 7513.97 crore non-convertible debentures of Mahanagar Telephone Nigam Limited (MTNL). There has been no change in the rating given by CRISIL in last three years i.e., 2017-18, 2018-19 and 2019-20.

(21) Beneficiary Account - In accordance with the requirement of Regulation 34 (3) and Schedule V Part F of SEBI Listing 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 :-

Opening Balance (as on 01.04.2019)		Requests received and Disposed off during 2019-2020		Closing Balance (as on 31.03.2020)	
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, 2020, the Company does not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

(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 – Not Applicable

(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 2019-20, are given below:-

S. No.	Payment To Statutory Auditors	Rs. (In Crore) FY 2019-20
1.	Statutory Auditor	0.45
2.	Other services including reimbursement	0.38
	TOTAL	0.83

(26) Disclosure in relation to the Sexual Harassment of women at Workplace (Prevention, prohibition and Redressal) Act, 2013 – No Complaints was received and pending during FY 2019-20.

(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 S.R. Sayal, 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@gmail.com.

ANNEXURE TO CORPORATE GOVERNANCE REPORT

V.K. SHARMA & CO.
Company Secretaries
B-1902,Ace Aspire, Techzone 4,
Greater Noida (West) - 201306
Mobile : 9811009592, 9818816592
E-mail : vks_cosecy@yahoo.com

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(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

We, **V. K. Sharma & Co. Company Secretaries** have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mahanagar Telephone Nigam Limited** having **CIN L32101DL1986GOI023501** and having registered office at **MAHANAGAR DOORSANCHAR SADAN 5TH FLOOR, 9 CGO COMPLEX LODHI ROAD DL 110003 IN** (hereinafter referred to as 'the Company'), produced before me/us 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/our opinion and to the best of my/our 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 / us by the Company & its officers, I/ We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 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.	Chinmay Basu	02105505	26/10/2017
2.	Gruddanti Padmaja	06464905	26/10/2017
3.	Sunil Kumar	06628803	21/06/2013

Sr. No.	Name of Director	Din	Date of Appointment in Company
4.	Suneeta Trivedi	06742087	26/10/2017
5.	Sanjeev Kumar	07566882	18/07/2016
6.	Kadathur Bikshandeswaran Gokulchandran	07969005	26/10/2017
7.	Milind Vijay Joshi	08273959	05/11/2018
8	Navneet Gupta	08478052	11/06/2019

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.

V.K. Sharma & Co
Company Secretary

sd/-
(V. K Sharma)
FCS NO.: 3440
C P NO. :2019
UDIN: F003440B000635764

PLACE: Greater Noida
DATE : 31.08.2020

ANNEXURE VII TO DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT (For F.Y. 2019-2020)

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L32101DL1986GOI023501
2.	Name of the Company	Mahanagar Telephone Nigam Limited
3.	Registered Address	Mahanagar Doorsanchar Sadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi-110003
4.	Website	www.mtnl.net.in
5.	E-mail id	mtnlcsco@gmail.com
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in	Telecommunication Service (Industrial activity code-wise)
8.	List three key products/services that the Company manufactures/provides as in balance sheet)	1. Basic Telephony 2. Broadband Services 3. Mobile Services
9.	Total number of locations where business activity is undertaken by the Company	i) Number of International Locations - NIL However the Company has a Wholly Owned Subsidiary in Mauritius i.e. MTML and associate in Nepal i.e. UTL ii) Number of National Locations - 2 (Delhi & Mumbai)
10.	Markets served by the Company and Local/State/National/International through	National(Delhi &Mumbai) International(Mauritius through Its subsidiary and Nepal through its Associate as per 9 (i) above.

Section B: Financial Details of the Company

1.	Paid up Capital (INR)	Rs. 630 Crores
2.	Total Turnover (INR) (including other income)	Rs. 2227.02 Crore
3.	Total profit after taxes (INR) including other comprehensive income (Loss).	Rs. (3811.00) Crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	NIL.
5.	List of activities in which expenditure in 4 above been incurred: a. b. c.	Not Applicable

Section C: Other Details

Subsidiaries: The Company has following two Subsidiary companies as on 31.03.2020:-

1. Mahanagar Telephone (Mauritius) Ltd.(Wholly Owned Overseas Subsidiary)
2. Millennium Telecom Ltd.(Wholly owned Indian subsidiary)

The Business Responsibility Initiatives of the parent company are applicable to the subsidiary companies also. However, none of the entities that the company does business which participate in the BR initiatives of the Company.

Section D: BR Information

1. Individual Directors responsible for implementation of the BR Policy/Policies

Principle No.	Description	Policy/Policies	Director(s) Responsible
Principle 1(P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	1. Code of Conduct for Directors & Senior Managerial Personnel and KMPs. 2. CDA Rules 3. Whistle Blower Policy 4. Insider Trading Policy 5. CVC Guidelines	All Directors & Chief Vigilance Officer
Principle 2(P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	1. TRAI Regulation 2. Regulations and Licensing conditions issued by the Department of Telecommunications 3. Indian Telegraph Act	All Functional Directors
Principle 3(P3)	Business should promote the well being of all the employees	1. MTNL Conduct & Disciplinary Rules 2. Human Resources Policies 3. DPE Guidelines on HR issues 4. Guidelines issued by DOPT	Director (HR & EB) and CMD
Principle 4(P4)	Businesses should respect the interests of, and be responsive towards all the stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	1. CSR Policy 2. HR Policies 3. TRAI Guidelines 4. DoT's Policies 5. Indian Telegraph Act	All Functional Directors
Principle 5(P5)	Business should respect and promote human rights	HR Policies for Employees, DoT's Policies, TRAI Guidelines	Director (HR & EB)
Principle 6(P6)	Business should respect, protect and make efforts to restore the environment	TRAI/DoT Guidelines. Indian Telegraph Act. Pollution Control Laws	All Functional Directors
Principle 7(P7)	Business, when engaged in influencing public and regulatory policy should do so in a responsible manner.	Code of Conduct (for Board Members & Senior Management Personnel) All applicable laws Corporate Governance Code	All Directors
Principle 8(P8)	Business should promote inclusive growth and equitable development	Corporate Governance Code CSR Policy	All Directors
Principle 9(P9)	Business should engage with and provide value to their customers and consumers in a responsible manner	Indian Telegraph Act TRAI Guidelines DoT's Policies All applicable Laws	All Directors

2. Details of Director/Directors as on 31.03.2020 responsible for BR as a whole

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

FULL NAME	SUNIL KUMAR	MILIND VIJAY JOSHI	SANJEEV KUMAR
DESIGNATION	DIRECTOR (HR &EB)	Director (Finance)	DIRECTOR (Tech)
PAN NUMBER	AFIPK2794N	ABBPJ8438R	AIDPK4041L
DIN NUMBER	06628803	08273959	07566882
EMAIL ID	dirhrco@bol.net.in Kumarsunilmtnl@gmail.com	mvj960@gmail.com dirfin@mtnl.in	dirtco@bol.net.in
TELEPHONE NO.	011-24329501, 240319020, 2431447	011-24321095	011-24315931
FAX NO.	011-24328117, 24324243	011-24328361	011-24315646

*Relinquished additional charge of CMD w.e.f. 15.04.2020. Shri P.K.Purwar has taken charge of CMD w.e.f. 15.04.2020.

(b) Details of the BR head: Same as above

3. Principle-wise (as per NVGs) PR Policy/policies

A	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for the Principle?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	N	N
3.	Does the policy conform to any national/ international standards? If yes specify? (50 words)	Y	Y	Y	Y	N	Y	Y	Y	N
4.1	Has the policy being approved by the Board?	Y	Y	Y	Y	N	N	Y	Y	N
4.2	Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	N	N	Y	Y	N
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	N	N	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in	mtnl.net.in
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y

A	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	N	N	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	N	N	N	N	N	N	N	N

i) Web links for the Policies

Code of Conduct - http://mtnl.in/codeofconduct.pdf.

Whistle Blower Policy - http://mtnl.in/whistleBlowerPolicy.pdf

Citizen Charter - http://mtnl.in/citizencharter.pdf

CVC Guidelines - http://mtnl.in/PIDPI.pdf

CSR Policy - http://mtnl.in/csr_2014.pdf

Insider Trading Policy - http://mtnl.in/insiderpolicy.pdf

(A) If answer at S.No.1 against any principle, is 'No' please explain why :

4. Governance related to BR

i.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Within 3 Months
ii.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	http://www.mtnl.net.in/

Section E: Principle-wise performance

Principle 1: *Businesses should conduct and govern themselves with Ethics, Transparency and Accountability*

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No:-

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.

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.

2. **Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

Yes, the Integrity Pact, Citizen Charter covers/extends to suppliers; customers, etc. while the Code of Conduct, Insider Trading Code & Whistle Blower Policy covers only Directors and Senior Management of the company.

3. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Ethics Complaints received during the F.Y. 2019-20				Bribery & Corruption Complaints received during the F.Y. 2019-20			
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
173	173	NIL	100	61	53	08	87

Principle 2: *Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.*

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

As MTNL provides Telecommunication Services. Our Wireless Services (WS) complies with relevant guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI:

a) **Whether MTNL is complying with relevant guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI? Is there any Policy framed by MTNL in this regard.**

MTNL is complying with relevant Guidelines regarding Electromagnetic Radiation from BTS Towers issued by DoT, GoI and TRAI. Yes, a Policy has been framed by MTNL in this regard.

b) **Steps taken for reduction of energy consumption and safeguarding environment.**

Steps taken by MTNL Mumbai Unit for reduction of energy consumption are given below: -

1. Total 668 1800 MHz frequency BTS have been switched off immediately on 7th June 2019 to save power. By doing so 720 units of power per BTS per month has been saved. The total saving was Rs 5,77,15,200.
2. Water pumps are operated before 6 am morning to take advantage of low tariff.
3. MDF package unit AC is being used occasionally.
4. In Akurli (rented building) unused space surrendered to landlord thus saving rent and also reduced Electricity consumption.
5. Offices are relocated to save power consumption and are being rented out.

6. LED bulb are installed at all the places where lights are needed round the clock
7. DSLAM shelf and DLU of EWSD exchange unit were powered OFF after shifting customers to other low capacity shelf's/DLU thus saving electricity consumption.
8. Few GSM equipment were powered off after service migration. Accordingly, AC units were also proportionately power OFF to save power.
9. Vacant spaces are rented out.
10. Vacant spaces created post VRS is powered off and locked and are being rented out.

Principle 3: *Business should promote the well being of all the employees*

1. **Please indicate the Total number of employees:** 4185 (as on 31.03.2020)
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 3313
3. **Please indicate the Number of permanent women employees:** 824
4. **Please indicate the Number of permanent employees with disabilities:** 27
5. **Do you have an employee association that is recognized by management:** No
6. **What percentage of your permanent employees is members of this recognized employee association?** Not Applicable (in view of point no. 5 above)
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

S.No	Category filed during the financial year	No. of complaints pending at end of the financial year	No. of complaints
1.	Child labour/forced labour/ involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year**?
   - Permanent Employees: Nil
   - Permanent women Employees: Nil
   - Casual/Temporary/Contractual Employees: Nil
   - Employees with Disabilities: Nil

Principle 4: *Businesses should respect the interests of, and be responsive towards all the stakeholders, especially those who are disadvantaged, vulnerable and marginalized.*

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   Yes. Over the years of its existence, the organization has identified & engaged with a varied group of stakeholders- both internal like employees, shareholders & external such as customers, communities, Business Partners (Suppliers & Venders), Industry Association etc.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized Stakeholders?**

   No Corporate Social Responsibility (CSR) funds has been allocated/spent for CSR activities during the Financial Year as the requirement for allocation of funds for CSR activities under section 135 of the Companies Act, 2013 is not applicable as the average profit during the three immediately preceding years is NIL (The Company is suffering losses).

3. **Are there any special initiatives taken by the company to engage with the disadvantages, vulnerable and marginalized stakeholders. If so, provide details therefore, in about 50 words or so.**

   Not Applicable.

Principle 5: *Business should respect and promote human rights*

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

   MTNL owes allegiance to the Constitution of India, which resolves to secure to all its citizens justice, liberty, equality and fraternity and which also encompasses the fundamental human rights as envisaged in the Universal Declaration of Human Rights. MTNL stands committed to support and respect the protection of internationally proclaimed human rights at its work places and in dealing with customers, suppliers, customers, venders etc.

2. **How many stakeholders' complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Already given in Business Responsibility Report

Principle 6: *Business should respect, protect and make efforts to restore the environment*

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/others**.

   The Company is following the Policy framed in this regard.

2. **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   MTNL is complying with relevant Environmental Laws and Guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI. No initiative to address the global environmental issues.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes, MTNL Wireless Services (WS) has taken initiatives to comply with relevant Guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   No, the company does not have any project related to Clean Development Mechanism.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The Company has taken initiative on energy efficiency. The detail reply is given in Principle 2 (1) (b).

6. **Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   MTNL is complying with relevant Guidelines regarding Electromagnetic radiation from BTS Towers issued by DoT, GoI and TRAI. The Emissions/ Wastes generated is within the permissible limits given by the Pollution Control Board during the Financial Year 2019-20.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year.**

NIL

Principle 7: *Business, when engaged in influencing public and regulatory policy should do so in a responsible manner.*

1. **Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:**

   i) SCOPE

   ii) DMA

2. **Have you advocated/lobbied through above association for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

No

Principle 8: *Business should promote inclusive growth and equitable development*

1. **Does the Company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   No Corporate Social Responsibility (CSR) fund has been allocated/spent for CSR activities during the Financial Year as the requirement for allocation of funds for CSR activities under section 135 of the Companies Act, 2013 is not applicable because the Company is incurring losses during the three immediately preceding years. The CSR Policy is available on the website of the company www.mtnl.net.in. MTNL is contributing to CSR activities in non-mandatory ways to the extent possible.

2. **Are the programmes/projects undertaken through in house team /own foundation/ external NGO/government structures/any other organization?**

   Not applicable.

3. **Have you done any impact assessment of your initiative?**

   Not applicable since MTNL is not doing any CSR activity where funds are involved, because of losses in the company.

4. **What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?**

   Not applicable since MTNL is a loss making company and is not undertaking any CSR activity involving funds/ money.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Not applicable.

Principle 9: *Business should engage with and provide value to their customers and consumers in a responsible manner*

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

DETAILS OF CUSTOMER COMPLAINTS FOR THE PERIOD FROM APRIL 2019 TO MARCH 2020

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	1172	10325	128	430	10.92	4.16
2.	Landline Faults	1117269	760877	11390	6144	1.01	0.81
3.	Broadband Faults	404944	367020	4037	2451	0.99	0.67

2. **Does the company display product information on the product label, over and above what is mandated as per local news? Yes/No/N.A./Remarks(additional information)**

   As far as MTNL is concerned customer is being well informed at the time of issue of Customer Application Form (CAF) about the various plans. This is also being done through pamphlet/ brochures/ website of the Company.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on the end of financial year? If so, provide details thereof, in about 50 words or so.**

   NIL

4. **Did your company carry out any consumer survey/consumer satisfaction trends?**

   In MTNL Mumbai Unit, Customer feedback is taken manually & through IVRS for faults.

ANNEXURE VIII TO DIRECTORS' REPORT

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT (ENTERPRISE RISK MANAGEMENT POLICY OF MTNL) FOR THE F.Y. 2019-20.

Introduction:

MTNL was incorporated as Public Sector Undertaking in the year 1986 with an Authorized share capital of Rs 10,000 crore to serve the cities of Delhi including NCR and Mumbai including Thane District in India. Its objective is to provide world class telecommunication services to its customers at affordable tariffs. MTNL got Navratana Status in 1997. It is listed in NSE, BSE and OTCQX. Following major risks are faced by MTNL in the current competitive telecom scenario and it's Management & Minimization for the F.Y. 2019-20 are mentioned below:-

Enterprise Risk Management in MTNL

1. **Market/Competition Risk:**

   The market of MTNL is limited to Mumbai and Delhi. Many other Private operators are currently competing with us in these markets for basic as well as cellular services. All the Private Operators already have significant market share and latest state of the art telecommunications infrastructure through which they are offering low-cost mobile, fixed Wireline telephony services as well as 4G services.

   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.

   Increased competition in wireless services continues to keep downward pressure on prices and require capital investment to upgrade and expand network to improve QoS, capacity and launch of 4G 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 restricting its ability in competing with companies with a Pan-India presence.

   MTNL is also facing tough competition in Fixed Line and Broadband service segment. 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 numbers of subscribers are merely (4.56%) of total broadband subscriber base. 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 is resulting into churn of MTNL's fixed Broadband customer to 4G Services of competitors. Further, to improve Internet speed on Copper network up to 100Mbps, MTNL is required to migrate to VDSL2 technology and CAPEX investment of up to Rs.400 Crores is needed for deployment of VDSL2 technology and upgradation of TDM switch to IMS Core.

MTNL is providing only 2G/3G service with limited coverage and capacity. To prevent churn of Wireless and Fixed Line Customers, there is a need to invest up to Rs.2500 Cr. in next 2 to 3 years to launch 4G Service, upgradation of other network and expansion of fiber.

2. Policy and Regulation Risk and regulatory compliance:

The Indian government regulates our business through licensing of services and service areas, and the regulator (TRAI) through price tariffs on some of the services. The license for fixed-line services is valid until March 31, 2023 and the licence of cellular mobile service has already expired on 05-04-2019. Matter of extension of CMTS license extension beyond 05-04-2019 is under consideration and decision awaited. On 22.03.2019, MTNL has also applied for the grant of access service authorization under UL for Delhi & Mumbai LSAs so that MTNL can continue to provide uninterrupted services to its customers.

As per the present Govt. policy MTNL may be required to pay around Rs 1718/- 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 outcome of the case filed by other operators.

MTNL has adjusted the SUC and License fee amounting Rs.801.98 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. In such a situation although the adjustment is done as per cabinet decision , the remote chance of coercive action such as levy of penalty and interest cannot be ruled out and will remain a threat for the company which includes forcing MTNL to pay the above amounts with interest and penalty. However DoT has commenced the process of seeking details for adjustment of the deductions made by MTNL from excess pension payouts.

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.

Besides TRAI regulations, the new Companies Act 2013 and SEBI's Listing Obligation & disclosure requirement-2015 (LODR), Implementation of Ind AS & ICFR already made the compliance very cumbersome and costly affair. Further implementation of GST w e f 01-07-2017 also added additional cost burden for MTNL including additional cash flows and the need to revamp the existing IT, Billing & Accounting software in compliance to GST requirement will add up further to the cost element. 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 will further add the customization costs of all billing modules.

Under our Articles of Association, the President of India, on behalf of the Indian government, may also issue directives with respect to the conduct of our business and affairs, and certain matters with respect to our business, including the appointment and remuneration of our Chairman-and-Managing Director and the declaration of dividends. None of our shareholders, management or board of directors may take action in respect of any matter reserved for the President of India without his approval. Government formalities, including requirements that many of our purchases be made through a competitive bidding process, often cause delays in our equipment and product procurement; these delays can place us at a disadvantage vis-a-vis the private sector competitors and also erode operational competitiveness resulting in to erosion of clientele strength for want of service standards on the same footing of private operators.

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 Rs. 2500 Cr is required over next 2-3 years for network up-gradation and expansion. However, being a debt trapped company with Rs 22965.58 Cr debt as on 31.03.2020 (which excludes Rs 4533.97 Crore of the Bonds, the liability for interest and principle of which are with Govt. of India), MTNL ability to raise funds to meet the Capex as well as Opex requirement is very limited.

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.

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

(i) Rollout of 4G Services: Union Cabinet in the meeting held on 23-10-2019 approved the revival plan of MTNL which includes Administrative allotment of spectrum to MTNL / BSNL for providing 4G services through capital infusion by the Government. The payment of GST on the spectrum cost will also be paid through budgetary support."

MTNL has shared its Schedule of requirements (SoR) with BSNL for inclusion of items in their phase IX tender so that competitive rates are received for MTNL also. Estimated cost for Radio Access Network (RAN) is Rs. 877 Cr. BSNL has floated tender in this regard on 23rd March 2020.

(ii) Upgradation of TDM Technology to IMS Converged Core with Multi Service Access Node (MSAN): During lockdown period of Covid-19, the demand for Video Conference has increased many fold. A downlink and uplink speed of 2Mbps or more is needed for Video conference. ADSL technology can support 2 to 8 Mbps speed in downlink but unable to support uplink speed requirement of 2Mbps or more for Video conference.

MTNL is largely offering ADSL based broadband services over copper which does not meet the current requirement of data hungry application in vogue. FTTH could be one solution; however MTNL may require copper Access Network for time to come due to cost, logistic and other issues in FTTH technology. MTNL has a vast pool of copper network providing access to more than 80% household of city. To offer high speed internet on copper upto 100Mbps (Typically 40Mbps) in Downlink and upto 16Mbps (Typically 8Mbps) in Uplink VDSL based technology is the Key.

The upgradation of TDM Technology based core switching network to SDN, IMS converged core (Fixed + 4G Mobile service) along with Copper based ADSL technology to VDSL using MSAN is most suitable solution which can provide best return on investment. With the proposed CAPEX investment of Rs 478 Cr in 3 years, there will be net saving of Rs 1459 Cr (Rs 834 Cr NPV) in ten years or Rs 304 Cr (Rs 198 Cr NPV) in 5 years. To minimize cost of CAPEX and OPEX, MTNL can choose to deploy Multi Service Access Node (MSAN) technology. MSAN can support multiple Technologies and services from one common chassis i.e. VDSL data, GPON FTTH, Voice and HDSL Lease circuit service.

Various advantages of a converge Multi Service SDN, IMS based Fixed and Mobile Core and MSAN Access Network:

A. Reduce Multiplicity of N/W & Technology: Will do away with legacy SDH network, which is end-of-life and need immediate replacement. This will spare fibres in OFC N/W, which can be used for rollout of FTTH service, give more Leased circuits and increase revenue through leasing of Dark fibre.

B. Upgradation/replacement of existing MLLN network is needed to provide high speed symmetrical Leased-line data service to customers upto 16Mbps on copper, connectivity on IP interface to customers and do away with need of STM-1 interface in MPLS backbone for uplink connectivity.

C. Willreduce Manpower requirement involved in maintenance of SDH N/W, multiple Telephone exchanges of multiple OEMs, multiple ADSL DSLAMs of multiple OEMs, MLLN N/W. Manpower requirement for O&M of new converged network is expected to be 30 as compared to >300 for existing N/W.

D. Willreduce power consumption drastically due to reduced power consumption, Air-conditioning, Battery & P/P requirement by new technology equipment and reduction in number of equipment.

E. A converge 'Online Charging Billing' system for Fixed and Mobile service shall help in delivering and accounting multiple service to customers from single account.

F. The overall total cost reduction in OPEX with proposed technology and N/W architecture shall be to the tune of Rs 250 Cr annually and potential to increase rental revenue by Rs 18 Cr p.a. A CAPEX investment of Rs 478 Cr in 3 years is needed for deployment of IMS Core, MSAN Access N/W and MPLS backbone.

(iii) Deployment of GPON FTTH and taking fiber to the HUB / near to the subscriber:MTNL's Wireline Network is predominantly Copper based, which is expensive to be laid and difficult to maintain. High cost of Copper also poses a constant threat of theft of cables, laid down by MTNL. On the other hand, Fiber connectivity is Cheaper to maintain with comparatively lesser theft threat and above all offers better bandwidth and reliability of the network. To mitigate the risks involved with Copper network, MTNL needs to progressively migrate to Fiber network. MTNL has made an ambitious plan to upgrade its copper based ADSL internet subscriber to GPON FTTH to give experience of 100 Mbps to 1000 Mbps and improve QoS. 100 PoP of GPoN are planned to be created in each city subject to availability of funds. Further to increase FTTH reach, certain societies & housing complexes in Delhi & Mumbai has already been identified for this purpose. MTNL has also Partnered with several Companies for providing managed Services on revenue share basis to roll out FTTH Service.

In addition Pizza box VDSL DSLAM with combo voice & Data port are planned to be installed to reduce copper loop length and give internet speed up of 50-100 Mbps on copper itself.

(iv) 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. Out of the six Core routers in Delhi, two are already down. The MPLS network is the backbone of the entire network. Hence, it is critical to the functioning of the entire network. The MPLS network also needs to be upgraded to higher capacity and more number of ports to cater the growing network requirements.

(vi) 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.

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 are 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.

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 may give leverage to MTNL to invest in CAPEX etc as well as reducing its need for debt financing.

- Industrial Unrest: Due to strict RBI restrictions and PCA guidelines, it become very difficult to get further funding from the bank and chances of default in making statutory as well as other payments has also increased. The issue of complying with guidelines of RBI to banks to grant loans only if the companies (Large borrowers) issue NCDs at least to the extent of 25-50% of such incremental debts, could also affect the cash funding arrangements, during the transitory period of revival process, post cabinet decision implementation and may engender the risk of cash crunch to meet even statutory obligations.

- 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.

- AGR issues: Dept of telecommunications has been reviewing the AGR statements of MTNL for the period from the financial years 2006-07 to 2017-18 and has not been considering many of the adjustments made by MTNL for want of additional documents Viz. TDS certificates from auditors and auditor counter signatures on bank statements etc. which are not really practical and required in the present tax and banking regime where almost all transactions are customized to on line reporting and data extraction online. The govt. directions are also to dispense with paper work and despite this, the operational wings of DOT at Delhi and Mumbai, which are reviewing AGRs has been insisting on production of all these certifications. MTNL made all out efforts and produced most of the sought out records as and when the letters are received from DOT. All these pending reviews are now opened by DOT as a special case in the year 2019-20and is reviewing the demands it raised, wrt the documents and facts presented to them again by Delhi and Mumbai units of MTNL.

The total of all demands received since 2006-07 comes to Rs 2865.04 crs. Out of this amount the basic dis allowed amount comes to around 33% only and the balance amount id interest and penalty. This also included the non adjustment of Rs 801.58 crs of LF and SUC adjusted by MTNL as per cabinet decision and addind the interest and penaly on this the demand has been shown by DOT. Considering the review undertaken now by DOT and also consequent upon approval for the adjustment of Rs 801.58 crs and also on consideration of additional documents and statutory auditor certifications presented by MTNL to DOT , the actual requirement to pay to DOT on account of these AGR demands may come down substantially. However some liability of a fraction of these demands may arise and MTNL may have to deal with the provision for the same. As per requirement of accounting standards this amount is shown in contingent liability in 2019-20 accounts.

5. Financial/Liquidity/Debts management Risk:

Vide exposure of loans from bank and financial institution there is possible risk of liquidity crunch in near future as follow:

- 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.
- Debt: To meet fund requirement for OPEX, CAPEX and spectrum company has borrowed Rs. 22965.58 crores from banks & Financial institutions and bond holders up to 31-03-2020 excluding DOT liability, and servicing interest towards bank & FII itself which is presently around 87% of total revenues including other income is a big threat and the spiraling interest costs due to restituting old debts with new debts gradually could lead to a serious debt trap effecting the capability of the Company either to raise further loans or to service the debts and interest costs leading a defaulting scenario, without the revival plans taking shape on war footing.
- Debt servicing/interest servicing coverage ratio of the company as on 31-03-2020 is on negative trend on year on year basis. Similarly debt equity ratio is also negative as on 31-03-2020. However the govt approval of debt serving through assets monetization will improve the said ratio in future.

6. Ongoing Concern Risk:

Net worth of MTNL is negative as on 31/03/2020 to the tune of Rs 13585.65 Cr and debts service as well as interest service coverage ratio is also negative. Further vide exposure of loan from bank and financial institution and heavy repayment schedule of loans as well as interest payment to Bank & Financial Institutions, MTNL is facing liquidity crunch which will be a great threat to MTNL to keep it as ongoing concern in near future.

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 may not be 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 to raise bonds for the restructuring of existing debts and also to refinancing for working capital purposes as well as CAPEX infusion definitely makes the company to run as a going concern despite huge debt costs in the year 20-21 also.

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, by the end of year 20-21, MTNL may be able to monetise these assets and may perhaps be able to tide ver the debt crisis and continue to be a going concern in future as well.

MTNL has a joint venture in Nepal M/s UTL Nepal, which 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.

7. 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.

8. Information technology & systems security risk:

IT general controls – Controls related to: a) Security, to ensure access to systems and data is restricted to authorized personnel, such as usage of passwords and review of access logs; and b) Change management, to ensure program code is properly controlled, such as separation of production and test environments, system and user testing of changes prior to acceptance, and controls over migration of code into production. Information Technologies are vital to MTNL operations. They are tools that improve the quality and efficiency of work. They are the repositories for critical and proprietary corporate information. Improper access to or the destruction of these resources will have serious consequences for the company. Therefore for the purpose of according full security to IT applications the IT policy document has been finalized by MTNL IT team in order to-

- Ensure that IT resources are appropriately protected from destruction, alteration or unauthorized access and that.
- All used hardware & software used for these applications are appropriately protected from intrusion, destruction, alteration or unauthorized access.

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.

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, pull out, limited support has been finalized with various vendors through tender from June 2016 onwards on as-is-where 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.

Obsolete Hardware infrastructure – Many of the hardware for providing core services and providing supportive/workflow processes have became 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.

Call Centre – A number of call centers are working in Delhi and Mumbai for services such as Landline, Broadband and Mobile. Most of the set up were procured along with the main equipment and are now obsolete. Non availability of support on these equipments in recent past (e.g. mobile call centre at CBCRM Mumbai) leads to direct impact on the customer satisfaction & churn.

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. MTNL Network Audit by third party i.e. M/s PWC has been completed in 2016.

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 common IT policy for all Line of Business (LoBs) & network and has been in effect 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.

Digital KYC (DKYC) booking – MTNL is going to implement Digital KYC booking for Mobile & Landline and Bill presentment & payment on optional basis. The benefit of DKYC is to reduce the activation time of service and authentication of subscribers instantly through OTP & IVR. The payment through is a step towards Smart Service Centers.

Analytics Engine - MTNL needs to move towards data led positioning and to install a customer analytics engine. Analytics will enable differential billingand 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 a ERP type of system is inherent.

9. 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.

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

Policy to be framed to monitor the ethical level of all the concerned, so that the 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.

ANNUAL ACCOUNTS
2019-20

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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, 2020, 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 the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone 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 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, 2020, the Loss and total 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 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 independence 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 current year ended March 31, 2020 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 and accompanying management note.

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. (Also refer note no. 76 to the standalone Ind-AS financial statements)

(ii) Bharat Sanchar Nigam Limited (BSNL):

a) The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3,504.10 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 63 to the standalone Ind-AS financial statements).

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. 144.66 Crores has not been carried forward and ineligible credits amounting to Rs. 51.65 Crores excessively carried forward to TRANS-1 under GST laws resulting in overstatement of current assets and understatement of loss to that extent.

(iii) The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 410.46 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 Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 68 to the standalone 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 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. (Also refer note no. 79 to the standalone Ind-AS financial statements).

(v) The Company had allocated the overheads towards capital works in a manner which is not in line with the accepted accounting practices and Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under Section 133 of the Act, the same results into overstatement of capital work in progress/ property, plant and equipment and understatement of loss. The actual impact of the same on the standalone Ind-AS financial statements for year is not ascertained and quantified. (Also refer note no. 38, 39 and 41 to the standalone Ind-AS financial statements).

(vi) 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, accumulated balance of reserve and surplus and also the carrying value of the cash generating units. (Also refer note no. 70 to the standalone Ind-AS financial statements).

(vii) 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 Ind-AS financial statements are not ascertainable and quantifiable. (Also refer note no. 65 to the standalone Ind-AS financial statements).

(viii) Unlinked credit of Rs. 75.69 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. (Also refer note no. 64 and 75 to the standalone Ind-AS financial statements).

(ix) 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. The resultant impact of the same on the statement of profit and loss by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.

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

(xi) Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of 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 has been revised by Rs. 107.44 Crores on account of rectification of actual usage and subsequently the same is withdrawn.

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. 3205.71 Crores has been disclosed as contingent liability till last year 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 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 is raised till now and as per management based on TDSAT direction the demand , if any, cannot be more than Rs 455 crores the same is disclosed in 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. (Also refer note no. 59 to the standalone Ind-AS financial statements).

(xii) The Company has deducted/collected Liquidated Damages from vendors on account of non-fulfilment of contracted conditions, on which Goods and Services Tax (GST) has not been paid. The actual impact of the same on the standalone Ind-AS financial statements for year is not ascertained and quantified.

In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii)(a), (ii)(b), (iii), (v), (vi), (vii),(viii), (ix), (x), (xi) and (xii) on the standalone Ind-AS financial statements of the Company for the year ended on 31st March 2020.

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. Our opinion is not qualified in respect of these matters:

(i) Refer note no. 61 to the standalone Ind-AS financial statements regarding the adequacy or otherwise of the provision and / or contingency reserve held by the Company with reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Company u/s 80 IA of the Income Tax Act, 1961.

(ii) Point no. (a) of note no. 62 to the standalone Ind-AS financial statements regarding accounting of claims and counter claims of MTNL with M/S M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, in the year when the ultimate collection / payment of the same becomes reasonably certain.

(iii) 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. (Also refer note no. 10, 15 and 18 to the standalone Ind-AS financial statements).

(iv) The Amounts recoverable from Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optee absorbed employees in MTNL; wherein DOT has not accepted/sanctioned the full amount of GPF including interest thereon, claimed of the Company in respect of which correspondence in going on between the Company and DOT are continued to be shown as recoverable from DOT and payable to GPF in the standalone Ind-AS financial statements and further explained in point no. (d) of Note no. 68 to the standalone Ind-AS financial statements.

(v) 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.

(vi) 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.

(vii) 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 of the Company.

(viii) Income arising on account of Revenue Sharing with BSNL in respect of lease circuits provided has not been recognized in terms of Memorandum of Understanding (MOU) between BSNL and MTNL. As per MOU, revenue and expenditure will be based on the price offered to the customers after applying the discount, if any at the time of acquiring the business. However, Revenue has been recognized on the basis of available information which is either based on the Company Card Rates or Old rates of BSNL. In Some Cases, BSNL has given the information in respect of updated rated but the same has not been considered at the time of booking of revenue sharing with BSNL. In the absence of relevant updated records, we are not in a position to comment on the impact thereof on the standalone Ind-AS financial statements.

(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. (Also refer clause no. (k) of note no. 3 to the standalone Ind-AS financial statements).

(x) In pursuance DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29 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. As such no provision of VRS compensation is considered in the FY 2019-2020. Balance amount payable to VRS opted employees as on 31 March 2020 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. (Also refer note no. 78 to the standalone Ind AS financial statements).

Our opinion is not modified in respect of these matters.

Material uncertainty related to going concern

We draw attention to Note no. 76 in the 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 matter as set forth in Note 76, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis of 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.	We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach including controls testing and substantive procedures covering in particular: • Testing the IT environment 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 Notes no. 50 and 61 to the Standalone Ind-AS Financial Statements.	We have obtained details of completed tax assessments and demands up to March 31, 2020 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 company's own cases, in evaluating management's position on these uncertain tax positions.
3	The Company holds investments comprising investments in Associates, Joint Ventures and subsidiaries of Rs 106.13 Crores Investments in Associates, Joint Ventures and subsidiaries accounted for at cost less any provision for impairment Investments are tested for impairment annually. If impairment exists, the recoverable amounts of the investment in Associates, Joint Ventures	We assessed the net assets values of the investments as at 31 March 2020 with the Company's investment carrying values. As a result of our work, we agreed with management that the carrying values of the investments held by the Company are supportable in the context of the Company financial statements taken as a whole.

	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.	
4	**Contingent liabilities** There are number 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; Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable. (Refer to note no. 50 of the Standalone Ind-AS financial statements).

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 Company's Annual Report, 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.

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 financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are 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 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has 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 opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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, 2016 ("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 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.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   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 going concern matter described in material uncertainty related to going concern 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   h) 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 requirement of provisions of section 197 (16) of the Act is not applicable on the Company.

   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Vinod Kumar and Associates
Chartered Accountants
Firm Registration No.: 002304N

(CA Mukesh Dadhich)
Partner
Membership No.: 511741
UDIN: 20511741AAAAHJ3366

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

(CA Pawan Kumar Garg)
Partner
Membership No.: 097900
UDIN:20097900AAAAAK3575

Place: New Delhi
Date: 22.07.2020

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, 2020.

(i) (a) Delhi unit (Both basic and Wireless) has maintained records of fixed assets. However identification numbers and location of the Fixed Assets are not mentioned. It has been noticed that records of the Estates Department in respect of land and building do not match with the records as per financial books.

In case of Mumbai units (both basic and WS), fixed assets registers have been maintained w.e.f. 01.04.2002. However, the fixed assets records maintained by the Mumbai units are not updated and reconciled with the financial records. Also identification numbers and location of Fixed Assets are not mentioned.

Corporate office has maintained fixed assets records, however identification numbers and location of Fixed Assets are not mentioned.

(b) As per the accounting policy of the Company, fixed assets are required to be physically verified by the management on rotation basis, once in three years, which in our opinion is reasonable and adequate in relation to the size of the Company and the nature of its business. Due to Covid-19 pandemic and lockdown, no physical verification of fixed assets was conducted by the management during the year ended on March 31, 2020. However all discrepancies noticed in earlier physical verification has been accounted for as certified by the management. The accuracy, reliability and completeness of the fixed assets verification procedure could not be verified by us.

(c) Title deeds of some of the immovable properties recorded in the books of the Company are in the name of Govt. of India, P&T and President of India, since the operation of Delhi & Mumbai of Department of Telecom was converted as MTNL. Details of such properties are given hereunder:

(Amounts in Rs. Crores)

PARTICULARS	DELHI UNIT	MUMBAI UNIT
Free Hold Land		
- Total Number of Cases	1	23#
- Gross Block	0.06	4.15
Lease Hold Land/Right of Use		
- Total Number of Cases	89*	12#
- Gross Block	219.53	2.65

PARTICULARS	DELHI UNIT	MUMBAI UNIT
- Net Block	143.17	1.72
Building		
- Total Number of Cases	53**	2##
- Gross Block	32.37	1.53
- Net Block	1.83	0.71

In respect of Delhi Units:

* In respect of 43 cases out of 89 where the lease hold land acquired from DOT have been capitalized by MTNL and no data is available in respect of depreciation and net WDV of such assets as the same is not identifiable from the fixed assets register.

** No information is available in respect of lease hold buildings allotted by the various govt. authorities to MTNL but the same has been capitalized by MTNL and due to non availability of information, the aforesaid cases has not been included in the above details.

In respect of Mumbai Units:

In respect of 12 cases where the possession of freehold and leasehold land are lying with the Company but the value of which are not lying in books of accounts of Mumbai units. Out of which tile deeds of 1 freehold lands and 6 leasehold lands are not in the name of the Company.

In respect of 5 cases where the possession of freehold and leasehold buildings are lying with the Company but the value of which are not lying in books of accounts of Mumbai units. Out of which tile deeds of 1 leasehold building are not in the name of the Company.

Further, in most of the cases, value of the immovable properties as per title deeds are not matching with books of accounts and in respect of 9 cases, court cases are pending with the various authorities out of which title deed of 1 freehold land and 1 leasehold land are not in the name of the Company.

Furthermore, in respect of 9 cases of freehold and leasehold land where total area measuring 21,160 square meter 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. Out of total 9 cases, title deed of 2 freehold land measuring 1840 square meter and 1 leasehold land measuring 200 square meters are not in the name of the Company.

(ii) In respect of Delhi Units:

In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals. However, due to Covid-19 pandemic and lockdown, no physical verification of Inventories was conducted by the management as on March 31, 2020.

In respect of Mumbai Units:

In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals. However, due to Covid-19 pandemic and lockdown, no physical verification of Inventories was conducted by the management as on March 31, 2020.

Discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts in earlier periods.

(iii) The Company has not granted any secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

(iv) The Company has not entered any transaction involving compliance with the provisions of Section 185 and 186 of the Companies Act 2013. Thus, paragraph 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.

(vi) As per information and explanation given to us, Company is required to maintain the cost records under Section 148(1) of the Companies Act 2013. As explained the Company has not yet maintained the required cost records for year 2019-20.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and 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.

