



**Code of Conduct  
For  
Board of Directors,  
Key Managerial Personnel  
And  
Sr. Management Personnel  
Of  
Mahanagar Telephone Nigam Limited**



## **OUR MISSION**

***“To provide in its area of operation, in a leading way, world class telecom services which are demanded, keeping always the customer’s delight as its aim, so that it continues to be the premier Indian Telecom Company”.***

## **ETHICS & COMMITMENT STATEMENT**

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 Endeavour.



## **Code of Conduct for Board of Directors, Key Managerial Personnel and Senior Management Personnel**

Pursuant to the provisions of clause revised 49 of the Listing Agreement with the Stock Exchanges, a “Code of Conduct” that reflects its underlying core values: commitment to personal integrity, respect for the individual, transparency, fairness, accountability and pursuit of excellence has been prepared.

The Company currently has Conduct, Discipline & Appeal Rules 1998 for all employees (“the CDA Rules”), which govern the conduct of all employees of the Company including Whole-time Directors but excluding Non-Executive Part-time Directors. The Code of Conduct for Board Members, Key Managerial Personnel and Senior Management Personnel has now been framed specifically in compliance with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges. In respect of Whole-time Directors, Key Managerial Personnel and Senior Management Personnel this Code is to be read in conjunction with the CDA Rules.

Nothing contained in this Code shall invalidate, render ineffective or supersede the provisions of the CDA Rules. In case, any provision of this Code is contrary to the provisions of the CDA Rules, the same shall be referred to the Chairman or the Managing Director for decision. Similarly, nothing herein contained shall invalidate or supersede other applicable policies, rules and procedures of the Company.

The purpose of this Code is to deter wrong doing and promote ethical conduct and transparent process in managing the affairs of the Company.

It shall come into force with effect from 1<sup>st</sup> day of April, 2015.

### **DEFINITIONS & INTERPRETATION**

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

The term “**Board Members**” shall mean the Directors on the Board of Directors of the Company.



*The term “**Whole time Director**” as per section 2(94) of the Companies Act, 2013 includes a Director in the Whole-time employment of the company.*

The term “**Non-Whole-time Directors**” shall mean the Board Members who are Part-time Directors and not in whole time employment of the Company including part-time Govt. Directors.

*The term “**Independent Director**” shall mean an Independent Director as referred to in Section 149(6) of the Companies Act, 2013.*

*The term “**key Managerial personnel**” shall mean Key Managerial Personnel as referred to in Section 2(51) of the Companies Act,2013.*

The term “**Senior Management Personnel**” shall mean personnel of the company who are members of its core management team. Normally this would comprise all members of the management one level below the Executive Directors, including all functional heads.

*The term “**Relative**” shall mean ‘relative’ as defined in Section 2(77) of the Companies Act,2013.*

The term “**Compliance Officer**” shall mean the Company Secretary or any other officer designated by the Board of Directors of the Company for the purpose of this Code.

The term “**The Company**” shall mean Mahanagar Telephone Nigam Ltd.

In this Code words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

### **APPLICABILITY**

This Code shall be applicable to the following persons:

- a) All **Whole-time Directors**
- b) All **Non- Whole time Directors** including Independent Directors as well Govt. Directors under the provisions of law.
- c) All **Key Managerial Personnel**
- d) All Non-Board Members designated herein as “**Senior Management Personnel**” consisting of **Executive Directors, General Managers and all functional heads** of the Company.



### **Duties of Independent Directors :**

*The Independent Directors shall –*

- i) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;*
- ii) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;*
- iii) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;*
- iv) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;*
- v) Strive to attend the general meetings of the company;*
- vi) Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;*
- vii) Keep themselves well informed about the company and the external environment in which it operates;*
- viii) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;*
- ix) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;*
- x) Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interest of a person who uses such mechanism are not prejudicially affected on account of such use;*
- xi) Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;*
- xii) Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;*
- xiii) Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.*



*The above duties of Independent Directors are given under Schedule IV of the Companies Act, 2013.*

