



**MTNL**

**MAHANAGAR TELEPHONE NIGAM LIMITED**

(A GOVERNMENT OF INDIA ENTERPRISE)

CIN L32101DL1986GOI023501

Registered and Corporate Office: Mahanagar Doorsanchar Sadan 5<sup>th</sup> Floor, 9 CGO Complex,  
Lodhi Road, New Delhi - 110 003. Tel: 011-24319020, Fax: 011-24324243, Website:  
[www.mtnl.net.in](http://www.mtnl.net.in) / [www.bol.net.in](http://www.bol.net.in)

MTNL/SECTT/SE/2021

May 27, 2021

The Secretary,  
Bombay Stock Exchange (BSE)  
National Stock Exchange (NSE)  
OTCIQ

**Sub: Compliance under Regulation 24(A) of SEBI (LODR) Regulations, 2015 - Annual Secretarial Compliance  
Report of MTNL for the Financial Year ended on 31st March, 2021 - reg**

Dear Sir,

Kindly find enclosed Annual Secretarial Compliance Report pursuant to SEBI's Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by M/s. Mritunjay Shekhar & Associates, Practicing Company Secretaries for the Financial Year ended on 31st March 2021.

Kindly take the same on record.

Thanking you,

Yours faithfully,

(S.R.SAYAL)

Company Secretary

**ANNUAL SECRETARIAL COMPLIANCE REPORT**

**OF**

**M/S. MAHANAGAR TELEPHONE NIGAM LIMITED**

**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

*(Pursuant to circular CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> 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 31<sup>st</sup> March 2021 (“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
- c. Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”); The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Take over Regulations) Regulations, 2011;

(d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and based on the above examination,

**We hereby report that, during the Review Period:**

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder except the following: -

SI No.	Compliance Requirement (Regulations/ circulars / Remarks of the guidelines including specific Practicing clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
1.	Regulation 17(1), 17(2A), 18, 19, 20 of SEBI (LODR) Regulations, 2015	Non-compliance with the requirements pertaining to the composition of the Board including failure to appoint woman director and quorum for meeting of the Board of Directors, Audit Committee Composition and Quorum for the Audit Committee meeting, Nomination and Remuneration Committee Composition, Stakeholders Relationship Committee Composition w.e,f, 26.10.2020.	Reply of MTNL is given in Annexures to this Report
2.	Regulation 30(1) and	The Company did not	The Promoter &

	(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations) Regulations, 2011.	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.	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
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(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 (E mail/letter no. NSE/LIST-SOP/COMB/FINES /0815 dtd. May 17, 2021) BSE (E mail dtd. May 17, 2021)	Non-compliance with the provisions of Regulation 17(1), 17(2A), 18, 19 and 20 of SEBI (LODR) Regulations, 2015 i.e. Non-compliance with the requirements	FINES	Reply of MTNL is given in Annexure I to this Report

		<p>pertaining to the composition of the Board including failure to appoint woman director and quorum for meeting of the Board of Directors, Provisions pertaining to Audit Committee Composition, Provisions pertaining to Nomination and Remuneration Committee Composition and Provisions pertaining to Stakeholders Relationship Committee Composition</p>		
2.	<p>NSE (E mail/letter no. NSE/LIST-SOP/COMB/FINES /0814 dtd. February 15, 2021)</p>	<p>Non-compliance with the provisions of Regulation 17(1) and 17(2A) of SEBI (LODR) Regulations, 2015 i.e. Non-compliance with the requirements pertaining to the composition of the Board including failure to appoint woman director and quorum for meeting of the board of</p>	FINES	<p>Reply of MTNL is given in Annexure II to this Report</p>