However, the Company has deducted/collected Liquidated Damages from vendors on account of non-fulfilment of contracted conditions, on which Goods and Services Tax (GST) has not been paid.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax 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
Delhi Value Added Tax Act, 2004	62.60	2009-10 & 2010-11 (CWG 2010)	Delhi Value Added Tax, Tribunal
Central Sales Tax Act, 1956	0.04	2012-13	Addl. Comm. Sales Tax
TOTAL	**74.85**		

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	8.12	2005-06	Commissioner of Central Excise and Service Tax
Finance Act, 1994	22.13	2006-08	Custom Excise and Service Tax Appellate Tribunal
Finance Act, 1994	0.08	2000-03	Commissioner of Central Excise and Service Tax
Finance Act, 1994	1.36	2008-12	Commissioner of Central Excise and Service Tax
TOTAL	**31.69**		

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. Income Tax:

Name of the Statute	Amount (Rs. in Cr.) (Net)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Nil	2000-08	Hon'ble Supreme Court of India
TOTAL	**Nil**		

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
Bombay Sales Tax Act, 1959	170.08	1997-98	Hon'ble Supreme Court of India

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	216.01	2003-04	Maharashtra Sales Tax Tribunal, Mumbai
Bombay Sales Tax Act, 1959	101.32	2004-05	Joint Commissioner of Sales Tax, Mumbai
Bombay Sales Tax Act, 1959	14.97	2009-10	Joint Commissioner of Sales Tax, Mumbai
Bombay Sales Tax Act, 1959	6.11	2011-12	Joint Commissioner of Sales Tax, Mumbai
Bombay Sales Tax Act, 1959	26.47	2012-13	Joint Commissioner of Sales Tax, Mumbai
TOTAL	**540.40**		

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. 740.90 Crores 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**			

(vii) The Company has not defaulted in the repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

(viii) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and term loans have been generally applied for the purposes for which they were raised.

(ix) Based on audit procedures applied and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended on 31st March 2020.

(x) In view of the Government notification No. GSR 463 (E) dated 5th June, 2015; Government Companies are exempt from the applicability of Section 197 of the Companies Act 2013. Accordingly clause 3 (xi) of the Order is not applicable to the Company.

(xi) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, Clause 3 (xii) of the Order is not applicable to the Company.

(xii) 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.

(xiii) Based on the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review requiring compliance with Section 42 of the Companies Act, 2013. Hence, Clause 3 (xiv) of the Order is not applicable to the Company.

(xiv) Based on the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Hence, Clause 3 (xv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, Company is not required to register under Section 45 – IA of the Reserve Bank of India Act, 1934. Hence, Clause 3 (xvi) of the Order is not applicable to the Company.

For Vinod Kumar and Associates
Chartered Accountants
Firm Registration No.: 002304N

(CA Mukesh Dadhich)
Partner
Membership No.: 511741
UDIN: 20511741AAAAHJ3366

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

(CA Pawan Kumar Garg)
Partner
Membership No.: 097900
UDIN:20097900AAAAAK3575

Place: New Delhi
Date: 22.07.2020

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 2020.

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **Mahanagar Telephone Nigam Limited** (Standalone) for the year 2019-20 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, Delhi Unit (Lease Circuit) is not integrated with the IT system.
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.	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 during the year 2019-20.
3	Whether funds received/ receivable from the specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the case of deviation.	Yes, the company has received the Swachh Action Plan contribution during FY 2017-18 is Rs. 21 Lakh, FY 2018-19 is Rs. 35.39 Lakh and FY 2019-20 is Rs 35Lakh out of which Rs.53.35Lakh is pending utilization with the company.
4	Whether the amount of revenue of share (License fees and Spectrum Usage charges) recognized in the financial statement in accordance with the 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 2019-20 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 Vinod Kumar and Associates	**For Kumar Vijay Gupta & Co.**
Chartered Accountants	Chartered Accountants
Firm Registration No.: 002304N	Firm Registration No.: 007814N
(CA Mukesh Dadhich)	**(CA Pawan Kumar Garg)**
Partner	Partner
Membership No.: 511741	Membership No.: 097900
UDIN: 20511741AAAAHJ3366	UDIN:20097900AAAAAK3575

Place: New Delhi
Date: 22.07.2020

Annexure – C

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) 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 2020 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, 2020:

(i) The Company does not have an appropriate internal control system for identification of overheads to be capitalized with the cost of Property, Plant and Equipment which could potentially result into under /over capitalization of Property, Plant and Equipment and corresponding impact on the operational results of the Company.

(ii) The Company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items or due to delay of inventory issue slip by stores. Hence, the date of capitalization is not reliable. This could potentially result into delayed capitalization and corresponding impact on the operational results due to lower charge of depreciation.

(iii) The Company does not have appropriate internal control system for ensuring de-commissioning and de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result into overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.

(iv) The Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / contractors / operators / government departments at the 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.

(v) The Company does not have an appropriate internal control system to track open purchase orders, work orders, agreements and contracts which have been entered with vendors / contractors / operators / government departments and are lying open. This could have a bearing on efficiency of operations and recording of financial liabilities and provisions pertaining to the same.

(vi) The Company does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting.

(vii) The Company does not have an appropriate internal control system for reconciliation of vendors / contractors / operators / government departments, accounts which could potentially result in some changes in the standalone Ind-AS financial statements. The cases identified by us have been appropriately qualified at various places in our report.

(viii) The Company does not have effective internal audit system so as to cover all major areas with extensive scope. The extent and depth of coverage, manner of conduct and reporting in respect of internal audit is very weak. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.

(ix) The Company does not have an appropriate internal control system for reconciliation of items of unlinked debits and credits because of receipts from the subscriber and the amount debited by the banks. This could potentially lead unreported financial adjustments ultimately resulting into distorted financial reporting.

(x) The Company does not have an appropriate internal control system for invoicing which are due and payable based on manual invoicing. The invoicing systems does not have reliability of measurement and reconciliation of items. This leads to multiple revisions and errors in invoicing. This could potentially lead errors in revenue recognition.

(xi) The Company does not have appropriate internal control system for ensuring end use of issued inventory. The accounting is done based on the requisition statement of item and not actual installation or commission of item. This could potentially result into non-identification of pilferage and also early capitalization of equipments.

(xii) The 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 company.

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, 2020 , 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, 2020 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 Vinod Kumar and Associates
Chartered Accountants
Firm Registration No.: 002304N

(CA Mukesh Dadhich)
Partner
Membership No.: 511741
UDIN: 20511741AAAAHJ3366

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

(CA Pawan Kumar Garg)
Partner
Membership No.: 097900
UDIN:20097900AAAAAK3575

Place: New Delhi
Date: 22.07.2020

MAHANAGAR TELEPHONE NIGAM LIMITED
Balance Sheet as at 31 March 2020

	Notes	31 March 2020 (₹ in crores)	31 March 2019 (₹ in crores)
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,486.96	4,233.78
Capital work-in-progress	5	328.08	320.04
Right-of-use assets	6	503.16	-
Investment property	7	31.43	25.74
Intangible assets	8	2,766.21	3,101.90
Financial assets			
Non-current investments	9	106.13	106.13
Loans	10	202.34	192.02
Other financial assets	11	0.63	1.74
Income tax assets (net)	12	706.98	723.71
Other non-current assets	13	23.85	230.31
Total non-current assets		**8,155.77**	**8,935.37**
Current assets			
Inventories	14	18.54	24.17
Financial assets			
Trade receivables	15	620.74	603.86
Cash and cash equivalents	16	142.68	74.85
Other bank balances	17	13.02	20.42
Loans	18	3,545.20	3,390.42
Other financial assets	19	3,492.91	899.90
Other current assets	20	631.32	692.31
Total current assets		**8,464.41**	**5,705.93**
Assets held for sale	21	35.90	36.14
Total assets		**16,656.08**	**14,677.44**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	22	630.00	630.00
Other equity	23	(14,215.65)	(10,364.93)
Total equity		**(13,585.65)**	**(9,734.93)**
Non-current liabilities			
Financial liabilities			
Borrowings	24	12,554.15	11,431.58
Lease liabilities	25	221.03	40.57
Other financial liabilities	26	199.97	323.81
Long-term provisions	27	240.12	911.72
Other non-current liabilities	28	120.61	146.10
Total non-current liabilities		**13,335.88**	**12,853.78**
Current liabilities			
Financial liabilities			
Borrowings	29	9,296.42	7,620.36
Lease liabilities	30	103.91	4.65
Trade payables	31		
(a) Total outstanding dues of micro enterprises and small enterprises		47.13	5.35
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		735.19	524.38
Other financial liabilities	32	5,891.44	2,256.09
Other current liabilities	33	652.75	764.02
Short-term provisions	34	179.01	383.75
Total current liabilities		**16,905.85**	**11,558.60**
Total liabilities		**30,241.73**	**24,412.38**
Total equity and liabilities		**16,656.08**	**14,677.44**

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 Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 08273959

(S.R. Sayal)
CO. Secy.

sd/-
(Mukesh Dadhich)
Partner
Membership No. 511741

sd/-
(Pawan Kumar Garg)
Partner
Membership No. 097900

sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi, **Date:** 22.07.2020

MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of Profit and Loss for the year ended 31 March 2020

	Note	31 March 2020 (₹ in crores)	31 March 2019 (₹ in crores)
Income			
Revenue from operations	35	1,536.36	1,987.80
Other income	36	690.66	618.91
Total income		**2,227.02**	**2,606.71**
Expenses			
License fees expense	37	159.18	176.55
Employee benefits expense	38	2,124.45	2,272.03
Finance costs	39	1,941.54	1,703.18
Revenue sharing expense		99.14	162.18
Depreciation and amortisation expense	40	971.95	983.70
Other expenses	41	626.44	699.27
Total expenses		**5,922.70**	**5,996.91**
Profit/ (loss) before tax		**(3,695.68)**	**(3,390.20)**
Tax expense	42	-	-
Net profit/ (loss) for the year		**(3,695.68)**	**(3,390.20)**
Other comprehensive income	43		
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit plans		(115.32)	(7.39)
Income tax relating to items that will not be reclassified to profit or loss	42	-	-
Total other comprehensive income/ (loss) for the year		**(115.32)**	**(7.39)**
Total comprehensive income/ (loss) for the year		**(3,811.00)**	**(3,397.58)**
Loss per equity share:	44		
Basic (₹)		(58.66)	(53.81)
Diluted (₹)		(58.66)	(53.81)

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 Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 08273959

(S.R. Sayal)
CO. Secy.

sd/-
(Mukesh Dadhich)
Partner
Membership No. 511741

sd/-
(Pawan Kumar Garg)
Partner
Membership No. 097900

sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi
Date: 22.07.2020

MAHANAGAR TELEPHONE NIGAM LIMITED
Cash Flow Statement for the year ended 31 March 2020

		31 March 2020 (₹ in crores)	31 March 2019 (₹ in crores)
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before tax	(3,695.68)	(3,390.20)
	Adjustments for:		
	Depreciation expense	636.23	646.68
	Amortisation expense	335.72	337.02
	(Gain)/ Loss on disposal of property, plant and equipment (net)	(0.77)	1.02
	Dividend income	(1.68)	2.91
	Interest income	(142.34)	(94.80)
	Excess provisions written back	(157.09)	(90.54)
	Provision for doubtful debts including discount	64.50	9.65
	Provision for obsolete inventory	3.01	1.35
	Provision for doubtful claims	0.91	2.12
	Loss of assets	2.33	1.41
	Remeasurement gains and loss on employee benefit obligations	(115.32)	(7.39)
	Finance costs	1,941.54	1,703.18
	Bad debts recovered	(0.08)	(0.33)
	Bad debts written off	15.23	18.32
	Operating loss before working capital changes	**(1,113.49)**	**(859.58)**
	Movement in working capital		
	Decrease/(increase) in loans	(113.57)	1,105.20
	(Increase)/decrease in inventories	0.29	(2.32)
	Increase in other financial assets	(2,593.01)	(13.24)
	Decrease in other assets	267.46	79.57
	Decrease/(increase) in trade and other receivables	(96.54)	(207.22)
	Increase/(decrease) in other financial liabilities	3,015.96	(1,062.43)
	(Decrease)/increase in other liabilities	(136.76)	124.14
	Increase in provisions, trade and other payables	(472.20)	106.83
	Cash flows from/(used in) operating activities post working capital changes	**(1,241.86)**	**(729.05)**
	Income tax (paid)/refunds (net)	16.73	(8.89)
	Net cash used in operating activities (A)	**(1,225.13)**	**(737.94)**
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)	(133.26)	(295.40)
	Movement in fixed deposits (net)	8.51	0.06
	Dividend received	1.68	(2.91)
	Interest received	89.89	12.52
	Net cash used in investing activities (B)	**(33.18)**	**(285.74)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds and repayment of long-term borrowings (net)	1,594.24	1,477.39
	Proceeds and repayment of short-term borrowings (net)	1,676.07	1,238.26
	Finance cost paid	(1,880.68)	(1,671.49)
	Payment towards lease liabilities	(63.49)	-
	Net cash flows from financing activities (C)	**1,326.14**	**1,044.16**
	Decrease in cash and cash equivalents (A+B+C)	67.83	20.48
	Cash and cash equivalents at the beginning of the year	74.85	54.37
	Cash and cash equivalents at the end of the year	142.68	74.85

Summary of significant accounting policies

The accompanying notes are integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For and on behalf of Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 08273959

(S.R. Sayal)
CO. Secy.

sd/-
(Mukesh Dadhich)
Partner
Membership No. 511741

sd/-
(Pawan Kumar Garg)
Partner
Membership No. 097900

sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi, **Date:** 22.07.2020

MAHANAGAR TELEPHONE NIGAM LIMITED
Statement of changes in equity for the year ended 31 March 2020

A Equity share capital

(₹ in crores)

Particulars	Balance as at 01 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
Equity share capital	630.00	-	630.00	-	630.00

B Other equity

(₹ in crores)

	Securities Premium	Research & Development reserve	Contingency reserve	Debenture redemption reserve	Retained Earnings	Total
Balance as at 01 April 2018	665.00	30.80	243.22	45.27	(7,951.65)	(6,967.35)
Profit for the year	-	-	-	-	(3,390.20)	(3,390.20)
Transfer from other comprehensive income to retained earnings					-	-
Remeasurement of defined benefit obligation	-	-	-	-	(7.39)	(7.39)
Balance as at 31 March 2019	665.00	30.80	243.22	45.27	(11,349.24)	(10,364.94)
Profit for the year	-	-	-	-	(3,695.68)	(3,695.68)
Impact on transition to Ind AS 116					(39.71)	(39.71)
Remeasurement of defined benefit obligation	-	-	-	-	(115.32)	(115.32)
Balance as at 31 March 2020	665.00	30.80	243.22	45.27	(15,199.95)	(14,215.65)

For and on behalf of Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 08273959

(S.R. Sayal)
CO. Secy.

sd/-
(Mukesh Dadhich)
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Membership No. 511741

sd/-
(Pawan Kumar Garg)
Partner
Membership No. 097900

sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi, **Date:** 22.07.2020

1 Corporate information

Mahanagar Telephone Nigam Limited (MTNL), a public sector enterprise, is engaged in providing telecom servicesin the geographical area of Mumbai and Delhi. The registered office of the company is located at Mahanagar DoorsancharSadan, 5th Floor, 9, CGO Complex, Lodhi Road, New Delhi – 110003.

2 Basis of preparation

These 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 2020 in accordance with Ind AS 110 and the Board of Directors approved the same for issue on 22ndJuly 2020.

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 cost to sell

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 donefor 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 obligationsbased 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 relatedcosts (including subscriber acquisition cost), not exceeding the respectiverevenue, 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 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 Governmentdepartment, 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 and provident fund.

(i) For Absorbed CPF optees and direct recruits of MTNL, the Company makes contribution to provident fund Trust administered by the Company, which is recognised by the income tax authorities. Both the employer and employee contribute to this Fund and such contributions together with interest accumulated thereon arepayable to employees at the time of their separation from the Company or retirement, whichever is earlier. The interest rate payable to the members of the Trust is not lower than the rate of interest declared annually by the Government under the Employees'Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company. Accordingly, this is accounted for a defined benefit plan and any shortfall in the Fund is accounted as expense in the books of the company.

(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, except for the amounts due to difference in pay scales of MTNL and BSNL which is payable by MTNL to the Government of India till next wage revision by which time MTNL and BSNL shall achieve pay scale parity. Long-term provisions in this respect have been discounted using the applicable discount rates.

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 standalonestatement 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 asubstantial periodof 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. Allother 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 method.

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 statedat 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'sinstallations 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 to sell. 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 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 cableand 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	4

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

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.

(b) 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 amortizedon 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

Transition

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method. The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing at the date of initial application and right-of-use assets at its carrying amount as if the Standard had been applied since the commencement date.The difference between lease liability and right of use asset has been recorded as an adjustment to opening retained earnings as at 1 April 2019.Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

Refer note XX for details.

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 to sell. 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 standalonestatement 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) Foreigncurrencytranslation

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.

Foreign operations

In the Company’s financial statements, all assets, liabilities and transactions of the Company entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Company 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.

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** – Life time expected credit losses are assessed and accounted based on company's historical counterparty default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the segment of the counterparty and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counterparty default rates for each identified segment.

(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.

➢ *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 method, 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.

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 standalonestatement 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 Companyassesses 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 standalonestatement 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 notrecognised. 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 standalone statement of comprehensive income 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 standalonestatement 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) Adjustment pertaining to earlier years

Income from services and other income pertaining to prior years is not disclosed as prior period itemfor 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 itemsof income (including operatingincome 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.

s) 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. There is no such notification which would have been applicable from 1 April 2020.

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 periodprincipally reflects management's view of the average economic relationship periodof 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.

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 2020

4. Property, plant and equipment

(` in crores)

Description	Freehold land	Leasehold land	Buildings	Leased premises	Lines & wires	Cables	Apparatus & plant	Furniture & fixtures	Computers	Vehicle	Office machinery & equipment	Electrical appliances	Asset scrapped / decommis-sioned	Total
Gross carrying value														
As at 01 April 2018	18.79	363.29	1,895.78	6.53	165.13	7,797.88	10,119.00	156.80	312.46	23.20	37.82	154.53	44.80	21,096.01
Additions	-	0.06	28.99	-	9.05	64.28	201.14	0.26	0.98	-	0.08	1.97	12.80	319.62
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments^	(0.01)	(0.07)	(3.65)	-	-	(0.13)	(1.87)	(0.00)	(0.00)	(0.17)	(0.02)	0.01	(11.93)	(17.83)
Disposals	-	-	(0.79)	-	-	-	(22.60)	(0.02)	(0.93)	(2.07)	(0.03)	(1.73)	(0.18)	(28.36)
As at 31 March 2019	**18.79**	**363.28**	**1,920.32**	**6.53**	**174.18**	**7,862.03**	**10,295.67**	**157.04**	**312.52**	**20.97**	**37.84**	**154.79**	**45.49**	**21,369.45**
Additions	0.03	-	20.99	-	3.19	30.05	63.59	0.15	0.15	0.08	0.02	2.75	4.29	125.28
Assets held for sale														-
Adjustments^	(0.29)	(363.28)	(5.66)	(6.53)	-	-	(0.53)	-	-	0.00	(0.00)	-	(0.00)	(376.30)
Disposals	-	-	(1.93)	-	-	-	(54.20)	(0.47)	(2.60)	(0.79)	(0.36)	(1.24)	(0.90)	(62.50)
As at 31 March 2020	**18.52**	**-**	**1,933.72**	**-**	**177.36**	**7,892.08**	**10,304.52**	**156.72**	**310.07**	**20.27**	**37.49**	**156.29**	**48.87**	**21,055.92**
Accumulated depreciation														
As at 01 April 2018	-	69.98	1,020.85	2.01	98.96	6,511.26	8,181.32	144.54	294.16	21.60	35.71	140.46	-	16,520.86
Charge for the year	-	3.81	76.30	0.14	5.33	137.33	416.67	1.93	1.49	0.21	0.21	2.20	-	645.61
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-		-
Adjustments^	-	(0.03)	(3.22)	-	0.22	0.15	(23.56)	(0.02)	(0.88)	(2.13)	(0.05)	(1.29)	-	(30.81)
Impairment loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2019	**-**	**73.76**	**1,093.94**	**2.15**	**104.50**	**6,648.73**	**8,574.44**	**146.45**	**294.77**	**19.68**	**35.87**	**141.36**	**-**	**17,135.67**
Charge for the year	-	-	74.99	-	5.52	124.88	362.03	1.39	1.19	0.07	0.15	1.78	-	571.99
Assets held for sale														-
Adjustments^	-	(73.76)	(6.88)	(2.15)	(0.00)	(1.34)	(49.50)	(0.45)	(2.47)	(0.74)	(0.35)	(1.06)	-	(138.69)
Impairment loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	**-**	**-**	**1,162.05**	**-**	**110.02**	**6,772.27**	**8,886.97**	**147.39**	**293.50**	**19.01**	**35.68**	**142.09**	**-**	**17,568.96**
Net block as at 31 March 2019	**18.79**	**289.52**	**826.39**	**4.38**	**69.67**	**1,213.30**	**1,721.23**	**10.58**	**17.75**	**1.28**	**1.97**	**13.42**	**45.49**	**4,233.78**
Net block as at 31 March 2020	**18.52**	**-**	**771.67**	**-**	**67.35**	**1,119.81**	**1,417.55**	**9.33**	**16.58**	**1.26**	**1.81**	**14.21**	**48.87**	**3,486.96**

^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.

5. Capital work-in-progress

(₹ in crores)

	31 March 2020	31 March 2019
Buildings	34.22	24.18
Apparatus & plants	170.91	174.51
Lines & wires	2.23	3.04
Cables	33.17	33.15
Subscribers' installations	10.27	11.92
Air conditioning plants	31.17	20.23
Others	75.51	84.19
	357.48	351.22
Less: provision for :		
Abandoned work	(1.10)	(1.10)
Others	(28.30)	(30.08)
	328.08	320.04

Movement in capital work in progress:

(₹ in crores)

Particulars	Amount
Capital work-in-progress as at 01 April 2018	330.98
Add: additions during the year	346.70
Less: capitalisation during the year	(373.70)
Less: reversal/(provision) for abandoned work	16.07
Capital work-in-progress as at 31 March 2019	320.05
Add: additions during the year	141.77
Less: capitalisation during the year	(126.86)
Less: reversal/(provision) for abandoned work	(6.88)
Capital work-in-progress as at 31 March 2020	328.08

Notes:

(i) Capitalised borrowing cost

The borrowing costs capitalised during the year ended 31 March 2020 was Rs. 4.11 crores (31 March 2019: Nil).

(ii) Contractual obligations

Refer note 51 for disclosure of contractual commitments.

(iii) Nature of expenses capitalised during the year

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Salaries and other employee costs	90.85	165.43
Finance cost	-	-
Administrative costs	-	0.02
Total	**90.85**	**165.45**

6. Right-of-use assets

(₹ in crores)

Description	Leasehold land	Buildings	Towers	Vehicle	Total
Gross carrying value					
As at 01 April 2019	-	-	-	-	-
Opening balance on transition to Ind AS 116	-	26.75	242.80	0.86	270.41
Additions/Transfer In	363.84	-	6.67	-	370.51
Deletions/Transfer Out	(1.06)	-	(0.45)	-	(1.51)
As at 31 March 2020	**362.77**	**26.75**	**249.03**	**0.86**	**639.41**
Accumulated depreciation					
As at 01 April 2019	-	-	-	-	-
Transferred from PPE on transition to Ind AS 116	73.76	-	-	-	73.76
Tranfeered to investment property	(0.41)	-	-	-	(0.41)
Charge for the year	3.80	9.00	49.82	0.27	62.89
As at 31 March 2019	**77.15**	**9.00**	**49.82**	**0.27**	**136.24**
Net block as at 31 March 2020	**285.62**	**17.75**	**199.20**	**0.59**	**503.16**

Refer Note 52 for further details on leases

7. Investment property

(₹ in crores)

Description	Gross block				Accumulated depreciation				Net block	Net block
	01 April 2018	Additions	Disposals/ adjustments^	31 March 2019	01 April 2018	Charge	Disposals/ adjustments^	31 March 2019	31 March 2019	01 April 2018
Freehold land	0.25	0.01	-	0.26	-	-	-	-	0.26	0.25
Leasehold land	8.43	0.07	-	8.51	2.26	0.10	0.03	2.39	6.12	6.17
Buildings	32.90	3.90	(0.25)	36.55	13.75	0.97	2.47	17.19	19.36	19.15
Total	41.58	3.98	(0.25)	45.31	16.01	1.07	2.50	19.57	25.74	25.58

(₹ in crores)

Description	Gross block				Accumulated depreciation				Net block	Net block
	01 April 2019	Additions	Disposals/ adjustments^	31 March 2020	01 April 2019	Charge	Disposals/ adjustments^	31 March 2020	31 March 2020	01 April 2019
Freehold land	0.26	0.29	-	0.56	-	-	-	-	0.56	0.26
Leasehold land	8.51	1.06	-	9.57	2.39	0.12	0.41	2.91	6.66	6.12
Buildings	36.55	11.15	-	47.69	17.19	1.23	5.06	23.48	24.21	19.36
Total	45.31	12.51	-	57.82	19.57	1.35	5.47	26.39	31.43	25.74

^Disposals/adjustments includes transfer from/to property, plant and equipment.

(i) Amount recognised in profit and loss for investment property

(₹ in crores)

	31 March 2020	31 March 2019
Rental income	296.37	325.52
Direct operating expenses that generated rental income*	-	-
Direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property	296.37	325.52

*Direct operating expenses attributable to investment property cannot be specifically identified with properties, although management does not expect them to be material.

(ii) Fair value of investment property (₹ in crores)

Particulars		31 March 2020	31 March 2019
Fair value		3,578.15	3,287.21

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

(₹ in crores)

	Software	One time spectrum fees	Total
Gross carrying value			
At 01 April 2018	133.25	6,564.00	6,697.25
Additions	-	-	-
Disposals/adjustments	-	-	-
Balance as at 31 March 2019	**133.25**	**6,564.00**	**6,697.25**
Additions	0.03	-	0.03
Disposals/adjustments	-	-	-
Balance as at 31 March 2020	**133.28**	**6,564.00**	**6,697.28**
Accumulated amortisation			
At 01 April 2018	**91.33**	**3,166.65**	**3,257.98**
Amortisation charge for the year	8.82	328.20	337.02
Adjustments	0.80	(0.46)	0.34
Balance as at 31 March 2019	**100.95**	**3,494.39**	**3,595.35**
Amortisation charge for the year	7.52	328.20	335.72
Adjustments	-	-	-
Balance as at 31 March 2020	**108.47**	**3,822.59**	**3,931.07**
Net book value as at 31 March 2019	**32.29**	**3,069.61**	**3,101.90**
Net book value as at 31 March 2020	**24.81**	**2,741.41**	**2,766.21**

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

(₹ in crores)

	Number of shares		Amount	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
In equity instruments				
In subsidiaries (unquoted)				
Millennium Telecom Limited (face value ₹ 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 ₹ 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 Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's 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 time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019 and 31 March 2020. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassdor of India in Nepal to get the process expedited so that faciliation of the remittance of amount invested in UTL back to MTNL is done. Refer note 21 for details.

10. Loans

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Secured, considered good		
Loan to employees	5.41	9.29
Unsecured, considered good		
Security deposits with other departments	196.93	160.97
Receivable from DoT	-	21.77
Credit impaired		
Security deposits with other departments	2.23	11.51
Receivable from DoT	-	1.39
	204.57	204.92
Less: allowance for credit impaired loans	(2.23)	(12.90)
	202.34	**192.02**

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.

(iii) For details on settlement of receivable from BSNL, refer note 63.

(iv) For details on settlement of receivable from DoT, refer note 68.

11. Other financial assets

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Bank deposits with more than 12 months maturity	0.63	1.74
	0.63	**1.74**

Notes:

(i) ₹ 0.63 crores (31 March 2019 - ₹ 1.74 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)

(₹ in crores)

	31 March 2020	31 March 2019
Advance income tax (net of provision)	706.98	723.71
	706.98	**723.71**

13. Other non-current assets

(₹ in crores)

	31 March 2020	31 March 2019
Capital advances	1.57	1.58
Deferred lease income	15.69	-
Advance against future settlements towards DoT	-	215.02
Balances with statutory authorities	2.70	2.70
Prepaid expenses	3.89	11.02
	23.85	**230.31**

14. Inventories

(₹ in crores)

	31 March 2020	31 March 2019
(Valued at cost, unless otherwise stated)		
Exchange equipments	34.31	37.24
Mobile handsets & sim cards	2.08	2.34
WLL equipments	0.08	0.08
Telephones & telex spares	0.09	0.09
	36.56	**39.75**
Less : provision for obsolete stores	(18.02)	(15.58)
	18.54	**24.17**

15. Trade receivables

(₹ in crores)

	31 March 2020	31 March 2019
Trade receivables		
- Secured, considered good	151.02	76.02
- Unsecured, considered good	427.70	414.87
- Credit impaired	836.14	782.41
Unbilled receivables*	137.98	201.14
	1,552.84	1,474.44
Less: Allowance for impairment		
Unsecured considered good (expected credit loss)	(95.96)	(88.17)
Credit impaired	(836.14)	(782.41)
	620.74	**603.86**

* Represents contract assets under Ind AS 115. Refer note 57 for details.

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 2020 of ₹ 77.36 crores (31 March 2019 - ₹ 76.02 crores) and related amortised cost as at 31 March 2020 of ₹ 35.20 crores (31 March 2019 - ₹ 26.06 crores).

(iv) The carrying values of trade receivables are considered to be a reasonable approximation of fair values.

16. Cash and cash equivalents

(₹ in crores)

	31 March 2020	31 March 2019
Balances with banks in current accounts	132.37	74.87
Cheques, drafts in hand	0.20	0.32
Cash on hand	0.27	0.22
Bank deposits with original maturity of less than 3 months	10.40	-
Less: provision for doubtful bank balances	(0.56)	(0.56)
	142.68	**74.85**

17. Other bank balances

(₹ in crores)

	31 March 2020	31 March 2019
Bank deposits maturity for more than 3 months but less than 12 months	13.02	20.42
	13.02	**20.42**

Notes:

(i) ₹ 13.02 crores (31 March 2019 - ₹ 20.42 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

	31 March 2020 Current	31 March 2019 Current
Secured, considered good		
Loan to employees	5.21	13.47
Unsecured, considered good		
Loan to employees	14.39	1.71
Security deposits with other departments	21.50	22.09
Receivable from related parties	-	0.48
Receivable from BSNL	3,504.10	3,352.67
Credit impaired		
Loan to employees	-	0.01
	3,545.20	3,390.43
Less: Allowance for credit impaired loans	-	(0.01)
	3,545.20	**3,390.42**

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 63.

19. Other financial assets

(₹ in crores)

	31 March 2020 Current	31 March 2019 Current
Amount recoverable		
IUC operators	274.95	232.94
DoT	1,815.88	-
Others	1,491.36	776.10
	3,582.19	1,009.03
Less: provision for credit impaired receivables	(89.28)	(109.13)
	3,492.91	899.90

Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

20. Other current assets

(₹ in crores)

	31 March 2020	31 March 2019
Advances to suppliers	18.13	18.07
Deferred lease income	2.62	-
Advance against future settlements towards DoT	410.46	431.16
Balances with statutory authorities	141.09	150.80
Prepaid expenses	59.92	52.25
Other recoverables	0.49	40.04
	632.71	692.31
Less: provision for doubtful advances	(1.39)	-
	631.32	**692.31**

21. Assets held for sale

Property, plant and equipment (refer note (a))	0.05	0.29
Investments in United Telecom Limited (refer note (b))	35.85	35.85
	35.90	36.14

Notes:

(a) In respect of assets classified as held for sale in the year ended 31 March 2018, 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 2020 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 nil (31 March 2019: Nil) as impairment loss in the statement of profit and loss.

As per article 12.19 (b) of Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's 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 time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019 and 31 March 2020. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassdor of India in Nepal to get the process expedited so that faciliation of the remittance of amount invested in UTL back to MTNL is done.

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

(₹ in crores)

	31 March 2020	31 March 2019
Authorised capital		
100,000,000,000 (previous year 800,000,000) equity shares of ₹ 10 each	10,000.00	10,000.00
	10,000.00	10,000.00
Issued, subscribed and fully paid up		
630,000,000 (previous year 630,000,000) equity shares of ₹ 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 2020		31 March 2019	
	No. of shares	**(₹ in crores)**	**No. of shares**	**(₹ 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 ₹ 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

	As on 31 March 2020		As on 31 March 2019	
	No. of shares	**% holding**	**No. of shares**	**% holding**
Equity shares of ₹ 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	118,515,213	18.81	118,515,213	18.81

d) There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

e) There are no shares reserved for issue under options or other purpose.

23. Other equity

(₹ in crores)

	31 March 2020	31 March 2019
Retained earnings		
As per last balance sheet	(11,349.24)	(7,951.65)
Add : Net profit/ (loss) for the year	(3,695.68)	(3,390.20)
Add : Impact on transition to Ind AS 116	(39.71)	-
Add: Remeasurements of employee benefit obligations	(115.32)	(7.39)
	(15,199.95)	**(11,349.24)**
Other reserves		
Debenture redemption reserve	**45.27**	**45.27**
Securities premium	**665.00**	**665.00**

Research and development reserve	**30.80**	**30.80**
Contingency reserve	**243.23**	**243.23**
	984.30	**984.30**

Nature and purpose of other reserves:

(i) Debenture redemption reserve

The Company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

(ii) 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.

(iii) 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.

(iv) Other Comprehensive Income(OCI)

The Company has recognised remeasurements benefits on defined benefits plans through Other comprehensive income

24. Borrowings

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Secured		
Term loans (net of current maturities)		
From banks	9,575.34	8,453.13
	9,575.34	**8,453.13**

Unsecured

Debentures

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*	1,974.31	1,973.96
[19,750 number of 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
Debentures - Series 1A*	1,004.50	1,004.50
[10,050 number of 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) of Rs. 0.10 crore each]		
	2,978.81	2,978.45
	12,554.15	**11,431.58**
Amount disclosed under other financial liabilities:		
Current maturities of long-term debt	1,115.00	640.00
Interest accrued	63.10	61.40

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 Baroda and Indian bank 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 2020:

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Corporation Bank	500.00	Repayment due in 20 instalments spread on:- From Dec-20 to Sep-22- ₹ 12.5 Crores/quarter (8 Instalments) From Dec-22 to Sep-23. ₹ 25 Crores/quarter (4 Instalments) From Dec-23 to Sep-25. ₹ 37.5 Crores/quarter (8 Instalments)	8.95%
Andhra Bank	300.00	Repayment due in 20 instalments spread on:- From Sep-20 to Jun-22. ₹ 7.5 Crores/quarter (8 Instalments) From Sep-22 to Jun-23. ₹ 15 Crores/quarter (4 Instalments) From Sep-23 to Jun-25. ₹ 22.5 Crores/quarter (8 Instalments)	8.78%
UCO bank	500.00	Repayment due in 20 instalments spread on:- From Aug-20 to May-22- ₹ 12.5 Crores/quarter (8 Instalments) From Aug-22 to May-23- ₹ 25 Crores/quarter (4 Instalments) From Aug-23 to May-25- ₹ 37.5 Crores/quarter (8 Instalments)	8.63%

Andhra Bank	900.00	Repayment due in 20 instalments spread on:- From Jun-19 to Mar-21- ₹ 25 Crores/quarter (8 Instalments) From Jun-21 to Mar-22- ₹ 50 Crores/quarter (4 Instalments) From Jun-22 to Mar-24- ₹ 75 Crores/quarter (8 Instalments)	8.82%
Corporation Bank	912.50	Repayment due in 20 instalments spread on:- From Jun-19 to Mar-21- ₹ 12.5 Crores/quarter (8 Instalments) From Jul-19 to Apr-21- ₹ 12.5 Crores/quarter (8 Instalments) From Jun-21 to Mar-22- ₹ 25 Crores/quarter (4 Instalments) From Jul-21 to Apr-22- ₹ 25 Crores/quarter (4 Instalments) From Jun-22 to Mar-24- ₹ 37.5 Crores/quarter (8 Instalments) From Jul-22 to Apr-24 ₹ 37.5 Crores/quarter (8 Instalments)	8.86%
Punjab & Sindh Bank	462.50	Repayment due in 20 instalments spread on:- From Jul-19 to Apr-21- ₹ 12.5 Crores/quarter (8 Instalments) From Jul-21 to Apr-22- ₹ 25 Crores/quarter (4 Instalments) From Jul-22 to Apr-24- ₹ 37.5 Crores/quarter (8 Instalments)	8.84%
United Bank	270.00	Repayment due in 20 instalments spread on:- From Jun-19 to Mar-21- ₹ 7.5 Crores/quarter (8 Instalments) From Jun-21 to Mar-22- ₹ 15 Crores/quarter (4 Instalments) From Jun-22 to Mar-24- ₹ 22.5 Crores/quarter (8 Instalments)	8.85%
Oriental Bank of Commerce	487.50	Repayment due in 20 instalments spread on:- From Mar-20 to Dec-22- ₹ 12.5 Crores/quarter (8 Instalments) From Mar-22 to Dec-23- ₹ 25 Crores/quarter (4 Instalments) From Mar-23 to Dec-24- ₹ 37.5 Crores/quarter (8 Instalments)	8.63%
Punjab & Sindh Bank	200.00	Repayment due in 20 instalments spread on:- From May-2020 to Feb 2022 - ₹ 5 crores/quarter (8 instalments) From May 2022 to Feb 2023 ₹ 10 crores/quarter (4 instalments) From May 2023 to Feb 2025 ₹ 15 crores/quarter (8 instalments)	8.45%

Bank of India	500.00	Repayment due in 20 instalments spread on:- From Jun-2020 to Mar 2022 - ₹ 12.5 crores/quarter (8 instalments) From Jun 2022 to Mar 2023 - ₹ 25 crores/quarter (4 instalments) From Jun 2023 to Mar 2025 - ₹ 37.5 crores/quarter (8 instalments)	8.67%
State Bank of India	1,620.00	Repayable due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 45 crores/quarter (8 instalments) From June 2021 to March 2022, ₹ 90 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 135 crores/quarter (8 instalments)	8.89%
Union Bank of India	1,800.00	Repayable due in 20 instalments spread on:- From May-19 to Feb-21- ₹ 50 Crores/quarter (8 Instalments) From May-21 to Feb-22- ₹ 100 Crores/quarter (4 Instalments) From May-22 to Feb-24- ₹ 200 Crores/quarter (8 Instalments)	8.63%
Bank of Baroda	750.00	Repayable due in 20 instalments spread on:- From Jun-21 to Mar-23- ₹ 18.75 Crores/quarter (8 Instalments) From Jun-23 to Mar-24- ₹ 37.5 Crores/quarter (4 Instalments) From Jun-24 to Mar-26- ₹ 56.25 Crores/quarter (8 Instalments)	9.95%
State Bank of India	500.00	₹ 250 crore in Jun-20, ₹ 125 crore in Jun-22, ₹ 125 crore in Sep-22	9.00%
Indian Bank	500.00	Rs 125 crore in Jan-22,Apr-22,Jul-22 & Oct-22	8.85%
Bank of India	500.00	Repayable due in 20 instalments spread on:- From Feb-22 to Nov-23- ₹ 12.5 Crores/quarter (8 Instalments) From Feb-24 to Nov-24- ₹ 25 Crores/quarter (4 Instalments) From Feb-25 to Nov-26- ₹ 37.5 Crores/quarter (8 Instalments)	9.20%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(5.54)		
Less: Current maturities of long term debt	(1,115.00)		
Long term borrow-ings	**9,581.96**		

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 8.87% per annum calculated using the interest rate effective as on 31 March 2020.

(b) As on 31 March 2019:

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Corporation Bank	500.00	Repayment due in 20 instalments spread on:- From Dec-20 to Sep-25 ₹ 12.5 crores/quarter (8 instalments) From Dec-20 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	8.95%
Andhra Bank	300.00	Repayment due in 20 instalments spread on:- From Sep-20 to Jun-22 ₹ 7.5 crores/quarter (8 instalments) From Sep-22 to Jun-23 ₹ 15 crores/quarter (4 instalments) From Sep-23 to Jun-25 ₹ 22.5 crores/quarter (8 instalments)	8.50%
UCO bank	500.00	Repayment due in 20 instalments spread on:- FromAug-20 to May-22 ₹ 12.5 crores/quarter (8 instalments) From Aug-22 to May-23 ₹ 25 crores/quarter (4 instalments) From Aug-23 to May-25 ₹ 37.5 crores/quarter (8 instalments)	8.45%
Andhra Bank	1,000.00	Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 25 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 50 crores/quarter (4 instalments) From June 2022 to March 2023 - ₹ 75 crores/quarter (8 instalments)	8.42%
Corporation Bank	1,000.00	Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 12.5 crores/quarter (8 instalments) From July 2019 to April 2021 - ₹ 12.5 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 25 crores/quarter (4 instalments) From July 2021 to April 2022 - ₹ 25 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 37.5 crores/quarter (8 instalments) From July 2022 to April 2024 - - ₹ 37.5 crores/quarter (8 instalments)	8.81%

Punjab & Sindh Bank	500.00	Repayment due in 20 instalments spread on:- From July 2019 to April 2021 - ₹ 12.5 crores/quarter (8 instalments) From July 2021 to April 2022 - ₹ 25 crores/quarter (4 instalments) From July 2022 to April 2024 - ₹ 37.5 crores/quarter (8 instalments)	8.41%
United Bank	300.00	Repayment due in 20 instalments spread on:- From July 2019 to April 2021 - ₹ 7.5 crores/quarter (8 instalments) From July 2021 to April 2022 - ₹ 15 crores/quarter (4 instalments) From July 2022 to April 2024 - - ₹ 22.5 crores/quarter (8 instalments)	8.70%
Oriental Bank of Commerce	500.00	Repayment due in 20 instalments spread on:- From Mar-20 to Dec-2021 ₹ 12.5 crores/quarter (8 instalments) From Mar 2022 to Dec 2022 - ₹ 25 crores/quarter (4 instalments) From March 2023 to December 2024 - ₹ 37.5 crores/quarter (8 instalments)	8.46%
Punjab & Sindh Bank	200.00	Repayment due in 20 instalments spread on:- From May-2020 to Feb 2022 - ₹ 5 crores/quarter (8 instalments) From May 2022 to Feb 2023 ₹ 10 crores/quarter (4 instalments) From May 2023 to Feb 2025 ₹ 15 crores/quarter (8 instalments)	8.41%
Bank of India	500.00	Repayment due in 20 instalments spread on:- From Jun-2020 to Mar 2022 - ₹ 12.5 crores/quarter (8 instalments) From Jun 2022 to Mar 2023 - ₹ 25 crores/quarter (4 instalments) From Jun 2023 to Mar 2025 - ₹ 37.5 crores/quarter (8 instalments)	8.33%
State Bank of India	1,800.00	Repayable due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 45 crores/quarter (8 instalments) From June 2021 to March 2022, ₹ 90 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 135 crores/quarter (8 instalments)	8.49%
Union Bank of India	2,000.00	Repayable due in 20 instalments spread on:- From May 2019 to February 2021, ₹ 50 Crore/quarter (8 instalments) From May 2021 to February 2022, ₹ 100 crores/quarter (4 instalments) From May 2022 to February 2024 - ₹ 150 crores/quarter (8 instalments)	8.20%

Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(6.87)		
Less: Current maturities of long term debt	(640.00)		
Long term borrowings	**8,453.13**		

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 8.47% per annum calculated using the interest rate effective as on 31 March 2019.