**The Code of Conduct enjoins Upon all concerned:-**

- i) To maintain absolute integrity, devotion to duty and do nothing which is unbecoming of a Public Servant.
- ii) To conduct ourselves soberly and temperately, and show proper respect and civility to all concerned; endeavour to promote the interest of the Company and to promote and maintain its good reputation.
- iii) To build an enriching relationship with all our stakeholders including customers, vendors, suppliers, bankers, Government authorities and fellow employees based on trust and treat each of these individuals with respect and dignity when conducting business.
- iv) Aims to avoid conflicts between the Company's interests and our own individual interests.
- v) To familiarize and comply with legal and regulatory requirements and the Company's policies and procedures.
- vi) To take care to provide accurate, timely, complete and reliable information in records submitted, safeguard MTNL's confidential information and respect the confidential information of other parties with whom we do business.
- vii) To report promptly to the Management, any violation or breach of law or regulation, ethical principles or the Company policies that come to our attention.

**All members of the Board, Key Managerial Personnel and Senior Management personnel should follow the following guiding principles:-**

**1. TO AVOID CONFLICTS OF INTEREST**

Directors on the Board of the Company and other Key Managerial Person as well as Senior Management Personnel shall not engage in any business, relationship and activity which may be in conflict of the interests of the Company.

Board Members should make appropriate disclosure of interests wherever required even if they are not in conflict with company's interests. Officers should avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. Relative for this purpose means "relative" as defined in Section



2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of definition Details) Rule, 2014.

## **2. SHARE DEALING & INSIDER TRADING**

No Board Member Key Managerial Personnel and Senior Management Personnel should trade on or pass on Unpublished Price Sensitive Information or inside information at any time to any other person, inside or outside MTNL pertaining to MTNL. (unless such disclosure is expressly approved by the Board or as required by law.)

The Code for Insider Trading framed and adopted by the Company in accordance with the Insider Trading Guidelines used by SEBI shall be adhered to by all the Board Members, Key Managerial Personnel and Senior Management Personnel, as applicable from time to time.

## **3. COMPLIANCE WITH ALL APPLICABLE LAWS, RULES & REGULATIONS**

Board Members, Key Managerial Personnel and Senior Management Personnel must comply with all applicable laws, rules and regulations. Intentional violations of applicable laws, rules and regulations with full knowledge of the implication may lead to individual criminal or civil liability, as well as to disciplinary action by the Company against such Officers and the Board of Directors have to monitor this through the Compliance Officer. The core Management team shall disseminate all relevant/important information to Board of Directors/ Key Managerial Personnel as well as Auditors as required by applicable laws.

## **4. DISCLOSURE**

Board Members, Key Managerial Personnel and Senior Management Personnel shall make appropriate and timely disclosures as required under the provisions of Companies Act, 2013, Listing Agreements, Insider Trading Codes of the Company and all other applicable laws, rules and regulations, as applicable from time to time.

## **5. NON-ACCEPTANCE OF BRIBES/GIFTS**

Board Members, Key Managerial Personnel and Senior Management Personnel should not accept any improper payments for the performance of their legitimate duties.

Conducting business may involve occasional business-related exchanges of gifts, of nominal value. Board Members Key Managerial Personnel and Senior Management



Personnel should not accept any gifts, where it is of substantial value, affect or appear to effect their judgment or create an obligation of reciprocity and which are intended or perceived to be intended to obtain business favors / decision.

## **6. SAFETY, HEALTH & ENVIRONMENT RELATED ISSUES**

Protection of the Health & Safety of employees and others affected by operations is of utmost priority. Particular attention should be paid to training of employees to increase safety awareness and adoption of safer working methods and make them prone to cleanliness of environment and surroundings.

## **7. CRITICISM OF GOVERNMENT OR MTNL**

No Board Member, Key Managerial Personnel and Senior Management Personnel shall in any radio broadcast/ TV telecast or in any document published under his name or in the name of any other person or in any communication to the press, or in any public utterances, make any statement which has the effect of an adverse criticism of any policy or action of the Central Government or a State Government, or which is capable of embarrassing the relations between the Company and the public and the official conduct shall be on the lines of non- alignment to any political ideology or convictions .

However the above shall not apply to statements or views which are of purely factual nature and are not considered to be of a confidential nature and are made or expressed by Board Members, Key Managerial Personnel and Senior Management Personnel authorized in his official capacity or in due performance of the duties assigned to him. It also does not apply to bonafide expression of views made in good faith by Board Members, Key Managerial Personnel and Senior Management Personnel as an office bearer of a recognized Union/ Association for the purpose of safeguarding the conditions of service of the employees or for securing improvement thereof.