		directors. In this regard NSE has imposed fine on MTNL amounting to Rs 554600/- (inclusive of Basic fine amounting to Rs 470000/- and GST amounting to Rs 84600/-).		
3.*	NSE Letter no. NSE/LIST-SOP/REG-23/0814 dated 18 <sup>th</sup> January 2021 and BSE Letter no. SOP-CReview-Jan2021(18/01/2021) dated 18 <sup>th</sup> January 2021	Non – Compliance with Regulation 23(9) of SEBI (LODR) Regulations 2015	FINES	Reply of MTNL is given in Annexure III to this Report
4.**	NSE (E mail/letter no. NSE/LIST-SOP/COMB/FINES/0810 dtd. November 17, 2020)BSE (E mail dtd. November 17, 2020)	Notice for Non-compliance with corporate governance requirements SEBI (LODR) Regulations, 2015 i.e. Non-compliance with the requirements pertaining to the composition of the Board including failure to appoint woman director. In this regard NSE & BSE has imposed fine on MTNL amounting to Rs 5,42,800/- (Basic fine Rs 4,60,000/- plus	FINES	Reply of MTNL is given in Annexure IV to this Report

		GST Rs 82,800/-).		
5.	NSE (E mail/letter no. NSE/LIST-SOP/CG/FINES/10 1661 dtd. August 20, 2020) BSE (E mail dtd. August 20, 2020)	Notice for Non-compliance with corporate governance requirements SEBI (LODR) Regulations, 2015 i.e. Non-compliance with the requirements pertaining to the composition of the Board including failure to appoint woman director. In this regard NSE & BSE has imposed fine on MTNL amounting to Rs 4,54,300/- (Basic fine Rs 3,85,000/- plus GST Rs 69,300/-).	FINES	Reply of MTNL is given in Annexure V to this Report

\*Also, NSE vide its email/letter dtd 20.05.2021 informed MTNL that with reference to the company's letter / email requesting waiver for fine imposed for Non – Compliance with Regulation 23(9) of SEBI (LODR) Regulations 2015 was considered favourably.

\*\* Further BSE has informed MTNL vide its email dtd 19.04.2021 that with reference to the company's letter / mail requesting waiver for fine imposed for late / noncompliance with following provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ erstwhile Listing agreement.

Fine levied for		Regulation of SEBI (LODR) Regulation, 2015	
Sep-20 Dec-20		Reg 17- Board of Director  Reg 17 (2A)- Quorum of Board meetings.	

In this regard, company's representation for waiver of fine was placed before the "Committee for Reviewing Representations for Waiver of Fines Levied under Standard Operating Procedure (SOP)".

The Committee after considering the facts of the case and the company's representation decided to **waive the fines** levied for non-compliance under of SEBI (LODR), 2015 for the aforesaid Regulation.

(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 31 <sup>st</sup> March 2020 (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.	NA	NA	NA	NA

Place: New Delhi

For **MRITUNJAY SHEKHAR & ASSOCIATES**  
Company Secretaries

Date: 26/05/2021

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CHANDRA  
SHEKHAR

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**ACS No.: 17250**

**C P No.: 20871**

**UDIN number A017250C000371780**



**ANNEXURES TO THE ANNUAL SECRETARIAL COMPLIANCE REPORT OF M/s. MAHANAGAR TELEPHONE NIGAM LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

**ANNEXURE I**

Clarification submitted by MTNL vide its letter no. MTNL/SECTT/SE/2021 Dated 21/12/2020 to NSE letter no. NSE/LIST-SOP/COMB/FINES/0815 dtd. May 17, 2021 and BSE email dtd. May 17, 2021 is as follows:

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MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry, Government of India, i.e. Ministry of Communications & Information Technology. Till 25.10.2020, MTNL was having 10 Directors on its Board including 4 Independent Directors. On 25.10.2020 tenure of all the four independent directors got completed. As a result, MTNL has no independent director on its Board w.e.f. 26.10.2020. As on 31.03.2021 (quarter end) we had four Executive Directors and two Govt. Nominee Directors on our Board. There is no women director on the Board of MTNL.

We had reconstituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee from out of the remaining Directors on 11.11. 2020. However, there was no Independent Director in any of the above committees but the Govt. Director was made Chairperson of the committees.

Due to non-appointment of independent directors, we are unable to comply with provisions relating to Board Composition (Regulation 17), Audit Committee (Regulation 18), Nomination and Remuneration Committee (Regulation 19) and Stakeholders Relationship Committee Composition (Regulation 20). Quorum for the Board meeting and Audit Committee meeting held on 12.02.2021 was not strictly as per Regulation 17(2A) and Regulation 18 of SEBI (LODR) Regulations due to non-appointment of independent directors. Due to non-appointment of independent directors, we were unable to hold Nomination/Stakeholder/Risk Management Committee Meeting during FY 2020-21.