***Debentures-Series 1A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 28 March 2023. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 2A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 05 December 2023. 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 ₹ 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) For details on repayment schedule of finance lease obligations, refer note 52(B).

(vi) 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.

(vii) Leasehold given as mortgage to Bank of Baroda and Indian bank:

(a) Leasehold land and building situated at Powai Plot-A, Mumbai (CTS No. 6 (PT) of village Powai (18/30), (31) of Village Tirandaz.

(b) Leasehold land and building situated at Powai Plot-A, Mumbai (CTS No. 6 (PT) of village Powai (18/30), (31) of Village Tirandaz.

(c) Plot No.C-71, CTS No.4207, G-Block, BKC, Village- Kolekalyan, Tal. –Andheri, Mumbai Suburban District

(viii) Reconciliation of financial liabilities arising from financing activities: (₹ in crores)

Particulars	Lease liabilities	Long term borrowings	Short-term borrowings	Total
Net debt as at 1 April 2018	**45.21**	**10,654.11**	**6,382.10**	**17,081.43**
Cash flows:				
- Proceeds	-	1,700.00	2,238.25	3,938.25
- Repayment	(5.15)	(220.00)	(1,000.00)	(1,225.15)
Interest expense	5.16	737.40	625.96	1,368.52
Interest paid	-	(738.53)	(625.96)	(1,364.49)
Net debt as at 31 March 2019	**45.22**	**12,132.99**	**7,620.35**	**19,798.56**
Recognition of lease liabilities (net) on transition to Ind AS 116	**313.51**	**-**	**-**	**313.51**
Cash flows:				
- Proceeds	-	2,250.00	3,450.00	5,700.00
- Repayment	(63.49)	(647.50)	(1,782.19)	(2,493.18)
Interest expense	29.70	1,152.80	732.90	1,915.40
Interest paid	-	(1,156.04)	(724.64)	(1,880.68)
Net debt as at 31 March 2020	**324.94**	**13,732.25**	**9,296.42**	**23,353.61**

25. Lease liabilities

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Lease liabilities	221.03	40.57
	221.03	40.57

26. Other financial liabilities

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Security deposits	192.56	199.79
Employee related payables - GPF of MTNL Optee	7.41	124.01
	199.97	**323.81**

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

(₹ in crores)

	31 March 2020	31 March 2019
Provision for employee benefits		
Provision for leave encashment	198.59	896.06
Provision for pension	19.47	0.95
Provision for gratuity	6.09	-
Provision for asset retirement obligations	15.97	14.71
	240.12	**911.72**

(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:

(₹ in crores)

	31 March 2020	31 March 2019
As at beginning of reporting period	**14.71**	**13.48**
Additions during the year	0.03	0.13
Amounts used during the year on account of dismantled towers	(0.03)	(0.19)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	1.26	1.29
As at end of reporting period	**15.97**	**14.71**

28. Other non-current liabilities*

	31 March 2020	31 March 2019
Deferred income	105.78	127.97
Deferred activation/ installation charges	14.83	18.13
	120.61	**146.10**

* Represents contract liabilities under Ind AS 115. Refer note 57 for details.

29. Short-term borrowings

(₹ in crores)

	31 March 2020	31 March 2019
Unsecured		
From banks		
Cash credit from banks	6,196.42	6,570.36
Short term loans	3,100.00	1,050.00
	9,296.42	**7,620.36**

The carrying values of above are considered to be a reasonable approximation of their fair values.

30. Lease liabilities

(₹ in crores)

	31 March 2020	31 March 2019
Current portion of lease liabilities	103.91	4.65
	103.91	**4.65**

31. Trade payables

(₹ in crores)

	31 March 2020	31 March 2019
Due to micro and small enterprises (refer note 55)	47.13	5.35
Due to others*	604.94	432.20
Other accrued liabilities	130.24	92.19
	782.31	**529.74**

*includes related party balances

The carrying values of above are considered to be a reasonable approximation of their fair values.

32. Other financial liabilities

(₹ in crores)

	31 March 2020	31 March 2019
Current maturities of		
- Long-term debt	1,115.00	640.00
Interest accrued		
- Not due on bonds	60.67	60.33
- Not due on borrowings	2.43	1.08
- Not due on deposits	0.07	0.07
Security deposits	92.03	64.46
Due to employees	3,979.99	806.82
Amount payable to contractors other than goods and services	438.68	441.59
Amount payable to other operators	52.84	51.48
Other payables	149.73	190.27
	5,891.44	**2,256.09**

Refer note 45 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost.

33. Other current liabilities

(₹ in crores)

	31 March 2020	31 March 2019
Advances received*	395.71	457.20
Statutory dues	229.77	278.95
Deferred income*	20.93	22.20
Deferred activation/ installation charges*	6.34	5.67
	652.75	**764.02**

* Represents contract liabilities under Ind AS 115. Refer note 57 for details.

34. Short-term provisions

(₹ in crores)

	31 March 2020	31 March 2019
Provision for employee benefits		
Provision for leave encashment - Company employees	22.99	223.02
Provision for leave encashment - Others	1.43	0.94
Provision for pension - Company employees	97.72	110.38
Provision for pension - Others	1.86	1.54
Provision for gratuity - Company employees	43.25	47.86
Provision for Others- ST	11.76	-
	179.01	**383.75**

For disclosures required related to provision for employee benefits, refer note 48- Employee benefit obligations

35. Revenue from operations

(₹ in crores)

	31 March 2020	31 March 2019
Fixed telephone income		
Revenue - Telephone calls and other charges	107.56	170.17
Revenue - Fixed telephone monthly charges	383.14	482.92
Revenue - Telephone (Franchise services)	5.86	7.87
Revenue - Access calls and other charges	12.49	11.42
Revenue - Rent and junction charges	21.71	31.02
Revenue - Broadband	354.44	502.05
Revenue - ISDN call charges	12.28	15.43
Revenue - ISDN call rental	50.83	51.79
Enterprise business		
Revenue - Local circuits	253.11	285.53
Revenue - Long distance circuits	4.22	12.03
Mobile revenue		
Revenue - Activation charges	0.47	0.33

Revenue - Mobile rental and call charges	21.51	71.02
Revenue - Income from roaming	57.55	61.74
Revenue - Prepaid trump	21.55	36.77
Revenue - IUC income	10.65	12.17
Revenue - VAS	42.40	95.03
Others		
Revenue - Free phone services	67.69	73.15
Revenue - Internet	38.47	33.27
Revenue - Premium rate services	0.16	0.19
Revenue - Other services	36.05	17.83
Other operating revenues		
Other operating revenues - Surcharge on delayed payment	5.89	8.26
Other operating revenues - Revenue from enterprise business	28.33	7.81
Other operating revenues - Revenue from sale of goods		
	1,536.36	**1,987.80**

36. Other income

(₹ in crores)

	31 March 2020	31 March 2019
Interest on:		
Interest from bank	2.00	1.93
Interest on advance to employees	2.02	3.66
Other interest income	121.67	81.69
Interest on income tax refund	16.63	7.51
	142.32	**94.80**
Other income		
Sale of directories, pub. etc.	0.10	0.13
Gain on sale of property, plant and equipment (net)	0.77	-
Income from liquidated damages	6.79	22.97
Exchange variation (net)	0.04	-
Bad debts recovered	0.08	0.33
Credit balances written back	157.10	90.54
Rental on quarters/ hostels etc.	12.84	16.21
Rental income from properties	343.52	370.11
Miscellaneous income	27.10	23.82
	548.34	**524.12**
	690.66	**618.91**

37. License fees expense

(₹ in crores)

	31 March 2020	31 March 2019
License fees expenses	144.40	153.90
Spectrum charges	14.78	22.65
	159.18	**176.55**

38. Employee benefit expense

(₹ in crores)

	31 March 2020	31 March 2019
Salaries, wages allowances & other benefits	1,802.35	2,036.59
Medical expenses and allowances	67.81	85.98
Pension contribution		
(a) Company employees	73.07	95.51
(a) Others	1.05	1.77
Leave encashment		
(a) Company employees	239.34	143.88
(a) Others	0.75	1.31
Contribution to gratuity fund	(28.79)	11.19
Contribution to provident & other funds	58.74	60.66
Staff welfare expenses	0.98	0.57
	2,215.30	**2,437.46**
Less : Allocation to CWIP	(90.85)	(165.43)
	2,124.45	**2,272.03**

For descriptive notes on disclosure of defined benefit obligation, refer note 48 - Employee benefit obligations.

39. Finance costs

(₹ in crores)

	31 March 2020	31 March 2019
Interest on		
- term loans	858.03	739.43
- cash credit facility	618.24	549.57
- short-term loan facility	107.31	76.39
- bonds	272.08	272.55
- customer deposits	0.02	0.02
- lease liability	29.70	-
- others	26.36	35.42
Other finance costs		
- commitment fees	29.80	29.80
	1,941.54	**1,703.18**

40. Depreciation and amortisation expense

(₹ in crores)

	31 March 2020	31 March 2019
Depreciation on		
Property, plant and equipment	571.99	645.61
Investment properties	1.35	1.07
Right of use	62.89	-
Amortisation on		
Intangible assets	335.72	337.02
	971.95	**983.70**

41. Other expenses

(₹ in crores)

	31 March 2020	31 March 2019
Power, fuel and water	233.81	236.98
Rent	31.92	114.27
Repairs to buildings	16.29	24.33
Repairs to machinery	86.85	125.12
Repairs others	23.66	25.29
Insurance	7.65	3.30
Rates and taxes	41.15	52.76
Travelling and conveyance	0.38	0.62
Postage, telegram and telephones	5.26	7.19
Printing and stationery	3.49	5.20
Vehicle maintenance expenses	0.27	0.47
Vehicle running expenses	0.74	1.08
Vehicle hiring expenses	5.70	10.77
Advertisement and promotional expenses	0.56	2.37
Bad debts written off	15.23	18.32
Legal and professional expenses*	4.22	5.79
Seminar and training charges	0.37	0.61
Security service expenses	14.66	16.55
Loss on sale of property, plant and equipment (net)	-	1.02
Internet charges	13.70	6.18
Loss of assets	2.33	1.41
Commission	1.15	1.30
Net loss on foreign currency transactions and translations	0.21	0.25
Provision for doubtful debts including discount	64.50	9.65
Provision for obsolete inventory	3.01	1.35
Provision for doubtful claims	0.88	2.12
Outsourcing expenditure	8.80	-
Settlement Of Financial Instrument	2.41	-
Penal interest for delay in payment to MSME vendors	9.17	
Miscellaneous expenses	28.07	24.97
Less: Allocation to CWIP	-	(0.02)
	626.44	**699.27**
***Legal and professional expenses includes payments to auditor**		
As Auditor:		
Audit fee	0.45	0.45
Tax audit fee	0.09	0.09
Certification and other services	0.18	0.27
For reimbursement of expenses	0.11	0.04
	0.83	**0.85**

42. Tax expense

(₹ in crores)

	31 March 2020	31 March 2019
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:

(₹ in crores)

	31 March 2020	31 March 2019
Accounting profit before income tax	**(3,695.68)**	**(3,390.20)**
At country's statutory income tax rate of 34.944% (31 March 2019: 34.944%)	(1,291.42)	(1,184.67)
Difference in property, plant and equipment as per books and Income Tax Act, 1961	168.35	153.90
Non-deductible expenses for tax purposes	(92.23)	(113.04)
Employee benefits allowed on payment basis	(237.75)	(10.83)
Others	-	1.48
Deferred tax not created on losses for current year	1,453.06	1,153.15
	-	**-**

(i) MTNL has unabsorbed depreciation and brought forward business losses amounting to ₹ 21,907.74 crores as on 31 March 2020 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.

(ii) Details of year wise expiry are given below: (₹ in crores)

Particulars	Year of origination	Year of expiry	Amount
Brought forward losses	Assessment year 2013-14	Financial year 2020-21	1,057.11
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	3,783.38
Unabsorbed depreciation	Multiple	Indefinite	6,557.41

43. Other Comprehensive Income

(₹ in crores)

	31 March 2020	31 March 2019
Items that will not be reclassified to profit or loss		
Re-measurement gains (losses) on defined benefit plans	(115.32)	(7.39)
Income tax effect	-	-
	(115.32)	**(7.39)**

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.

(₹ in crores)

	31 March 2020	31 March 2019
Net loss attributable to equity shareholders		
Continuing operations	(3,695.68)	(3,390.20)
Net Loss attributable to equity holders of the Company	**(3,695.68)**	**(3,390.20)**
Loss per equity share:		
Nominal value of equity share (₹)	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 (₹)	**(58.66)**	**(53.81)**

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:

(₹ in crores)

Particulars	Level	31 March 2020		31 March 2019	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans	Level 3	5,564.82	5,552.11	3,582.44	3,589.06
Other financial assets	Level 3	1,677.66	1,677.66	901.64	912.96
Total financial assets		**7,242.48**	**7,229.77**	**4,484.08**	**4,502.02**
Borrowings	Level 3	13,669.15	13,777.57	12,071.58	12,203.38
Finance lease obligations	Level 3	-	-	45.22	59.12
Other financial liabilities	Level 3	4,976.01	4,959.40	1,939.90	1,915.67
Total financial liabilities		**18,645.16**	**18,736.96**	**14,056.71**	**14,178.17**

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 2019 was assessed to be insignificant.

46. Financial risk management

i) Financial instruments by category

Particulars	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	-	-	-	-	-
Loans	-	-	3,747.54	-	-	3,582.45
Other financial assets	-	-	3,493.54	-	-	901.64
Trade receivables	-	-	620.74	-	-	603.85
Cash and cash equivalents	-	-	142.68	-	-	74.85
Other bank balances	-	-	13.02	-	-	20.42
Total	**-**	**-**	**8,017.52**	**-**	**-**	**5,183.21**
Financial liabilities						
Borrowings	-	-	21,850.58	-	-	19,051.94
Lease liabilities	-	-	324.94	-	-	45.22
Trade payables	-	-	782.32	-	-	529.74
Other financial liabilities	-	-	6,091.42	-	-	2,579.90
Total	**-**	**-**	**29,049.25**	**-**	**-**	**22,206.80**

*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 –

(₹ in crores)

Credit rating	Particulars	31 March 2020	31 March 2019
A: Low	Loans	3,747.54	3,582.45
	Other financial assets	3,492.91	899.90
	Bank deposits	24.05	22.16
	Cash and cash equivalents	132.28	74.85
B: Medium	Trade receivables	620.74	603.85
C: High	Trade receivables	932.09	870.58
	Investments	-	100.00
	Loans	2.23	12.90
	Other financial assets	89.28	109.13
	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).

(₹ in crores)

Particulars	31 March 2020		31 March 2019	
	Basic & other services	Cellular	Basic & other services	Cellular
Gross amount of sales	5,036.70	16.71	5,969.51	11.70
Expected loss rate	1.79%	35.05%	1.46%	7.47%
Expected credit loss(loss allowance provision)	90.10	5.86	87.29	0.87
Receivables due from customers where specific default has occurred	596.75	239.39	566.15	216.27

During the periods presented, the Company made no write-offs of trade receivables.

(ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

Reconciliation of loss allowance	Trade receivables
Loss allowance on 01 April 2018	**(863.05)**
Add/ (Less): Changes in loss allowances due to assets originated or purchased	7.53
Loss allowance on 31 March 2019	**(870.58)**
Add/ (Less): Changes in loss allowances due to write off/recovery	16.37
Add/ (Less): Changes in loss allowances due to assets originated or purchased	(77.88)
Loss allowance on 31 March 2020	**(932.09)**

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:

(₹ in crores)

Paritculars	31 March 2020			31 March 2019		
	Total facility	Drawn	Undrawn	Total facility	Drawn	Undrawn
0-1 year	11,015.00	10,411.42	603.58	8,570.00	8,260.35	309.65
1-2 years	1,770.00	1,770.00	-	865.00	865.00	-
More than 2 years	7,817.50	7,817.50	-	7,595.00	7,595.00	-
Total	**20,602.50**	**19,998.92**	**603.58**	**17,030.00**	**16,720.35**	**309.65**

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.

(₹ in crores)

31 March 2020	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	1,984.85	6,231.08	4,412.21	657.31	13,285.45
Lease liabilities	108.49	132.87	99.18	407.24	747.78
Short term borrowings	9,296.42	-	-	-	9,296.42
Trade payable	782.32	-	-	-	782.32
Other financial liabilities	2,954.05	12.07	4.52	291.98	3,262.61
Total	**15,126.13**	**6,376.03**	**4,515.91**	**1,356.52**	**27,374.59**

(₹ in crores)

31 March 2019	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	1,745.14	4,261.82	9,101.73	990.25	16,098.95
Finance lease obligations	5.16	10.32	10.32	375.81	401.61
Short term borrowings	7,620.36	-	-	-	7,620.36
Trade payable	529.74	-	-	-	529.74
Other financial liabilities	1,554.69	13.12	5.90	482.14	2,055.85
Total	**11,455.09**	**4,285.26**	**9,117.95**	**1,848.20**	**26,706.50**

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 ₹, are as follows

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Financial assets	1.60	2.48
Financial liabilities	1.82	2.24
Net exposure to foreign currency risk (liabilities)	(0.22)	0.24

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in crores)

Particulars	31 March 2020	31 March 2019
USD sensitivity		
INR/USD- increase by 500 bps (31 March 2019 500 bps)*	(0.01)	0.01
INR/USD- decrease by 500 bps (31 March 2019 500 bps)*	0.01	(0.01)

** 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 ₹, are as follows

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Financial assets	0.01	0.02
Financial liabilities	0.72	0.18
Net exposure to foreign currency risk (liabilities)	(0.71)	(0.16)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in crores)

Particulars	31 March 2020	31 March 2019
EURO sensitivity		
INR/EURO- increase by 500 bps (31 March 2019 500 bps)*	(0.04)	(0.01)
INR/EURO- decrease by 500s bps (31 March 2019 500 bps)*	0.04	0.01

** Holding all other variables constant*

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2020 and 31 March 2019, 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:

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Variable rate borrowing	19,986.77	16,713.48
Fixed rate borrowing	2,978.81	2,978.45
Total borrowings	**22,965.58**	**19,691.93**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Interest sensitivity*		
Interest rates – increase by 50 bps basis points	99.93	83.57
Interest rates – decrease by 50 bps basis points	(99.93)	(83.57)

* *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's does not have any significant investments in equity instruments which create on exposuse 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.

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Net debt	13,669.15	12,112.15
Total equity	(13,585.65)	(9,734.94)
Net debt to equity ratio*	-	-

The Company has not declared dividend in current year or previous year.

*Owing to equity being negative as at 31 March 2020 and 31 March 2019, debt to equity ratio has been shown as nil.

48. Employee benefit obligations

(₹ in crores)

Particulars	31 March 2020		31 March 2019	
	Current	Non-current	Current	Non-current
Gratuity	16.25	137.43	81.71	318.53
Compensated absences (unfunded)	22.99	198.59	223.02	896.06
Total	**39.24**	**336.02**	**304.73**	**1,214.59**

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 ₹ 7.35 crores (previous year - ₹ 19.19 crores). The weighted average duration of the defined benefit obligation as at 31 March 2020 is 12 to 13 years (31 March 2019: 7 to 8 years).

A. Disclosure of gratuity

(i) Amount recognised in the statement of profit and loss is as under:

(₹ in crores)

Description	31 March 2020	31 March 2019
Current service cost	6.74	20.54
Amount recognised in the statement of profit and loss	**6.74**	**20.54**

(ii) Movement in the liability recognised in the balance sheet is as under:

(₹ in crores)

Description	31 March 2020	31 March 2019
Present value of defined benefit obligation as at the start of the year	400.24	388.16
Current service cost	6.74	20.54
Past service cost including curtailment gains/losses		-
Interest cost	30.58	29.69
Actuarial loss recognised during the year	103.60	10.35
Benefits paid	(387.47)	(48.50)
Present value of defined benefit obligation as at the end of the year	**153.69**	**400.24**

(iii) Movement in the plan assets recognised in the balance sheet is as under:

(₹ in crores)

Description	31 March 2020	31 March 2019
Fair value of plan assets at beginning of year	559.64	510.30
Expected return on plan assets	42.76	39.04
Transfer to/from MTNL	(313.63)	-
Receivable from MTNL	67.08	12.08
Premium redemption reserve	0.07	(4.67)
Advance income	-	(0.08)
Actuarial gain on plan assets	(11.73)	2.97
Bemefits paid	(73.84)	-
Fair value of plan assets at the end of the year	270.35	559.64
Actual return on plan assets	31.03	42.01

(iv) Breakup of actuarial (gain)/loss:

(₹ in crores)

Description	31 March 2020	31 March 2019
Actuarial (gain)/loss on arising from change in demographic assumption	0.08	-
Actuarial (gain)/loss on arising from change in financial assumption	22.12	(2.79)
Actuarial (gain)/loss on arising from experience adjustment	93.12	10.18
Total actuarial (gain)/loss	**115.32**	**7.39**

(v) Actuarial assumptions

(₹ in crores)

Description	31 March 2020	31 March 2019
Discount rate	6.84%	7.64%
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

(₹ in crores)

Description	31 March 2020	31 March 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year	153.69	400.24
- Impact due to increase of 0.50 %	(6.64)	(8.44)
- Impact due to decrease of 0.50 %	7.16	8.92
Impact of the change in salary increase		
Present value of obligation at the end of the year	153.69	400.24
- Impact due to increase of 0.50 %	5.40	8.77
- Impact due to decrease of 0.50 %	(5.52)	(8.62)

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

Description	31 March 2020	31 March 2019
Within next 12 months	16.25	81.71
Between 1-5 years	38.79	221.15
Beyond 5 years	98.64	97.38

(viii) Category of investment in gratuity trust:

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Government of India Securities	-	-
Corporate bonds	30.69	197.78
State government securities	37.29	213.58
Mutual funds/Others	66.13	140.60
LIC	19.58	7.68
Total	**153.69**	**559.64**

B. Compensated absences (unfunded)

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 ₹ 269.40 crores (previous year: ₹ 181.87 crores) has been recognised in the statement of profit and loss.

C. Defined contribution plans

Contributions are made to the Government Provident Fund and Family Pension Fund which cover all regular employees eligible under applicable Acts. Both the eligible employees and the Company make pre-determined contributions to the Provident Fund. The contributions are normally based upon a proportion of the employee's salary.

The Company has recognized the following amounts in the statement of profit and loss :

Particulars	31 March 2020	31 March 2019
Employer contribution to provident fund*	58.74	60.66
Leave encashment contribution for DoT employees**	0.75	1.31
Pension contribution for DoT employees***	1.05	1.77
Pension contribution for company employees****	73.07	95.51

* 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 upto 15 July 2019
Mr. M.V. Joshi	Director (Finance) from 05-11-2018
Mr. Sunil Kumar	Director (HR) and CMD from 16 July 2019
Mr. Sanjeev Kumar	Director (Technical)
Mr. S.R. Sayal	Company Secretary
Mr. Harvesh Bhatia	Executive Director, Delhi from 1 January 2020
Mr.S.P. Rai	Executive Director, Delhi upto 31 December 2019
Shri A K Shrivastava	Executive Director, Mumbai from 01/06/2019 to 30/11/2019
Shri V Srisankar	Executive Director, Mumbai (From 01.12.19)
Mr. Pravin Punj	Executive Director, Mumbai 31 May 2019

ii Subsidiaries

Mahanagar Telephone (Mauritius) Limited (MTML)

Millennium Telecom Limited

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:

(₹ in crores)

Particulars	For the year ended	
	31 March 2020	31 March 2019
Remuneration to Key Managerial Personnel		
- Short-term employee benefits	1.96	1.80
- Post employment benefits	0.12	0.30
- Other long-term employee benefits	0.23	0.44
Amount received from MTML	1.02	1.21
Amount received from MSISL	0.46	1.64
Amount received from MTL	0.20	0.06
Claims made on MTL	-	0.04

viii. Summary of significant outstanding balances with related parties:

(₹ in crores)

Particulars	31 March 2020		31 March 2019	
	Advances	Investment in shares	Advances	Investment in shares
MTML	-	100.97	-	100.97
MTL	-	2.88	0.60	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 Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's 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 time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Company. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019 and 31 March 2020. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassdor of India in Nepal to get the process expedited so that faciliation of the remittance of amount invested in UTL back to MTNL is done. Refer note 21 for details.

50. Details of contingent liabilities, pending litigations and other matters:

(₹ in crores)

	Particulars	31 March 2020	31 March 2019
a	Income Tax Demands disputed and under appeal ^	364.93	399.79
b	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	835.49	835.89
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	654.31	3,234.93
e	Pending arbitration/court cases	2,500.99	2,440.63
f	Bank guarantee & Letter of Credit	86.35	87.14
g	Directory dispute	55.43	53.49
h	Pending court cases against land acquisition	4.87	4.87
i	License fee related contingent liability w.r.t. BSNL charges paid on netting basis	140.36	140.36
j	License fee related contingent liability w.r.t. provisional assessment done by DOT	2,865.04	1,197.07
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.

51. Commitments

A. Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in crores)

	31 March 2020	31 March 2019
Property, plant and equipment	51.81	68.26

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 2020**
Variable lease payments	46.11

(b) Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the period

Particulars	**31 March 2020**
Opening balance	352.91
Additions	6.43
Deletions	(0.61)
Accretion of interest	29.70
Payments	(63.49)
Closing balance	**324.94**
Current	**103.91**
Non-current	**221.03**

(c) The Company had total cash outflows for leases of Rs. 109.62 crores)including variable lease payments) for the period ending 31 March 2020.

(d) Refer note 45(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	1,608	3-21 years	12 years	424	-	-
Buildings	37	1- 3 years	3 years	-	-	37
Leasehold land	3	1- 50 years	49 years	3	-	3

(f) Impact on transition

1. Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases" and applied modified retrospective approach to all lease contracts existing as at 1 April 2019. On transition, the adoption of

new standard resulted in recognition of lease liability of Rs. 352.91 crores and corresponding right of use asset of Rs. 559.92 crores

2. For contracts in place as at 1 April 2019, Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
3. The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 1 April 2019.
4. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
5. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.
6. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.
7. On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised was 8.79%.
8. The Company did not present any lease obligations as of 31 March 2019 under Ind AS 17 as operating leases were considered cancellable and while the value of the lease liabilities as of 1 April 2019 is primarily on account of assessment extension options reasonably certain to be exercised and termination options reasonably certain not to be exercised and the effect of discounting such lease liabilities to the present value under Ind AS 116.

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

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Current		
Pari-passu charge		
Inventories	18.54	24.17
Trade receivables	620.74	603.85
Cash and cash equivalents	142.68	74.85
Other bank balances	13.02	20.42
Loans	3,545.20	3,390.42
Other financial assets	3,492.91	899.90
Other currents assets	631.32	692.31
Total current assets pledged as security	**8,464.40**	**5,705.93**
Non-current		
Pari-passu charge		

Particulars	31 March 2020	31 March 2019
Apparatus & plant	1,417.55	1,721.23
Vehicle	1.26	1.28
Furniture & fixtures	9.33	10.58
Office machinery & equipment	1.81	1.97
Electrical appliances	14.21	13.42
Computers	16.58	17.75
Total non-currents assets pledged as security	**1,460.74**	**1,766.24**
Total assets pledged as security	**9,925.14**	**7,472.17**

55. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(₹ in crores)

	Particulars	31 March 2020	31 March 2019
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	37.98	5.35
(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	9.17	Nil
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	Nil	Nil

The Company is in the process of seeking confirmation from its vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

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 ₹ 2.08 crores. Whereas earnings in foreign currency are ₹ 1.44 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:

(₹ in crores)

Description	**Year ended 31 March 2020**
Contract assets at the beginning of the year	201.14
Add: revenue recognised during the year	1,420.13
Less: invoices raised during the year	**(1,483.28)**
	137.99

Changes in contract liabilities:

(₹ in crores)

Description	**Year ended 31 March 2020**
Contract liabilities at the beginning of the year	631.17
Less: performance obligations satisfied in current year	(532.56)
Add: advance received during the year	444.98
	543.59

(ii) Disaggregation of revenue:

(₹ in crores)

Description	**Amount**
Revenue from:	
- Fixed telephone income	948.32
- Enterprise business	257.33
- Mobile services	154.12
- Others	**176.59**
	1,536.36

(iii) Assets and liabilities related to contracts with customers

(₹ in crores)

Description	**As at 31 March 2020**		**As at 31 March 2019**	
	Non-current	**Current**	**Non-current**	**Current**
Contract assets				
Unbilled receivables	-	137.98	-	201.14
Contract liabilities				
Advance from customers	-	395.71	-	457.20
Deferred income	105.78	20.93	127.97	22.20
Deferred activation/ installation charges	14.83	6.34	18.13	5.67

58. Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the company and the landed properties acquired from DOT have not been transferred in the name of the company and in the case of leasehold lands, the documentation is still pending. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 01 April 1986, the documentation shall be contemplated at the time of sale or disposal as and when effected.

59. Department of Telecommunications (DOT) has levied one time spectrum charges for the GSM and CDMA spectrum on MTNL and it also included the spectrum given on trial basis to the extent of 4.4 MHz in 1800 MHz frequency while calculating the spectrum charges. The calculations are further subject to change in accordance with the changes in the quantum of spectrum holding 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.

"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 ₹ 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. 3207.71 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."

60. 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.

61. 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 ₹ 375.96 crores (previous year ₹ 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 ₹ 243.22 crores (previous year ₹ 243.22 crores) for the assessment years 2000-01 to 2005-

06 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80IA of Income Tax Act, 1961.

62. Litigations

a) "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 ₹ 49.04 crores on this account has been shown as contingent liability in Delhi unit."

b) "As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai ₹ 124.93 crores and ₹ 33.99 crores in 2004-05 and 2005-06 respectively against the claim of ₹ 158.92 crores. The Company has recognised the amount realized as revenue in the respective period. The Hon'ble TDSAT has ordered for refund of ₹ 96.71 crores. 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 ₹ 96.71 crores on this account has been shown as contingent liability."

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

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

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

63. Settlements with BSNL:

a) The amount recoverable from BSNL is ₹ 5,584.66 crores (previous year ₹ 5,455.62 crores) and amount payable is ₹ 2,065.05 crores (previous year ₹ 2,051.34 crores). The net recoverable of ₹ 3,519.61 crores (previous year ₹ 3,404.28 crores) is subject to reconciliation and confirmation. The carrying value of the net recoverable from BSNL is ₹ 3,504.10 crores (previous year - ₹ 3,352.67 crores) measured at amortised cost.

b) Certain claims of BSNL on account of Signalling charges ₹ 21.93 crores (previous year ₹ 21.93 crores), Transit tariff ₹ 25.19 crores (previous yea ₹ 25.19 crores), MP Billing ₹ 6.01 crores (₹ 6.01 crores), Service Connections ₹ 40.15 crores (previous year ₹ 40.15 crores), IUC ₹ 10.14 crores (previous year ₹ 10.14 crores) and IUC from Gujrat Circle ₹ 1.11 crore (previous year ₹ 1.11 crore) are being reviewed. Pending settlement of similar other claims from BSNL, no provision is considered necessary.

c) Delhi Unit has accounted for the expenditure on account of telephone bills of service connections raised by BSNL towards MTNL for the period from 01 October 2000 to 30 September 2006 to the tune of ₹ 9.80 crores (previous year ₹ 9.80 crores) on the basis of actual reimbursement made for subsequent periods against the disputed claim of ₹ 31.27 crores (previous year ₹ 31.27 crores), since no details / justifications are received till date from BSNL in spite of repeated persuasion. The balance amount of ₹ 21.47 crores (previous year ₹ 21.47 crores) is shown as contingent liability.

64. Subscribers' dues and deposits:

Other current liabilities include credits on account of receipts including service tax from subscribers amounting to ₹ 74.37 crores (previous year ₹ 49.20 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.

65. The amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation.

66. The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual

invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods.

In MTNL Delhi unit, the collections received from the operators are matched in totality against the bills. The allocation of collection to individual operator's account is pending in the absence of detailed information which is being sought. Therefore although the roaming income and expenditure are booked on actual basis, the roaming debtors are reconciled in totality in the absence of detailed information and such reconciliation is being done on regular basis.

67. In case of Mumbai Unit, the balances with non-scheduled banks comprise of:

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Indira Sahakari Bank Limited	0.56	0.56
(account closed, considered doubtful)	(0.56)	(0.56)

68. Settlements with DoT:

a) Amount recoverable on current account from DoT is ₹ 718.34 crores (previous year ₹ 763.76 crores) and amount payable is ₹ 307.88 crores (previous year ₹ 94.42 crores). The net recoverable of ₹ 410.46 crores (previous year ₹ 669.34 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 ₹ 81.32 crores (previous year ₹ 81.32 crores) in Mumbai unit as intimated provisionally by DoT. At the year end, these deposits amounted to ₹ 103.28 crores (previous year ₹ 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 ₹ 55.85 crores (previous year ₹ 55.85 crores).

c) The total provision for Leave encashment is ₹ 215.29 crores up to 31 March 2020 (previous year ₹ 1,119.08 crores). Out of this, an amount of ₹ 45.48 crores (previous year ₹ 45.48 crores) and ₹ 43.37 crores (previous year ₹ 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 Nil (previous year ₹ 23.15 crores) towards GPF contribution is recoverable from DOT as on 31 March 2020. 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.

69. 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.

70. 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.

71. 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.

72. **Debenture Redemption Reserve:** In view of losses, Debenture Redemption Reserve had not been created in respect of Redeemable Non-Convertible Debentures since 2014-15 (in the form of Bonds).

73. There is no amount which is required to be transferred to Investor Education and Protection Fund by the Company.

74. 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.

75. The Bank Reconciliation Statements as at 31 March 2020 include unmatched/unlinked credits/debits amounting to ₹ 1.32 crore (previous ₹ 1.84 crore) and ₹ 6.23 crore (₹ 3.37 crore) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.

76. The Company has incurred a loss of Rs 3695.68 crores during the year 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 dt. 29 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 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. 1-11-1998 and also on 1-10-2000 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 could reduce the staff expenses from 2400 crores per annum to Rs. 600 Crore per annum which will help the company to reduce its costs and also thereby losses. Besides, the Goverment has approved the monetization of the lands and buildings of the company with the assistance from DIPAM in order the get rid of huge debt burden on the company. The monetization of land and buildings of the company is in process. In addition to this, Govt has approved to provide 4G license to the company and infusion of fresh capital by the Govt in lieu of granting 4G license so that MTNL can compete with others. The government has provided sovereign guarantee for issuance of NCD to MTNL vide F.No. 12(16)-B(SD)/2020 dt. 08/07/2020 for Rs. 6500 crores. The issuance of NCD is under process. All these aspects are considered by the management while preparing the financial statements, and an assessment of an entity's ability to continue as a going concern is made accordingly.

77. Due to COVID 19 pandemic, nationwise lockdown was imposed from 24/03/2020 and MTNL being in essential services the working in MTNL did not hamper in this reporting

period. Therefore practically there is no effect of COVID 19 pandemic on the working of MTNL in the year under report.

78. In pursuance DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29 October 2019 and recommendation of committee of DOT dtd. 31 October 2019 as well as the decision of Board of Directors of MTNL dated 4 November 2019, the MTNL Voluntary Retirement Scheme was introduced for employees who ever opts for VRS with effect from 31/01/2020 under which 14,387 number of MTNL employees of all grades opted and were granted VRS to reduce the legacy staff costs inherited on account of absorption of employees in MTNL who were recruited under government. As per GOI/Cabinet approval on 23/10/2019 and DOT OM cited above, the expenditure on account of ex-gratia compensation was to be borne by the DOT/Government of India through budgetary support. Total ex-gratia payable to employees who opted for VRS on 31/01/2020 was ₹ 2,619.88 crores. However, DOT paid a sum of ₹ 804 crore in March 2020 and ₹ 1,590 crores in Jun & July 2020. The same was paid to employees. The remaining balance amount of Rs. 225.88 crores is yet to be received. ₹ 1,815.88 crore payable to VRS opted employees as on 31/03/2020 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.

79. "License fee on the Adjusted Gross Revenue (AGR) was calculated and accounted for on accrual basis in respect of both revenue and revenue sharing with other operators till F.Y. 2011-12. As per the directions of Supreme Court given earlier in respect of calculation of License Fees and AGR, the matter was referred back to TDSAT. TDSAT vide its judgment dated 23.04.2015 set aside the impugned demands of DOT and DOT was directed to rework the license fee in the light of their findings. However, MTNL is not a party to the dispute and the AGR is calculated as per License Agreement. The issue of deduction claimed in AGR upto F.Y. 2011-12 in respect of revenue sharing on netting basis with BSNL has been taken up with DOT and BSNL while paying License Fees on actual payment basis from 2012-13 onwards. The impact of ₹ 140.36 crores on this account upto the year 2011-12 has been shown as contingent liability. DOT has assessed the LF calculated on the basis of AGR of MTNL.

    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 2016-17 issued by DOT shows demand of ₹ 2865.04 crores. The assessment is under revision in view of documents submitted by MTNL to CCA/ DOT. However an amount of ₹ 2865.04 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	-
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

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
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	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	0.09
43	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	62.47
44	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	0.09
45	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	17.71
46	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	0.04
47	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	1.33
48	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	0.09
49	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	113.79
50	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	21.76
51	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	65.19
52	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2016-17	53.66
53	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2017-18	(1.52)
	Total			**2865.04**

For and on behalf of Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 08273959

(S.R. Sayal)
CO. Secy.

sd/-
(Mukesh Dadhich)
Partner
Membership No. 511741

sd/-
(Pawan Kumar Garg)
Partner
Membership No. 097900

sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi
Date: 22.07.2020

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INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mahanagar Telephone Nigam Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated financial statements of MAHANAGAR TELEPHONE NIGAM LIMITED ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures and associates which comprise the Balance Sheet as at March 31, 2020, 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 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 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 Company as at March 31, 2020, the Consolidated Loss and Consolidated total comprehensive income, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

The Consolidated financial statements include the year to date financial results of the following entities:

(a) **List of Subsidiaries:**
- Mahanagar Telephone (Mauritius) Limited ('MTML') - Audited
- Millenium Telecom Limited - Audited

(b) **List of Joint Ventures:**
- MTNL STPI IT Services Limited ('MSISL') - Audited

(c) **List of Associates:**
- United Telecommunications Limited ('UTL') - Unaudited

Basis for Qualified Opinion

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

(i) The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the current year ended March 31, 2020 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 Consolidated 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 and accompanying management note.

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. (Also refer note no. 80 to the Consolidated Ind-AS financial statements)

(ii) **Bharat Sanchar Nigam Limited (BSNL):**

a) The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3,504.10 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 Consolidated Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 67 to the Consolidated Ind-AS financial statements).

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. 144.66 Crores has not been carried forward or ineligible credits amounting to Rs. 51.65 Crores excessively carried forward to TRANS-1 under GST laws resulting in overstatement of current assets and understatement of loss to that extent.

(iii) The Company has certain balances receivables from and payables to Department of Telecommunication (DOT). The net amount recoverable of Rs. 410.46 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 Consolidated Ind-AS financial statements of the Company. (Also refer point no. (a) of note no. 72 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 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. (Also refer note no. 83 to the Consolidated Ind-AS financial statements).