## **8. EQUALITY OF TREATMENT**

MTNL is committed to the principles of equal opportunity, equality of treatment and creating a dynamic climate where diversity is valued as a source of enrichment and opportunity.

Board Members, Key Managerial Personnel and Senior Management Personnel are expected to take personal responsibility for upholding Company Standards by treating with dignity and respect all job applicants, fellow employees, customers and any other individuals associated with MTNL.



## **9. BOOKS & RECORDS**

Accurate, meaningful and timely information is vital for all our stakeholders. It is the responsibility of all to ensure that books and records are accurate so that they reflect the true and fair view of MTNL's business.

All applicable laws, rules and regulations, Accounting Standards and practices while preparing records should be followed and appropriate disclosures made as required.

## **10. DIVERSITY**

Highest standards should be followed to promote and effectively manage diversity within the Company to enhance our overall productivity, business success and employee loyalty. It should be ensured that harassing, discriminatory, or offensive behavior based on differences of background, culture, beliefs or characteristics are not permitted or tolerated and shall be dealt as per applicable laws..

## **11. INFORMATION TECHNOLOGY & NETWORK SECURITY**

Computer systems, software and the network information are vital and must be used as intended. These must be used responsibly and only for legitimate purposes. All efforts must be made to protect the security of the systems. For instance, the network IDs and passwords should not be revealed to unauthorized users.

One should not engage in electronic communications that might be considered offensive, derogatory, defamatory, harassing, pornographic, obscene or otherwise vulgar. You should never transmit advertisements or solicitations on MTNL systems unless authorized.

## **12. UNAUTHORISED COMMUNICATION OF INFORMATION**

No Board Member, Key Managerial Personnel and Senior Management Personnel and any other employee of the Company shall, except in the ordinary course of his duties or as required by laws give or cause to be given to any person any advice on matters relating to the activities of the Company or its subsidiaries.

No Board Member, Key Managerial Personnel and Senior Management Personnel shall, except in the ordinary course of his duties, or as required by law, disclose or cause to be disclosed to any person any secret process, know-how, cost of production of any or all of the products of the Company or its subsidiaries or any information regarding purchases made by contracts entered into by the Company or any information regarding settlement



of claims by the Company in or out of courts or any other information , knowledge or matters of trade or business secrets of the Company or its subsidiaries.

### **13. CANVASSING OF NON-OFFICIAL OR OTHER INFLUENCE**

No Board Member, Key Managerial Personnel and Senior Management Personnel shall bring or attempt to bring any political or other influence to bear upon any superior authority to further his interest in respect of matters pertaining to his service.

### **14. TAKING PART IN POLITICS & ELECTIONS**

No Board Member, Key Managerial Personnel and Senior Management Personnel shall canvass or otherwise interfere or use his influence in connection with, or take part in, an election to the House of Parliament, State legislature or Local Authority. Offering himself as a candidate for election to Local Authority on being permitted by the Company shall not amount to contravention.

### **15. IMPROPER USE OF COMPANY’S ASSETS & RESOURCES**

MTNL’s assets should be used only to achieve its business goals, and should be protected to preserve their value. Use of Company’s assets for personal use is forbidden. All company assets must be returned to MTNL on cessation of employment or should be decided in accordance with the rules framed/approved for the purpose.

### **16. ETHICS REPORTING & MONITORING SYSTEM**

The Code must be adhered to by all Board of Director, Key Managerial Personnel and Senior Management Personnel in order to inculcate a rich and healthy work culture in MTNL. A strict adherence to all its aspects is a must and this leads to the need for an Ethics Reporting and Monitoring System.

#### **GENERAL**

##### **(i) Enforcement of Code of Conduct**

The Compliance Officer shall oversee the compliance of this Code.

Each Board Member, Key Managerial Personnel and Senior Management Personnel shall be accountable for fully complying with this Code.



**(ii) Amendments of The Code**

The provisions of this Code can be amended / modified by the Board of Directors of the Company from time to time and all such amendments / modifications shall take effect from the date stated therein and shall be disseminated immediately on the website of the Company alongwith the original code..

**(iii) Placement of The Code on Website:**

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendments thereto shall be posted on the website of the Company.