The matter for appointment of Independent Directors has already been taken up with the Government of India and we are awaiting the reply from the Government. We have been informed by the Administrative Ministry that the matter is under process.

## **ANNEXURE II**

Clarification submitted by MTNL vide its letter no. MTNL/SECTT/SE/2021 Dated 19/02/2021 to NSE letter no. NSE/LIST-SOP/COMB/FINES/0814 dtd. February 15, 2021 is as follows: -

MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry, Government of India, i.e. Ministry of Communications & Information Technology. Till 25.10.2020, MTNL was having 10 Directors on its Board including 4 Independent Directors. On 25.10.2020 tenure of all the four independent directors got completed. As a result, MTNL has no independent director on its Board w.e.f. 26.10.2020. As on 31.12.2020 (quarter end) we had four Executive Directors and two Govt. Nominee Directors on our Board.

We had reconstituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee from out of the remaining Directors on 11.11.2020. However, there was no Independent Director in any of the above committees and the Govt. Director was made Chairperson of the committees.

Due to non-appointment of independent directors, we are unable to comply the provisions relating to Board Composition (Regulation 17), Audit Committee (Regulation18), etc.

The matter for appointment of Independent Directors has already been taken up with the Government of India and we are awaiting the reply from the Government. We have been informed by the Administrative Ministry that the matter is under process.

## **ANNEXURE III**

Clarification submitted by MTNL vide its letter no. MTNL/SECTT/SE/2021 Dated 27/01/2021 to NSE Letter no. NSE/LIST-SOP/REG-23/0814 dated 18<sup>th</sup> January 2021 and BSE Letter no. SOP-CReview-Jan2021(18/01/2021) dated 18<sup>th</sup> January 2021 is as follows: -

MTNL is a Government Company wherein 56.25% of the shares are owned by the President of India. It has to comply with Guidelines issued by Department of Public Enterprise (DPE), Department of Investment and Public Asset Management (DIPAM), Central Vigilance Commission (CVC), Ministry of Corporate Affairs (MCA), SEBI, Directives received from the President of India through Department of Telecommunications (DOT) etc.

Articles 67 of the Article of Association of MTNL states that the General Power of the Board of Directors in which Board of Directors are bound by the directions of the President of India, if any. Also, Article 69 states that act mentioned therein cannot be done by the company without the prior approval of the President of India.

Further it is subject to audit by Comptroller & Auditor General of India (CAG). Also, statutory audit is done by the auditors appointed by CAG.

MTNL has also signed Memorandum of Understanding (MOU) with Transparency International India (TII) for implementation of Integrity Pact in MTNL. CVC appoints Independent External Monitor (IEM) for implementation of Integrity Pact Program in MTNL.

The ethical conduct of the Company is also 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.

MTNL has filled disclosure of Related Party Transactions on BSE and NSE for the Financial Year 2019-20 on 23/07/2020.

MTNL has two wholly owned subsidiaries whose accounts are consolidated with MTNL and placed before the Shareholders at their meeting for approval.

Millennium Telecom Limited (MTL) – A Government Company

Mahanagar Telephone (Mauritius) Limited – A Wholly Owned Overseas Subsidiary Incorporated in Mauritius

Also, MTNL has two Joint Venture Companies: -

MTNL STPI IT Services Ltd (MSITS) - JV between MTNL and STPI

United Telecommunication Ltd (UTL) - JV between NVPL, MTNL, TCIL and TCL incorporated in Nepal

Hence as per Regulation 23(5) of SEBI (LODR) 2015, Reg 23(2), (3) & (4) is not applicable in case of MTNL.

There was no change in Directors, KMP, Subsidiaries of MTNL for the half year ended 30.09.2020. Also, there was no transactions between MTNL and its subsidiaries (MTL & MTML) and its JV (MSITS & UTL), the only transactions that is being shown by MTNL is investments in equity share of its subsidiaries and JVs which is constant in FY 2018-19 & FY 2019-20. Investment in Equity Shares of MTL, MTML, MSITS and UTL was done only with prior approval of President of India.