(v) The Company had allocated the overheads towards capital works in a manner which is not in line with the accepted accounting practices and Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under Section 133 of the Act, the same results into overstatement of capital work in progress/ property, plant and equipment and understatement of loss. The actual impact of the same on the Consolidated Ind-AS financial statements for year is not ascertained and quantified. (Also refer note no. 41 and 44 to the Consolidated Ind-AS financial statements).

(vi) 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, accumulated balance of reserve and surplus and also the carrying value of the cash generating units. (Also refer note no. 74 to the Consolidated Ind-AS financial statements).

(vii) 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 Consolidated Ind-AS financial statements are not ascertainable and quantifiable. (Also refer note no. 69 to the Consolidated Ind-AS financial statements).

(viii) Unlinked credit of Rs. 75.69 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. (Also refer note no. 68 and 79 to the Consolidated Ind-AS financial statements).

(ix) 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. The resultant impact of the same on the statement of profit and loss by way of depreciation and amount of Property, Plant and Equipment capitalized in the balance sheet cannot be ascertained and quantified.

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

(xi) Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of 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 has been revised by Rs. 107.44 Crores on account of rectification of actual usage and subsequently the same is withdrawn.

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. 3205.71 Crores has been disclosed as contingent liability till last year 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 is raised till now and as per management based on TDSAT direction the demand , if any, cannot be more than Rs 455 crores the same is disclosed in 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. (Also refer note no. 63 to the consolidated Ind-AS financial statements).

(xii) The Company has deducted/collected Liquidated Damages from vendors on account of non-fulfilment of contracted conditions, on which Goods and Services Tax (GST) has not been paid. The actual impact of the same on the consolidated Ind-AS financial statements for year is not ascertained and quantified.

In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated in the point nos. (i), (ii)(a), (ii)(b), (iii), (v), (vi), (vii),(viii), (ix), (x), (xi) and (xii) on the Consolidated Ind-AS financial statements of the Company for the year ended on 31st March 2020.

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. Our opinion is not qualified in respect of these matters:

(i) Refer note no.65 to the Consolidated Ind-AS financial statements regarding the adequacy or otherwise of the provision and / or contingency reserve held by the Company with reference to pending dispute with the Income Tax Department before the Hon'ble Courts regarding deduction claimed by the Company u/s 80 IA of the Income Tax Act, 1961.

(ii) Point no. (a) of note no. 66 to the Consolidated Ind-AS financial statements regarding accounting of claims and counter claims of MTNL with M/S M&N Publications Ltd., in a dispute over printing, publishing and supply of telephone directories for MTNL, in the year when the ultimate collection / payment of the same becomes reasonably certain.

(iii) 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. (Also refer note no. 10, 16 and 19 to the Consolidated Ind-AS financial statements).

(iv) The Amounts recoverable from Department of Telecommunication (DOT) in respect of settlement of General Provident Fund (GPF) of Combined Service Optee absorbed employees in MTNL; wherein DOT has not accepted/sanctioned the full amount of GPF including interest thereon, claimed of the Company in respect of which correspondence in going on between the Company and DOT are continued to be shown as recoverable from DOT and payable to GPF in the Consolidated Ind-AS financial statements and further explained in point no. (d) of Note no. 72 to the Consolidated Ind-AS financial statements.

(v) 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.

(vi) 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.

(vii) 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 of the Company.

(viii) Income arising on account of Revenue Sharing with BSNL in respect of lease circuits provided has not been recognized in terms of Memorandum of Understanding (MOU) between BSNL and MTNL. As per MOU, revenue and expenditure will be based on the price offered to the customers after applying the discount, if any at the time of acquiring the business. However, Revenue has been recognized on the basis of available information which is either based on the Company Card Rates or Old rates of BSNL. In Some Cases, BSNL has given the information in respect of updated rated but the same has not been considered at the time of booking of revenue sharing with BSNL. In the absence of relevant updated records, we are not in a position to comment on the impact thereof on the Consolidated Ind-AS financial statements.

(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. (Also refer clause no. (k) of note no. 3 to the Consolidated Ind-AS financial statements).

(x) In pursuance DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29 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. As such no provision of VRS compensation is considered in the FY 2019-2020. Balance amount payable to VRS opted employees as on 31 March 2020 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. (Also refer note no. 82 to the standalone Ind AS financial statements).

Our opinion is not modified in respect of these matters.

Material uncertainty related to going concern

We draw attention to Note no. 80 in the consolidated 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 matter as set forth in Note 80, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Further, Union Cabinet has also approved the "Revival plan of BSNL and MTNL" by reducing employee costs, administrative allotment of spectrum for 4G services, debt restructuring by raising of sovereign guarantee bonds, monetization of assets and in principle approval for merger of BSNL and MTNL.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis of qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit Addressed the key Audit Matter
1	**Revenue Recognition:** There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.) Refer Notes no. 61 to the Consolidated Ind-AS Financial Statements.	We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach including controls testing and substantive procedures covering in particular: • Testing the IT environment 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 Notes no. 54 and 65 to the Consolidated Ind-AS Financial Statements.	We have obtained details of completed tax assessments and demands up to March 31, 2020 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 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 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 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; Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable. (Refer to note no. 54 of the Consolidated Ind-AS financial statements).

Other Matters

We did not audit the financial statements/financial information of subsidiaries, jointly controlled entities and associates, whose financial statements/financial information reflect total assets of Rs. 171.99 Crores and net assets of Rs. 142.03 Crores as at 31st March, 2020, total revenues of Rs. 91.24 Crores and net cash inflows amounting to Rs. 9.19 Crores 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. 0.23 Crores for the year ended 31st March, 2020, as considered in the consolidated Ind-AS financial statements, in respect of one jointly controlled entities, 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 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 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 Company and audited by us.

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 matter 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

Information Other than the Consolidated 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 Company's Annual Report, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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.

Responsibilities of the Management and those charged with governance for the Consolidated

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 Consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated 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's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Ind-AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the 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 Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 going concern matter described in material uncertainty related to going concern 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

h) 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 requirement of provisions of section 197 (16) of the Act is not applicable on the Company.

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 Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.

b) 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.

c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Vinod Kumar and Associates
Chartered Accountants
Firm Registration No.: 002304N

(CA Mukesh Dadhich)
Partner
Membership No.: 511741
UDIN: 20511741AAAAHK8253

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

(CA Pawan Kumar Garg)
Partner
Membership No.: 097900
UDIN:20097900AAAAAL2929

Place: New Delhi
Date: 22.07.2020

Annexure - A

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) 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 2020 in conjunction with our audit of the Consolidated 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 Consolidated 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 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, 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, 2020:

(i) The Company does not have an appropriate internal control system for identification of overheads to be capitalized with the cost of Property, Plant and Equipment which could potentially result into under /over capitalization of Property, Plant and Equipment and corresponding impact on the operational results of the Company.

(ii) The Company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items or due to delay of inventory issue slip by stores. Hence, the date of capitalization is not reliable. This could potentially result into delayed capitalization and corresponding impact on the operational results due to lower charge of depreciation.

(iii) The Company does not have appropriate internal control system for ensuring de-commissioning and de-capitalization of Property, Plant and Equipment in respect of assets which are no longer in use and held for disposal as scrap. This could potentially result into overstatement of gross block and corresponding impact on the operational results due to higher charge of depreciation and lower provision for impairment of assets.

(iv) The Company does not have an appropriate internal control system to ensure that provisions made pending receipt of bills from vendors / contractors / operators / government departments at the 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.

(v) The Company does not have an appropriate internal control system to track open purchase orders, work orders, agreements and contracts which have been entered with vendors / contractors / operators / government departments and are lying open. This could have a bearing on efficiency of operations and recording of financial liabilities and provisions pertaining to the same.

(vi) The Company does not have an integrated ERP system. Different software packages used by the company are interfaced through software links or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting.

(vii) The Company does not have an appropriate internal control system for reconciliation of vendors / contractors / operators / government departments, accounts which could potentially result in some changes in the Consolidated Ind-AS financial statements. The cases identified by us have been appropriately qualified at various places in our report.

(viii) The Company does not have effective internal audit system so as to cover all major areas with extensive scope. The extent and depth of coverage, manner of conduct and reporting in respect of internal audit is very weak. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.

(ix) The Company does not have an appropriate internal control system for reconciliation of items of unlinked debits and credits because of receipts from the subscriber and the amount debited by the banks. This could potentially lead unreported financial adjustments ultimately resulting into distorted financial reporting.

(x) The Company does not have an appropriate internal control system for invoicing which are due and payable based on manual invoicing. The invoicing 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.

(xi) The Company does not have appropriate internal control system for ensuring end use of issued inventory. The accounting is done based on the requisition statement of item and not actual installation or commission of item. This could potentially result into non-identification of pilferage and also early capitalization of equipments.

(xii) The 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 company.

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, 2020, 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, 2020 Consolidated Ind-AS financial statements of the Company, and these material weaknesses do not affect our opinion on the Consolidated Ind-AS financial statements of the Company.

For Vinod Kumar and Associates
Chartered Accountants
Firm Registration No.: 002304N

(CA Mukesh Dadhich)
Partner
Membership No.: 511741
UDIN: 20511741AAAAHK8253

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

(CA Pawan Kumar Garg)
Partner
Membership No.: 097900
UDIN:20097900AAAAAL2929

Place: New Delhi
Date: 22.07.2020

MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Balance Sheet as at 31 March 2020

	Notes	31 March 2020 (₹ in crores)	31 March 2019 (₹ in crores)
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,579.11	4,329.56
Capital work-in-progress	5	328.08	320.04
Right-of-use assets	6	503.66	-
Investment property	7	39.80	34.96
Intangible assets	8	2,766.21	3,101.90
Investments accounted for using the equity method	9	3.51	3.73
Financial assets			
Loans	10	202.67	192.34
Other financial assets	11	0.63	1.74
Deferred tax assets (net)	12	0.00	0.00
Income tax assets (net)	13	707.36	724.43
Other non-current assets	14	23.85	230.31
Total non-current assets		**8,154.88**	**8,939.01**
Current assets			
Inventories	15	19.32	24.98
Financial assets			
Trade receivables	16	628.96	611.48
Cash and cash equivalents	17	196.60	119.58
Other bank balances	18	13.02	20.42
Loans	19	3,545.35	3,390.02
Other financial assets	20	3,492.91	900.04
Current tax assets (net)	21	0.29	0.33
Other current assets	22	636.68	698.36
Total current assets		**8,533.13**	**5,765.21**
Assets held for sale	23	0.05	0.29
Total assets		**16,688.06**	**14,704.51**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	24	630.00	630.00
Other equity	25	(14,212.10)	(10,357.83)
Total equity		**(13,582.10)**	**(9,727.83)**
Non-current liabilities			
Financial liabilities			
Borrowings	26	12,554.15	11,431.59
Lease liabilities	27	221.74	40.57
Other financial liabilities	28	199.97	323.81
Long-term provisions	29	240.12	911.72
Deferred tax liabilities (net)	30	6.75	6.34
Other non-current liabilities	31	120.84	146.32
Total non-current liabilities		13,343.57	12,860.35
Current liabilities			
Financial liabilities			
Borrowings	32	9,296.42	7,620.35
Lease Liablities	33	104.04	4.65
Trade payables	34		
(a) Total outstanding dues of micro enterprises and small enterprises		47.13	5.35
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		748.88	528.09
Other financial liabilities	35	5,896.90	2,263.49
Other current liabilities	36	653.40	765.51
Short-term provisions	37	179.82	384.55
Total current liabilities		**16,926.59**	**11,571.99**
Total liabilities		**30,270.16**	**24,432.34**
Total equity and liabilities		**16,688.06**	**14,704.51**

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 Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

sd/-
(Mukesh Dadhich)
Partner
Membership No. 511741

sd/-
(Pawan Kumar Garg)
Partner
Membership No. 097900

sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi, **Date:** 22.07.2020

MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Statement of Profit and Loss for the year ended 31 March 2020

		31 March 2020 (₹ in crores)	31 March 2019 (₹ in crores)
Income			
Revenue from operations	38	1,623.55	2,085.41
Other income	39	693.04	636.09
Total income		**2,316.59**	**2,721.50**
Expenses			
Purchases of stock-in-trade		2.49	1.96
License fees expense	40	169.87	187.91
Employee benefits expense	41	2,128.18	2,275.34
Finance costs	42	1,941.66	1,703.18
Revenue sharing expense		117.60	181.09
Depreciation and amortisation expense	43	985.84	1,002.42
Other expenses	44	663.84	756.16
Total expenses		**6,009.48**	**6,108.05**
Profit/ (loss) before share of net profits of investments accounted for using equity method and tax		**(3,692.89)**	**(3,386.55)**
Share of profit/(loss) in investments accounted for using equity method		0.23	(0.64)
Profit/ (loss) before tax		**(3,692.66)**	**(3,387.20)**
Tax expense	45	1.07	0.88
Net profit/ (loss) for the year		**(3,693.73)**	**(3,388.07)**
Other comprehensive income	**46**		
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit plans		(115.32)	(7.39)
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		(5.12)	(0.36)
Income tax relating to items that will be reclassified to profit or loss	45	-	-
Total other comprehensive income/ (loss) for the year		**(120.44)**	**(7.75)**
Total comprehensive income/ (loss) for the year		**(3,814.17)**	**(3,395.82)**
Profit/ (loss) is attributable to :			
Owners of Mahanagar Telephone Nigam Limited		(3,693.73)	(3,388.07)
		(3,693.73)	**(3,388.07)**
Total comprehensive income/ (loss) is attributable to :			
Owners of Mahanagar Telephone Nigam Limited		(3,814.17)	(3,395.82)
		(3,814.17)	**(3,395.82)**
Loss per equity share:	47		
Basic (₹)		(58.63)	(53.78)
Diluted (₹)		(58.63)	(53.78)

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 Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
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Partner
Membership No. 511741

sd/-
(Pawan Kumar Garg)
Partner
Membership No. 097900

sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi, **Date:** 22.07.2020

MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Cash Flow Statement for the year ended 31 March 2020

		31 March 2020 (₹ in crores)	31 March 2019 (₹ in crores)
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before tax	**(3,692.66)**	**(3,387.20)**
	Adjustments for:		
	Depreciation expense	650.12	665.40
	Amortisation expense	335.72	337.02
	Loss on disposal of property, plant and equipment (net)	(0.77)	15.96
	Share of profit from associates and joint ventures	(0.23)	0.64
	Interest income	(143.24)	(95.72)
	Excess provisions written back	(157.35)	(107.12)
	Loss of assets	2.33	1.41
	Provision for doubtful debts including discount	64.50	9.65
	Provision for obsolete inventory	3.01	1.35
	Provision for doubtful claims	1.08	2.29
	Remeasurement gains and loss on employee benefit obligations	(115.32)	(7.39)
	Finance costs	1,941.66	1,703.18
	Bad debts recovered	(0.08)	(0.33)
	Bad debts written off	15.23	18.32
	Operating loss before working capital changes	**(1,096.00)**	**(842.52)**
	Movement in working capital		
	Decrease/(increase) in loans	(114.37)	1,101.54
	(Increase)/decrease in inventories	0.31	(2.32)
	Increase in other financial assets	(2,594.46)	(13.08)
	Decrease in other assets	267.93	74.84
	Decrease/(increase) in trade and other receivables	(97.21)	(213.07)
	Increase/(decrease) in other financial liabilities	3,011.71	(1,058.53)
	(Decrease)/increase in other liabilities	(137.70)	119.44
	Increase in provisions, trade and other payables	(462.31)	109.90
	Cash flows from/(used in) operating activities post working capital changes	**(1,222.10)**	**(723.79)**
	Income tax (paid)/refunds (net)	16.46	(9.16)
	Net cash used in operating activities (A)	**(1,205.64)**	**(732.95)**
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)	(142.55)	(310.46)
	Movement in fixed deposits (net)	8.51	0.06
	Interest received	90.80	13.44
	Net cash used in investing activities (B)	**(43.24)**	**(296.96)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds and repayment of long-term borrowings (net)	1,594.24	1,477.39
	Proceeds and repayment of short-term borrowings (net)	1,676.07	1,238.26
	Finance cost paid	(1,880.68)	(1,671.49)
	Payment towards Lease Liability	(63.73)	-
	Net cash flows from financing activities (C)	**1,325.90**	**1,044.16**
	Decrease in cash and cash equivalents (A+B+C)	77.02	14.25
	Cash and cash equivalents at the beginning of the year	119.58	105.34
	Cash and cash equivalents at the end of the year	**196.60**	**119.58**

For and on behalf of Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
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sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi, **Date:** 22.07.2020

MAHANAGAR TELEPHONE NIGAM LIMITED
Consolidated Statement of changes in equity for the year ended 31 March 2020

A Equity share capital

(₹ in crores)

Particulars	Balance as at 01 April 2018	Changes in equity share capital during the year	Balance as at 01 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020	
Equity share capital	630.00	-	630.00	-	630.00	

B Other equity

(₹ in crores)

	Securities Premium	General reserve	Research & Development reserve	Contingency reserve	Debenture redemption reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	Total
Balance as at 01 April 2018	**665.00**	**0.07**	**30.80**	**243.22**	**45.27**	**(7,961.05)**	**14.67**	**(6,962.01)**
Profit for the year	-	-	-	-	-	(3,388.07)	-	(3,388.07)
Transfer from other comprehensive income to retained earnings	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	(7.39)	(0.36)	(7.75)
Balance as at 31 March 2019	**665.00**	**0.07**	**30.80**	**243.22**	**45.27**	**(11,356.52)**	**14.31**	**(10,357.83)**
Profit for the year	-	-	-	-	-	(3,693.73)	-	(3,693.73)
Impact on transition to Ind AS 116	-	-	-	-	-	(40.09)	-	(40.09)
Other comprehensive income for the year	-	-	-	-	-	(115.32)	(5.12)	(120.44)
Balance as at 31 March 2020	**665.00**	**0.07**	**30.80**	**243.22**	**45.27**	**(15,205.67)**	**9.19**	**(14,212.10)**

For and on behalf of Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
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sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi, **Date:** 22.07.2020

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 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 and Delhi 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 are consolidated financial statements of the Group prepared in accordance with Ind AS 110 and Board of Directors approved the same for issue on 22nd July 2020.

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 cost to sell

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 2020. 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 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 Company makes contribution to provident fund Trust administered by the Company, which is recognised by the income tax authorities. Both the employer and employee contribute to this Fund and such contributions together with interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The interest rate payable to the members of the Trust is not lower than the rate of interest declared annually by the Government under the Employees's Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company. Accordingly, this is accounted for a defined benefit plan and any shortfall in the Fund is accounted as expense in the books of the company.

(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, except for the amounts due to difference in pay scales of MTNL and BSNL which is payable by MTNL to the Government of India till next wage revision by which time MTNL and BSNL shall achieve pay scale parity. Long-term provisions in this respect have been discounted using the applicable discount rates.

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 method.

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 to sell. 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	4

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) Leased assets

Transition

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method. The Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing at the date of initial application and right-of-use assets at its carrying amount as if the Standard had been applied since the commencement date. The difference between lease liability and right of use asset has been recorded as an adjustment to opening retained earnings as at 1 April 2019. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

Refer note XX for details.

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 to sell. 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** – Life time expected credit losses are assessed and accounted based on company's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates for each identified segment.

(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.

➢ *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 method, 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.

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 recognizsd 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) 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.

s) 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. There is no such notification which would have been applicable from 1 April 2020.

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.

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 2020

4. Property, plant and equipment

(₹ in crores)

Description	Freehold land	Leasehold land	Buildings	Leased premises	Lines & wires	Cables	Apparatus & plant	Vehicle	Furniture & fixtures	Office machinery & equipment	Electrical appliances	Computers	Asset scrapped/ decommissioned	Total
Gross carrying value														
As at 01 April 2018	18.80	363.28	1,910.64	6.53	165.13	7,797.88	10,399.82	24.31	159.04	38.09	154.54	312.72	44.79	21,395.57
Additions	-	0.06	28.99	-	9.05	64.28	217.58	0.13	0.45	0.09	1.97	1.04	12.80	336.45
Assets held for sale														-
Adjustments^	(0.01)	(0.07)	(3.65)	-	-	(0.13)	(66.46)	(0.17)	(0.00)	(0.02)	0.01	(0.00)	(11.93)	(82.42)
Exchange differences	-	-	(0.04)	-	-	-	(0.75)	(0.00)	(0.01)	-	-	(0.00)	-	(0.81)
Disposals	-	-	(0.79)	-	-	-	(22.60)	(2.07)	(0.02)	(0.03)	(1.73)	(0.93)	(0.18)	(28.35)
As at 31 March 2019	**18.79**	**363.27**	**1,935.14**	**6.53**	**174.18**	**7,862.03**	**10,527.59**	**22.20**	**159.46**	**38.13**	**154.80**	**312.83**	**45.49**	**21,620.44**
Additions	0.03	-	20.99	-	3.19	30.05	76.65	0.16	0.17	0.08	0.05	2.75	4.29	138.40
Assets held for sale														-
Adjustments^	(0.29)	(363.27)	(5.66)	(6.53)	-	-	(0.53)	-	-	0.00	(0.00)	-	(0.00)	(376.30)
Exchange differences	-	-	(0.54)	-	-	-	(8.73)	(0.09)	(0.01)	(0.04)	(0.01)	-	-	(9.43)
Disposals	-	-	(1.93)	-	-	-	(54.20)	(0.47)	(2.60)	(0.89)	(0.36)	(1.24)	(0.90)	(62.61)
As at 31 March 2020	**18.52**	**0.00**	**1,947.99**	**-**	**177.37**	**7,892.08**	**10,540.78**	**21.80**	**157.02**	**37.28**	**154.47**	**314.34**	**48.86**	**21,310.51**
Accumulated depreciation														
As at 01 April 2018	-	69.98	1,023.48	2.01	98.95	6,511.26	8,363.48	22.14	145.99	35.92	140.46	294.35	-	16,708.04
Charge for the year	-	3.81	76.97	0.14	5.33	137.33	433.74	0.34	2.18	0.23	2.20	1.53	-	663.80
Assets held for sale														-
Adjustments^	-	(0.03)	(3.22)	-	0.22	0.15	(73.20)	(2.13)	(0.02)	(0.05)	(1.29)	(0.88)	-	(80.45)
Exchange differences	-	-	(0.01)	-	-	-	(0.48)	(0.00)	(0.00)	(0.00)	-	(0.00)	-	(0.50)
As at 31 March 2019	**-**	**73.76**	**1,097.23**	**2.15**	**104.49**	**6,648.74**	**8,723.54**	**20.36**	**148.15**	**36.11**	**141.36**	**295.00**	**-**	**17,290.88**
Charge for the year	-	-	75.65	-	5.52	124.88	374.22	1.58	1.24	0.20	0.16	1.78	-	585.22
Assets held for sale														-
Adjustments^	-	(73.76)	(6.88)	(2.15)	(0.00)	(1.34)	(49.50)	(0.45)	(2.47)	(0.74)	(0.35)	(1.06)	-	(138.69)
Impairment loss														-
Exchange differences	-	-	(0.13)	-	-	-	(5.68)	(0.07)	(0.01)	(0.12)	(0.01)	-	-	(6.02)
As at 31 March 2020	**-**	**0.00**	**1,165.86**	**-**	**110.01**	**6,772.27**	**9,042.58**	**21.42**	**146.92**	**35.44**	**141.17**	**295.73**	**-**	**17,731.39**
Net block as at 31 March 2019	**18.79**	**289.51**	**837.92**	**4.38**	**69.68**	**1,213.29**	**1,804.05**	**1.85**	**11.31**	**2.02**	**13.43**	**17.83**	**45.49**	**4,329.56**
Net block as at 31 March 2020	**18.52**	**0.00**	**782.13**	**-**	**67.36**	**1,119.80**	**1,498.20**	**0.39**	**10.10**	**1.84**	**13.30**	**18.62**	**48.86**	**3,579.11**

^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.

5. Capital work-in-progress

(₹ in crores)

	31 March 2020	31 March 2019
Buildings	34.22	24.18
Apparatus & plants	170.90	174.51
Lines & wires	2.23	3.04
Cables	33.17	33.15
Subscribers' installations	10.27	11.92
Air conditioning plants	31.17	20.23
Others	75.52	84.19
	357.48	**351.22**
Less: provision for :		
Abandoned work	(1.10)	(1.10)
Others	(28.28)	(30.08)
	328.08	**320.04**

Movement in capital work in progress:

(₹ in crores)

Particulars	**Amount**
Capital work-in-progress as at 01 April 2018	330.98
Add: additions during the year	346.70
Less: capitalisation during the year	(373.70)
Less: reversal/(provision) for abandoned work	16.06
Capital work-in-progress as at 31 March 2019	**320.04**
Add: additions during the year	141.77
Less: capitalisation during the year	(126.86)
Less: reversal/(provision) for abandoned work	(6.87)
Capital work-in-progress as at 31 March 2020	**328.08**

Notes:

(i) Capitalised borrowing cost

The borrowing costs capitalised during the year ended 31 March 2020 was ₹ 4.11 crores (31 March 2019: Nil).

(ii) Contractual obligations

Refer note 55 for disclosure of contractual commitments.

(iii) Nature of expenses capitalised during the year

(₹ in crores)

Particulars	**31 March 2020**	**31 March 2019**
Salaries and other employee costs	90.85	165.43
Finance cost	-	-
Administrative costs	-	0.02
Total	**90.85**	**165.45**

6. Right-of-use assets

Description	Leasehold land	Buildings	Towers	Vehicle	Total
Gross carrying value					
As at 01 April 2019	-	-	-	-	-
Opening balance on transition to Ind AS 116	-	26.75	242.80	0.86	270.41
Additions/Transfer In	364.48	-	6.67	-	371.16
Assets held for sale	-	-	-	-	-
Exchange difference	(0.02)	-	-	-	(0.02)
Deletions/Transfer Out	(1.06)	-	(0.45)	-	(1.51)
As at 31 March 2020	**363.39**	**26.75**	**249.03**	**0.86**	**640.03**
Accumulated depreciation					
As at 01 April 2019	-	-	-	-	-
Transferred from PPE on transition to Ind AS 116	73.76	-	-	-	73.76
Tranfeered to investment property	(0.41)	-	-	-	(0.41)
Charge for the year	3.93	9.00	49.82	0.27	63.02
Exchange difference	-	-	-	-	-
As at 31 March 2019	**77.28**	**9.00**	**49.82**	**0.27**	**136.37**
Net block as at 31 March 2020	**286.11**	**17.75**	**199.20**	**0.59**	**503.66**

Refer note 57 for further details on leases.

7. Investment property

(₹ in crores)

Description	Gross block					Accumulated depreciation					Net block	Net block
	01 April 2018	Additions	Disposals/ adjustments^	Exchange differences	31 March 2019	01 April 2018	Charge	Disposals/ adjustments^	Exchange differences	31 March 2019	31 March 2019	01 April 2018
Freehold land	0.25	0.01	-	-	0.26	-	-	-	-	-	0.26	0.25
Leasehold land	8.42	0.07	-	-	8.50	2.26	0.10	0.03	-	2.39	6.11	6.17
Buildings	44.79	3.90	(0.25)	(0.03)	48.40	15.85	1.50	2.47	(0.01)	19.82	28.59	28.94
Total	**53.47**	**3.98**	**(0.25)**	**(0.03)**	**57.16**	**18.11**	**1.60**	**2.50**	**(0.01)**	**22.20**	**34.96**	**35.37**

(₹ in crores)

Description	Gross block					Accumulated depreciation					Net block	Net block
	01 April 2019	Additions	Disposals/ adjustments^	Exchange differences	31 March 2020	01 April 2019	Charge	Disposals/ adjustments^	Exchange differences	31 March 2020	31 March 2020	01 April 2019
Freehold land	0.26	0.29	-	-	0.56	-	-	-	-	-	0.56	0.26
Leasehold land	8.50	1.06	-	-	9.56	2.39	0.12	0.41	-	2.91	6.65	6.11
Buildings	48.40	11.15	-	(0.43)	59.12	19.82	1.76	5.06	(0.11)	26.53	32.59	28.59
Total	**57.16**	**12.51**	**-**	**(0.43)**	**69.24**	**22.20**	**1.88**	**5.47**	**(0.11)**	**29.45**	**39.80**	**34.96**

^Disposals/adjustments includes transfer from/to property, plant and equipment.

(i) Amount recognised in profit and loss for investment property

(₹ in crores)

	31 March 2020	31 March 2019
Rental income	297.27	326.43
Direct operating expenses that generated rental income*	-	-
Direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property	297.27	326.43

*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 17 "Leases".

(iii) Fair value of investment property (₹ in crores)

Particulars	31 March 2020	31 March 2019
Fair value	3,587.38	3,296.44

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

(₹ in crores)

	Software	One time spectrum fees	Total
Gross carrying value			
At 01 April 2018	133.21	6,565.90	6,699
Additions	0.00	-	0.00
Disposals/adjustments	-	(1.90)	(1.90)
Balance as at 31 March 2019	**133.21**	**6,564.00**	**6,697.24**
Additions	0.03	-	0.03
Disposals/adjustments	-	-	-
Balance as at 31 March 2020	**133.24**	**6,564.00**	**6,697.27**
Accumulated amortisation			
At 01 April 2018	91.36	3,167.07	3,258.43
Amortisation charge for the year	8.82	328.20	337.02
Adjustments	0.35	(0.46)	(0.10)
Balance as at 31 March 2019	**100.54**	**3,494.81**	**3,595.35**
Amortisation charge for the year	7.52	328.20	335.72
Adjustments	-	-	-

	Software	One time spectrum fees	Total
Balance as at 31 March 2020	**108.06**	**3,823.01**	**3,931.07**
Net book value as at 31 March 2019	**32.68**	**3,069.19**	**3,101.90**
Net book value as at 31 March 2020	**25.19**	**2,740.99**	**2,766.21**

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. Investments accounted for using the equity method

(₹ in crores)

	Number of shares			Amount	
	31 March 2020	31 March 2019	31 March 2019	31 March 2020	31 March 2019
In equity instruments					
In Joint ventures (unquoted)					
MTNL STPI IT Services Limited (face value of ₹ 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				1.23	1.45
Investments accounted for using the equity method				**3.51**	**3.73**

Notes:

(a) Refer note 51 for detailed information on interests in associates and joint ventures

(b) As per article 12.19 (b) of Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's notice.

Pursuant to this exit clause, the Parent 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 time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Parent. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019 and 31 March 2020. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassdor of India in Nepal to get the process expedited so that faciliation of the remittance of amount invested in UTL back to MTNL is done. Refer note 23 for details.

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10. Loans

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Secured, considered good		
Loan to employees	5.41	9.29
Unsecured, considered good		
Security deposits with other departments	197.26	161.29
Receivable from DoT	-	21.77
Credit impaired		
Security deposits with other departments	2.23	11.51
Receivable from DoT	-	1.39
	204.90	205.24
Less: allowance for credit impaired loans	(2.23)	(12.90)
	202.67	**192.34**

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

(iii) For details on settlement of receivable from BSNL, refer note 67.

(iv) For details on settlement of receivable from DoT, refer note 72.

11. Other financial assets

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Bank deposits with more than 12 months maturity	0.63	1.74
	0.63	**1.74**

Notes:

(i) ₹ 0.63 crores (31 March 2019 - ₹ 1.74 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)

(₹ in crores)

	31 March 2020	31 March 2019
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 2020:

Particulars	01 April 2019	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2020
Non-current assets				
Property plant and equipment	0.00	-	(0.00)	0.00
Total	**0.00**	**-**	**(0.00)**	**0.00**

(ii) Movement in deferred tax assets for year ended 31 March 2019:

Particulars	01 April 2018	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2019
Non-current assets				
Property plant and equipment	0.00	-	(0.00)	0.00
Total	**0.00**	**-**	**(0.00)**	**0.00**

13. Income tax assets (net)

(₹ in crores)

	31 March 2020	31 March 2019
Advance income tax (net of provision)	707.36	724.43
	707.36	**724.43**

14. Other non-current assets

(₹ in crores)

	31 March 2020	31 March 2019
Capital advances	1.57	1.58
Deferred lease income	15.69	
Advance against future settlements towards DoT	-	215.02
Balances with statutory authorities	2.70	2.70
Prepaid expenses	3.89	11.02
	23.85	**230.31**

15. Inventories

(₹ in crores)

	31 March 2020	31 March 2019
(Valued at cost, unless otherwise stated)		
Exchange equipments	34.31	37.24
Telephones & telex instruments	0.78	0.14
Mobile handsets & sim cards	2.08	3.00
WLL equipments	0.08	0.08
Telephones & telex spares	0.09	0.09
	37.34	**40.55**
Less : provision for obsolete stores	(18.02)	(15.58)
	19.32	**24.98**

16. Trade receivables

(₹ in crores)

	31 March 2020	31 March 2019
Trade receivables		
- Secured, considered good	151.02	76.02
- Unsecured, considered good	435.92	422.48
- Credit impaired	839.75	785.94
Unbilled receivables	137.98	201.15
	1,564.67	1,485.58
Less: Allowance for impairment		
Unsecured considered good (expected credit loss)	(95.96)	(88.17)
Credit impaired	(839.75)	(785.94)
	628.96	**611.48**

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 2020 of ₹ 77.36 crores (31 March 2019 - ₹ 76.02 crores) and related amortised cost as at 31 March 2020 of ₹ 35.20 crores (31 March 2019 - ₹ 26.06 crores).

(iv) The carrying values of trade receivables are considered to be a reasonable approximation of fair values.

17. Cash and cash equivalents

(₹ in crores)

	31 March 2020	31 March 2019
Balances with banks in current accounts	153.50	88.11
Cheques, drafts in hand	0.20	0.32
Cash on hand	0.27	2.19
Bank deposits with original maturity of less than 3 months	43.19	29.52
Less: provision for doubtful bank balances	(0.56)	(0.56)
	196.60	**119.58**

The carrying values are a reasonable approximate of their fair values.

18. Other bank balances

(₹ in crores)

	31 March 2020	31 March 2019
Bank deposits maturity for more than 3 months but less than 12 months	13.02	20.42
	13.02	**20.42**

Notes:

(i) ₹ 13.02 crores (31 March 2019 - ₹ 20.42 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

(₹ in crores)

	31 March 2020 Current	31 March 2019 Current
Secured, considered good		
Loan to employees	5.21	13.47
Unsecured, considered good		
Loan to employees	14.39	1.71
Security deposits with other departments	21.65	22.18
Receivable from BSNL	3,504.10	3,352.67
Credit impaired		
Loan to employees	-	0.01
	3,545.35	**3,390.03**
Less: Allowance for credit impaired loans	-	(0.01)
	3,545.35	**3,390.02**

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 67.

20. Other financial assets

(₹ in crores)

	31 March 2020 Current	31 March 2019 Current
Amount recoverable		
IUC operators	274.95	232.94
DoT	1,815.88	-
Others	1,491.36	776.24
	3,582.19	**1,009.17**
Less: provision for credit impaired receivables	(89.28)	(109.13)
	3,492.91	**900.04**

Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost.

21. Current tax assets (net)

(₹ in crores)

	31 March 2020	31 March 2019
Advance income tax (net of provision)	0.29	0.33
	0.29	**0.33**

22. Other current assets

(₹ in crores)

	31 March 2020	31 March 2019
Advances to suppliers	18.13	18.07
Deferred lease income	2.62	
Advance against future settlements towards DoT	410.46	431.16
Balances with statutory authorities	142.64	152.39
Prepaid expenses	64.08	56.68
Other recoverables	0.14	40.07
	638.07	698.36
Less: provision for doubtful advances	(1.39)	-
	636.68	**698.36**

23. Assets held for sale

Property, plant and equipment (refer note (a))	0.05	0.29
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)
	0.05	**0.29**

Notes:

(a) In respect of assets classified as held for sale in the year ended 31 March 2018, 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 2020 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 ₹ nil (31 March 2019: ₹ nil) as impairment loss in the statement of profit and loss.

(b) As per article 12.19 (b) of Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's notice. Pursuant to this exit clause, the Parent 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 time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Parent. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019 and 31 March 2020. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassdor of India in Nepal to get the process expedited so that faciliation of the remittance of amount invested in UTL back to MTNL is done.

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

(₹ in crores)

	31 March 2020	31 March 2019
Authorised capital		
100,000,000,000 (previous year 800,000,000) equity shares of ₹ 10 each	10,000.00	10,000.00
	10,000.00	10,000.00
Issued, subscribed and fully paid up		
630,000,000 (previous year 630,000,000) equity shares of ₹ 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 2020		31 March 2019	
	No. of shares	(₹ in crores)	No. of shares	(₹ 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 ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Parent declares and pays dividends in Indian rupees. In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the Parent, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Parent

	As on 31 March 2020		**As on 31 March 2019**	
	No. of shares	**% holding**	**No. of shares**	**% holding**
Equity shares of ₹ 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	118,515,213	18.81	118,515,213	18.81

d) There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

e) There are no shares reserved for issue under options or other purpose.

25. Other equity

(₹ in crores)

	31 March 2020	**31 March 2019**
Retained earnings		
As per last balance sheet	(11,356.52)	(7,961.06)
Add : Net profit/ (loss) for the year	(3,693.73)	(3,388.07)
Add : Impact on transition to Ind AS 116	(40.09)	-
Add: Remeasurements of employee benefit obligations	(115.32)	(7.39)
	(15,205.67)	**(11,356.52)**
Other reserves		
General reserve	**0.07**	**0.07**
Debenture redemption reserve	**45.27**	**45.27**
Securities premium	**665.00**	**665.00**
Research and development reserve	**30.80**	**30.80**
Contingency reserve	**243.22**	**243.22**
Other comprehensive income		
As per last balance sheet	14.31	14.67
Foreign currency translation for current year	(5.12)	(0.36)
	9.19	**14.31**
	993.56	**998.68**

Nature and purpose of other reserves:

(i) Debenture redemption reserve

The Group is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

(ii) 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.

(iii) 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.

(iv) Other Comprehensive Income(OCI)

The Group has recognised remeasurements benefits on defined benefits plans through Other comprehensive income

(v) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.