**(iv) Annual Compliance Reporting**

It terms of Clause 49 of the Listing Agreement, all Board Members, Key Managerial Personnel and Senior Management Personnel shall affirm compliance with this Code within 30 days of close of every financial year. A Proforma of Annual Compliance Report is annexed to this Code as **Appendix-II**. The Annual Compliance Report shall be forwarded to the Compliance Officer of the Company.

**(v) Consequences of Non-Compliance of This Code**

All Board Members, Key Managerial Personnel and Senior Management Personnel shall be subject to any internal or external investigation of possible violations of this code as per due procedure.

Whole time Directors and Senior Management Personnel may be subjected to disciplinary action by the Company for violation of provisions of law.

The Company shall ensure confidentiality and protection to any person (a) who has, in good faith, reported a violation or a suspected violation of this Code or other Company policies or (b) who is assisting in any investigation or process with respect to such a violation.

In case of breach of this Code by the Board Members, the same shall be placed to the Board of Directors for necessary action.

Penalty for Board Members may include disciplinary action, removal from office and dismissal as well as other penalties, to the extent permitted by law and as considered appropriate under the circumstances. Penalty for and Senior



Management Personnel may include disciplinary action(s) as set out in the CDA Rules or such other penalties as may be decided by the Committee of Directors.

**(vi) Acknowledgement of Receipt Of The Code**

All Board Members, Key Managerial Personnel and Senior Management Personnel shall acknowledge the receipt of this Code in the acknowledgement form annexed to this Code vide **Appendix-III** and forward the same to the Compliance Officer.

Upon revision of this Code, the Board Members, Key Managerial Personnel and Senior Management Personnel shall acknowledge and execute a fresh acknowledgement as to the amended / revised Code in the same **Appendix – III**. It shall be the duty of the Compliance Officer to circulate this Code / revised Code to the Board Members including new Directors at the time of their appointment, Key Managerial Personnel and Senior Management Personnel on regular basis.



**CODE OF CONDUCT  
FOR  
BOARD MEMBERS, KMP AND SENIOR MANAGEMENT  
PERSONNEL**

**Meaning of “relative” as referred to in Section 2(77) of the Companies Act,2013**

“Relative” with reference to any person, means any one who is related to another , if-

- (a) they are Members of a Hindu undivided family; or
- (b) they are husband and wife; or
- (c) one person is related to the other in such manner as may be indicated in Rule 4 of the Companies (Specification of Definitions Details) Rules,2014.

***LIST OF RELATIVE***

**Rule 4 of the Companies (Specification of Definitions Details) Rules,2014**

***A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely :-***

- 1. *Father*  
***Provided*** that the term “Father” includes step- father.
- 2. *Mother*  
***Provided*** that the term “ Mother” includes step-mother.
- 3. *Son*  
***Provided*** that the term “Son” includes step- son.
- 4. *Son’s wife*
- 5. *Daughter.*
- 6. *Daughter’s husband*
- 7. *Brother:*  
***Provided*** that the term “Brother” includes the step-brother.
- 8. *Sister: Provided* that the term “Sister” includes the Step-sister.



APPENDIX-II

**CODE OF CONDUCT  
FOR  
BOARD MEMBERS, KMP AND SENIOR MANAGEMENT  
PERSONNEL**

**ANNUAL COMPLIANCE REPORT**

I .....do hereby solemnly affirm that to the best of my knowledge and belief I have fully complied with the provisions of the **CODE OF CONDUCT FOR BOARD MEMBERS, KMP AND SENIOR MANAGEMENT PERSONNEL** of MTNL during the year ending .....

Signature :.....  
Name :.....  
Position :.....  
Date :.....  
Place :.....



APPENDIX-III

**CODE OF CONDUCT  
FOR  
BOARD MEMBERS, KMP AND SENIOR MANAGEMENT  
PERSONNEL**

**ACKNOWLEDGEMENT FORM**

I ....., have received and read the Company's  
“**CODE OF CONDUCT FOR BOARD MEMBERS, KMP AND SENIOR  
MANGEMENT PERSONNEL**”. I understood the standards and policies contained in  
the Code. I agree to comply with this Code.

Signature :.....  
Name :.....  
Position :.....  
Date :.....  
Place :.....