The salary/remuneration of Board Level and Below Board Level executives are determined By Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprise (DPE). Salary in MTNL of Board Level and Below Board Level executives is in accordance with DPE OM No.2(70)/08-DPE dated 26.11.2008. As MTNL is a Central Public Sector Enterprise (CPSE), the pay scale of its Directors /KMP/ Employees are fixed by DPE, remunerations & other allowances are paid by MTNL in accordance with relevant DPE guidelines no directors/KMP of MTNL can draw remuneration over and above the remunerations to which He/ She is entitled as a director.

All the transactions done by MTNL with its subsidiaries MTL & MTML and its JV, MSITS & UTL and its directors done on the basis of aforementioned guidelines.

MTNL has filed Corporate Governance Report for the Quarter ended 30.06.2020 in NSE and BSE on 06/07/2020. Also, Corporate Governance Report for the Quarter ended 30.09.2020 was filed in NSE on 07/10/2020 and BSE on 06/10/2020. In the above Corporate Governance Report, ***MTNL has disclosed to NSE and BSE in the Corporate Governance Report for the Quarter ended 30.06.2020 and 30.09.2020 that the following points are NOT APPLICABLE in the case of MTNL in respect of Related Party Transaction: -***

1. Whether prior approval of audit committee obtained
2. Whether shareholder approval obtained for material RPT
3. Whether details of RPT entered into pursuant to omnibus approval have been reviewed by Audit Committee

***For the Half Year ended September 30, 2020, there was no Related Party Transactions between MTNL and its Subsidiaries (MTL and MTML) and Joint Ventures (MSITS and UTL).*** There was no related party transaction in MTNL in this Half Year and no such Related Party Transaction which will have adverse implication on shareholders' interest has ever been entered by MTNL. Since there was no Related Party Transactions in this Half Year, therefore, we had not filed Disclosure Pursuant to Regulation 23 (9) of SEBI (LODR), 2015 in BSE & NSE, but as soon as we received show cause notice by NSE & BSE on 18.01.2021, MTNL had immediately filed NIL disclosure under Regulation 23(9) on 19.01.2021.

#### **ANNEXURE IV**

Clarification submitted by MTNL vide its letter no. MTNL/SECTT/SE/2020 Dated 02/12/2020 to NSE letter no. NSE/LIST-SOP/COMB/FINES/0810 dtd. November 17, 2020 and BSE email dtd. November 17, 2020 is as follows: -

We bring to your notice that MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry, Government of India i.e. Ministry of Communications & Information Technology. We have four Independent Directors as on 30 September, 2020 and on 25 October, 2020 all four Independent Directors ceased to be Independent Directors and currently, we have no Independent Directors. The matter for appointment of Independent Directors is pending with the Government of India. We have already requested O/o Joint Secretary

(Admin), Deptt. Of Telecommunication (DoT) to appoint six independent directors on the Board of MTNL immediately.

## ANNEXURE V

Clarification submitted by MTNL vide its letter no. MTNL/SECTT/SE/2020 Dated 28/08/2020 to NSE letter no. NSE/LIST-SOP/CG/FINES/101661 dtd. August 20, 2020 and BSE email dtd. August 20, 2020 is as follows:-

We bring to your notice that MTNL is a Public Sector Undertaking. All appointments including Independent Directors on the Board are done by the Administrative Ministry, Government of India i.e. Ministry of Communications & Information Technology. At present, we have four Independent Directors. The matter for appointment of two more Independent Directors is pending with the Government of India. We have already requested the Government to appoint two independent directors on the Board of MTNL immediately and four independent directors on or before the tenure of the existing independent directors comes to an end.

In view of the above, we hereby request you to *waive of the fine imposed on MTNL since the non-compliance was not deliberate. Further it is to state that all public Sector Undertaking including MTNL have no power to appoint Directors on its Board. The power of appointment of directors including Independent director's vest with the Government of India.*

**For MRITUNJAY SHEKHAR & ASSOCIATES**

**Company Secretaries**

**Place: New Delhi**

**Date: 26/05/2021**

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CHANDRA  
SHEKHAR

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**C P No.: 20871**

**UDIN number A017250C000371780**