26. Borrowings

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Secured		
Term loans (net of current maturities)		
From banks	9,575.34	8,453.13
Finance lease obligations		
Obligations under finance leases	-	-
	9,575.34	8,453.13
Debentures		
Debentures - Series 4D	-	-
[22,689 number of 8.29% Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 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 ₹ 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 ₹ 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 ₹ 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 ₹ 0.10 crore each less amount recoverable from DoT - refer note(iv) below]		
Debentures - Series 2A*	1,974.30	1,973.96
[19,750 number of 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each]		
Debentures - Series 1A*	1,004.50	1,004.50
[10,050 number of 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) of ₹ 0.10 crore each]		
	2,978.80	2,978.45
	12,554.15	**11,431.59**
Amount disclosed under other financial liabilities:		
Current maturities of long-term debt	1,115.00	640.00
Interest accrued	63.10	61.40

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 Baroda and Indian bank given below . Further, for securing the above term loans letter of comfort was issued by DoT. For repayment terms of the out-standing long-term borrowings (including current maturities) refer the table below:

(a) As on 31 March 2020:

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Corporation Bank	500.00	Repayment due in 20 instalments spread on:- From Dec-20 to Sep-22- 12.5 Crores/quarter (8 Instalments) From Dec-22 to Sep-23. 25 Crores/quarter (4 Instalments) From Dec-23 to Sep-25. 37.5 Crores/quarter (8 Instalments)	8.95%
Andhra Bank	300.00	Repayment due in 20 instalments spread on:- From Sep-20 to Jun-22. 7.5 Crores/quarter (8 Instalments) From Sep-22 to Jun-23. 15 Crores/quarter (4 Instalments) From Sep-23 to Jun-25. 22.5 Crores/quarter (8 Instalments)	8.78%
UCO bank	500.00	Repayment due in 20 instalments spread on:- From Aug-20 to May-22- 12.5 Crores/quarter (8 Instalments) From Aug-22 to May-23- 25 Crores/quarter (4 Instalments) From Aug-23 to May-25- 37.5 Crores/quarter (8 Instalments)	8.63%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Andhra Bank	900.00	Repayment due in 20 instalments spread on:- From Jun-19 to Mar-21- ₹ 25 Crores/quarter (8 Instalments) From Jun-21 to Mar-22- ₹ 50 Crores/quarter (4 Instalments) From Jun-22 to Mar-24- ₹ 75 Crores/quarter (8 Instalments)	8.82%
Corporation Bank	912.50	Repayment due in 20 instalments spread on:- From Jun-19 to Mar-21- ₹ 12.5 Crores/quarter (8 Instalments) From Jul-19 to Apr-21- ₹ 12.5 Crores/quarter (8 Instalments) From Jun-21 to Mar-22- ₹ 25 Crores/quarter (4 Instalments) From Jul-21 to Apr-22- ₹ 25 Crores/quarter (4 Instalments) From Jun-22 to Mar-24- ₹ 37.5 Crores/quarter (8 Instalments) From Jul-22 to Apr-24 ₹ 37.5 Crores/quarter (8 Instalments)	8.86%
Punjab & Sindh Bank	462.50	Repayment due in 20 instalments spread on:- From Jul-19 to Apr-21- ₹ 12.5 Crores/quarter (8 Instalments) From Jul-21 to Apr-22- ₹ 25 Crores/quarter (4 Instalments) From Jul-22 to Apr-24- ₹ 37.5 Crores/quarter (8 Instalments)	8.84%
United Bank	270.00	Repayment due in 20 instalments spread on:- From Jun-19 to Mar-21- ₹ 7.5 Crores/quarter (8 Instalments) From Jun-21 to Mar-22- ₹ 15 Crores/quarter (4 Instalments) From Jun-22 to Mar-24- ₹ 22.5 Crores/quarter (8 Instalments)	8.85%
Oriental Bank of Commerce	487.50	Repayment due in 20 instalments spread on:- From Mar-20 to Dec-22- ₹ 12.5 Crores/quarter (8 Instalments) From Mar-22 to Dec-23- ₹ 25 Crores/quarter (4 Instalments) From Mar-23 to Dec-24- ₹ 37.5 Crores/quarter (8 Instalments)	8.63%
Punjab & Sindh Bank	200.00	Repayment due in 20 instalments spread on:- From May-2020 to Feb 2022 - ₹ 5 crores/quarter (8 instalments) From May 2022 to Feb 2023 ₹ 10 crores/quarter (4 instalments) From May 2023 to Feb 2025 ₹ 15 crores/quarter (8 instalments)	8.45%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Bank of India	500.00	Repayment due in 20 instalments spread on:- From Jun-2020 to Mar 2022 - ₹ 12.5 crores/quarter (8 instalments) From Jun 2022 to Mar 2023 - ₹ 25 crores/quarter (4 instalments) From Jun 2023 to Mar 2025 - ₹ 37.5 crores/quarter (8 instalments)	8.67%
State Bank of India	1,620.00	Repayable due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 45 crores/quarter (8 instalments) From June 2021 to March 2022, ₹ 90 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 135 crores/quarter (8 instalments)	8.89%
Union Bank of India	1,800.00	Repayable due in 20 instalments spread on:- From May-19 to Feb-21- ₹ 50 Crores/quarter (8 Instalments) From May-21 to Feb-22- ₹ 100 Crores/quarter (4 Instalments) From May-22 to Feb-24- ₹ 200 Crores/quarter (8 Instalments)	8.63%
Bank of Baroda	750.00	Repayable due in 20 instalments spread on:- From Jun-21 to Mar-23- ₹ 18.75 Crores/quarter (8 Instalments) From Jun-23 to Mar-24- ₹ 37.5 Crores/quarter (4 Instalments) From Jun-24 to Mar-26- ₹ 56.25 Crores/quarter (8 Instalments)	9.95%
State Bank of India	500.00	₹ 250 crore in Jun-20, ₹ 125 crore in Jun-22, ₹ 125 crore in Sep-22	9.00%
Indian Bank	500.00	Rs 125 crore in Jan-22,Apr-22,Jul-22 & Oct-22	8.85%
Bank of India	500.00	Repayable due in 20 instalments spread on:- From Feb-22 to Nov-23- ₹ 12.5 Crores/quarter (8 Instalments) From Feb-24 to Nov-24- ₹ 25 Crores/quarter (4 Instalments) From Feb-25 to Nov-26- ₹ 37.5 Crores/quarter (8 Instalments)	9.20%
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(12.16)		
Less: Current maturities of long term debt	(1,115.00)		
Long term borrowings	**9,575.34**		

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 8.87% per annum calculated using the interest rate effective as on 31 March 2020.

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
(a) As on 31 March 2019:			
Name of bank	**Amount outstanding (in crores)**	**No. of instalments**	**Rate of interest**
Corporation Bank	500.00	Repayment due in 20 instalments spread on:- From Dec-20 to Sep-25 ₹ 12.5 crores/quarter (8 instalments) From Dec-20 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	8.95%
Andhra Bank	300.00	Repayment due in 20 instalments spread on:- From Sep-20 to Jun-22 ₹ 7.5 crores/quarter (8 instalments) From Sep-22 to Jun-23 ₹ 15 crores/quarter (4 instalments) From Sep-23 to Jun-25 ₹ 22.5 crores/quarter (8 instalments)	8.50%
UCO bank	500.00	Repayment due in 20 instalments spread on:- FromAug-20 to May-22 ₹ 12.5 crores/quarter (8 instalments) From Aug-22 to May-23 ₹ 25 crores/quarter (4 instalments) From Aug-23 to May-25 ₹ 37.5 crores/quarter (8 instalments)	8.45%
Andhra Bank	1,000.00	Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 25 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 50 crores/quarter (4 instalments) From June 2022 to March 2023 - ₹ 75 crores/quarter (8 instalments)	8.42%
Corporation Bank	1,000.00	Repayment due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 12.5 crores/quarter (8 instalments) From July 2019 to April 2021 - ₹ 12.5 crores/quarter (8 instalments) From June 2021 to March 2022 - ₹ 25 crores/quarter (4 instalments) From July 2021 to April 2022 - ₹ 25 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 37.5 crores/quarter (8 instalments) From July 2022 to April 2024 - - ₹ 37.5 crores/quarter (8 instalments)	8.81%

Name of bank	Amount outstanding (in crores)	No. of instalments	Rate of interest
Punjab & Sindh Bank	500.00	Repayment due in 20 instalments spread on:- From July 2019 to April 2021 - ₹ 12.5 crores/quarter (8 instalments) From July 2021 to April 2022 - ₹ 25 crores/quarter (4 instalments) From July 2022 to April 2024 - ₹ 37.5 crores/quarter (8 instalments)	8.41%
United Bank	300.00	Repayment due in 20 instalments spread on:- From July 2019 to April 2021 - ₹ 7.5 crores/quarter (8 instalments) From July 2021 to April 2022 - ₹ 15 crores/quarter (4 instalments) From July 2022 to April 2024 - - ₹ 22.5 crores/quarter (8 instalments)	8.70%
Oriental Bank of Commerce	500.00	Repayment due in 20 instalments spread on:- From Mar-20 to Dec-2021 ₹ 12.5 crores/quarter (8 instalments) From Mar 2022 to Dec 2022 - ₹ 25 crores/quarter (4 instalments) From March 2023 to December 2024 - ₹ 37.5 crores/quarter (8 instalments)	8.46%
Punjab & Sindh Bank	200.00	Repayment due in 20 instalments spread on:- From May-2020 to Feb 2022 - ₹ 5 crores/quarter (8 instalments) From May 2022 to Feb 2023 ₹ 10 crores/quarter (4 instalments) From May 2023 to Feb 2025 ₹ 15 crores/quarter (8 instalments)	8.41%
Bank of India	500.00	Repayment due in 20 instalments spread on:- From Jun-2020 to Mar 2022 - ₹ 12.5 crores/quarter (8 instalments) From Jun 2022 to Mar 2023 - ₹ 25 crores/quarter (4 instalments) From Jun 2023 to Mar 2025 - ₹ 37.5 crores/quarter (8 instalments)	8.33%
State Bank of India	1,800.00	Repayable due in 20 instalments spread on:- From June 2019 to March 2021 - ₹ 45 crores/quarter (8 instalments) From June 2021 to March 2022, ₹ 90 crores/quarter (4 instalments) From June 2022 to March 2024 - ₹ 135 crores/quarter (8 instalments)	8.49%
Union Bank of India	2,000.00	Repayable due in 20 instalments spread on:- From May 2019 to February 2021, ₹ 50 Crore/quarter (8 instalments) From May 2021 to February 2022, ₹ 100 crores/quarter (4 instalments) From May 2022 to February 2024 - ₹ 150 crores/quarter (8 instalments)	8.20%

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	(6.87)		
Less: Current maturities of long term debt	(640.00)		
Long term borrowings	**8,453.13**		

Rate of interest- The Company's total borrowings from banks and others have a effective weighted average rate of 8.47% per annum calculated using the interest rate effective as on 31 March 2019.

***Debentures-Series 1A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 8.57 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 28 March 2023. The coupon payment frequency is semi annual interest payment. There was no instalment due as on the reporting date.

***Debentures-Series 2A**

The Debentures as mentioned above are Government of India guaranteed, unsecured, listed, 9.38 % Redeemable Non Convertible Debentures (in the form of Bonds) having tenure/maturity period of 10 years with redemption date being 05 December 2023. 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 Parent in the year 2014 and on surrender of Broadband Wireless Access (BWA) Spectrum by MTNL, upfront charges paid by the Parent in the year 2011 for such spectrum amounting to ₹ 4,533.97 crores were agreed to be funded by way of issuance of debentures by the Parent 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 Parent 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 Baroda and Indian bank:

(a) Leasehold land and building situated at Powai Plot-A, Mumbai (CTS No. 6 (PT) of village Powai (18/30), (31) of Village Tirandaz.

(b) Leasehold land and building situated at Powai Plot-A, Mumbai (CTS No. 6 (PT) of village Powai (18/30), (31) of Village Tirandaz.

(c) Plot No.C-71, CTS No.4207, G-Block, BKC, Village- Kolekalyan, Tal. –Andheri, Mumbai Suburban District

(vii) Reconciliation of financial liabilities arising from financing activities:

(₹ in crores)

Particulars	Lease liabilities	Long term borrowings	Short-term borrowings	Total
Net debt as at 1 April 2018	**45.21**	**10,654.11**	**6,382.10**	**17,081.43**
Cash flows:				
- Proceeds	-	1,700.00	2,238.25	3,938.25
- Repayment	(5.15)	(220.00)	(1,000.00)	(1,225.15)
Interest expense	5.16	737.40	625.96	1,368.52
Interest paid	-	(738.53)	(625.96)	(1,364.49)
Net debt as at 31 March 2019	**45.22**	**12,132.99**	**7,620.35**	**19,798.56**
Recognition of lease liabilities	314.50	-	-	314.50
Cash flows:				
- Proceeds	-	2,250.00	3,450.00	5,700.00
- Repayment	(63.73)	(647.50)	(1,782.19)	(2,493.42)
Interest expense	29.82	1,152.80	732.90	1,915.52
Interest paid	-	(1,156.04)	(724.64)	(1,880.68)
Exchange difference	(0.03)	-	-	(0.03)
Net debt as at 31 March 2020	**325.78**	**13,732.25**	**9,296.42**	**23,354.45**

27. Lease liabilities

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Lease liabilities	221.74	40.57
	221.74	**40.57**

28. Other financial liabilities

(₹ in crores)

	31 March 2020 Non-current	31 March 2019 Non-current
Security deposits	192.55	199.79
Employee related payables - GPF of MTNL Optee	7.42	124.01
	199.97	**323.81**

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

(₹ in crores)

	31 March 2020	31 March 2019
Provision for employee benefits		
Provision for leave encashment	198.59	896.06
Provision for pension	19.48	0.95
Provision for gratuity	6.09	(0.00)
Provision for asset retirement obligations	15.96	14.71
	240.12	**911.72**

(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:

	31 March 2020	31 March 2019
As at beginning of reporting period	**14.71**	**13.48**
Additions during the year	0.03	0.13
Amounts used during the year on account of dismantled towers	(0.03)	(0.19)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	1.26	1.29
As at end of reporting period	**15.97**	**14.71**

30. Deferred tax liabilities (net)

(₹ in crores)

	31 March 2020	31 March 2019
Deferred tax liability arising on account of :		
Difference in carrying value of property, plant & equipment between accounts and tax	7.59	7.25
Deferred tax asset arising on account of :		
Carry forward of unabsorbed business losses	(0.81)	(0.88)
Provision for doubtful debts and advances	(0.03)	(0.03)
	6.75	**6.34**

Notes:

(i) Movement in deferred tax liabilities for year ended 31 March 2020:

Particulars	1 April 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2020
Non-current assets				
Property plant and equipment	7.25	0.59	(0.27)	7.58
Current assets				

Particulars	1 April 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2020
Trade and other receivable	(0.03)	(0.00)	0.00	(0.03)
Current liabilities				
Unused tax losses	(0.88)	0.04	0.03	(0.81)
Total	**6.34**	**0.64**	**(0.23)**	**6.74**

(ii) Movement in deferred tax liabilities for year ended 31 March 2019:

Particulars	1 April 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 March 2019
Non-current assets				
Property plant and equipment	9.29	(2.01)	(0.03)	7.25
Current assets				
Trade and other receivable	(0.04)	0.02	0.00	(0.03)
Current liabilities				
Unused tax losses	(3.53)	2.63	0.01	(0.88)
Total	**5.71**	**0.64**	**(0.02)**	**6.34**

(iii) The Group does not recognise deferred tax liability (31 March 2020 : Nil and 31 March 2019 : ₹ 0.90 crores) 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

(₹ in crores)

	31 March 2020	31 March 2019
Deferred income	105.79	127.97
Deferred activation/ installation charges	15.05	18.35
	120.84	**146.32**

32. Short-term borrowings

(₹ in crores)

	31 March 2020	31 March 2019
Unsecured		
From banks		
Cash credit from banks	6,196.42	6,570.35
Short term loans	3,100.00	1,050.00
	9,296.42	**7,620.35**

The carrying values of above are considered to be a reasonable approximation of their fair values.

33. Lease liabilities

(₹ in crores)

	31 March 2020	31 March 2019
Current portion of lease liabilities	104.04	4.65
	104.04	**4.65**

34. Trade payables

(₹ in crores)

	31 March 2020	31 March 2019
Due to micro and small enterprises (refer note 60)	47.13	5.35
Due to others	618.65	435.91
Other accrued liabilities	130.23	92.19
	796.01	**533.45**

The carrying values of above are considered to be a reasonable approximation of their fair values.

35. Other financial liabilities

(₹ in crores)

	31 March 2020	31 March 2019
Current maturities of		
- Long-term debt	1,115.00	640.00
Interest accrued		
- Not due on bonds	60.67	60.33
- Not due on borrowings	2.43	1.08
- Not due on deposits	0.07	0.07
Security deposits	95.45	68.21
Due to employees	3,979.99	806.82
Amount payable to contractors other than goods and services	438.68	441.59
Amount payable to other operators	52.83	51.48
Other payables	151.78	193.92
	5,896.90	**2,263.49**

Refer note 48 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost.

36. Other current liabilities

(₹ in crores)

	31 March 2020	31 March 2019
Advances received	395.71	457.20
Statutory dues	230.43	280.44
Deferred income	20.93	22.20
Deferred activation/ installation charges	6.34	5.67
	653.40	**765.51**

37. Short-term provisions

(₹ in crores)

	31 March 2020	31 March 2019
Provision for employee benefits		
Provision for leave encashment - Company employees	22.99	223.02
Provision for leave encashment - Others	1.43	0.94
Provision for pension - Company employees	97.72	110.38
Provision for pension - Others	1.86	1.54
Provision for gratuity - Company employees	43.24	47.86
Provision - others		
Provision for others	12.58	0.81
	179.82	**384.55**

(i) Movement in provision related to others during the financial year:

	31 March 2020	31 March 2019
As at beginning of reporting period	0.81	17.51
Additions during the year	-	-
Amounts used during the year	11.77	(16.71)
As at end of reporting period	**12.58**	**0.81**

(ii) For disclosures required related to provision for employee benefits, refer note 52 - Employee benefit obligations

38. Revenue from operations

(₹ in crores)

	31 March 2020	31 March 2019
Fixed telephone income		
Revenue - Telephone calls and other charges	107.56	179.35
Revenue - Fixed telephone monthly charges	383.14	482.92
Revenue - Telephone (Franchise services)	5.86	7.87
Revenue - Access calls and other charges	12.49	11.42
Revenue - Rent and junction charges	21.71	31.02
Revenue - Broadband	354.44	502.05
Revenue - ISDN call charges	12.28	15.43
Revenue - ISDN call rental	50.83	51.79

	31 March 2020	31 March 2019
Enterprise business		
Revenue - Local circuits	253.11	289.04
Revenue - Long distance circuits	4.22	12.03
Mobile revenue		
Revenue - Activation charges	0.47	0.33
Revenue - Mobile rental and call charges	31.09	71.02
Revenue - Income from roaming	66.78	76.74
Revenue - Prepaid trump	64.98	82.55
Revenue - IUC income	10.65	25.54
Revenue - VAS	61.99	95.03
Others		
Revenue - Free phone services	67.69	73.15
Revenue - Internet	39.33	34.01
Revenue - Premium rate services	0.16	0.19
Revenue - Other services	37.53	25.08
Other operating revenues		
Other operating revenues - Surcharge on delayed payment	5.89	8.26
Other operating revenues - Revenue from enterprise business	28.34	2.66
Other operating revenues - Revenue from sale of goods	3.01	7.92
	1,623.55	**2,085.41**

39. Other income

(₹ in crores)

	31 March 2020	31 March 2019
Interest on:		
Interest from bank	2.92	2.85
Interest on advance to employees	2.02	3.66
Other interest income	121.67	81.69
Interest on income tax refund	16.63	7.51
	143.24	**95.72**
Other income		
Sale of directories, pub. etc.	0.10	0.14
Gain on sale of property, plant and equipment (net)	0.77	-
Income from liquidated damages	6.79	22.97
Exchange variation (net)	0.77	-
Bad debts recovered	0.08	0.33
Credit balances written back	157.35	107.12
Rental on quarters/ hostels etc.	12.84	16.21
Rental income from properties	344.43	371.02
Miscellaneous income	26.67	22.57
	549.80	**540.37**
	693.04	**636.09**

40. License fees expense

(`in crores)

	31 March 2020	31 March 2019
License fees expenses	155.09	165.26
Spectrum charges	14.78	22.65
	169.87	**187.91**

41. Employee benefit expense

(`in crores)

	31 March 2020	31 March 2019
Salaries, wages allowances & other benefits	1,806.08	2,039.77
Bonus/ex-gratia		-
Medical expenses and allowances	67.81	86.10
Pension contribution		
(a) Group employees	73.07	95.51
(a) Others	1.05	1.77
Leave encashment		
(a) Group employees	239.34	143.88
(a) Others	0.75	1.31
Contribution to gratuity fund	(28.79)	11.19
Contribution to provident & other funds	58.74	60.66
Staff welfare expenses	0.98	0.57
	2,219.03	**2,440.76**
Less : Allocation to CWIP	(90.85)	(165.43)
	2,128.18	**2,275.34**

For descriptive notes on disclosure of defined benefit obligation, refer note 52 - Employee benefit obligations.

42. Finance costs

(₹ in crores)

	31 March 2020	31 March 2019
Interest on		
- term loans	858.03	739.43
- cash credit facility	618.24	549.57
- short-term loan facility	107.31	76.39
- bonds	272.08	272.55
- customer deposits	0.02	0.02
- lease liability	29.82	-
- others	26.36	35.42
Other finance costs		
- commitment fees	29.80	29.80
	1,941.66	**1,703.18**

43. Depreciation and amortisation expense

(₹ in crores)

	31 March 2020	31 March 2019
Depreciation on		
Property, plant and equipment	585.22	663.80
Investment properties	1.88	1.60
Right-of-use assets	63.02	-
Amortisation on		
Intangible assets	335.72	337.02
	985.84	**1,002.42**

44. Other expenses

(₹ in crores)

	31 March 2020	31 March 2019
Power, fuel and water	243.57	245.85
Rent	38.76	120.91
Repairs to buildings	16.29	24.75
Repairs to machinery	92.68	130.31
Repairs others	23.66	25.42
Insurance	7.81	3.45
Rates and taxes	42.01	53.44
Travelling and conveyance	0.67	0.94
Postage, telegram and telephones	5.26	7.43
Printing and stationery	3.68	5.34
Vehicle maintenance expenses	0.27	0.47
Vehicle running expenses	0.90	1.23
Vehicle hiring expenses	5.70	10.77

	31 March 2020	31 March 2019
Advertisement and promotional expenses	3.02	5.92
Bad debts written off	15.23	18.32
Legal and professional expenses*	4.31	5.92
Seminar and training charges	0.37	0.61
Security service expenses	14.66	16.55
Loss on sale of property, plant and equipment (net)	-	15.96
Internet charges	13.70	6.18
Loss of assets	2.33	1.41
Commission	6.74	7.34
Net loss on foreign currency transactions and translations	0.21	0.19
Provision for doubtful debts including discount	64.50	9.65
Provision for obsolete inventory	3.01	1.35
Provision for doubtful claims	1.08	2.29
Outsourcing expenditure	8.80	-
Settlement of Financial Instrument	2.41	-
Interest on MSME	9.17	-
Miscellaneous expenses	33.04	34.15
Less: Allocation to CWIP	-	(0.02)
	663.84	**756.16**
***Legal and professional expenses includes payments to Group auditor**		
As Auditor:		
Audit fee	0.45	0.45
Tax audit fee	0.09	0.09
Certification and other services	0.18	0.27
For reimbursement of expenses	0.11	0.04
	0.83	**0.85**

45. Tax expense

(₹ in crores)

	31 March 2020	31 March 2019
Current tax (including taxes earlier years)	0.42	0.24
Deferred tax	0.65	0.64
	1.07	**0.88**

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:

(₹ in crores)

	31 March 2020	31 March 2019
Accounting profit/(loss) before income tax		
- From continuing operations	(3,692.66)	(3,387.20)
Total accounting loss before tax	**(3,692.66)**	**(3,387.20)**
At country's statutory income tax rate of 34.944% (31 March 2019: 34.944%)	(1,290.36)	(1,183.62)
Adjustments in respect of taxes earlier years	0.33	-
Difference in property, plant and equipment as per books and Income Tax Act, 1961	168.35	153.90
Non-deductible expenses for tax purposes	(92.23)	(113.03)
Employee benefits allowed on payment basis	(237.75)	(10.83)
Others	-	1.48
Deferred tax not created on losses for current year	1,452.73	1,152.98
	1.07	**0.88**

(i) MTNL has unabsorbed depreciation and brought forward business losses amounting to ₹ 21,907.74 crores as on 31 March 2020 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:

Particulars	Year of origination	Year of expiry	Amount
Brought forward losses	Assessment year 2013-14	Financial year 2021-22	1,057.11
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	3,783.38
Unabsorbed depreciation	Multiple	Indefinite	6,557.41

46. Other Comprehensive Income

(₹ in crores)

	31 March 2020	31 March 2019
Items that will not be reclassified to profit or loss		
Re-measurement gains (losses) on defined benefit plans	(115.32)	(7.39)
Income tax effect	-	-
	(115.32)	**(7.39)**
Items that will be reclassified to profit or loss		
Foreign currency translation of foreign operations	**(5.13)**	**(0.36)**
Income tax effect	-	-
	(5.13)	(0.36)
Other comprehensive loss for the year	**(120.45)**	**(7.75)**

47. Earnings per equity share

The Parent's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Parent. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

(₹ in crores)

	31 March 2020	31 March 2019
Net loss attributable to equity shareholders	(3,693.73)	(3,388.07)
	(3,693.73)	**(3,388.07)**
Loss per equity share:		
Nominal value of equity share (₹)	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 (₹)	**(58.63)**	**(53.78)**

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:

Particulars	Level	31 March 2020		31 March 2019	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans	Level 3	3,748.02	3,736.70	3,582.36	3,589.46
Other financial assets	Level 3	3,493.54	3,493.54	901.78	912.62
Total financial assets		**7,241.56**	**7,230.24**	**4,484.13**	**4,502.08**
Borrowings	Level 3	13,669.15	13,777.57	12,071.58	12,203.38
Finance lease obligations	Level 3	-	-	45.22	59.12
Other financial liabilities	Level 3	4,981.91	4,953.54	1,947.30	1,923.08
Total financial liabilities		**18,651.06**	**18,731.10**	**14,064.11**	**14,185.58**

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 2020 was assessed to be insignificant.

49. Financial risk management

i) Financial instruments by category

(₹ in crores)

Particulars	31 March 2019			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	-	-	-	-	-
Loans	-	-	3,748.02	-	-	3,582.37
Other financial assets	-	-	3,493.54	-	-	901.78
Trade receivables	-	-	628.96	-	-	611.48
Cash and cash equivalents	-	-	196.60	-	-	119.58
Other bank balances	-	-	13.02	-	-	20.42
Total	**-**	**-**	**8,080.14**	**-**	**-**	**5,235.62**
Financial liabilities						
Borrowings	-	-	21,850.57	-	-	19,051.94
Lease liabilities	-	-	325.78	-	-	45.22
Trade payables	-	-	796.01	-	-	533.45

Particulars	31 March 2019			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Other financial liabilities	-	-	6,096.86	-	-	2,587.30
Total	**-**	**-**	**29,069.22**	**-**	**-**	**22,217.91**

*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.

Risk	Measurement	Management
Credit risk	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Sensitivity analysis	Group presently does not make any investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Group's risk management is carried out by a central treasury department (of the Parent) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions.

a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A : Low

B : Medium

C : High

Assets under credit risk –

(₹ in crores)

Credit rating	Particulars	31 March 2020	31 March 2019
A: Low	Loans	3,748.03	3,582.37
	Other financial assets	3,492.91	900.04
	Bank deposits	13.65	22.15
	Cash and cash equivalents	196.60	119.58
B: Medium	Trade receivables	628.96	611.48
C: High	Trade receivables	935.70	874.11
	Investments	100.00	100.00
	Loans	2.23	12.91
	Other financial assets	89.28	109.13
	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).

(₹ in crores)

Particulars	31 March 2020		31 March 2019	
	Basic & other services	Cellular	Basic & other services	Cellular
Gross amount of sales	5,036.70	16.71	5,969.51	11.70
Expected loss rate	1.79%	35.05%	1.46%	7.47%
Expected credit loss (loss allowance provision)	90.10	5.86	87.29	0.87
Receivables due from customers where specific default has occurred	596.75	239.39	566.15	219.79

During the periods presented, the Group made no write-offs of trade receivables.

(ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

(₹ in crores)

Reconciliation of loss allowance	Trade receivables
Loss allowance on 01 April 2018	(877.79)
Add (Less): Changes in loss allowances due to write off/recovery	
Add (Less): Changes in loss allowances due to assets originated or purchased	3.68
Loss allowance on 31 March 2019	(874.11)
Add (Less): Changes in loss allowances due to write off/recovery	16.37
Add (Less): Changes in loss allowances due to assets originated or purchased	(77.97)
Loss allowance on 31 March 2020	(935.70)

Other financial assets measured at amortised cost

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population For such financial assets, the Group's policy is to 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:

(₹ in crores)

Paritculars	31 March 2020			31 March 2019		
	Total facility	Drawn	Undrawn	Total facility	Drawn	Undrawn
0-1 year	11,015.00	10,411.42	603.58	8,570.00	8,260.35	309.65
1-2 years	1,770.00	1,770.00	-	865.00	865.00	-
More than 2 years	7,817.50	7,817.50	-	7,595.00	7,595.00	-
Total	**20,602.50**	**19,998.92**	**603.58**	**17,030.00**	**16,720.35**	**309.65**

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.

(₹ in crores)

31 March 2020	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	1,984.85	6,231.08	4,412.21	657.31	13,285.45
Lease liabilities	108.73	133.20	99.35	408.62	749.91
Short term borrowings	9,296.42	-	-	-	9,296.42
Trade payable	796.01	-	-	-	796.01
Other financial liabilities	2,954.06	12.07	4.52	291.98	3,262.62
Total	**15,140.07**	**6,376.35**	**4,516.08**	**1,357.91**	**27,390.41**

(₹ in crores)

31 March 2019	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Non-derivatives					
Long term borrowings (including bonds)	1,745.14	4,261.82	9,101.73	990.25	16,098.95
Finance lease obligations	5.16	10.32	10.32	375.81	401.61
Short term borrowings	7,620.35	-	-	-	7,620.35
Trade payable	533.45	-	-	-	533.45
Other financial liabilities	1,562.09	13.12	5.90	482.14	2,063.25
Total	**11,466.19**	**4,285.26**	**9,117.95**	**1,848.20**	**26,717.60**

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 ₹, are as follows

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Financial assets	3.71	11.37
Financial liabilities	12.13	6.02
Net exposure to foreign currency risk (liabilities)	**(8.42)**	**5.35**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in crores)

Particulars	31 March 2020	31 March 2019
USD sensitivity		
INR/USD- increase by 500 bps (31 March 2019 500 bps)*	(0.42)	0.27
INR/USD- decrease by 500 bps (31 March 2019 500 bps)*	0.42	(0.27)

** 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 ₹, are as follows

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Financial assets	8.52	1.95
Financial liabilities	1.26	0.71
Net exposure to foreign currency risk (liabilities)	**7.26**	**1.24**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in crores)

Particulars	31 March 2019	31 March 2018
EURO sensitivity		
INR/EURO- increase by 500 bps (31 March 2019 500 bps)*	0.36	0.06
INR/EURO- decrease by 500s bps (31 March 2019 500 bps)*	(0.36)	(0.06)

** 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 2020 and 31 March 2019, 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:

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Variable rate borrowing	19,986.77	16,713.48
Fixed rate borrowing	2,978.80	2,978.45
Total borrowings	**22,965.57**	**19,691.93**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Interest sensitivity*		
Interest rates – increase by 50 bps basis points	99.93	83.57
Interest rates – decrease by 50 bps basis points	(99.93)	(83.57)

** 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.

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Net debt	13,669.15	12,112.16
Total equity	(13,582.10)	(9,727.83)
Net debt to equity ratio*	-	-

The Group has not declared dividend in current year or previous year.

*Owing to equity being negartive as at 31 March 2020 and 31 March 2019, debt to equity ratio has been shown as nil.

51. Group information

(a) Information about subsidiaries

The Parent's subsidiaries at 31 March 2020 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 2020	31 March 2019
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 2020 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.

(₹ in crores)

Summarised balance sheet	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Current assets				
Cash and cash equivalents	0.06	0.15	6.31	4.91
Other assets	21.01	21.69	0.35	0.55
Total current assets	21.07	21.84	6.66	5.46
Total non-current assets	**27.63**	**27.67**	**1.18**	**1.40**
Current liabilities				
Trade payables	-	-	0.02	0.02
Financial liabilities (excluding trade payables)	-	-	0.78	0.41
Other liabilities	171.13	90.88	1.68	1.17
Total current liabilities	**171.13**	**90.88**	**2.48**	**1.60**
Non-current liabilities				
Financial liabilities (excluding trade payables)	153.10	152.72	-	-
Other liabilities	-	-	-	-
Total non-current liabilities	**153.10**	**152.72**	**-**	**-**
Net assets	**(275.53)**	**(194.09)**	**5.36**	**5.26**

Reconciliation to carrying amounts

(₹ in crores)

Particulars	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Opening net assets	(195.97)	12.25	7.46	6.00
Profit/ (loss) for the year	(79.55)	(57.48)	1.86	1.46
Dividends paid	-	-	(2.31)	-
Other equity - Convertible loan (not forming of equity method)	-	(150.74)	-	-
Closing net assets	(275.52)	(195.97)	7.01	7.46
Parent's share in %	26.68%	26.68%	50.00%	50.00%
Parent's share in Indian Rupees	(73.51)	(52.28)	3.51	3.73
Less: Contribution from other shareholders not adjusted in equity method	36.56	15.33	-	-

Particulars	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Add: Share of loss limited to carrying value of investment	36.95	36.95	-	-
Carrying amount	**-**	**-**	**3.51**	**3.73**

Summarised statement of profit and loss

(₹ in crores)

	United Telecommunications Limited		MTNL STPI IT Services Limited	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Revenue	-	0.20	5.76	5.34
Interest income	-	-	0.39	0.38
Depreciationa and amortisation	4.43	6.14	0.12	(0.19)
Income tax expense	-	-	0.63	(0.60)
Profit from continuing operations	**(79.55)**	**(57.48)**	**1.86**	**1.46**
Profit from discontinued operations	-	-	-	-
Profit for the year	**(79.55)**	**(57.48)**	**1.86**	**1.46**
Other comprehensive income	-	-	-	-
Total comprehensive income	**(79.55)**	**(57.48)**	**1.86**	**1.46**
Dividends received	-	-	-	-

52. Employee benefit obligations

(₹ in crores)

Particulars	31 March 2020		31 March 2019	
	Current	Non-current	Current	Non-current
Gratuity	16.25	137.43	81.71	318.53
Compensated absences (unfunded)	22.99	198.59	223.02	896.06
Total	**39.24**	**336.02**	**304.73**	**1,214.59**

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 ₹ 7.35 crores (previous year - ₹ 19.19 crores). The weighted average duration of the defined benefit obligation as at 31 March 2020 is 12 to 13 years (31 March 2019: 7 to 8 years).

A. Disclosure of gratuity

(i) Amount recognised in the statement of profit and loss is as under:

(₹ in crores)

Description	31 March 2020	31 March 2019
Current service cost	6.74	20.54
Amount recognised in the statement of profit and loss	6.74	20.54

(ii) Movement in the liability recognised in the balance sheet is as under:

(₹ in crores)

Description	31 March 2020	31 March 2019
Present value of defined benefit obligation as at the start of the year	400.24	388.16
Current service cost	6.74	20.54
Past service cost including curtailment gains/losses		
Interest cost	30.58	29.69
Actuarial loss recognised during the year	103.60	10.35
Benefits paid	(387.47)	(48.50)
Present value of defined benefit obligation as at the end of the year	153.69	400.24

(iii) Movement in the plan assets recognised in the balance sheet is as under:

(₹ in crores)

Description	31 March 2020	31 March 2019
Fair value of plan assets at beginning of year	**559.64**	**510.30**
Expected return on plan assets	42.76	39.04
Transfer to/from MTNL	(313.63)	-
Receivable from MTNL	67.08	12.08
Premium redemption reserve	0.07	(4.67)
Advance income	-	(0.08)
Actuarial gain on plan assets	(11.73)	2.97
Provision for interest	(73.84)	-
Fair value of plan assets at the end of the year	**270.35**	**559.64**
Actual return on plan assets	31.03	42.01

(iv) Breakup of actuarial (gain)/loss:

(₹ in crores)

Description	31 March 2020	31 March 2019
Actuarial (gain)/loss on arising from change in demographic assumption	0.08	-
Actuarial (gain)/loss on arising from change in financial assumption	22.12	(2.79)
Actuarial (gain)/loss on arising from experience adjustment	93.12	10.18
Total actuarial (gain)/loss	115.32	7.39

(v) Actuarial assumptions

(₹ in crores)

Description	31 March 2020	31 March 2019
Discount rate	6.84%	7.65%
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.

Sensitivity analysis for gratuity liability

(vi) Sensitivity analysis for gratuity liability

(₹ in crores)

Description	31 March 2020	31 March 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year	153.69	400.24
- Impact due to increase of 0.50 %	(6.64)	(8.44)
- Impact due to decrease of 0.50 %	7.16	8.92
Impact of the change in salary increase		
Present value of obligation at the end of the year	153.69	400.24
- Impact due to increase of 0.50 %	5.40	9.19
- Impact due to decrease of 0.50 %	(5.52)	(8.82)

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

Description	31 March 2020	31 March 2019
Within next 12 months	16.25	81.71
Between 1-5 years	38.79	221.15
Between 5-10 years	98.64	84.86
Beyond 10 years		12.52

(viii) Category of investment in gratuity trust:

Particulars	31 March 2020	31 March 2019
Government of India Securities	-	-
Corporate bonds	30.69	197.78
State government securities	37.29	213.58
Mutual funds	66.13	140.60
LIC	19.58	7.68
Total	**153.69**	**559.64**

B. Compensated absences (unfunded)

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 ₹ 269.40 crores (previous year: ₹ 181.87 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 2020	31 March 2019
Employer contribution to provident fund*	58.74	60.66
Leave encashment contribution for DoT employees**	0.75	1.31
Pension contribution for DoT employees***	1.05	1.77
Pension contribution for company employees****	73.07	95.51

* 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 upto 15/07/2019
Mr. M.V. Joshi	Director (Finance) from 05-11-2018
Mr. Sunil Kumar	Director (HR) & CMD from 16/07/2019
Mr. Sanjeev Kumar	Director (Technical)
Mr. S.R. Sayal	Company Secretary
Mr. Harvesh Bhatia	Executive Director, Delhi upto 31/12/2019
Mr.S.P. Rai	Executive Director, Delhi from 01/01/2020
Shri A K Shrivastava	Executive Director, Mumbai from 01/06/2019 to 30/11/2019
Shri V Srisankar	Executive Director, Mumbai from 01/12/2019
Mr. Pravin Punj	Executive Director, Mumbai upto 31/05/2019

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:

Particulars	For the year ended	
	31 March 2020	31 March 2019
Remuneration to Key Managerial Personnel		
Short-term employee benefits	1.96	2.71
Post employment benefits	0.12	0.30
Other long-term employee benefits	0.23	0.44
Amount received from MSISL	0.46	1.14

vii. Summary of significant outstanding balances with related parties:

(₹ in crores)

	Investment in shares	
Particulars	31 March 2020	31 March 2019
MSISL	3.51	3.73
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.

*As per article 12.19 (b) of Shareholders' agreement together with para 27 of the amendatory agreement (together referred to as 'amended agreement') entered into between MTNL, TCIL, TCL and NVPL (Nepal), together referred to as 'Investors' pursuant to their investment in United Telecom Limited ('UTL'), in case NVPL (the local partner in Nepal) decides to sell its stake to any third party, it requires prior consent of other Investors. Further, at such time, per exit clause in the agreement, any of the other Investors other than NVPL can exit the arrangement after 2 years from the amended agreement by issuing 3 month's notice. Pursuant to this exit clause, the Parent 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 time extension of another 3 months i.e. till 30 July, 2018 for giving effect to the exit requested by the Parent. Accordingly, such investment has been classified as 'held for sale' in the financial statements for year ended 31 March 2019 and 31 March 2020. The repatriation of Indian FDI in Nepal is under the process of approval with Nepal government department and is yet to be approved by Nepal government. MTNL has taken up through DoT with Ambassdor of India in Nepal to get the process expedited so that faciliation of the remittance of amount invested in UTL back to MTNL is done. Refer note 23 for details.

54. Details of contingent liabilities, pending litigations and other matters:

	Particulars	31 March 2020	31 March 2019
a	Income Tax Demands disputed and under appeal ^	364.93	400.57
b	Sales Tax, Service Tax, Excise duty, Municipal Tax Demands Disputed and under Appeal	835.49	837.34
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	Amount Presently Unascertainable
d	Claims against the Parent not acknowledged as debts	654.31	3,234.93
e	Pending arbitration/court cases	2,500.99	2,440.63
f	Bank guarantee & Letter of Credit	86.35	90.13
g	Directory dispute	55.43	53.49
h	Pending court cases against land acquisition	4.87	4.87
i	License fee related contingent liability w.r.t. BSNL charges paid on netting basis	140.36	140.36
j	License fee related contingent liability w.r.t. provisional assessment done by DOT	2865.04	1,197.07
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:

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.

	31 March 2020	31 March 2019
Property, plant and equipment	51.81	68.26

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

(₹ in crores)

Particulars	31 March 2020					31 March 2019				
	Basic & other Services	Cellular	Unallocable	Inter segment adjustment	Total	Basic & other Services	Cellular	Unallocable	Inter segment adjustment	Total
Revenue from operations	1,384.28	239.83	1.48	(2.05)	1,623.55	1,714.97	367.27	7.34	(4.18)	2,085.41
Segment result before interest income, exceptional items, finance cost and tax	(1,496.58)	(631.42)	233.53	-	(1,894.47)	(1,168.98)	(645.34)	35.21	-	(1,779.10)
Add: Interest income					143.24					95.72
Less: Finance cost					(1,941.66)					(1,703.18)
Add: Share of profit or loss from joint venture and associate					0.23					(0.64)
Loss before tax					**(3,692.66)**					**(3,387.21)**
Less: Tax expense					1.06					0.88
Loss after tax					**(3,693.72)**					**(3,388.09)**
Other comprehensive income/ (loss)					(120.44)					(7.75)
Total other comprehensive loss					**(3,814.17)**					**(3,395.84)**

B. Capital employed

(₹ in crores)

Particulars	31 March 2020				31 March 2019			
	Basic & other Services	Cellular	Unallocable/ eliminations	Total	Basic & other Services	Cellular	Unallocable/ eliminations	Total
Segment assets (A)	7,291.11	4,961.73	4,435.22	16,688.06	7,675.46	5,107.65	1,921.38	14,704.49
Segment liabilities (B)	5,961.51	22,535.62	1,773.02	30,270.16	4,253.58	21,160.38	(981.64)	24,432.32
Capital employed (A-B)	1,329.61	(17,573.90)	2,662.20	(13,582.09)	3,421.88	(16,052.73)	2,903.02	(9,727.83)

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 2020**
Variable lease payments	46.11

(b) Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the period

Particulars	**31 March 2020**
Opening balance	353.90
Additions	6.43
Deletions	(0.61)
Accretion of interest	29.82
Exchange difference	(0.03)
Payments	(63.73)
Closing balance	**325.78**
Current	**104.04**
Non-current	**221.74**

(c) The Group had total cash outflows for leases of Rs. 109.84 crores (including variable lease payments) for the period ending 31 March 2020.

(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	1,608	3-21 years	12 years	424	-	-
Buildings	37	1- 3 years	3 years	-	-	37
Leasehold land	3	1- 50 years	49 years	3	-	3

(f) Impact on transition

1. Effective 1 April 2019, the Group has adopted Ind AS 116 "Leases" and applied modified retrospective approach to all lease contracts existing as at 1 April 2019. On transition, the adoption of new standard resulted in recognition of lease liability of Rs. 353.90 crores and corresponding right of use asset of Rs. 560.57 crores
2. For contracts in place as at 1 April 2019, Group has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
3. The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 1 April 2019.
4. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
5. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.
6. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.
7. On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised was 8.79%.
8. The Group did not present any lease obligations as of 31 March 2019 under Ind AS 17 as operating leases were considered cancellable and while the value of the lease liabilities as of 1 April 2019 is primarily on account of assessment extension options reasonably certain to be exercised and termination options reasonably certain not to be exercised and the effect of discounting such lease liabilities to the present value under Ind AS 116.

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 (₹)	As % of consolidated net assets*	Amount (₹)	As % of consolidated net assets*	Amount (₹)	As % of consolidated net assets*	Amount (₹)
Parent								
Mahanagar Telephone Nigam Limited	100.03%	(13,585.65)	100.05%	(3,695.68)	95.75%	(115.32)	99.92%	(3,811.00)
Indian subsidiaries								
Millenium Telecom Limited	-0.04%	5.44	0.00%	(0.06)	0.00%	-	0.00%	(0.06)
Foreign subsidiaries								
Mahangar Telephone (Mauritius) Limited	-1.00%	136.38	-0.09%	3.47	4.25%	(5.12)	0.04%	(1.66)
MTML Data Limited	-0.00%	0.37	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
MTML International Limited	-0.01%	1.88	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Associates (Investment as per the equity menthod)								
Foreign								
United Telecom Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Joint venture (Investment as per the equity menthod)								
Indian								
MTNL STPI IT Services Limited	0.00%	-	-0.01%	0.23	0.00%	-	-0.01%	0.23
Less: Inter-company adjustments/eliminations	1.03%	(140.51)	0.05%	(1.68)	0.00%	-	0.04%	(1.68)
Total	**100.00%**	**(13,582.09)**	**100.00%**	**(3,693.72)**	**100.00%**	**(120.44)**	**100.00%**	**(3,814.17)**

*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

Particulars	31 March 2020	31 March 2019
Current		
Pari-passu charge		
Inventories	18.54	24.17
Trade receivables	620.74	603.85
Cash and cash equivalents	142.68	74.85
Other bank balances	13.02	20.42
Loans	3,545.20	3,390.42
Other financial assets	3,492.91	899.90
Other currents assets	631.32	692.31
Total current assets pledged as security	**8,464.40**	**5,705.93**
Non-current		
Pari-passu charge		
Apparatus & plant	1,417.55	1,721.23
Vehicle	1.26	1.28
Furniture & fixtures	9.33	10.58
Office machinery & equipment	1.81	1.97
Electrical appliances	14.21	13.42
Computers	16.58	17.75
Total non-currents assets pledged as security	**1,460.74**	**1,766.24**
Total assets pledged as security	**9,925.14**	**7,472.17**

60. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(₹ in crores)

	Particulars	31 March 2020	31 March 2019
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	37.98	5.35
(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	9.17	Nil
(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 Company has made expenditure in foreign currency equivalent to ₹ 2.08 crores. Whereas earnings in foreign currency are ₹ 1.44 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: (₹ crores)

Description	Year ended 31 March 2020
Contract assets at the beginning of the year	201.15
Add: revenue recognised during the year	1,420.13
Less: invoices raised during the year	(1,483.31)
	137.98

Changes in contract liabilities: (₹ crores)

Description	Year ended 31 March 2019
Contract liabilities at the beginning of the year	631.39
Less: performance obligations satisfied in current year	(532.56)
Add: advance received during the year	444.98
	543.81

(ii) Disaggregation of revenue:

(₹ in crores)

Description	Amount
Revenue from:	
- Fixed telephone income	948.32
- Enterprise business	257.33
- Mobile services	235.96
- Others	181.95
	1,623.56

(iii) Assets and liabilities related to contracts with customers

(₹ in crores)

Description	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
Contract assets				
Unbilled receivables	-	137.98	-	201.15
Contract liabilities				
Advance from customers	-	395.71	-	457.20
Deferred income	105.79	20.93	127.97	22.20
Deferred activation/ installation charges	15.05	6.34	18.35	5.67

62. Certain Lands and Buildings capitalized in the books are pending registration/legal vesting in the name of the Parent and the landed properties acquired from DOT have not been transferred in the name of the Parent and in the case of leasehold lands, the documentation is still pending. Stamp Duty on the lands and buildings acquired from DOT is payable by DOT as per sale deed and in respect of properties acquired after 01 April 1986, the documentation shall be contemplated at the time of sale or disposal as and when effected.

63. Department of Telecommunications (DOT) has levied one time spectrum charges for the GSM and CDMA spectrum on MTNL and it also included the spectrum given on trial basis to the extent of 4.4 MHz in 1800 MHz frequency while calculating the spectrum charges. The calculations are further subject to change in accordance with the changes in the quantum of spectrum holding 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.

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. 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 ₹ 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. 3207.71 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.

64. 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.

65. 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 ₹ 375.96 crores (previous year ₹ 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 ₹ 243.22 crores (previous year ₹ 243.22 crores) for the assessment years 2000-01 to 2005-06 have been shown as contingent reserve to meet the contingency that may arise out of disallowances of claim of benefit u/s 80IA of Income Tax Act, 1961.

66. Litigations

a) 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 ₹ 49.04 crores on this account has been shown as contingent liability in Delhi unit.

b) As per directions of the Hon'ble Delhi High Court one UASL operator had paid to MTNL, Mumbai ₹ 124.93 crores and ₹ 33.99 crores in 2004-05 and 2005-06 respectively against the claim of ₹ 158.92 crores. The Parent has recognised the amount realized as revenue in the respective period. The Hon'ble TDSAT has ordered for refund of ₹ 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 ₹ 96.71 crores on this account has been shown as contingent liability.

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

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

In addition, the 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.

67. Settlements with BSNL:

a) The amount recoverable from BSNL is ₹ 5,584.66 crores (previous year ₹ 5,455.62 crores) and amount payable is ₹ 2,065.05 crores (previous year ₹ 2,051.34 crores). The net recoverable of ₹ 3,519.61 crores (previous year ₹ 3,404.28 crores) is subject to reconciliation and confirmation. The carrying value of the net recoverable from BSNL is ₹ 3,504.10 crores (previous year - ₹ 3,352.67 crores) measured at amortised cost.

b) Certain claims of BSNL on account of Signalling charges ₹ 21.93 crores (previous year ₹ 21.93 crores), Transit tariff ₹ 25.19 crores (previous yea ₹ 25.19 crores), MP Billing ₹ 6.01 crores (₹ 6.01 crores), Service Connections ₹ 40.15 crores (previous year ₹ 40.15 crores), IUC ₹ 10.14 crores (previous year ₹ 10.14 crores) and IUC from Gujrat Circle ₹ 1.11 crore (previous year ₹ 1.11 crore) are being reviewed. Pending settlement of similar other claims from BSNL, no provision is considered necessary.

c) Delhi Unit has accounted for the expenditure on account of telephone bills of service connections raised by BSNL towards MTNL for the period from 01 October 2000 to 30 September 2006 to the tune of ₹ 9.80 crores (previous year ₹ 9.80 crores) on the basis of actual reimbursement made for subsequent periods against the disputed claim of ₹ 31.27 crores (previous year ₹ 31.27 crores), since no details / justifications are received till date from BSNL in spite of repeated persuasion. The balance amount of ₹ 21.47 crores (previous year ₹ 21.47 crores) is shown as contingent liability.

68. Subscribers' dues and deposits:

Other current liabilities include credits on account of receipts including service tax from subscribers amounting to ₹ 74.37 crores (previous year ₹ 49.20 crores), which could not be matched with corresponding debtors or identified as liability, as the case may be. Appropriate adjustments/ payments shall be made inclusive of service tax, when these credits are matched or reconciled. Therefore, it could not be adjusted against making provision for doubtful debts.

69. He amounts of receivables and payables (including NLD / ILD Roaming operators) are subject to confirmation and reconciliation.

70. The matching of billing for roaming receivables / payables with the actual traffic intimated by the MACH is being done. Further the roaming income is booked on the basis of actual invoices raised by MACH on behalf of MTNL. Similarly the roaming expenditure is booked on the basis of actual invoices received by MTNL from MACH on behalf of the other operators. However, regarding collection, the payment is directly received in the bank from other operators for varying periods.

In MTNL Delhi unit, the collections received from the operators are matched in totality against the bills. The allocation of collection to individual operator's account is pending in the absence of detailed information which is being sought. Therefore although the roaming income and expenditure are booked on actual basis, the roaming debtors are reconciled in totality in the absence of detailed information and such reconciliation is being done on regular basis.

71. In case of Mumbai unit of the Parent, the balances with non-scheduled banks comprise of:

(₹ in crores)

Particulars	31 March 2020	31 March 2019
Indira Sahakari Bank Limited	0.56	0.56
(account closed, considered doubtful)	(0.56)	(0.56)

72. Settlements with DoT:

a) Amount recoverable on current account from DoT is ◎ 718.34 crores (previous year ◎ 763.76 crores) and amount payable is ◎ 307.88 crores (previous year ◎ 94.42 crores). The net recoverable of ◎ 410.46 crores (previous year ◎ 669.34 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 ₹ 81.32 crores (previous year ₹ 81.32 crores) in Mumbai unit as intimated provisionally by DoT. At the year end, these deposits amounted to ₹ 103.28 crores (previous year ₹ 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 ₹ 55.85 crores (previous year ₹ 55.85 crores).

c) The total provision for Leave encashment is ₹ 215.29 crores up to 31 March 2020 (previous year ₹ 1,119.08 crores). Out of this, an amount of ₹ 45.48 crores (previous year ₹ 45.48 crores) and ₹ 43.37 crores (previous year ₹ 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 ₹ nil (previous year ₹ 23.15 crores) towards GPF contribution is recoverable from DOT as on 31 March 2020. 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.

73. 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.

74. There is no indication of any impairment of assets of the Group, 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.

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

76. Debenture Redemption Reserve: In view of losses, Debenture Redemption Reserve had not been created in respect of Redeemable Non-Convertible Debentures since 2014-15 (in the form of Bonds).

77. There is no amount which is required to be transferred to Investor Education and Protection Fund by the Paremt.

78. 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.

79 The Bank Reconciliation Statements as at 31 March 2020 include unmatched/unlinked credits/debits amounting to ₹ 1.32 crore (previous ₹ 1.84 crore) and ₹ 6.23 crore (₹ 3.37 crore) respectively. Reconciliation and follow up with the bank to match/rectify the same is in process.

80. The Group has incurred a loss of Rs 3693.73 crores during the year 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 dt. 29 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 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. 1-11-1998 and also on 1-10-2000 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 could reduce the staff expenses from 2400 crores per annum to Rs. 600 Crore per annum which will help the company to reduce its costs and also thereby losses. Besides, the Goverment has approved the monetization of the lands and buildings of the company with the assistance from DIPAM in order the get rid of huge debt burden on the company. The monetization of land and buildings of the company is in process. In addition to this, Govt has approved to provide 4G license to the company and infusion of fresh capital by the Govt in lieu of granting 4G license so that MTNL can compete with others. The government has provided sovereign guarantee for issuance of NCD to MTNL vide F.No. 12(16)-B(SD)/2020 dt. 08/07/2020 for Rs. 6500 crores. The issuance of NCD is under process. All these aspects are considered by the management while preparing the financial statements, and an assessment of an entity's ability to continue as a going concern is made accordingly.

81. Due to COVID 19 pandemic, nationwise lockdown was imposed from 24/03/2020 and MTNL being in essntial services the working in MTNL did not hamper in this reporting period. Therefore practically there is no effect of COVID 19 pandemic on the working of MTNL in the year under report.

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 ₹ 140.36 crores on this account upto the year 2011-12 has been shown as contingent liability. DOT has assessed the LF calculated on the basis of AGR of MTNL.

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 2007-08 to 2016-17 issued by DOT shows demand of ₹ 1197.06 crores. The assessment is under revision in view of documents submitted by MTNL to CCA/ DOT. However an amount of ₹ 1197.06 crores is shown as contingent liability. The list of LF related liability is shown hereafter. Calculation of LF demand is not feasible to include in the notes. Detail of LF Contingent Liability of License Fee payable to DOT.

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	-
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

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
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	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	0.09
43	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2011-12	62.47
44	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	0.09
45	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2012-13	17.71
46	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	0.04
47	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2013-14	1.33
48	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	0.09
49	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2014-15	113.79
50	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	21.76
51	1-9/CCA/Rev/Spectrum/Assmt/MTNL/1439	11-Nov-19	2015-16	65.19

Sr No	DOT Letter No's	Date	F.Y.	Amount Demanded
52	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2016-17	53.66
53	1-9/CCA/Rev/Spectrum/Assmt/ MTNL/1439	11-Nov-19	2017-18	(1.52)
				2,865.04

83. In pursuance DoT letter No. F.No. 30-04/2019-PSU Affairs dt. 29 October 2019 and recommendation of committee of DOT dtd. 31 October 2019 as well as the decision of Board of Directors of MTNL dated 4 November 2019, the MTNL Voluntary Retirement Scheme was introduced for employees who ever opts for VRS with effect from 31/01/2020 under which 14,387 number of MTNL employees of all grades opted and were granted VRS to reduce the legacy staff costs inherited on account of absorption of employees in MTNL who were recruited under government. As per GOI/Cabinet approval on 23/10/2019 and DOT OM cited above, the expenditure on account of ex-gratia compensation was to be borne by the DOT/Government of India through budgetary support. Total ex-gratia payable to employees who opted for VRS on 31/01/2020 was ₹ 2,619.88 crores. However, DOT paid a sum of ₹ 804 crore in March 2020 and ₹ 1,590 crores in Jun & July 2020. The same was paid to employees. The remaining balance amount of ₹ 225.88 crores is yet to be received. ₹ 1,815.88 crore payable to VRS opted employees as on 31/03/2020 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.

For and on behalf of Board of Directors

For **Vinod Kumar & Associates**
Chartered Accountants
FRN No. 002304N

For **Kumar Vijay Gupta & Co.**
Chartered Accountants
FRN No. 007814N

(M.V. Joshi)
Director (Finance)
DIN 8273959

(S.R. Sayal)
CO. Secy.

sd/-
(Mukesh Dadhich)
Partner
Membership No. 511741

sd/-
(Pawan Kumar Garg)
Partner
Membership No. 097900

sd/-
(P.K. Purwar)
Chairman and Managing Director
DIN 06619060

Place: New Delhi
Date: 22.07.2020

Annexure to Director's Report (Standlone)

Auditor's Qualifications and reply :(FY.2019-20) Standalone

S. No.	Qualification	Management Reply
I	The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the current year ended March 31, 2020 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 and accompanying management note. 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.	As per IND AS-I, paras 25 & 26, management has considered all relevant factors including uncertainties as well as debt repayment schedules, support being given by govt. as promoter as per cabinet approval for various measures for revival of MTNL and prepared the accounts on going concern basis since the revival process has been already been approved by govt. As per approval of govt. 14587 numbers of employees were retired under VRS scheme which reduced staff cost from Rs. 2400 crores to Rs. 600 crores. Similarly, others measures in process viz. allotment of 4G spectrum against capital infusion by DOT, monetisation of assets and issuance of sovereign guarantee bonds worth Rs. 6500 crores would strengthen to MTNL, considering all these the accounts are prepared on going concern basis.

S. 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. 3,504.10 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 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. 144.66 Crores has not been carried forward or ineligible credits amounting to Rs. 51.65 Crores excessively carried forward to TRANS-1 under GST laws 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 claims pertaining to 2014-15 in case of AFNET for 2019-20 also have been settled by intervention at the highest level of DoT in the year under report. As such the issue is under procedure of settlement since both being PSUs under DOT, there would be settlement at the earliest and the process is also closely being monitored. In view of above, no impact is anticipated at this stage and, if at all, it would not be ascertainable at this stage. **b)** The pre POTR credits outstanding are having per contra debits also and in case of reversal both need to be reversed with no impact on profit& loss account. Besides the issues are under advise from GST consultants to request govt. to, not to disallow such credits due under erstwhile tax laws due to GST law. As regards post POTR credits, the tax payments are made to service tax department and in those cases where bills are to be paid by BSNL the issues are deliberated with BSNL since majority of cases related to BSNL. The procedure of exchanging off and matching amounts between MTNL & BSNL is evolved to ensure that both BSNL & MTNL would get GST benefit. As regards service tax cases of post POTR also it is being contemplated to settle the amounts with service tax so that CENVAT gets concluded off since service tax regime is over.

S. 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. 417.48 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 Ind-AS financial statements 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 viz, GPF RS 23.15 Crs, claims on account of old raises bonds (Rs. 431.56 Crs) and other miscellaneous claims to the tune of RS. 214 crs which are clearly identified and acknowledged for settlement. The matter has been taken up with higher level officers of DOT for reconciliation and confirmation. The issue of settlement of earlier period bonds related claims of Rs.431 crores is also in progress in D.O.T through a committee. In view of above there will be no impact and claims are being pursued at DoT level and are recoverable.
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 which 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 DDG(LF)DOT has initiated process of reconciliation which is expected to be completed soon. As such there is no effective or ascertainable impact.
V	The Company had allocated the overheads towards capital works in a manner which is not in line with the accepted accounting practices and Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under Section 133 of the Act, the same results into overstatement of capital work in progress/ property, plant and equipment and understatement of loss. The actual impact of the same on the standalone Ind-AS financial statements for year is not ascertained and quantified.	As regards the allocation of over heads in line with Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under Section 133 of the Act, the allocation is made on the basis of approved policy formulated taking into account related factors of contribution to capital works by various units of MTNL. However all the units were instructed to allocate only directly allocable costs. As the issue is under deliberation, overheads are being allocated on the basis of earlier policy wherever the directly allocable costs could not be captured. In view of above the impact is not ascertainable.

S. No.	Qualification	Management Reply
VI	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, accumulated balance of reserve and surplus 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 31.3.2020, 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 and the losses are due to extraneous reasons viz. Abnormal legacy cost of staff 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.
VII	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 Ind-AS financial statements 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.

S. No.	Qualification	Management Reply
VIII	Unlinked credit of Rs. 75.69 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.	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 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.
IX	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. The resultant impact of the same on the statement of profit and loss 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. In view of above and also the ongoing process of capitalisation of old to oldest WIP, management do not except that there could be any impact and thereby the same is also not ascertainable at this stage.
X	Certain Land and Buildings transferred to MTNL from DOT in earlier years have been reflected as leasehold. In the absence of relevant records, we are not in a position to comment on the classification, capitalization and amortization of the same as leasehold and also the consequential impacts, if any, of such classification, capitalization and amortization not backed by relevant records. In the absence of relevant records, impact of such classification on the standalone Ind-AS financial statements cannot be ascertained and quantified.	The perpetual lease is given to these properties and DOT transferred these on as is where is basis as per sale deed with liability to pay stamp duty at the time of registration in the name of MTNL as and when the same is needed. As such there is no impact expected due to the classification. In view of above the impact is not ascertainable.

S. No.	Qualification	Management Reply
XI	Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of 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 has been revised by Rs. 107.44 Crores on account of rectification of actual usage and subsequently the same is withdrawn. 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. 3205.71 Crores has been disclosed as contingent liability till last year 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 wef 1-1-2013 in case the spectrum beyond 6.2 Mhz was alloted 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, can not be more than Rs 455 crs the same is disclosed in 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 one time spectrum charges for the GSM and CDMA spectrum on MTNL and the spectrum given on trial basis to the extent of 4.4 Mhz in 1800 Mhz frequency is also included in the demand raised earlier on MTNL. MTNL has surrendered spectrum allotted on trial basis in respect of GSM and also 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 was challenged by private operators TDSAT directed vide judgment dated 4/7/2019 to review the OTSC ,while setting aside the demands raised by DOT, and 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 only. 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 Rs. 455 crores. As no demand is raised by DOT after 4/07/2019, the contingent liability of Rs. 455 crores is disclosed although the same is also not expected to arise. However, the contingent liability of Rs.455 crores is estimated on the basis of TDSAT judgement in this regard given in the case filed by private operators. In view of above there is no impact expected in this regard and no liability also would arise in the view of management.

S. No.	Qualification	Management Reply
XII	The Company has deducted/collected Liquidated Damages from vendors on account of non-fulfilment of contracted conditions in earlier years, on which Goods and Service Tax (GST) has not been paid. The actual impact of the same on the standalone Ind-AS financial statements for year is not ascertained and quantified.	The imposition of GST on LD charges was discussed long ago at the time of inception of GST and E&Y opined that no GST is leviable on LD charges which subsequently after some time was changed by E&Y and advised that it is better to obtain credit notes for such delayed supplies or returned goods. The procurement policy is also modified accordingly. In view of the change of procurement policy w.r.t supplies IM 53 was issued. The units have been trying to get credit notes and once credit notes come MTNL can take necessary action. The time for filing such credit notes for vendors is upto 30th Sept 2020. In the meanwhile MTNL units are told to not to take ITC on such LD amounts and payments made may be treated as partial till the credit notes are received. If no credit note is received MTNL will issue invoice/ debit note to and pay GST on it and also avail the input tax credit. In view of this, the impact if any, is not ascertainable at this stage and once the return is finalised, the liability if any will be accounted for in financial year 2020-21.

Annexure to Director's Report (Consolidated)

Auditor's Qualifications and reply :(FY.2019-20) Consolidated

S. No.	Qualification	Management Reply
I	The Net Worth of the Company has been fully eroded; The Company has incurred net cash loss during the current year ended March 31, 2020 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 Consolidated 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 and accompanying management note. 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.	As per IND AS-I, paras 25 & 26, management has considered all relevant factors including uncertainties as well as debt repayment schedules, support being given by govt. as promoter as per cabinet approval for various measures for revival of MTNL and prepared the accounts on going concern basis since the revival process has been already been approved by govt. As per approval of govt. 14587 numbers of employees were retired under VRS scheme which reduced staff cost from Rs. 2400 crores to Rs. 600 crores. Similarly others measures in process viz. allotment of 4G spectrum against capital infusion by DOT, monetisation of assets and issuance of sovereign guarantee bonds worth Rs. 6500 crores would strengthen to MTNL, considering all these the accounts are prepared on going concern basis.

S. No.	Qualification	Management Reply
II	**Bharat Sanchar Nigam Limited (BSNL):** **a) Bharat Sanchar Nigam Limited (BSNL):** The Company has certain balances receivables from and payables to Bharat Sanchar Nigam Limited (BSNL). The net amount recoverable of Rs. 3,504.10 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 Consolidated 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. 144.66 Crores has not been carried forward or ineligible credits amounting to Rs. 51.65 Crores excessively carried forward to TRANS-1 under GST laws resulting in overstatement of current assets and understatement of loss to that extent.	**a)** 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 claims pertaining to 2014-15 in case of AFNET for 2019-20 also have been settled by intervention at the highest level of DoT in the year under report. As such the issue is under procedure of settlement since both being PSUs under DOT, there would be settlement at the earliest and the process is also closely being monitored. In view of above, no impact is anticipated at this stage and, if at all, it would not be ascertainable at this stage. **b)** The pre POTR credits outstanding are having per contra debits also and in case of reversal both need to be reversed with no impact on profit& loss account. Besides the issues are under advise from GST consultants to request govt. to, not to disallow such credits due under erstwhile tax laws due to GST law. As regards post POTR credits, the tax payments are made to service tax department and in those cases where bills are to be paid by BSNL the issues are deliberated with BSNL since majority of cases related to BSNL. The procedure of exchanging off and matching amounts between MTNL & BSNL is evolved to ensure that both BSNL & MTNL would get GST benefit. As regards service tax cases of post POTR also it is being contemplated to settle the amounts with service tax so that CENVAT gets concluded off since service tax regime is over.

S. 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. 417.48 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 Consolidated Ind-AS financial statements 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 viz, GPF RS 23.15 Crs, claims on account of old raises bonds Rs. 431.56 Crs and other miscellaneous claims to the tune of RS. 214 crs., which are clearly identified and acknowledged for settlement. The matter has been taken up with higher level officers of DOT for reconciliation and confirmation. The issue of settlement of earlier period bonds related claims of Rs.431 crores is also already in progress in D.O.T through a committee. In view of above there will be no impact and claims are being pursued at DoT level and are recoverable.
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 which 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 DDG(LF)DOT has initiated process of reconciliation which is expected to be completed soon. As such there is no effective or ascertainable impact.

S. No.	Qualification	Management Reply
V	The Company had allocated the overheads towards capital works in a manner which is not in line with the accepted accounting practices and Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under Section 133 of the Act, the same results into overstatement of capital work in progress/ property, plant and equipment and understatement of loss. The actual impact of the same on the Consolidated Ind-AS financial statements for year is not ascertained and quantified.	As regards the allocation of over heads in line with Indian Accounting Standard – 16 "Property, Plant and Equipment" prescribed under Section 133 of the Act, the allocation is made on the basis of approved policy formulated taking into account related factors of contribution to capital works by various units of MTNL. However all the units were instructed to allocate only directly allocable costs. As the issue is under deliberation, overheads are being allocated on the basis of earlier policy wherever the directly allocable costs could not be captured. In view of above the impact is not ascertainable.
VI	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, accumulated balance of reserve and surplus 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 out as at 31.3.2020 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 and the losses are due to extraneous reasons viz. Abnormal legacy cost of staff 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.

S. No.	Qualification	Management Reply
VII	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 Consolidated Ind-AS financial statements 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.
VIII	Unlinked credit of Rs. 75.69 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.	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 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.

S. No.	Qualification	Management Reply
IX	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. The resultant impact of the same on the statement of profit and loss 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. In view of above and also the ongoing process of capitalisation of old to oldest WIP, management do not except that there could be any impact and thereby the same is also not ascertainable at this stage.
X	Certain Land and Buildings transferred to MTNL from DOT in earlier years have been reflected as leasehold. In the absence of relevant records, we are not in a position to comment on the classification, capitalization and amortization of the same as leasehold and also the consequential impacts, if any, of such classification, capitalization and amortization not backed by relevant records. In the absence of relevant records, impact of such classification on the Consolidated Ind-AS financial statements cannot be ascertained and quantified.	The perpetual lease is given to these properties and DOT transferred these on as is where is basis as per sale deed with liability to pay stamp duty at the time of registration in the name of MTNL as and when the same is needed. As such there is no impact expected due to the classification. In view of above the impact is not ascertainable.

S. No.	Qualification	Management Reply
XI	Department of Telecommunication (DOT) had raised a demand of Rs. 3313.15 Crores in 2012-13 on account of one time charges for 2G spectrum held by the Company for GSM and CDMA for the period of 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 has been revised by Rs. 107.44 Crores on account of rectification of actual usage and subsequently the same is withdrawn. 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. 3205.71 Crores has been disclosed as contingent liability till last year 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 wef 1-1-2013 in case the spectrum beyond 6.2 Mhz was alloted 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, can not be more than Rs 455 crs the same is disclosed in 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 one time spectrum charges for the GSM and CDMA spectrum on MTNL and the spectrum given on trial basis to the extent of 4.4 Mhz in 1800 Mhz frequency is also included in the demand raised earlier on MTNL. MTNL has surrendered spectrum allotted on trial basis in respect of GSM and also 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 was challenged by private operators TDSAT directed vide judgment dated 4/7/2019 to review the OTSC ,while setting aside the demands raised by DOT, and 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 only. 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 Rs. 455 crores. As no demand is raised by DOT after 4/07/2019, the contingent liability of Rs. 455 crores is disclosed although the same is also not expected to arise. However, the contingent liability of Rs.455 crores is estimated on the basis of TDSAT judgement in this regard given in the case filed by private operators. In view of above there is no impact expected in this regard and no liability also would arise in the view of management.

S. No.	Qualification	Management Reply
XII	The Company has deducted/collected Liquidated Damages from vendors on account of non-fulfilment of contracted conditions in earlier years, on which Goods and Service Tax (GST) has not been paid. The actual impact of the same on the Consolidated Ind-AS financial statements for year is not ascertained and quantified.	The imposition of GST on LD charges was discussed long ago at the time of inception of GST and E&Y opined that no GST is leviable on LD charges which subsequently after some time was changed by E&Y and advised that it is better to obtain credit notes for such delayed supplies or returned goods. The procurement policy is also modified accordingly. In view of the change of procurement policy w.r.t supplies IM 53 was issued. The units have been trying to get credit notes and once credit notes come MTNL can take necessary action. The time for filing such credit notes for vendors is upto 30thSept 2020. In the meanwhile MTNL units are told to not to take ITC on such LD amounts and payments made may be treated as partial till the credit notes are received. If no credit note is received MTNL will issue invoice/ debit note to and pay GST on it and also avail the input tax credit. In view of this, the impact if any, is not ascertainable at this stage and once the return is finalised, the liability if any will be accounted for in financial year 2020-21.

OFFICE OF THE

Principal Director of Audit, Finance & Communication

SHAMNATH MARG, (NEAR OLD SECRETARIAT), DELHI-110054

सत्यमेव जयते

Letter No. Rep-PSU A/cs/F-238/MTNL/2019-20/458

Date: 04/12/2020

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 Accounts of Mahanagar Telephone Nigam Limited (Standalone) for the year ended 31st March 2020.

Sir,

I am to forward herewith the comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the Accounts of Mahanagar Telephone Nigam Limited (Standalone) for the year ended 31st March 2020 for information and further necessary action.

Kindly acknowledge receipt by Email.

Yours faithfully,

Encl: As above.

Sd-/
(Manish Kumar)
Principal Director of Audit (F &C)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2020

The preparation of financial statements of Mahanagar Telephone Nigam Limited, New Delhi for the year ended 31 March 2020 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 22nd July, 2020.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Mahanagar Telephone Nigam Limited, New Delhifor the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

Comments on Financial Position

Balance Sheet

1. Equity and Liabilities

Equity Share Capital (Note 24)

Authorised Capital: Rs. 100,000,000,000 (Previous year Rs. 8000,000,000) equity shares of Rs.10 each.

In the 32nd Annual General Meeting (AGM) of Mahanagar Telephone Nigam Ltd. held on 28.09.2018, it was resolved to increase the Authorised Share Capital from Rs. 800 Crore to 10,000 Crore with the approval of the Central Government for infusion of equity as an upfront support for allocation of 4G spectrum to company and capex etc. thereon. The Explanatory Statement (Pursuant to section 102 of the Companies Act, 2013) to the AGM Notice also clearly specified that if the Govt. does not agree to the same the authorized capital of the company shall not be increased.

However, MTNL increased its Authorised Share Capital from Rs. 800 Crore to Rs. 10,000 Crore without any sanction/order showing either approval of the Government or intention of the government to approve the proposal for infusion of equity.

This was commented last year also but no corrective action has been taken by the company.

2. Notes to Accounts

Contingent Liabilities

Above head is understated by an amount of Rs 29.81 Crore on accounts of non-inclusion of License Fee payable in respect of "Pure Internet Service" as an amount of Rs 372.62 crore has been claimed as deduction by MTNL in the statement of Revenue and License Fee during the year 2019-20. TDSAT has granted conditional relief of stay to some Internet Service Providers on demand of License Fee on "Pure Internet Services", but the matter has not reached finality in the court of Law. Thus the amount payable on this account as License Fee should have been included under contingent Liability.

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

Sd-/
(Manish Kumar)
Principal Director of Audit (Finance &Communication)

Place: Delhi
Date: 04/12/2020

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2020

Comments of CAG	Reply of MTNL Management
Balance Sheet **1. Equity and Liabilities** **Equity Share Capital (Note 24)** **Authorised Capital: Rs. 100,000,000,000 (Previous year Rs. 8000,000,000) equity shares of Rs.10 each.** In the 32nd Annual General Meeting (AGM) of Mahanagar Telephone Nigam Ltd. held on 28.09.2018, it was resolved to increase the Authorised Share Capital from Rs. 800 Crore to 10,000 Crore with the approval of the Central Government for infusion of equity as an upfront support for allocation of 4G spectrum to company and capex etc. thereon. The Explanatory Statement (Pursuant to section 102 of the Companies Act, 2013) to the AGM Notice also clearly specified that if the Govt. does not agree to the same the authorized capital of the company shall not be increased. However, MTNL increased its Authorised Share Capital from Rs. 800 Crore to Rs. 10,000 Crore without any sanction/order showing either approval of the Government or intention of the government to approve the proposal for infusion of equity. This was commented last year also but no corrective action has been taken by the company.	The alteration of authorized capital has been done as per the regulations of the company act. In 32nd AGM held on 28-09-2018 and the same was approved and President of India's nominee, who is major stake holder approved it with other shareholders. Besides DOT conveyed vide letter 30-04/2019-PSU affairs dated 29-10-2019, the approval of cabinet for 4G allotment against capital infusion. Therefore, the government's approval was already there and hence the same was explained in last year comment itself. Cabinet approval is sacrosanct and cannot be changed at administrative levels. Hence no further action is required in the view of MTNL. Besides in EGM held on 08-01-2020 the classification of the same was also approved by President's nominee. Hence the approval of Government is very much there. As such no further action was taken.

Comments of CAG	Reply of MTNL Management
2. Notes to Accounts Contingent Liabilities Above head is understated by an amount of Rs 29.81 Crore on accounts of non-inclusion of License Fee payable in respect of "Pure Internet Service" as an amount of Rs 372.62 crore has been claimed as deduction by MTNL in the statement of Revenue and License Fee during the year 2019-20. TDSAT has granted conditional relief of stay to some Internet Service Providers on demand of License Fee on "Pure Internet Services", but the matter has not reached finality in the court of Law. Thus the amount payable on this account as License Fee should have been included under contingent Liability.	In the reply already submitted, it was apprised that DOT while sending provisional assessment for FY 2015-16 did not quantify any demand on account of deduction of pure internet service income. It is also replied that the contingent liability is created for all those demands under dispute and correspondence even though MTNL furnished all relevant required documents to withdraw the provisional demands. In case of audit from 2015-16 to 2018-19 also no such comment was given on accounts of MTNL. As such there is no demand on this account for 2019-20 also or for earlier years from DOT. Therefore, creation of contingent liability for the year 2019-20 is not done. On attainment of finality or on receipt of any specific issue on this from DOT only further action can be taken as per accounting standard on contingent liabilities.

Sd/-	**Sd/-**
(Manish Kumar)	**(Sultan Ahmed)**
Principal Director of Audit	**G M (Finance)**
(Finance &Communication)	**MTNL CO**

सत्यमेव जयते

OFFICE OF THE

Principal Director of Audit, Finance & Communication

SHAMNATH MARG, (NEAR OLD SECRETARIAT), DELHI-110054

Letter No. Rep-PSU A/cs/F-263/MTNL/2019-20/461

Date: 07/12/2020

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 Accounts of Mahanagar Telephone Nigam Limited (Consolidated) for the year ended 31st March 2020.

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 ended on 31st March 2020 for information and further necessary action.

Kindly acknowledge receipt by E-mail.

Yours faithfully,

Encl: As above.

Sd-/
(Manish Kumar)
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 CONSOLIDATED FINANCIAL STATEMENTS OF MAHANAGAR TELEPHONE NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2020

The preparation of consolidated financial statements of Mahanagar Telephone Nigam Limited, New Delhi for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139(5) 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 22nd July, 20020.

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 2020 under Section 143(6)(a) read with Section 129(4) of the Act of the consolidated financial statements. We conducted a supplementary audit of financial statements of Mahanagar Telephone Nigam Limited and Millennium Telecom Limited but we did not conduct a supplementary audit of the financial statements of Mahanagar Telephone Mauritius Limited (wholly owned subsidiary 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 Telecom Limited & MTNL STPI IT Services Ltd. 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

Balance Sheet

1. Equity and Liabilities

Equity Share Capital (Note 24)

Authorised Capital: Rs. 100,000,000,000 (Previous year Rs. 8000,000,000) equity shares of Rs.10 each.

In the 32nd Annual General Meeting (AGM) of Mahanagar Telephone Nigam Ltd. held on 28.09.2018, it was resolved to increase the Authorised Share Capital from Rs. 800 Crore to 10,000 Crore with the approval of the Central Government for infusion of equity as an upfront support for allocation of 4G spectrum to company and capex etc. thereon. The Explanatory Statement (Pursuant to section 102 of the Companies Act, 2013) to the AGM Notice also clearly specified that if the Govt. does not agree to the same the authorized capital of the company shall not be increased.

However, MTNL increased its Authorised Share Capital from Rs. 800 Crore to Rs. 10,000 Crore without any sanction/order showing either approval of the Government or intention of the government to approve the proposal for infusion of equity.

This was commented last year also but no corrective action has been taken by the company.

2. Notes to Accounts

Contingent Liabilities

Above head is understated by an amount of Rs 29.81 Crore on accounts of non-inclusion of License Fee payable in respect of "Pure Internet Service" as an amount of Rs 372.62 crore has been claimed as deduction by MTNL in the statement of Revenue and License Fee during the year 2019-20. TDSAT has granted conditional relief of stay to some Internet Service Providers on demand of License Fee on "Pure Internet Services", but the matter has not reached finality in the court of Law. Thus the amount payable on this account as License Fee should have been included under contingent Liability.

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

Sd-/
(Manish Kumar)
Principal Director of Audit (F &C)

Place: Delhi
Date: 07/12/2020

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 31 MARCH 2020

Comments of CAG	Reply of MTNL Management
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Sd/-
(Manish Kumar)
Principal Director of Audit
(Finance & Communication)

Sd/-
(Sultan Ahmed)
G M (Finance)
CO MTNL

Form AOC-I

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

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

1.	Sl. No.:	: 01
2.	Name of the Subsidiary	: **Millenium Telecom Limited**
3.	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. 2.49 crore
8.	Total assets	: Rs. 9.26 crore
9.	Total Liabilities	: Rs. 9.26 crore
10.	Investments	: NIL
11.	Turnover	: Rs. 1.74 crore
12.	Profit before taxation	: Rs. 0.35 crore
13.	Provision for taxation	: Rs. 0.09 crore
14.	Profit after taxation	: Rs. 0.26 crore
15.	Proposed Dividend	: Rs. 0.05 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)
6. Exchange rate : 1 INR = 0.5330 MUR
7. Share capital : Rs. 117.19 Crore
8. Reserves & surplus : Rs. 19.40 Crore
9. Total assets : Rs. 162.73 Crore
10. Total Liabilities : Rs. 162.73 Crore
11. Investments* : NIL
12. Turnover : Rs. 89.50 Crore
13. Profit before taxation : Rs. 4.12 Crore
14. Provision for taxation : Rs. 0.66 Crore
15. Profit after taxation : Rs. 3.47 Crore
16. Proposed Dividend : Rs.0.98 crore
17. % of shareholding : 100%

* Investments exclude investment in subsidiaries.

1. Names of subsidiaries which are yet to commence operations: Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

Part "B": Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate/ Joint Ventures	United Telecommunication Limited	MTNL STPI IT Services Limited
1. Latest audited Balance Sheet Date	31.03.2020	31.03.2020
2. Date on which the Associate or Joint Venture was associated or acquired	21.07.2001	31.03.2006
1. **Shares of Associate/ Joint Ventures held by the company on the year end**		
No.	5736200	2282000
Amount of investment in Associates/ Joint Venture	Rs. 35.85 crore	Rs. 2.28 Crore
Extend of Holding %	26.68%	50%
2. **Description of how there is significant influence**	Holding more than 20 % shares	Holding more than 20 % shares
3. **Reason why the associate/ joint venture is not consolidated**	Not Applicable	Not Applicable
4. **Net worth attributable to Shareholding as per latest audited Balance Sheet**	NIL	Rs. 5.36 Crore
5. **Profit/ (Loss) for the year**	Loss	Profit
i. Considered in Consolidation	-	Rs. 0.93 Crore
ii. Not Considered in Consolidation	Rs.(79.55) Crore	Rs. 0.93 Crore

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**

(Milind Vijay Joshi)

Director (Finance)

(S. R. Sayal)

Company Secretary

(P. K. Purwar)

Chairman & Managing Director

Place: New Delhi

Date: 19.09.2020

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 18th Annual Report of your Company together with the Statement of Accounts and Auditors Report for the year ended on 31st March, 2020 and report as under:

FINANCIAL PERFORMANCE

During the financial year under report, your Company has registered a profit before tax of Rs 34,69,730/- as against a profit before tax of Rs. 86,58,796/- last year and has a reserve and surplus of Rs 2,49,46,417/- as against Rs. 2,86,56,865/- last year.

PERFORMANCE OF MTL FOR F.Y. 2019-20

Millennium Telecom Ltd (MTL) is a wholly owned subsidiary of MTNL, incorporated in February 2000 under the Companies Act 1956. Services being offered by MTL include Telecom consultancy & engineering, Project Management, Wi-Fi solution, project on e-governance, Managed services, Turnkey ICT solution, GIS based services, capacity building and skill development etc. Your Company is also moving ahead with a very high growth rate. In 2014-15, the company turned into profit making company by System Integration and other ICT related business at pan India level. During the year under report i.e. 2019-20 the company has earned a revenue of Rs. 1.47 crores. MTL earned a net profit of Rs. 25.67 lakhs for the period ending 31st March 2020. MTL is in the process of winning over more orders in the upcoming years.A large number of Govt. Institutions have awarded works on nomination basis, which have been successfully executed by MTL. Customer list include Air India, J & K Government, Central University-(Mahendragarh) Haryana, UP Building and Other Constructions Workers Welfare Board (BOCWWB), Lucknow, Thane Municipal Corporation, CIDCO, Film Division of India, Insurance Institute of India, etc. MTL is also expanding its portfolio of services for providing generalized as well customized solutions to suit government and semi government institutions. MTL has empanelled 26 Business Development Associates (BDAs) for 10 years through EOI in the year 2016-17. In the F.Y 2019-20, MTL has worked on various projects GIS based Survey of District Meerut and Ghaziabad of UP for generating social welfare fund for labor's CESS, CIDCO EPABX Server (3 years contract), TMC WAN Networking (5 years contract), TMC Managed services (5 years contract), etc.

PERSONNEL

Your Company has not appointed any regular employee on its rolls. Some officers of MTNL have been nominated to take care of the work of MTL in addition to their existing duties & responsibilities. This is done for gearing up the company since lot of businesses is available in the market.

SHARE CAPITAL

There has been no change in the Share Capital and Shareholding of the Company. The paid up Share Capital of the Company is Rs 2,87,58,800/-(28,75,880 equity shares ofRs 10/- each). All the shares are held by MTNL and its nominees.

DIVIDEND

The Board of Directors of yourCompany has recommended the payment of final dividend @ 2% on the paid up share capital of Rs. 2,87,58,800/- of the Company i.e the 0.20 per share on 28,75,880 no. of shares for the FY 2019-20 which work out to be Rs. 5,75,176/.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The directors had prepared the annual accounts on a going concern basis and

(e) The directors, in the case of a listed Company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating efficiently.

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

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

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

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

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to the Company as your Company is a service provider.

During the year, there was no foreign exchange earnings and expenditure in foreign exchange.

PARTICULARS OF EMPLOYEES & RELATED DISCLOSURES

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.

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

During the Financial Year 2019-20, no case has been referred/ reported to the Committee on Sexual Harassment in the company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS IN THE FINANCIAL YEAR 2019-20

During the Financial Year 2019-20, 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	90	27.05.2019	New Delhi
2	91	07.09.2019	Mumbai
3	92	17.12.2019	Mumbai
4	93	18.03.2020	New Delhi

DIRECTORS

Shri Sunil Kumar continues to be Chairman and Nominee Director of MTNL (the Holding Company), Shri Sultan Ahmed & Shri S.P.Rai continues to be the Nominee Directors of MTNL during the Financial Year 2019-20. Shri PravinPunj ceased to be Nominee Director w.e.f 07.09.2019 and in his place Shri A.K. Srivastava was appointed as Nominee Director w.e.f 19.09.2019. Shri A.K. Srivastava also ceased to be Nominee Director w.e.f. 30.11.2019 and Shri V Srisankar has been appointed as Nominee Director of MTNL w.e.f. 30.01.2020 in his place.

CHIEF OPERATING OFFICER (COO)

Shri Deepak Mukherjee, PGM (EB), MTNL Mumbai and Shri A.R. Gupta, DGM (EB) 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 under Section 92(3) (in Form-MGT-9) of the Companies Act 2013 is annexed to this Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The provisions of Section 135 relating to constitution of Corporate Social Responsibility Committee and undertaking Corporate Social responsibility activities are not applicable to the Company.

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

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

FIXED DEPOSITS

During the year under report, the Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date on this account.

PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH REALTED PARTIES

During the period under review, the 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 2020 is given in the notes to the financial statement.

STATUTORY AUDITORS

M/sBramhechaModi& Co. Charted Accountants were appointed by the Comptroller and Auditor General of India u/s 139 (5) of the Companies Act, 2013 as the Statutory Auditors of the Company for the FY 2019-20. 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. No appointment of Statutory Auditors has been made by the Comptroller and Auditor General of India for the FY 2020-21 so far.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013.

The Comptroller and Auditor General of India (CAG) vide letter no Rep - FA/F-248/MTL/2020-21/270 dtd 13/08/2020 has informed your company that CAG has decided not to conduct the supplementary audit of the financial statements of MTL for the year ended 31 March 2020 and as such have no comments 2020 and as such have no comments to make under section 143(6)(a) of the Act.

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.

Sd/-
SUNIL KUMAR
CHAIRMAN
DIN: 06628803

Place: New Delhi
Date: 11.09.2020

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March, 2020

[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, Ifany:-** NIL

2. **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

Sr. No.	Name and Description of the main products/ services	NIC Code of the Product/ services	% to total turnover of the company
1	Information Technology/Data	892	92%

3. **PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	Name and Address of The Company	CIN/GLN	Holding /Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahanagar Telephone Nigam Limited (MTNL) Mahanagar Doorsanchar Sadan,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 01.04.2019				No. of Shares held at the end of the year 31.03.2020				% 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

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2019				No. of Shares held at the end of the year 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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. (1):-	0	2875880	2875880	100	0	0	2875880	285880	0
(2) Foreign		0	0				0	0	
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 01.04.2019			Shareholding at the end of the year 31.03.2020			
		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	% change in shareholding during the year
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 01.04.2019		Cumulative Shareholding during the Year (F.Y. 2019-20)	
		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

Sr. No.		Shareholding at The Beginning of the Year 01.04.2019		Cumulative Shareholding during the Year (F.Y. 2019-20)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	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(01.04.2019) **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**
Indebtness at the end of the financial year (31.03.2020) i. Principal Amount ii. Interest due but not paid iii. Interest accrued but not due	**-** **-** **-**	**60,60,175** **-** **-**	**-** **-** **-**	**60,60,175** **-** **-**
Total (i+ii+iii)	**-**	**60,60,175**	**-**	**60,60,175**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: At Present there exist no employees on the roll of MTNL.

A. Remuneration to other directors : Not Applicable

B. Remuneration to Key Managerial Personnel other than MD/Manager/WTD : NA

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : NIL

सत्यमेव जयते

Øekd Rep-FA/F-248/MTL/2020-21/270
No.

OFFICE OF THE
Principal Director of Audit, Finance & Communication
SHAMNATH MARG, (NEAR OLD SECRETARIAT), DELHI-110054

fnukd % 13/08/2020
Date : 13/08/2020

To

The Director,

Millenium Telecom Limited (MTL).

4th Floor, 9 CGO Complex,

Mahanagar Doorsanchar Sadan,

Delhi-110001

Subject: 'Non-Review Certificate ' on the accounts Of Millennium Telecom Limited for the year ended 31st March 2020.

Sir,

I am enclosing a Non-Review Certificate ' on the accounts Of Millennium Telecom Limited for the year ended 31st March 2020 for information and necessary Action.

Yours faithfully,

Encl: As above.

Sd-/
(Manish Kumar)
Principal Director of audit (F &C)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INIDA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF MILLENNIUM TELECOM LTD FOR THE YEAR ENDED 31ST MARCH 2020.

The preparation of financial statement of Millennium Telecom Ltd. For the year ended

31st March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for

expressing opinion on the financial statements under section 143 of the Act based on the 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 2nd July 2020

I, on behalf of the comptroller and auditor general of India, have decided not to conduct the supplementary audit of the financial statement of Millennium Telecom Ltd for the year ended 31 March 2020 and as such have no comments to make under Section 143(6)(a) of the Act.

For and on the behalf of the Comptroller and auditor general of India

Sd-/
(Manish Kumar)
Principal Director of audit (F &C)

Place: Delhi
Date: 13/08/2020

BRAMHECHA MODI & CO.
CHARTERED ACCOUNTANTS
603/604, Kushal Point, Road No.4,
New Meghdoot Hotel, Ghatkopar (W)
Mumbai : 400086, Tel No.: 022-25166805/25146806
Fax.: 022-25146806
Email: ca_bmco@ymail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of

MILLENIUM TELECOM LIMITED

Opinion

We have audited the accompanying Standalone Financial Statements of **MILLENIUM TELECOM LIMITED**, which comprise the Balance Sheet as on 31st March 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Companies Act, 2013 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:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2020;
- In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the 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 our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable 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's 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 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has 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 opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(5) of the Act, we give in "Annexure B" a statement on the matters specified by the Comptroller and Auditor General of India for the Company.

3. As required by Section 143 (3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

    c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow statement dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    e) On the basis of written representations received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) 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".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act as amended, there is nothing to be reported.

h) With respect to the other matters included in the Auditor's Report and to our 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 financial statements – Refer Note 25 to the financial statements;

   ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For BRAMHECHA MODI & CO.
Chartered Accountants
Firm Reg. No. 101591W

(VARUN V. BRAMHECHA)
PARTNER
Mem No. 136414
UDIN: 20136414AAAACH5317

Place : Mumbai
Date : 02.07.2020

MILLENIUM TELECOM LIMITED
"ANNEXURE A" TO THE AUDITORS' 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 maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

   (b) The management has not physically verified the fixed assets during the year under audit.

   (c) 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 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 granted loans secured or unsecured to companies, firms, Limited Liability

   Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

   (a) We have been informed that there were no terms & conditions for loan granted to holding company and such transactions were not entered in register maintained u/s 189 of the Companies Act 2013.

   (b) We have been informed that no schedule of repayment of principal and interest has been stipulated.

   (c) As no repayment schedule is stipulated for loan to holding company, comment on overdue amounts is not applicable in this case.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

5. The Company has not accepted any deposits from the public and 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 Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. As informed to us, 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 on by the Company.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of material statutory dues were in arrears as on 31st March 2020 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, 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	Paid under Protest
2003-04	63,75,775/-	63,75,775/-
(The above case is pending with ITAT for relief of Deduction u/s 80IA)		
2004-05	39,51,744/-	40,82,377/-
(The above case is pending with ITAT for relief of Deduction u/s 80IA)		
2005-06	29,82,670/-	29,82,670/-
(The above case is pending with ITAT for relief of Deduction u/s 80IA)		
2007-08	6,34,050/-	NIL
(Commissioner of Income Tax Appeal has allowed only part appeal and appeal effect is still pending)		

8. The company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the order is not applicable.

9. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For BRAMHECHA MODI & CO.
Chartered Accountants
Firm Reg. No. 101591W

(VARUN V. BRAMHECHA)
PARTNER
Mem No. 136414
UDIN: 20136414AAAACH5317

Place : Mumbai
Date : 02.07.2020

MILLENIUM TELECOM LIMITED
"ANNEXURE B" TO THE AUDITORS' REPORT

[Referred to in Our Report of even date]

Report on C&AG Directions under Section 143(5) of Companies Act, 2013 for the Financial Year 2019-20 in respect of statutory audit of Millennium Telecom Limited

Point-wise audit observations for each CAG direction under Section 143(5) of the Companies Act 2013 are given below

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.**

   Audit Observation:
   On the basis of explanation given to us and based on our verification, we hereby report that there is a system in place to process all the accounting transactions through IT system and no accounting transactions have been processed outside the IT system during the year under audit.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ 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.**

   Audit Observation:
   On the basis of explanation given to us and based on our verification, we hereby report that the company has not written off any amount during the period covered under audit.

3. **Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.**

   Audit Observation:
   On the basis of explanation given to us and based on our verification, we hereby report that no funds were received from Central / State agencies during the year under audit.

For BRAMHECHA MODI & CO.
Chartered Accountants
Firm Reg. No. 101591W

(VARUN V. BRAMHECHA)
PARTNER
Mem No. 136414
UDIN: 20136414AAAACH5317

Place : Mumbai
Date : 02.07.2020

ANNEXURE - C TO THE AUDITORS' REPORT

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 **MILLENIUM TELECOM LIMITED** ("The Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 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.

Adverse 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, 2020:

i. The company does not have appropriate internal control system for ensuring Sales Invoice are prepared after Receipt of Purchase Invoice. The company is regularly issuing Sales Invoice before receipt of Purchase Invoice, resulting in Blocking of excess Working Capital due to payment of GST through Cash ledger and Subsequent 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 March 31, 2020, 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, 2020 standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

For BRAMHECHA MODI & CO.
Chartered Accountants
Firm Reg. No. 101591W

(VARUN V. BRAMHECHA)
PARTNER
Mem No. 136414
UDIN: 20136414AAAACH5317

Place : Mumbai
Date : 02.07.2020

MILLENNIUM TELECOM LIMITED
Balance Sheet as at 31 March 2020

	Particulars	Note No.	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
	1	2	3	4
(1)	**ASSETS**			
	Property, Plant and Equipments	2	43,855	43,855
	Deffered Tax (Assets)	3	23,444	28,355
	Other non current Assets	4	3,758,569	6,916,340
			3,825,868	6,988,550
(2)	**Current assets**			
	Inventories		-	-
	Financial Assets			
	Trade Receivable	5	13,785,402	22,657,252
	Cash & Bank Balance	6	54,269,086	71,401,702
	Other current financial asset	7	1,663,433	1,014,436
	Current Tax Assets	8	2,867,409	3,285,200
	Other current assets	9	16,182,367	16,138,342
			88,767,697	114,496,932
	TOTAL ASSETS		92,593,565	121,485,482
	EQUITY AND LIABILITIES			
	Equity			
	Equity Share capital	10	28,758,800	28,758,800
	Other Equity	11	24,946,417	28,656,865
			53,705,217	57,415,665
	LIABILITIES			
(1)	**Non current liabilities**			
	Other non-current liabilities	12	2,177,000	2,177,000
			2,177,000	2,177,000
(2)	**Current liabilities**			
	Financial Liabilities			
	Trade Payable	13	6,450,770	34,087,561
	Other Financial Liabilities	14	24,720,642	20,791,241
	Current Provision	15	4,987,382	3,975,303
	Other Current Liabilities	16	552,554	3,038,712
			36,711,348	61,892,817
	TOTAL EQUITY AND LIABILITIES		**92,593,565**	**121,485,482**

For **M/s Bramhecha & Modi & co**
Chartered Accountants
Firm's Registration No.: 101591W

For and on behalf of the Board of Directors

CA VARUN V BRAMHECHA
Partner
Membership No. 136414
UDIN : 20136414AAAACH5317

SUNIL KUMAR
Chairman & Director

SULTAN AHMED
Director

Place: Mumbai
Date: 02.07.2020

Place: Delhi
Date: 02.07.2020

MILLENNIUM TELECOM LIMITED
PART II – STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Amount in Rupees

Particulars		Note No.	Year ended 31 March 2020	Year ended 31 March 2019
1		2	3	4
I	Revenue from operations	17	14,797,593	73,439,502
II	Other income	18	2,574,524	3,469,725
III	Total Income (I+II)		17,372,117	76,909,227
IV	**Expenses**			
	Cost of material consumed		-	-
	Purchase of Stock in Trade		-	-
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
	Employee benefits expense		-	-
	Finance costs	19	427	943
	Depreciation and amortisation expense		-	1,762
	Other expenses	20	13,901,960	68,247,727
	Total expenses		13,902,387	68,250,432
V	**Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)**		3,469,730	8,658,796
VI	**Exceptional items**		-	-
VII	**Profit / (Loss) before tax (V-VI)**		3,469,730	8,658,796
VIII	**Tax expense:**			
	(a) Current tax		897,172	2,246,102
	(b) Deferred Tax		4,911	5,215
			902,083	2,251,317
IX	**Profit / (Loss) for the period from continuing operation (VII-VIII)**		**2,567,647**	**6,407,479**
X	**Profit / (Loss) from discontinuing operations**			
XI	**Tax expenses for discontinuing operations**			
XII	**Profit / (Loss) from discontinuing operations after tax(IX+XII)**		-	-
XIII	**Profit / (Loss) for the period (XI-XIII)**		**2,567,647**	**6,407,479**
XIV	**Other Comprehensive Income**		**-**	**-**
XV	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income 'for the period)		**2,567,647**	**6,407,479**
XVI	**Earnings per share (For continuing operation)**			
	(a) Basic		0.89	2.23
	(b) Diluted		0.89	2.23
XVII	Earnings per share (For discontinued operation)			
	(a) Basic			
	(b) Diluted			
XVIII	Earnings per share (For continuing & discontinued operation)			
	(a) Basic		0.89	2.23
	(b) Diluted		0.89	2.23
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 23 to 36		

For **M/s Bramhecha & Modi & co**
Chartered Accountants
Firm's Registration No.: 101591W

For and on behalf of the Board of Directors

CA VARUN V BRAMHECHA
Partner
Membership No. 136414
UDIN : 20136414AAAACH5317

SUNIL KUMAR
Chairman & Director

SULTAN AHMED
Director

Place: Mumbai
Date: 02.07.2020

Place: Delhi
Date: 02.07.2020

MILLENNIUM TELECOM LIMITED
Cash Flow Statement for the year ended 31st March, 2020

Particulars	As at March 31, 2020		As at March 31, 2019	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		3,469,730		8,658,796
Adjustments for:				
Depreciation and amortisation	-		1,762	
Finance costs	427		943	
Interest income	(2,196,191)		(3,364,725)	
Dividend Declared	(2,013,116)		-	
Dividend Distribution Tax Excess provision written back	-		10,282	
Dividend Declared	(3,157,771)		-	
Dividend Distribution Tax	(413,802)		-	
Income Tax earlier year	-	(7,780,453)	-	(3,351,738)
Operating profit / (loss) before working capital changes		(4,310,723)		5,307,058
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories				
Trade receivables	8,871,850		(611,634)	
Other current financial assets	(648,997)		159,777	
Other current tax asset	417,791		(166,125)	
Other current assets	(44,025)		(10,355,673)	
Other non-current assets	3,157,771		-	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(27,636,791)		27,391,206	
Other current financial liabilities	3,929,401		7,080,910	
Other current liabilities	1,012,079		376,711	
Other Long-term liabilities	-		-	
Short-term provisions	(2,486,158)	(13,427,079)	(45,236,697)	(21,361,525)
		(17,737,802)		(16,054,467)
Cash flow from extraordinary items		-		-
Cash generated from operations		(17,737,802)		(16,054,467)
Net income tax (paid) / refunds		(897,172)		(2,246,102)
Net cash flow from / (used in) operating activities (A)		**(18,634,974)**		**(18,300,569)**
B. Cash flow from investing activities				
Interest received				
- Others Bank FD	2,065,460		3,344,715	
- Others	130,731	2,196,191	20,010	3,364,725

Purchase of Fixed Asset		-		-
Net cash flow from / (used in) investing activities (B)		**2,196,191**		**3,364,725**
C. Cash flow from financing activities				
Proceeds from other long-term advances	-		-	
Repayment of other short-term borrowings	-		-	
Finance cost	(427)	(427)	(943)	(943)
Net cash flow from / (used in) financing activities (C)		**(427)**		(943)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(16,439,210)**		**(14,936,787)**
Cash and cash equivalents at the beginning of the year		71,401,702		86,338,490
Cash and cash equivalents at the end of the year		**54,962,492**		**71,401,703**
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 5)		54,269,086		71,401,702
Less: Bank balances not considered as Cash and cash equivalents as defined in Ind-AS 7 Cash Flow Statements		-		-
Net Cash and cash equivalents (as defined in IND-AS 7 Cash Flow Statements) included in Note 5		54,269,086		71,401,702
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)		-		-
Cash and cash equivalents at the end of the year *		54,269,086		71,401,702
* Comprises:				
(a) Cash on hand		-		-
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		11,847,284		2,527,972
(ii) In deposit accounts with original maturity of less than 3 months		42,421,802		68,873,730
		54,269,086		**71,401,702**

For **M/s Bramhecha & Modi & co**
Chartered Accountants
Firm's Registration No.: 101591W

For and on behalf of the Board of Directors

CA VARUN V BRAMHECHA
Partner
Membership No. 136414
UDIN : 20136414AAAACH5317

SUNIL KUMAR
Chairman & Director

SULTAN AHMED
Director

Place: Mumbai
Date: 02.07.2020

Place: Delhi
Date: 02.07.2020

MILLENNIUM TELECOM LIMITED
Significant accounting policies and other explanatory information for the year ended March 31, 2020

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.

MILLENNIUM TELECOM LIMITED
Balance Sheet as at 31st March 2020

Particulars	Furniture and fixtures	Office equipment	Electrical fittings	Computers	Vehicles	Total
Carrying amount as on 01-Apr-2019	23,713	17,029	3,111	1	1	43,855
Addition						
Accumulated depreciation						
Opening accumulated depreciation	-	-	-			-
Depreciation charge duting the year				-		-
Assets included in a disposal group classified as held for sale						
Disposals						
Exchange differences						
Closing accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount	**23,713**	**17,029**	**3,111**	**1**	**1**	**43,855**

MILLENNIUM TELECOM LIMITED
Significant accounting policies and other explanatory information for the year ended March 31, 2020

Rupees

Note No	Particulars	As at March 31, 2020	As at March 31, 2019
3	**Deferred tax assets**		
	Timing difference between book depreciation and depreciation as per Income Tax Act, 1961	23,444	28,355
		23,444	**28,355**
4	**Non current tax assets**		
	Advance tax (net of provisions)	3,758,569	6,916,340
		3,758,569	**6,916,340**
5	**Trade receivables (Unsecured)**		
	Considered good	13,785,402	22,657,252
	Considered doubtful	273,971	273,971
		14,059,373	22,931,223
	Less: Provision for doubtful debts	(273,971)	(273,971)
		13,785,402	**22,657,252**
6	**Cash and cash equivalents**		
	Cash in hand		
	Balance with banks		
	- current accounts	11,847,284	2,527,972
	- in deposit account with original maturity upto 3 months	42,421,802	68,873,730
		54,269,086	**71,401,702**
7	**Other current financial asset**		
	Receivable from related parties	174,213	174,213
	Deposit with Thane Municipal Corporation	840,223	840,223
	Deposit with CIDCO	648,997	
	Bank Guarantee	-	-
		1,663,433	**1,014,436**
8	**Other current tax assets**		
	Income tax refund receivable	2,867,409	3,285,200
		2,867,409	**3,285,200**
9	**Other current assets**		
	Service not billed (Accrud Income)	272,519	259,167
	CGST credit ledger-Maharsahtra	129,799	
	SGST credit ledger-Maharsahtra	129,799	
	IGST crdit ledger-Delhi	168,989	
	Tax credit not utilized	-	8,151,690
	Balance with statutory authorities	15,481,261	7,727,485
		16,182,367	**16,138,342**

Millennium Telecom Limited

10. Equity Share Capital

	As at March 31, 2020 Rupees	As at March 31, 2019 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	28,758,800	28,758,800
Subscribed and Paid-Up:		
28,75,880 (Previous Year: 28,75,880) Equity Shares of Rs. 10 each	28,758,800	28,758,800
	28,758,800	**28,758,800**

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue / Bonus / ESOP	Conversion / Buy Back	Closing Balance
Equity shares with voting rights Issued, Subscribed and fully paid up				
Year ended 31st March, 2019				
- Number of shares	2,875,880	-	-	2,875,880
- Amount (Rs.)	28,758,800	-	-	28,758,800
Year ended 31st March, 2018				
- Number of shares	2,875,880	-	-	2,875,880
- Amount (Rs.)	28,758,800	-	-	28,758,800

Notes:

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights
	Number of shares
As at 31st March, 2020	
Mahanagar Telephone Nigam Limited, the holding company	2,875,880
As at 31st March, 2019	
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

Statement of Changes in Equity for the year ended March 31, 2020

Equity share capital

	Number of shares	Amount
As at April 01, 2019	28,758,800	28,758,800
Changes during the year	-	-
As at March 31, 2020	**28,758,800**	**28,758,800**
Other equity		
	Revenue Reserve	**Retained earnings**
Opening balance as at April 01, 2019	724,119	27,932,746
Profit / (loss) for the year		2,567,647
Dividend and Proposed Dividend		(5,170,887)
Dividend Tax and Provision for tax		(1,107,208)
Closing balance as at March 31, 2020	**724,119**	**24,222,298**

11. Other Equity

Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Reserves and surplus		
Revenue reserve		
Opening balance	724,119	724,119
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	-	-
Amortization of fixed assets as per new	-	-
Companies Act 2013	-	-
Closing balance	**724,119**	**724,119**
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	27,932,746	21,514,986
Add: Profit / (Loss) for the current year	2,567,647	6,407,479
Add: Excess Provision on Dividend Tax	-	10,282
Less: Dividend	(2,013,116)	-
Less: Dividend Distribution Tax	(413,802)	-
Less: Income Tax of earlier year	(3,157,771)	-
Less: Proposed Dividend including Dividend Distribution Tax	(693,406)	-
Closing balance	**24,222,298**	**27,932,746**
Total	**24,946,417**	**28,656,865**

Significant accounting policies and other explanatory information for the year ended March 31, 2020

Note No	Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
12	**Other non current liabilities**		
	Mobilization Advance Received from Jammu & Kashmir E-Gov	2,177,000	2,177,000
		2,177,000	2,177,000
13	**Trade Payables**		
	Due to MSME	-	-
	Due to Others	6,450,770	34,087,561
		6,450,770	34,087,561
14	**Other current financial liabilities**		
	Advances from related parties	6,060,175	6,060,175
	Interim Dividend Payable	-	-
	Proposed Dividend	693,406	-
	Earnest money deposit and security deposit	17,967,061	14,731,066
		24,720,642	20,791,241
15	**Current Provisions**		
	Provision for expenses	4,987,382	3,975,303
		4,987,382	3,975,303
16	**Other current liabilities**		
	Income Received in Advance	-	-
	Statutory remittances (Professional Tax, Service Tax, TDs payable)	552,554	3,038,712
		552,554	3,038,712
17	**Revenue from operations**		
	Sales of Products		
	Sales of Services	14,797,593	72,541,533
	Other Operating Revenues	-	897,969
	GST	2,614,513	4,683,525
	Gross Revnue	17,412,106	78,123,027
	Less: Service Tax / GST	(2,614,513)	(4,683,525)
	Net Revenue from operations	**14,797,593**	**73,439,502**
18	**Other Income**		
	Interest income	2,196,191	3,364,725
	Reversal of Provision	338,333	3,000
	Tender & EMD forfeiture	40,000	102,000
		2,574,524	3,469,725

19	**Finance costs**		
	Bank Charges	427	943
		427	943
20	**Other expenses**		
	Direct Expenses	13,567,126	67,830,680
	Meeting Expenses	13,248	4,625
	Books & Periodicals		2,650
	Rates and taxes		-
	Travelling and conveyance	68,057	107,784
	Printing and stationery	3,816	3,414
	Postage	601	339
	Tender Expenses		-
	Late Fees for filing GST return	500	310
	Legal and TDS filing fees	100	150
	CS Fees	42,500	128,017
	Stamp purchased	3,000	-
	Fees to CA other than Audit	50,000	20,000
	Rent & Electricity of Office	66,012	66,012
	RoC Filing Fees		6,715
	Payments to auditors	84,000	75,000
	Digital Signature		2,031
	Repair & Maintenance		-
	Income Tax Appeal Fees	3,000	-
		13,901,960	**68,247,727**

21 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities of the company are under the amortised cost measurement category at each of the reporting dates.

Fair value hierarchy

"The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table."

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments in the level 2 category for the company include forward exchange contract derivatives.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

The carrying amounts of trade receivables, other financial assets, fixed deposits with banks, trade payables and other current financial liabilities are considered to be approximately equal to the fair value.

The Fixed Deposit shown as Cash and Equivalent as it's nature like "Readily convertible to known amounts of cash" as per IND AS 7. As the company withdraw money from fixed deposit as and when required for its on going projects.

22 Financial risk management

The company is exposed to credit risk and liquidity risk.

Credit risk

Credit risk arises from cash and bank balances, trade receivables and other financial assets carried at amortised cost.

Credit risk management

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. There is no significant concentration of credit risk.

Bank balances are held with only high rated banks. The major portion of trade receivables are due from parent company. Accordingly, the provision for impairment is considered immaterial.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and other financial liabilities.

The Company's finance department is responsible for liquidity and settlement management. Also the liquidity position is assessed at reasonable intervals through budgeted cashflow.

Maturities of non – derivative financial liabilities

As at March 31, 2020

Particulars	Within 6 months	6 months to 1 year	Total
Trade Payables	67,500	63,83,270	64,50,770
Other current financial liability		2,47,20,642	2,47,20,642

As at March 31 ,2019

Particulars	Within 6 months	6 months to 1 year	Total
Trade Payables	1,75,600	62,75,170	64,50,770
Other current financial liability		2,07,91,241	2,07,91,241

23	**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 Sunil Kumar, Chairman & Director
		Shri. Pravin Punj, Director up to 07-09-2019
		Shri A K Srivastava from 19-09-2019 to 30-11-2019
		Shri Srisankar Velliah from 30-01-2020
		Shri Sultan Ahmed, Director
		Shri S P Rai, Director
		Shri Sharat Chand COO-Delhi
		Shri Sanjay Khare COO -Mumbai up to 07-09-2019
		Shri Deepak Mukherjee COO -Mumbai from 07-09-2019
		No transaction with any of them.
	Relatives of KMP	No transactions
	Company in which KMP / Relatives of KMP can exercise significant influence	No Transactions
	Note: Related parties have been identified by the Management.	

24 Details of related party transactions during the year ended 31st March, 2020 and balances outstanding as at 31st March, 2019:

		Associates : Bharat Sanchar Nigam Ltd. / United Telecom Ltd	Ultimate Holding Company : Mahanagar Telephone Nigam Ltd.	Fellow Subsidiaries : Mahanagar Telephone Nigam (Mauritius) Ltd	Total
	Balances outstanding at the end of the year				
	Trade receivables	-	10,259,680	-	10,259,680
		-	(10,809,112)	-	(10,809,112)
	Advances to parent company	-	174,213	-	174,213
		-	(174,213)	-	(174,213)
	Advances from parent company	-	6,060,175	-	6,060,175
		-	(6,060,175)	-	(6,060,175)
	Provision for doubtful receivables, loans and advances	-	-	-	-
		-	-	-	-
	Note: Figures in bracket relates to the previous year				

		As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
25	**Contingent liabilities and commitments (to the extent not provided for)**		
(i)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt (give details)		
	(a) (i) AY 2004-05 case pending with ITAT (Appeal) for disallowance deduction u/s 80IA of Income Tax (Provision made)	-	3,496,764
	(a) (ii) AY 2005-06 case pending with ITAT (Appeal) for disallowance deduction u/s 80IA of Income Tax (Provision made)	-	4,349,058
26	Dividend of Rs 0.70 per equit share has been paid for the year ended 31-03-2019 in the finacial year 2019-20. Board of director recommended to Dividend of Rs 0.20 per Equity Share for the year ended 31-03-2020. And liability provided for the proposed dividend and dividend distribution tax for the finacial year 2019-20.		
27	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.		
28	The company operates in one segment i.e. providing of services in India.		
29	**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, 2020 and March 31, 2019.**		

	Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
30	The information relating to Value of imports calculated on CIF basis: Expenditure in foreign currency, Earnings in foreign exchange & Amounts remitted in foreign currency during the year on account of dividend; is Nil.
31	Details of consumption of imported and indigenous items are Nil for the company.
32	In the opinion of Board of Directors, current assets, loans & advances, have value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities has been made in the accounts.
33	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 31.3.2020
34	No bill wise details available regarding status of Statutory remittances pending as per Note No.8 towards service tax liability of Rs.5,40,054/-.
35	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.
36	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.

For **M/s Bramhecha & Modi & co**
Chartered Accountants
Firm's Registration No.: 101591W

For and on behalf of the Board of Directors

CA VARUN V BRAMHECHA
Partner
Membership No. 136414
UDIN : 20136414AAAACH5317

SUNIL KUMAR
Chairman & Director

SULTAN AHMED
Director

Place: Mumbai
Date: 02.07.2020

Place: Delhi
Date: 02.07.2020

MILLENNIUM TELECOM LIMITED
Annexures to the Notes forming part of the financial statements

Annexures to note no 4

	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Non Current Tax Assets		
Income Tax Paid (A.Y. 2003-04)	6,375,775	6,375,775
Income Tax Paid (A.Y. 2004-05)	4,082,337	4,082,337
Income Tax Paid (A.Y. 2005-06)	3,819,306	3,819,306
	14,277,418	14,277,418
Less: Provision for taxation		
AY 2003-04	(4,063,127)	(5,983,525)
AY 2004-05	(2,721,485)	(454,410)
AY 2005-06	(2,811,094)	
AY 2007-08	(941,800)	(941,800)
Total	3,739,912	6,897,683
TDS Assets:-		
TDS Assests F.Y 2015-16	14,986	14,986
TDS Assests F.Y 2016-17	3,671	3,671
TOTAL	**3,758,569**	**6,916,340**

Annexures to note no 5

Trade Receivable	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Considered Good		
CE (BW), MTNL, Delhi	1,724,630	1,724,630
CE (BW), MTNL, Mumbai	1,260,870	1,260,870
GM (Mktg & PR), MTNL, Mumbai	267,400	267,400
GM (Mktg), MTNL, Delhi	6,010,020	6,010,020
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)	468,695	1,018,127
JAMMU & KASHMIR E GOV	559,685	9,009,138
CIDCO Ltd	100,001	-
Thane Municipal Corporation	27,034	

UP Building and Other Construction Worker Welfare Board	2,839,002	2,839,002
	13,785,402	**22,657,252**
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

	As at March 31, 2020 Rupees	**As at March 31, 2019 Rupees**
Cash and Bank Balance		
Balances with banks		
(i) In current accounts		
IOB A/C - Mumbai- Collection	1,543,543	3,067
IOB A/C - Mumbai-Operation	12,953	17,416
IOB A/C - Delhi	10,189,964	2,406,665
ICICI A/C	100,825	100,825
	11,847,284	2,527,972
(ii) In deposit fixed deposit accounts		
IOB A/C - Mumbai	-	26,521,674
IOB A/C - Delhi	42,421,802	42352056
	42,421,802	**68,873,730**

Annexures to note no 8

Other current asset	**As at March 31, 2020 Rupees**	**As at March 31, 2019 Rupees**
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	-	2,394,748
Income Tax refund receiveble AY 2019-20	1,275,424	166,125
Income Tax refund receiveble AY 2020-21	867,658	
	2,867,409	**3,285,200**

Annexures to note no 9

Tax credit not utilized	**As at March 31, 2020 Rupees**	**As at March 31, 2019 Rupees**
CGST Credit-Delhi	-	34,987
SGST Credit-Delhi	-	34,987

CGST Credit-UP	-	4,040,858
SGST Credit-UP	-	4,040,858
	-	8,151,690

Annexures to note no 9

Balance with statutory authorities	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
CGST Credit-Mah	5,295,502	5,523,554
SGST Credit-Mah	1,751,482	1,979,534
CGST Credit Delhi	56,297	-
SGST Credit Delhi	56,747	-
IGST Credit Delhi	15,120	
CGST Credit-UP	4,040,858	
SGST Credit-UP	4,040,858	
Cess credit receivable	20,761	20,761
Krishi Kalyan Cess credit	203,636	203,636
	15,481,261	**7,727,485**

Annexures to note no 13

Trade payable	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Sundry creditors		
Telexcell Information System Ltd - CuH	-	518,487
Telexcell Information System Ltd - Air India	-	-
ITI Limited	36,935	36,935
Pentagon Network Solution Ltd	100,000	
GAAP Education Pvt ltd	6,238,235	6,238,235
Vikash Buildtech Pvt Ltd	-	27,226,404
Creditor for expenses		
BRAMHECHA MODI & CO	67,500	67,500
Hemant Singh Associatre	8,100	
TOTAL	**6,450,770**	**34,087,561**

Annexures to note no 14

Other current financial liabilities	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Advances from related parties		
Holding Company Mahanagar Telephone Nigam Ltd		
Delhi Unit	4,811,756	4,811,756
Mumbai Unit	1,248,419	1,248,419

	6,060,175	**6,060,175**
Trade / security deposits received		
EMD FROM TELEXCELL	19,438	10,000
Deposit from Vikas Buildtech Pvt. Ltd.	10,715,047	9,637,487
Advance from NSRC Data center	1,845,662	1,845,662
Deposit from Pentagon Network Sol Pvt Ltd	2,786,914	2,137,917
DEPOSIT OF BDA	2,600,000	1,100,000
	17,967,061	**14,731,066**

Annexures to note no 15

Current Provision	**As at March 31, 2020 Rupees**	**As at March 31, 2019 Rupees**
Provision for Air India		-
Provision for CUH-WiFi	258,801	647,878
Provision for MPLS toll plaza	112,000	112,000
Provision for UP GIS project	3,215,425	3,215,425
Provision for other exp	50,000	
Provision for TMC maintenance	1,351,156	
	4,987,382	**3,975,303**

Annexures to note no 16

Other current liabilities	**As at March 31, 2020 Rupees**	**As at March 31, 2019 Rupees**
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	51,633
TDS Payable- UP	-	2,244,921
Dividend Distribution Tax payable	-	-
Dividend Distribution Tax Not due for payable	-	-
GST Payable		
CGST TDS-Delhi	1,600	-
SGST TDS-Delhi	1,600	
CGST liability-Delhi	-	16,409
SGST liability-Delhi	-	24,061
IGST liability-Delhi	1,800	-
CGST liability-UP	-	80,817
SGST liability-UP	-	80,817
TOTAL	**552,554**	**3,038,712**

Annexures to note no 17

Revenue from operations	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Sales of Service		
Delhi Branch		
RF connectivity to AIR India	272,087	193,969
Enterprise business (WiFi Project)	194,400	777,501
Mumbai Branch		
Enterprise business (WiFi Project)	14,331,106	23,735,113
Enterprise business (Others)	-	674,200
UP Branch		
UP GIS SURVEY	-	47,160,750
	14,797,593	**72,541,533**
Other Operational Income		
UP Branch		
PMC Charges	-	897,969
	-	897,969
Service Tax		-
GST		
Delhi	34,914	128,215
Mumbai	2,579,599	4,393,676
UP	-	161,634
	2,614,513	4,683,525
Gross Revenue	17,412,106	78,123,027

Annexures to note no 18

Other Income	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Interest Income		
FD Interest		
-Delhi	2,058,802	1,514,178
-Mumbai	6,658	1,830,537
Interest on Income Tax Refund	130,731	20,010
	2,196,191	3,364,725
Tender & EoI processing	40,000	102,000
GST	7,200	18,360
Gross Other Income	47,200	120,360
Net Income (Excluding GST)	40,000	102,000

Annexure to Note No.20

DIRECT EXPENSES	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
	-	-
Delhi Branch		
RF connectivity to AIR India	224,395	159,970
CuH Project	194,375	777,463
Mumbai Branch		
Enterprise business (WiFi Project)	13,148,356	21,421,752
Enterprise business (Others)	-	573,070
UP Branch		
UP GIS PROJECT	-	44,898,425
	13,567,126	**67,830,680**

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHANAGAR TELEPHONE (MAURITIUS) LTD

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of **Mahanagar Telephone (Mauritius) Ltd** (''the Company'') and its subsidiaries (''the Group") set out on pages 17 to 45, which comprise the statement of financial position as at 31 March 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements give a true and fair view of the financial position of the Group and Company as at 31 March 2020 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.

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 Code of Ethics for Professional Accountants (IESBA Code), 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 company secretary, statement of compliance, corporate governance report, or any other information. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the 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 2001, 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 Group and 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 Group and 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**How our audit addressed the key audit matters**
Implementation of IFRS 16	
As indicated in Note 16 to the consolidated financial statements for the year ended March 31, 2020, the Group adopted IFRS 16, "Leases" with effect from January 1, 2019 using the modified retrospective method. The new standard provides a single lessee accounting model, under which a "right-of-use asset" and a corresponding "lease liability" are recognized in the balance sheet for all leases. The cumulative impact of the first-time adoption was therefore recognized at January 1, 2019 by identifying and analysing all existing leases since their inception and notably by taking into account, for each lease, the term, the type of payments and the incremental borrowing rate.	We assessed the compliance with the accounting principles of the approach taken by Management (particularly the transition method, simplification measures, determination of the discount rate, useful life of leasehold) We gained an understanding of the organization and key controls implemented by Management for the adoption of the new standard. In order to evaluate the completeness and accuracy of the measurement of right-of-use assets and lease liabilities, we have: • Tested the design, implementation and operational effectiveness of the of controls for ensuring the accuracy and completeness of the inputs used, in particular with regard to the identification of leases;

Key audit matters	How our audit addressed the key audit matters
The first-time adoption of IFRS 16 resulted in the recognition, at January 1, 2019, of right-of-use assets for a net carrying amount of Rs. 3,309,807 million and lease liabilities of Rs. 5,073,478 million.	• Fora sample of leases, corroborated the information collected to measure the right-of-use assets and the lease liabilities with the data in the leases and assessed the relevance of the lease terms used; • Assessed the consistency with the market data of the discount rates provided in the IFRS 16 • Verified the accuracy of the adjustments made at 1 January 2019 in the statement of changes in equity under the modified retrospective approach; and • reviewed the appropriateness and adequacy of the disclosures provided in Note 16 to the consolidated financial statements.
Impact of COVID-19	
The Group and Company's operations are likely to be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The rampant spread of the virus across the world has caused unprecedented disruptions to business activity as efforts to flatten the infection curve through social distancing measures, quarantines, travel bans and lockdowns have intensified. Since the onset of the crisis, the Government and the Central Bank have stepped up efforts to shore up the economy using heavy fiscal firepower and a coordinated monetary policy. As the lockdown eases, management expect government and health authorities to implement new restrictions that are enshrined in the COVID-19 bill, which could require the Company to make further adjustments to its operations in order to comply with any such measures. The Company's supply chains and the timely delivery of mobile phones & phone cards have been impeded by the curfew imposed by the government.	As our audit was underway during the outbreak of the pandemic, there was a pressing need to adjust our planned audit approach, revisit our risk assessment and our proposed response to identified risks. We outline below context for users about circumstances in which the audit has been carried out, and the impact of those circumstances on the way we have concluded on significant judgments. To adapt to and emerge from this unprecedented situation, we have: • Employed greater use of technology as much as possible for both our internal and external communication; • Held several video conference meetings with those charged with Governance for a timely, comprehensive, complete and informed communication on expected; deficiencies, misstatements, timing of audit reports inter alia; • Identified other ways to obtain sufficient, appropriate evidence where travel restrictions due to lockdown have hampered our work whilst ensuring the quality, veracity and reliability of evidence sought was not compromised. Any alternative procedures performed were carried out on a case by case basis, factoring in the riskiness of the financial statement line item, applicable facts and circumstances;

Key audit matters	How our audit addressed the key audit matters
The potential impacts on the Group and Company's financial statements include, but not limited to: revenue, impairment of long-lived assets, investment in subsidiaries, operating lease right-of-use of assets, valuation of inventory, collectability of receivables and other financial assets. However, the duration and severity of the business disruption and its concomitant financial impact cannot be reasonably estimated at this time due to the inherently complex and rapidly evolving nature of the pandemic. Management does anticipate a material adverse impact on the business, results of operations, financial position and cash flows in 2020/21.	• Widened the scope of our going concern assessment with more audit rigour to evaluate whether the entity both has access to sufficient liquidity and can remain solvent through the period of public health restrictions and beyond; taking into account terms of the Company's financing facilities, the terms of any liquidity or other support accessed and whether any such support taken on gives rise to future obligations; • Considered the impact of COVID-19 post-model overlays or adjustments on expected credit losses (ECL) for trade receivables and impairment of subsidiaries and impairment of other financial assets at amortised cost.

Our objectives are to obtain reasonable assurance about whether the 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 judgement and maintain professional scepticism 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 Group and 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 Group and 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 Group and 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.

Other matter

This report is made solely to the Company's members, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members 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 members, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Group and 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 Group and Company as far as it appears from our examination of those records.

The financial reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the code of corporate governance as disclosed in the annual report and on whether the disclosure is consistent with the principles of the code.

The directors have given satisfactory explanation on the principles of the code which have not been compiled with. In our opinion , the disclosure in the annual report, including explanations on the reasons for non compliance, is consist with the principles of the code.

Sd/-
MOORE MAURITIUS
(Previously known as Moore Stephens)
Chartered Accountants

PORT LOUIS
REPUBLIC OF MAURITIUS

Shweta Moheeput,
BSc, ACA
Licensed by FRC

DATE: 22.06.2020

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENTS OF FINANCIAL POSITION
As at 31 March 2020

	Notes	The Group 2020 Rs.	The Group 2019 Rs.	The Company 2020 Rs.	The Company 2019 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	5 (a)	**491,187,265**	491,801,655	**491,187,265**	491,801,655
Right of Use of Assets	5 (b)	**2,628,671**		**2,628,671**	
Investment property	5 (c)	**44,641,492**	47,389,324	**44,641,492**	47,389,324
Investment in subsidiaries	6	**-**	-	**-**	12,000,000
		538,457,428	539,190,979	**538,457,428**	551,190,979
Current assets					
Inventories	7	**4,179,395**	4,130,166	**4,179,395**	4,130,166
Trade receivables	8(a)	**14,127,150**	25,872,467	**14,127,150**	25,872,467
Other current assets	8(b)	**51,367,135**	42,569,647	**51,417,535**	42,619,047
Cash and cash equivalents	9(a)	**106,304,305**	76,765,445	**106,304,305**	76,765,445
Financial Assets at Amortised Cost	9(b)	**154,221,354**	115,532,000	**154,221,354**	115,532,000
		330,199,339	264,869,725	**330,249,739**	264,919,125
TOTAL ASSETS		**868,656,767**	**804,060,704**	**868,707,167**	**816,110,104**
EQUITY AND LIABILITIES					
Equity					
Stated capital	10	**673,717,949**	673,717,949	**673,717,949**	673,717,949
Revenue reserves	11	**49,049,599**	37,939,048	**49,099,549**	37,988,148
Total equity		**722,767,548**	711,656,997	**722,817,498**	711,706,097
Non-current liabilities					
Payable to related companies		**-**	-	**-**	12,000,000
Leased Liability	16	**3,795,564**	-	**3,795,564**	-
Deferred taxation	15	**35,986,877**	32,548,272	**35,987,327**	32,548,572
		39,782,441	32,548,272	**39,782,891**	44,548,572
Current liabilities					
Trade and other payables	12	**100,168,760**	54,605,435	**100,168,760**	54,605,435
Leased Liability	16	**688,018**	-	**688,018**	-
Dividend Payable	19	**5,250,000**	5,250,000	**5,250,000**	5,250,000
		106,106,778	59,855,435	**106,106,778**	59,855,435
TOTAL EQUITY AND LIABILITIES		**868,656,767**	**804,060,704**	**868,707,167**	**816,110,104**

Approved by the Board of Directors on 22.06.2020

(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 2020

	Notes	The Group		The Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Turnover	3 & 17	**448,327,972**	468,127,262	**448,327,972**	468,127,262
Cost of sales	28	**(117,963,341)**	(128,407,247)	**(117,963,341)**	(128,407,247)
Gross profit		**330,364,631**	339,720,015	**330,364,631**	339,720,015
Personnel expenses	29	**(19,451,443)**	(16,955,325)	**(19,451,443)**	(16,955,325)
Licence fees	30	**(45,498,716)**	(41,703,033)	**(45,498,716)**	(41,703,033)
Administrative expenses	31	**(162,510,706)**	(146,929,307)	**(162,509,706)**	(146,928,307)
Marketing expenses	32	**(20,813,984)**	(25,524,536)	**(20,813,984)**	(25,524,536)
Depreciation	21	**(72,658,907)**	(95,970,848)	**(72,658,907)**	(95,970,848)
Profit from operations	20	**9,430,875**	12,636,966	**9,431,875**	12,637,966
Impairment loss from investment in subsidiaries	6		-	**(12,000,000)**	-
Other income	13	**4,703,695**	4,781,575	**16,703,695**	4,781,575
Net finance income	14	**7,428,258**	3,345,387	**7,428,258**	3,345,387
Profit before tax		**21,562,828**	20,763,928	**21,563,828**	20,764,928
Taxation	15	**(3,438,605)**	(3,293,888)	**(3,438,755)**	(3,294,038)
PROFIT FOR THE YEAR		**18,124,223**	17,470,040	**18,125,073**	17,470,890
Other comprehensive income, net of income tax		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**18,124,223**	17,470,040	**18,125,073**	17,470,890
Earnings per share	18	**0.03**	0.03	**0.03**	0.03

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 March 2020

THE GROUP	Notes	Stated capital Rs.	Revenue reserves Rs.	Total Rs.
Balance at 01 April 2018		673,717,949	25,719,008	699,436,957
Total comprehensive income for the year		-	17,470,040	17,470,040
Dividend	19	-	(5,250,000)	(5,250,000)
Balance at 31 March 2019		673,717,949	37,939,048	711,656,997
Balance at 01 April 2019		673,717,949	37,939,048	711,656,997
Adjustment from application of IFRS 16			(1,763,672)	(1,763,672)
Total comprehensive income for the year		-	18,124,223	18,124,223
Dividend	19	-	(5,250,000)	(5,250,000)
Other comprehensive income for the year, net of income tax		-	-	-
Balance at 31 March 2020		**673,717,949**	**49,049,599**	**722,767,548**

THE COMPANY	Notes	Stated capital Rs.	Revenue reserves Rs.	Total Rs.
Balance at 01 April 2018		**673,717,949**	**25,767,258**	**699,485,207**
Total comprehensive income for the year		-	17,470,890	17,470,890
Dividend		-	(5,250,000)	(5,250,000)
Balance at 31 March 2019		673,717,949	37,988,148	711,706,097
Balance at 01 April 2019		673,717,949	37,988,148	711,706,097
Adjustment from application of IFRS 16		-	(1,763,672)	(1,763,672)
Total comprehensive income for the year		-	18,125,073	18,125,073
Dividend	19	-	(5,250,000)	(5,250,000)
Other comprehensive income for the year, net of income tax		-	-	-
Balance at 31 March 2020		**673,717,949**	**49,099,549**	**722,817,498**

MAHANAGAR TELEPHONE (MAURITIUS) LTD
STATEMENTS OF CASH FLOWS
For the year ended 31 March 2020

	Notes	The Group		The Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash flow from operating activities					
Profit before Tax		**21,562,828**	20,763,928	**21,563,828**	20,764,928
Adjustments for:-					
Loss on scrapped assets		**-**	76,618,950	**-**	76,618,950
Profit on disposal of assets		**27,111**	-	**27,111**	-
Depreciation	21	**72,658,907**	95,970,848	**72,658,907**	95,970,848
Interest received		**(3,625,104)**	(3,016,179)	**(3,625,104)**	(3,016,179)
Operating profit before working capital changes		**90,623,742**	190,337,547	**90,624,742**	190,338,547
Changes in working capital					
Inventories		**(49,229)**	(45,319)	**(49,229)**	(45,319)
Trade and other receivables		**(773,525)**	17,537,790	**(774,525)**	17,536,790
Trade and other payables		**45,563,325**	(141,804,654)	**45,563,325**	(141,804,654)
Cash (used in)/generated from operations		**135,364,313**	66,025,364	**135,364,313**	66,025,364
Interest received		**3,625,104**	3,016,179	**3,625,104**	3,016,179
Net cash (used in)/generated from operating activities		**138,989,417**	69,041,543	**138,989,417**	69,041,543
Cash flows from investing activities					
Investment in Fixed Deposit	9 (b)	**(34,968,000)**		**(34,968,000)**	
Purchase of property, plant and equipment	5 (a)	**(68,642,661)**	(86,302,961)	**(68,642,661)**	(86,302,961)
Net cash used in investing activities		**(103,610,661)**	(86,302,961)	**(103,610,661)**	(86,302,961)
Cash flows from Financing activities					
Dividend Paid	19	**(5,250,000)**	(6,000,000)	**(5,250,000)**	(6,000,000)
Lease payment		**(589,896)**	-	**(589,896)**	-
Net cash used in Financing activities		**(5,839,896)**	(6,000,000)	**(5,839,896)**	(6,000,000)
Net movement in cash and cash equivalents		**29,538,860**	(23,261,418)	**29,538,860**	(23,261,418)
Movements in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		**76,765,445**	100,026,863	**76,765,445**	100,026,863
Cash and cash equivalents at the end of the year	9	**106,304,305**	76,765,445	**106,304,305**	76,765,445
Net movement in cash and cash equivalents		**29,538,860**	(23,261,418)	**29,538,860**	(23,261,418)

MAHANAGAR TELEPHONE (MAURITIUS) LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. CORPORATE INFORMATION

Mahanagar Telephone (Mauritius) Ltd is a private limited Company incorporated in Mauritius on 14 November 2003. The address of the registered office is MTML Square, 63 Cyber City, Ebene, Mauritius. The principal activity of the Company and its subsidiaries is to provide telecommunication services.

2. 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.

2.1 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 an individual entity 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.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was nil.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities are recognised as adjustments to the related right of use assets immediately after the date of initial application. The Group and the Company have adopted the IFRS 16 as described in notes 16.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Company's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Company's financial statements.

Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long- term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 – clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 – clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 17 Insurance Contracts

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquire; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss and other comprehensive income. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss and other comprehensive income. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not premeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss and other comprehensive Income. If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss and other comprehensive income.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of profit or loss and other comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue recognition

Revenue from contracts with customers

(i) Rendering of services

Revenue relates to the provision of telephone services, data communication services and other corollary services.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances and is shown net of Value Added Tax.

International revenue is derived from outgoing calls from Mauritius and from payments by foreign network operators for calls and other traffic that originate outside Mauritius but which use the Company's network.

The Company pays a proportion of the international traffic revenue it collects from its customers to transit and destination network operators. These revenues and costs are stated gross in the financial statements. Amount payable and receivable from the same foreign network operators are shown net in the statement of financial position where a right of set off exists.

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 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 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.

<u>Leases</u>

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.

<u>Trade and other payables</u>

"Trade payables and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method."

<u>Dividend distribution</u>

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.

<u>Investment in Subsidiaries</u>

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.

<u>Taxation</u>

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

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 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 Company classifies non-derivative financial assets into the following category: loans and receivables.

The Group and the Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group and the 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 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 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

<u>Non-derivative financial assets</u>

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

The Group and the Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group and the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account. When the Group and the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of profit or loss and other comprehensive income.

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	11.87%
Office equipment	19.00%
Motor vehicles	11.88%
Plant and equipment (Outdoor)	13.57%
Plant and equipment (Indoor)	13.57%

Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit. There was a revision of the useful life of the Plant and Equipment (outdoor) from 7 to 10 years in accordance with the parent company of MTML accounting policy.

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%

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the First in First out basis (FIFO).

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

pected 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 COMPANY

	Building	Computer equipment	Furniture, fixtures and fittings	Office equipment	Motor vehicles	Plant and equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST/VALUATION							
At 01 April 2019	76,117,144	1,647,813	12,411,132	1,456,665	6,354,411	1,190,870,322	1,288,857,487
Additions	-	95,145	27,300	166,251	-	68,353,965	68,642,661
Disposal	-	-	-	-	(542,233)		(542,233)
At 31 March 2020	76,117,144	1,742,958	12,438,432	1,622,916	5,812,178	1,259,224,287	1,356,957,915
DEPRECIATION							
	16,880,488	1,183,934	8,719,518	1,216,230	3,453,625	765,602,036	797,055,832
Charge for the year	3,434,790	259,562	977,288	66,657	705,600	63,786,042	69,229,939
	-	-	-	-	(515,121)		(515,121)
At 31 March 2020	**20,315,278**	**1,443,496**	**9,696,806**	**1,282,887**	**3,644,104**	**829,388,078**	**865,770,650**
NET BOOK VALUE							
At 31 March 2020	**55,801,866**	**299,462**	**2,741,626**	**340,029**	**2,168,074**	**429,836,209**	**491,187,265**
At 31 March 2019	59,236,656	463,879	3,691,614	240,435	2,900,786	425,268,286	491,801,655

THE GROUP AND THE COMPANY

	Building	Computer equipment	Furniture, fixtures and fittings	Office equipment	Motor vehicles	Plant and equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST/VALUATION							
At 01 April 2018	76,117,144	1,340,415	11,458,040	1,366,653	5,678,611	1,437,765,017	1,533,725,880
Additions	-	307,398	953,092	90,012	675,800	84,276,659	86,302,961
Disposal	-	-	-	-	-	(331,171,354)	(331,171,354)
At 31 March 2019	**76,117,144**	**1,647,813**	**12,411,132**	**1,456,665**	**6,354,411**	**1,190,870,322**	**1,288,857,487**
DEPRECIATION							
At 01 April 2018	13,445,698	982,623	7,437,983	1,128,960	2,755,997	932,633,958	958,385,220
Charge for the year	3,434,790	201,311	1,281,535	87,270	697,628	87,520,482	93,223,016
Disposal	-	-	-	-		(254,552,404)	(254,552,404)
At 31 March 2019	**16,880,488**	**1,183,934**	**8,719,518**	**1,216,230**	**3,453,625**	**765,602,036**	**797,055,832**
NET BOOK VALUE							
At 31 March 2019	**59,236,656**	**463,879**	**3,691,614**	**240,435**	**2,900,786**	**425,268,286**	**491,801,655**
At 31 March 2018	62,671,446	357,792	4,020,057	237,693	2,922,614	505,131,059	575,340,660

Motor vehicles amounting to a historical cost of Rs. 542,233 was disposed in financial year 2020. Plant and apparatus amounting to a historical Rs. 331,171,354 was scrapped in the financial year 2019.

5(b). Right of Use of Assets

THE GROUP AND THE COMPANY

	Right of Use of Assets	Total
	Rs.	Rs.
COST		
At 01 Jan 2019	5,384,428	5,384,428
At 31 March 2020	5,384,428	5,384,428
DEPRECIATION		
At 01 Jan 2019	2,074,621	2,074,621
Charge for the year	681,136	681,136
At 31 March 2020	**2,755,757**	**2,755,757**
NET BOOK VALUE		
At 31 March 2020	**2,628,671**	**2,628,671**

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(c). Investment Property (cost model)

THE GROUP AND THE COMPANY

	Building Rs.	Total Rs.
COST		
At 01 April 2019 & 31 March 2020	**60,893,715**	**60,893,715**
DEPRECIATION		
At 01April 2019	13,504,391	13,504,391
Charge for the year	2,747,832	2,747,832
At 31 March 2020	**16,252,223**	**16,252,223**
NET BOOK VALUE		
At 31 March 2020	**44,641,492**	**44,641,492**
At 31 March 2019	47,389,324	47,389,324

Note: The Directors of the company established that the cost model in accordance with IAS 16 to be used for the valuation of the investment property. The amount transferred from property, plant and equipment represents the portion of the building that is being rented out to third parties. There were no direct operating expenses related to Investment property during the year under review. The rental revenue from the Investment property amounting to Rs.4,703,695(2019- 4,781,575).

An analysis of the rental income is illustrated below:

	The Group and the Company	
	2020	2019
	Rs.	Rs.
Gross Rental income	4703695	4781575
Less: Operating expenses related to rent	**0**	**0**
Net rental Income	**4,703,695**	**4,781,575**

6. Investment in subsidiaries

	The Company	
	2020 Rs.	**2019 Rs.**
<u>Unquoted investment at cost</u>		
At 01 April 2019	**12,000,000**	12,000,000
Impairment losses	**(12,000,000)**	-
As 31 March 2020	-	12,000,000

The impairment losses relates to the two subsidiaries as described below, which were fully impaired.

Details of Company's investment in subsidiaries:-

2020 and 2019

Name of company	Country of incorporation	Class of shares	Principal activity	Nominal value of investment	Holding
				Rs.	%
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 2020

7. Inventories

	The Group and the Company	
	2020 Rs.	**2019 Rs.**
Stock of subscribers equipment	**4,179,395**	**4,130,166**

Note:

- All stocks were at costs
- All costs of inventories have been recognised in the cost of sales during the year.
- The above inventories are held free of any charge.

8(a) Trade and other receivables

	The Group		The Company	
	2020 Rs.	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Trade receivables	**33,228,074**	44,073,391	**33,228,074**	44,073,391
Less: Provision for impairment	**(19,100,924)**	(18,200,924)	**(19,100,924)**	(18,200,924)
	14,127,150	25,872,467	**14,127,150**	25,872,467

(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, 2020 or April 01, 2019 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.

On that basis, the loss allowance as at March 31, 2020 and March 31, 2019 (on adoption with IFRS 9) was determined as follows for trade receivables:

Financial Year	**Credit sales Rs.**	**Expected loss rate %**	**Loss Allowance Rs.**
Year 2017	52225033	6%	3,000,000.00
Year 2018	104229228	1%	1,420,000.00
Year 2019	44073391	2%	900,000.00

8(b) Other Current assets

	The Group		The Company	
	2020 Rs.	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Claims receivable	**5,854,904**	695,756	**5,854,904**	695,756
Advance payment	**18,551,194**	-	**18,551,194**	-
Prepayments	**22,256,778**	22,748,289	**22,256,778**	22,748,289
Other receivables	**4,704,259**	19,125,602	**4,754,659**	19,175,002
	51,367,135	42,569,647	**51,417,535**	42,619,047

9.(a) Cash and cash equivalents

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cash at bank	**101,589,506**	66,666,400	**101,589,506**	66,666,400
Cash in hand	**4,714,799**	10,099,045	**4,714,799**	10,099,045
	106,304,305	76,765,445	**106,304,305**	76,765,445

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 Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Interest bearing deposits	**150,500,000**	115,532,000	**150,500,000**	115,532,000
Other financial assets at amortised costs	**3,721,354**		**3,721,354**	
	154,221,354	115,532,000	**154,221,354**	115,532,000

(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, 2020.

(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		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
673,717,949 issued and fully paid Ordinary shares of no par value				
At 31 March 2020	**673,717,949**	673,717,949	**673,717,949**	673,717,949

11. Revenue reserves

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
At 01 April 2019	**37,939,048**	25,719,008	**37,988,148**	25,767,258
Total comprehensive income for the year	**18,124,223**	17,470,040	**18,125,073**	17,470,890
Adjustment from application of IFRS 16	**(1,763,672)**	-	**(1,763,672)**	-
Dividend proposed (note 19)	**(5,250,000)**	(5,250,000)	**(5,250,000)**	(5,250,000)
At 31 March 2020	**49,049,599**	37,939,048	**49,099,549**	37,988,148

Note: Dividend proposed of 5,250,000 MUR was paid in the financial year 2019-20.

12. Trade and other payables

	The Group		The Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade payables	**47,564,023**	18,388,255	**47,564,023**	18,388,255
Refundable deposit	**8,638,393**	11,810,793	**8,638,393**	11,810,793
Accruals	**10,237,233**	18,106,502	**10,237,233**	18,106,502
Other payables	**33,729,111**	6,299,885	**33,729,111**	6,299,885
	100,168,760	54,605,435	**100,168,760**	54,605,435

13. Other income

	The Group		The Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Rental income	**4,703,695**	4,781,575	**4,703,695**	4,781,575
Payable to Related Company written back		-	**12,000,000**	-
	4,703,695	4,781,575	**16,703,695**	4,781,575

14. Net finance income

	The Group		The Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest income	**3,625,104**	3,016,179	**3,625,104**	3,016,179
Foreign exchange gain	**3,803,154**	329,208	**3,803,154**	329,208
	7,428,258	**3,345,387**	**7,428,258**	**3,345,387**

15. Taxation

The Company is liable to income tax at the rate of 15% (2019: 15%) on its profit as adjusted for tax purposes. No provision for corporate tax was made in the accounts as the company has accumulated tax losses brought forward. 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 Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred tax charge	**3,438,605**	3,293,888	**3,438,755**	3,294,038
Total tax expense for the year	**3,438,605**	3,293,888	**3,438,755**	3,294,038
Reconciliation of effective taxation				
Profit before taxation	**21,562,828**	20,763,928	**21,563,828**	20,764,928
Income tax at 15%	**3,234,424**	3,114,589	**3,234,574**	3,114,739

Non-allowable expenses	**69,181**	44,299	**69,181**	44,299
Tax rate differential	**135,000**	135,000	**135,000**	135,000
	3,438,605	3,293,888	**3,438,755**	3,294,038
Deferred tax assets	**4,450,008**	4,678,796	**4,449,708**	4,678,646
Deferred tax liabilities	**(40,436,885)**	(37,227,068)	**(40,437,035)**	(37,227,218)
	(35,986,877)	(32,548,272)	**(35,987,327)**	(32,548,572)
Deferred tax assets				
At April 1,	**4,678,796**	18,286,270	**4,678,646**	18,286,270
(Charge) for the year	**(228,788)**	(13,607,474)	**(228,938)**	(13,607,624)
At March 31,	**4,450,008**	4,678,796	**4,449,708**	4,678,646
Deferred tax liabilities				
At April 1,	**(37,227,068)**	(47,540,804)	**(37,227,218)**	(47,540,804)
(Release) / Charge for the year	**(3,209,817)**	10,313,736	**(3,209,817)**	10,313,586
At March 31,	**(40,436,885)**	(37,227,068)	**(40,437,035)**	(37,227,218)

16. Lease liability

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:

				Lease liability	
Year	**Lease Liability**	**Lease Payment**	**Finance cost**	**Current**	**Non-current**
2020	**5,073,480**	**(1,258,509)**	**668,611**	**688,018**	**3,795,564**

17. Tunrover

	The Group and the Company	
(a) The following is an analysis of the revenue for the year.	**2020 Rs.**	**2019 Rs.**
Rendering of services	432,602,979	454,340,880
Sales of goods	15,724,993	13,786,382
Turnover	**448,327,972**	**468,127,262**

(b) Disagreegation of revenue

Income From Ancillary Services	102,471,867	91,780,064
Income - ILD	2,343,750	1,775,188
Income - Mobile Services	227,211,941	240,042,706
Income Voice Services	47,764,495	40,068,153
Roaming Income	48,281,134	76,880,071
Internet Charges	4,529,792	3,794,699
Sales of goods	15,724,993	13,786,382
	448,327,972	**468,127,262**

(c) The geographic market is located in Mauritius.

Timing of revenue recognition

At a point in time	448,327,972	468,127,262
Over time	-	-
	448,327,972	**468,127,262**

18. 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 2020.

19. Dividend

	The Company	
	2020 Rs.	**2019 Rs.**
Amount due at April 1,	5,250,000	6,000,000
Dividend paid	(5,250,000)	(6,000,000)
Dividend proposed and payable	5,250,000	5,250,000
Amount due at March 31,	**5,250,000**	**5,250,000**

Dividend per share was Rs 0.0078 per share for the financial year (2019 : Rs 0.0078)

20. Profit from operations

Profit from operations is arrived at after charging the following items:-

Staff costs	**19,451,443**	16,955,325
Director's fees	**15,000**	15,000
Depreciation on property, plant and equipment	**72,658,907**	95,970,848
Auditors' remuneration	**120,000**	120,000

21. Depreciation

Depreciation is as follows:	Notes	The Group and the Company	
		2020 Rs.	**2019 Rs.**
Property, plant and equipment	5(a)	69,229,939	93,223,016
Right of use of asset	5(b)	681,136	-
Investment property	5(c)	2,747,832	2,747,832
		72,658,907	**95,970,848**

22. Related party transactions

	The Group and the Company	
	2020 Rs.	**2019 Rs.**
The Company had the following transactions and balances with related parties.		
Directors fees	**15,000**	**15,000**
Remuneration and other short term benefits to key management personnel	**4,914,786**	**4,690,934**
Amount due to holding company	-	-
Amount due to subsidiaries	-	12,000,000

All related party transactions are priced on commercial terms and conditions.

The amount due to related companies represents the unpaid share capital of the two subsidiaries as at 31 March 2019. This amount was impaired in the financial year 2020.

At the group level, there were no related party transactions.

23. 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 14,679,389.The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

(b) Capital commitments

Capital expenditure contracted and not provided for in the financial statements amount to NIL.

24. 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 2020, 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	2020		2019	
	Carrying amount Rs.	**Fair value Rs.**	**Carrying amount Rs.**	**Fair value Rs.**
Financial assets				
Trade and other receivables	**14,127,150**	**14,127,150**	25,872,467	25,872,467
Financial Assets at Amortised Cost	**154,221,354**	**154,221,354**	115,532,000	115,532,000
Other current Assets	**32,332,357**	**32,332,357**	23,211,358	23,211,358
Cash and cash equivalents	**106,304,305**	**106,304,305**	76,765,445	76,765,445
	306,985,166	**306,985,166**	241,381,270	241,381,270
Financial liabilities				
Trade and other payables	**100,168,760**	**100,168,760**	54,605,435	54,605,435

THE COMPANY	2020		2019	
	Carrying amount Rs.	**Fair value Rs.**	**Carrying amount Rs.**	**Fair value Rs.**
Financial assets				
Trade receivables	**14,127,150**	**14,127,150**	25,872,467	25,872,467
Financial Assets at Amortised Cost	**154,221,354**	**154,221,354**	115,532,000	115,532,000
Other current Assets	**32,382,757**	**32,382,757**	23,260,758	23,260,758
Cash and cash equivalents	**106,304,305**	**106,304,305**	76,765,445	76,765,445
	307,035,566	**307,035,566**	241,430,670	241,430,670
Financial liabilities				
Trade and other payables	**100,168,760**	**100,168,760**	54,605,435	54,605,435

(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	**2020**		**2019**	
	Financial assets Rs	**Financial liabilities Rs**	**Financial assets Rs**	**Financial liabilities Rs**
Mauritian Rupee (MUR)	**250,441,833**	**42,403,033**	185,775,295	32,493,289
United States Dollar (USD)	**11,220,913**	**54,928,893**	45,660,313	19,407,727
Euro (EUR)	**45,322,420**	**2,836,834**	9,945,662	2,704,419
	306,985,166	**100,168,760**	241,381,270	54,605,435

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 2019.

THE GROUP	**Rate – MUR/USD**		**2020**	**2019**
	2020	**2019**	**Rs**	**Rs**
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**39.95**	35.32	**(43,707,980)**	26,252,586
Increase of 1%	**40.35**	35.67	**44,145,060**	(26,515,112)
Difference			**437,080**	(262,526)

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 2019.

THE GROUP			**2020**	**2019**
	2020	**2019**	**Rs**	**Rs**
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**39.95**	35.32	**(43,707,980)**	26,252,586
Decrease of 1%	**39.55**	34.97	**43,270,900**	(25,990,060)
Difference			**(437,080)**	262,526

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 2019.

THE GROUP	**Rate – MUR/EUR**		**2020**	**2019**
	2020	**2019**	**Rs**	**Rs**
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**44.02**	39.66	**42,485,586**	
				7,241,243
Increase of 1%	**44.46**	40.06	**42,910,442**	7,313,655
Difference			**(424,856)**	(72,412)

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 2019.

THE GROUP			**2020**	**2019**
	2020	**2019**	**Rs**	**Rs**
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**44.02**	39.66	**42,485,586**	7,241,243
Decrease of 1%	**43.58**	39.26	**42,060,730**	7,168,831
Difference			**424,856**	72,412

THE COMPANY	**2020**		**2019**	
	Financial assets Rs	**Financial liabilities Rs**	**Financial assets Rs**	**Financial liabilities Rs**
Mauritian Rupee (MUR)	**250,492,233**	42,403,033	**185,824,695**	32,493,289
United States Dollar (USD)	**11,220,913**	54,928,893	**45,660,313**	19,407,727
Euro (EUR)	**45,322,420**	2,836,834	**9,945,662**	2,704,419
	307,035,566	100,168,760	**241,430,670**	54,605,435

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 2019.

THE COMPANY	**Rate – MUR/USD**		**2020**	**2019**
	2020	**2019**	**Rs**	**Rs**
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**39.95**	35.32	**(43,707,980)**	26,252,586
Increase of 1%	**40.35**	35.67	**(44,145,060)**	26,515,112
Difference			**437,080**	(262,526)

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 2019.

THE COMPANY			**2020**	**2019**
	2020	**2019**	**Rs**	**Rs**
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**39.95**	35.32	**(43,707,980)**	26,252,586
Decrease of 1%	**39.55**	34.97	**(43,270,900)**	25,990,060
Difference			**(437,080)**	262,526

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 2019.

THE COMPANY	**Rate – MUR/EUR**		**2020**	**2019**
	2020	**2019**	**Rs**	**Rs**
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**44.02**	39.66	**45,322,420**	9,945,662
Increase of 1%	**44.46**	40.06	**(45,775,644)**	(10,045,119)
Difference			**(453,224)**	(99,457)

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 2019.

THE COMPANY			**2020**	**2019**
	2020	**2019**	**Rs**	**Rs**
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**44.02**	39.66	**45,322,420**	9,945,662

Decrease of 1%	43.58	39.26	**(44,869,196)**	(9,846,205)
Difference			**453,224**	99,457

(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	
	2020	**2019**
	Rs.	**Rs.**
Bank Balances	**106,304,305**	**76,765,445**

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 higher and all other variables were held constant, the Group's and the Company's net profit for the year ended 31 March 2020 would have increased by Rs. 18,125 (2019: Rs. 15,080).

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.

25. Financial summary

	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.	2016 Rs.
Issued and fully paid up share capital	**673,717,949**	**673,717,949**	**673,717,949**	**673,717,949**	**673,717,949**
Revenue reserves/(accumulated losses)	**49,099,549**	**37,988,148**	**25,767,258**	**11,906,696**	**3,871,689**
Profit before taxation	**21,563,828**	**20,764,928**	**23,654,833**	**25,884,489**	**26,642,541**
Profit after taxation	**18,125,073**	**17,470,890**	**19,860,562**	**21,535,007**	**21,278,244**

26. 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.

27. Events after the reporting period

There are no events after the reporting period which may have a material effect on the financial statements at 31 March 2020.

28. Cost of sales

	The Group		The Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Roaming Charges	**4,381,749**	6,434,434	**4,381,749**	6,434,434
ICTA Special account fee/USF Charges	**10,399,268**	16,522,616	**10,399,268**	16,522,616
Carrier charges	**16,183,737**	25,960,833	**16,183,737**	25,960,833
IPLC charges	**32,998,268**	25,702,485	**32,998,268**	25,702,485
Cost of GSM Mobile	**13,068,480**	10,086,835	**13,068,480**	10,086,835
IUC charges	**40,981,068**	43,745,363	**40,981,068**	43,745,363
Stock adjsutments	**(49,229)**	(45,319)	**(49,229)**	(45,319)
	11,79,63,341	**12,84,07,247**	**11,79,63,341**	**12,84,07,247**

29. Personnel expenses

	117,963,341	128,407,247	**117,963,341**	128,407,247
Salaries and allowances	**19,056,128**	16,324,312	**19,056,128**	16,324,312
Other benefits	**395,315**	631,013	**395,315**	631,013
	19,451,443	16,955,325	**19,451,443**	16,955,325

30. Licence fees

PLMN	**8,000,004**	8,668,671	**8,000,004**	8,668,671
ILD	**1,999,992**	2,168,659	**1,999,992**	2,168,659
Microware	**8,036,333**	9,825,258	**8,036,333**	9,825,258
Spectrum	**4,874,051**	4,359,953	**4,874,051**	4,359,953
ISP	**50,000**	50,000	**50,000**	50,000
Dealership	**5,000**	5,500	**5,000**	5,500
GSM 2G Spectrum	**1,533,336**	1,999,992	**1,533,336**	1,999,992
GSM 3G	**3,840,000**	3,840,000	**3,840,000**	3,840,000
GSM 4 G	**17,160,000**	10,785,000	**17,160,000**	10,785,000
	45,498,716	41,703,033	**45,498,716**	41,703,033

31. Administrative expenses

	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Meeting expenses	**461,208**	295,325	**461,208**	295,325
Rental for ebene	**-**	375,141	**-**	375,141
Rental accomodation	**708,420**	654,601	**708,420**	654,601
Rental BTS sites	**31,224,254**	30,164,883	**31,224,254**	30,164,883
Electricity	**50,652,770**	44,614,315	**50,652,770**	44,614,315
Water charges	**368,067**	263,683	**368,067**	263,683

Motor vehicle running expenses	**801,016**	802,403	**801,016**	802,403
Repairs and maintenance - office	**1,545,435**	1,685,174	**1,545,435**	1,685,174
Repairs and maintenance - shop	**816,914**	484,296	**816,914**	484,296
Repairs and maintenance - Equipment	**30,533,562**	24,734,528	**30,533,562**	24,734,528
Repairs and maintenance	**1,138,318**	669,981	**1,138,318**	669,981
Maintenance sites	**3,684,940**	1,875,211	**3,684,940**	1,875,211
Printing	**654,611**	371,876	**654,611**	371,876
Stationery	**367,028**	339,612	**367,028**	339,612
Communication expenses	**1,618,463**	1,562,696	**1,618,463**	1,562,696
Bank charges	**878,630**	964,884	**878,630**	964,884
Finance cost of Leased Assets	**668,611**	-	**668,611**	-
Library books	**19,680**	19,215	**19,680**	19,215
Horticulture expenses	**112,570**	117,600	**112,570**	117,600
Professional charges	**345,783**	547,044	**345,783**	547,044
General expenses	**921,988**	668,795	**921,988**	668,795
Value Added Sevice- Revenue share	**4,569,173**	5,291,735	**4,569,173**	5,291,735
Commission and brokerage fees	**29,275,645**	30,984,985	**29,275,645**	30,984,985
Office insurance	**798,643**	778,485	**798,643**	778,485
Security charges	**634,232**	582,575	**634,232**	582,575
Licences, rates and taxes	**4,535,666**	3,509,202	**4,534,666**	3,508,202
Provision for bad debts	**900,000**	900,000	**900,000**	900,000
Lease rental	**168,000**	168,000	**168,000**	168,000
Freight charges	**157,737**	62,990	**157,737**	62,990
Provision Write Back	**(7,710,725)**	(85,003,313)	**(7,710,725)**	(85,003,313)
Loss on Scrapped Assets	**-**	76,618,950	**-**	76,618,950
Directors fee	**15,000**	15,000	**15,000**	15,000
Travelling Expenses	**1,485,380**	1,609,564	**1,485,380**	1,609,564
Custom duty and clearance	**159,687**	199,871	**159,687**	199,871
	162,510,706	**146,929,307**	**162,509,706**	**146,928,307**

32. Marketing expenses

Electricity for shops	**671,746**	545,825	**671,746**	545,825
Club membership	**12,400**	20,000	**12,400**	20,000
Rent of shops	**2,197,754**	2,663,224	**2,197,754**	2,663,224
Call centre charges	**5,001,815**	4,081,950	**5,001,815**	4,081,950
Publicity and advertisement	**12,865,289**	18,139,707	**12,865,289**	18,139,707
Website development and maintenance	**64,980**	73,830	**64,980**	73,830
	20,813,984	25,524,536	**20,813,984**	25,524,536

MAHANAGAR TELEPHONE (MAURITIUS) LTD
INCOME TAX COMPUTATION
ASSESSMENT YEAR 2020

			2020 Rs.
Profit before tax			21,563,828
ADD BACK :	Depreciation		71,977,771
	Provision for bad debts		900,000
	Loss of Scrapped Assets		-
	Meeting expenses		461,208
			94,902,807
LESS: CAPITAL ALLOWANCES:			
Annual allowances :			
	Computer equipment	(168,656)	
	Building	(5,314,958)	
	Furniture, fixtures and fittings	(673,976)	
	Office equipment	(103,353)	
	Motor Vehicle	(488,252)	
	Plant and equipment	(86,627,353)	
			(93,376,550)
Tax adjusted profit			1,526,256
Loss Brought forward			(31,190,983)
Loss carried forward		**-**	**(29,664,727)**

<u>CSR</u>

Profit before tax - 31 March 2019	
Less income tax liability - 31 March 2019	-
Book Profit	-
CSR Contribution - 2%	
Less TDS on rental received	
Net CSR due	-

MAHANAGAR TELEPHONE (MAURITIUS) LTD

CAPITAL ALLOWANCES COMPUTATION

ASSESSMENT YEAR 2020

			Furniture				
	Building	**Computer**	**fixtures**	**Office**	**Motor**	**Plant and**	
		equipment Rs.	**and fittings Rs.**	**equipment Rs.**	**vehicle Rs.**	**equipment Rs.**	**TOTAL Rs.**
BASE COST							
At 1 April 2019	137010859	1,647,813	12,411,132	1,456,665	6,354,411	1,190,870,322	1,349,751,202
							-
Additions		95,145	27,300	166,251	-	68,353,965	68,642,661
							-
Disposal		-	-	-	(542,233)	-	(542,233)
At 31 March 2020	137,010,859	1,742,958	12,438,432	1,622,916	5,812,178	1,259,224,287	1,417,851,630
WRITTEN DOWN VALUE							
	106299167	242,167	3,233,379	129,043	1,953,008	179,152,759	291,009,523
Disposal					(27,112)		(27,112)
Additions	0	95,145	27,300	166,251	-	68,353,965	68,642,661
	106,299,167	337,312	3,260,679	295,294	1,925,896	247,506,724	359,625,072
Annual Allowance	(5,314,958)	(168,656)	(673,976)	(103,353)	(488,252)	(86,627,353)	(93,376,550)
	100,984,209	**168,655**	**2,586,703**	**191,941**	**1,437,644**	**160,879,370**	**266,248,522**
Annual allowances	**5%**	**50%**	**20%**	**35%**	**25%**	**35%**	
Less than Rs 30,000			27,300	-		-	27,300
More than Rs 30,000	-	47,573	-	58,188	-	23,923,888	24,029,648
Other assets	5,314,958	121,084	646,676	45,165	488,252	62,703,466	69,319,601
	5,314,958	168,656	673,976	103,353	488,252	86,627,353	93,376,549

NOTES: