Mahanagar Telephone Nigam Limited (Revised)

December 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	2,905.48 (Enhanced from 2,803.81)	CARE D	Reaffirmed
Long-term / Short-term bank facilities	2,752.48 (Reduced from 3,500.00)	CARE D / CARE D	Reaffirmed
Short-term bank facilities	5,980.95 (Enhanced from 5,332.10)	CARE D	Reaffirmed
Short-term bank facilities	-	-	Withdrawn
Bonds	6,500.00	CARE AAA (CE); Stable@	Reaffirmed
Bonds	10,910.00	CARE AAA (CE); Stable@	Reaffirmed
Bonds	6,660.99	CARE AAA (CE); Stable@	Reaffirmed

Details of instruments/facilities in Annexure-1.

@Backed by credit enhancement in the form of an unconditional and irrevocable guarantee from the Government of India, through the Department of Telecommunications, Ministry of Communications.

Unsupported rating	**CARE D [Reaffirmed]**

Note: Unsupported rating does not factor in the explicit credit enhancement.

Rationale and key rating drivers for credit enhanced debt

Ratings assigned to bond issue of Mahanagar Telephone Nigam Limited (MTNL) principally relies on credit enhancement (CE) in the form of an unconditional and irrevocable pre-default guarantee from the Government of India (GoI), through the Department of Telecommunications (DoT), Ministry of Communications (MoC). Ratings also take strength from the presence of a structured payment mechanism (SPM), monitored by a third-party trustee.

Reaffirmation of ratings assigned to the long-term debt instruments (bond issue) of MTNL follows consistent track record of timely fund infusion by GoI per the stipulated T- SPM, and comprehensive understanding of the escrow account's operational management maintained with Bank of India (BoI, CARE AA+; Stable / CARE A1+) for servicing sovereign guarantee (SG) backed bonds.

CARE Ratings Limited (CareEdge Ratings) has observed consistent compliance by the guarantor with the trustee-administered T-SPM across 22 payment instances, since December 17, 2024. Specifically, GoI ensured timely funding of the designated escrow account maintained with BoI by the T-3 date, following invocation of the guarantee by the Trustee, in accordance with the terms outlined in the guarantee deed, for SG backed bonds.

CareEdge Ratings notes that MTNL's loan account with BoI remains classified as a non-performing asset (NPA) since September 2024. Despite this, the escrow accounts maintained with BoI for servicing SG backed bonds continue to operate without disruption. Per escrow agreements executed between MTNL and BoI, the escrow banker is restricted from making payments other than those to bond holders, and debenture trustee (DT) hold an absolute lien over the funds deposited in the accounts. Based on these contractual safeguards and discussions with officials of BoI, MTNL and the DT, CareEdge Ratings believes that operational integrity of escrow accounts remains unaffected by the NPA classification of MTNL's account.

CareEdge Ratings will continue to monitor adherence to the SPM and the operational status of the escrow account for timely servicing of bonds.

Rationale and key rating drivers of MTNL for standalone and unsupported rating

Reaffirmation of ratings assigned to bank facilities of MTNL considers delays in servicing debt obligations towards bank borrowings due to weak liquidity. Ratings also factor in ongoing decline in the company's operating performance and its consistently weak

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

financial risk profile. Ratings also factor slow progress in the revival package plan related to asset monetisation, heavy interest burden, and high human resource costs amidst a highly competitive industry.

CareEdge Ratings has taken note of the service agreement executed on November 22, 2024, for a tenure of 10 years between BSNL and MTNL and will continue to monitor developments in MTNL regarding implementation of the agreement. Following the agreement, entire telecommunication (telecom) operations of MTNL in Delhi and Mumbai were taken over by Bharat Sanchar Nigam Limited (BSNL, rated 'CARE AAA (CE); Stable'/ CARE BBB Positive; CARE A3+) from January 01, 2025. BSNL is responsible for the capital expenditure and operational expenditure of MTNL and day-to-day operations, ensuring earnings before interest, taxes, depreciation, and amortisation (EBITDA) neutral operations of the company.

CareEdge Ratings has withdrawn the rating assigned to short-term bank facilities availed by MTNL from IndusInd Bank with immediate effect, as the company did not avail the facility and consequently, there is no amount outstanding as on date.

Rating sensitivities: Factors likely to lead to rating actions

For credit enhanced debt

Positive factors

Not applicable

Negative factors

- Non-adherence to the trustee-administered SPM by the CE provider in the transaction, triggering an adverse action or event of default.
- Delay in funding the requisite bond servicing account.
- Dilution in the support philosophy of GoI towards MTNL.

For standalone ratings

Positive factors

- Sustained improvement in the company's financial and business performance.
- Track record of timely debt servicing for at least three continuous months.

Negative factors

Not applicable

Analytical approach:

Credit enhanced ratings: CE in the form of an unconditional and irrevocable pre-default guarantee from GoI, through DoT, MoC, operating through a trustee-administered SPM for timely transfer of required funds for repayment of principal and interest to a designated account.

Unsupported/Standalone ratings: Standalone

Outlook for credit enhanced rating: Stable

The outlook for MTNL is stable, considering the expectation of consistent support from GoI. Operating in a strategically important sector and support mechanisms such as sovereign guarantees will ensure timely servicing of obligations, providing stability to credit-enhanced ratings.

Outlook for standalone rating: Not applicable

Detailed description of key rating drivers:

Key strengths

Majority ownership of GoI

MTNL is one of the two state-owned telecom service providers in India, alongside BSNL. GoI holds a majority stake in MTNL (56.25% as of September 30, 2025), and the balance is held by the public. GoI appoints the entire board of directors and key management personnel of MTNL. Over the years, GoI provided financial and non-financial support to MTNL. However, Department of Public Enterprises has classified the company as 'Incipient Sick CPSE', which has also been confirmed by the DoT.

Sovereign guarantee on debt instruments with a trustee-administered SPM

The company's debt instruments are backed by an unconditional and irrevocable pre-default guarantee for servicing the entire issue (principal amount and accrued interest), throughout tenure of instruments from GoI through DoT, MoC. Trustee-administered SPM is in place to ensure timely payment of interest and principal obligations of bond/NCD issues through a tripartite agreement between MTNL, trustee, and GoI, through DoT, MoC.

CareEdge Ratings has observed consistent adherence to SPM for 22 instances of interest payments, since December 17, 2024. For ISINs INE153A08089, INE153A08097, INE153A08105, INE153A08113, INE153A08121, INE153A08139, INE153A08147, INE153A08154, INE153A08162, INE153A08170 and INE153A08188, following the receipt of 'Notice of Invocation of Guarantee' by DT, GoI infused funds into the designated escrow account maintained with BoI within the T-3 day per the prescribed timelines in SPM, ensuring timely payments. CareEdge Ratings notes that the MTNL's loan account with BoI remains classified as an NPA since September 2024. Despite this, escrow accounts maintained with BoI for servicing SG backed bonds continue to operate without disruption. CareEdge Ratings anticipates consistent adherence to the trustee-administered SPM. Going forward, CareEdge Ratings will continue to monitor adherence to the SPM in timely servicing of SG-backed bonds.

Following is the SPM for the bond issue of ₹6,500 crore (fully subscribed):

Trigger Date	Action Point
(T-30)th day*	Trustees to inform MTNL and GoI in writing, regarding due date of payment of interest and/or principal amount, so that necessary arrangements can be made for meeting interest payment/principal repayment obligations on the bond.
(T-10)th day*	The designated trust and retention account is to be funded by MTNL to the tune of interest/principal obligations on bonds.
(T-8)th day*	If the designated trust and retention account is not funded to the requisite extent by (T-8)th day, trustees shall forthwith invoke GoI guarantee by sending a Notice of Invocation to GoI.
(T-3)rd day*	Last date by which GoI is to deposit requisite funds in the designated trust and retention account per the Notice of Invocation served by trustees.

*T being the due date for payment of interest/repayment of principal. If the mentioned day is not a business day, it will be taken to indicate the next business day.

Following is the structured payment mechanism for the bond issue of ₹10,910 crore (fully subscribed):

Trigger Date	Action Point
(T-30)th day*	Trustees to inform MTNL and GoI in writing, regarding due date for payment of interest amount, so that necessary arrangements can be made for meeting interest payment obligations on bonds.
(T-10)th day*	The designated trust and retention account is to be funded by MTNL to tune of interest obligations on bonds.
(T-8)th day*	If designated trust and retention account is not funded to the requisite extent by (T1-8)th day, trustees shall forthwith invoke GoI guarantee by sending a Notice of Invocation to GoI.
(T-3)rd day*	Last date by which GoI shall deposit requisite funds in the designated trust and retention account per the Notice of Invocation served by trustees.

*T being the due date for payment of interest/repayment of principal. If the mentioned day is not a business day, it will be taken to indicate the next business day.

Following is the SPM for the bond issue of ₹6,660.99 crore (fully subscribed):

Trigger Date	Action Point
(T-30)th day*	Trustees to inform MTNL and GoI in writing regarding due date for payment of interest amount, so that necessary arrangements can be made for meeting interest payment obligations on bonds.
(T-10)th day*	The designated trust and retention account is to be funded by MTNL to the tune of interest obligations on bonds.
(T-8)th day*	If the designated trust and retention account is not funded to the requisite extent by (T1-8)th day, trustees shall forthwith invoke GoI guarantee by sending a Notice of Invocation to GoI.
(T-3)rd day*	Last date by which GoI shall deposit requisite funds in the designated trust and retention account per the Notice of Invocation served by trustees.

*T being the due date for payment of interest/repayment of principal. If the mentioned day is not a business day, it will be taken to indicate the next business day.

Revival Plan for MTNL

In October 2019, considering MTNL's legacy and strategic importance, GoI announced revival plan for MTNL and BSNL. Update on key features of the package is as follows:

- **Financial support for capex**: To meet projected capex for the next four years of deploying Atmanirbhar 4G technology stack, GoI will fund capex of ₹22,471 crore. This will be infused through equity into BSNL and includes projected capex requirements of ₹1,851 crore for MTNL as well.
- **Debt structuring:** Sovereign guarantee is to be provided for raising long-term bonds amounting to ₹40,399 crore, to restructure high-cost debt.
- **BSNL:** MTNL and BSNL entered a service agreement, effective January 01, 2025. BSNL is responsible for maintaining and operating MTNL's telecom services. BSNL will operate MTNL's telecom services by undertaking maintenance and operational activities entirely. Further, BSNL will invest capital expenditure (CAPEX) and other resources towards operational expenditure (OPEX) for the smooth running of the entire operation in Delhi and Mumbai. CAPEX and related OPEX will form part of BSNL's balance sheet and EBITDA, while OPEX for MTNL assets will be part of MTNL's EBITDA.
- **Asset monetisation:** Progress on monetisation of MTNL's identified land assets has also been slow and has since been transferred from the Department of Investment and Public Asset Management (DIPAM) to the Department of Public Enterprise (DPE).

Key weaknesses

Ongoing delays in bank debt servicing

There are ongoing delays by MTNL in servicing its debt obligations for bank loan facilities, which are not covered under guaranteed debt by GoI. The total default amount (interest plus principal) stands at ₹3,208.82 crore as of November 30, 2025. Delay is primarily due to paucity of funds considering insufficient cash generation from operations and delay in timely support from GoI to address existing poor liquidity position.

Higher-than-industry average human resource cost

MTNL has a large employee base, and staff costs absorb a high percentage of the company's revenue. MTNL's staff cost was ~91% of its revenue from operations in FY25 (~78% in FY24). Although there has been a significant decrease in employee costs post the successful implementation of voluntary retirement scheme (VRS), it continues to remain over 5x the industry average. Overstaffing is a major risk for the company, as this cost for other operators is ~5-7% of the total operating income (TOI). This is due to legacy issues, which are likely to persist going forward.

Competitive Industry

Outlook of Indian telecom sector is expected to remain stable, supported by an increasing rural penetration, growth in broadband subscribers and roll-out of 5G services, which will improve average revenue per user (ARPU). The government has taken major reforms to address structural and liquidity issues in the telecom industry, which will provide cashflows to support growth. In September 2021, GoI announced major reforms for the telecom sector to address liquidity of telecom service providers (TSPs), encourage investment, and promote healthy competition in the industry. Other structural and procedural reforms announced by GoI related to removal of bank guarantee (BG) requirements for spectrum bidding has also improved telecom companies' liquidity position.

Liquidity

Credit enhanced ratings: Strong

Liquidity based on the guaranteed structure (unconditional and irrevocable guarantee from the GoI through the Department of Telecommunications, Ministry of Communications) should ensure timely servicing of the rated bonds and NCDs.

Unsupported/Standalone ratings: Poor

As of November 30, 2025, the company's liquidity profile remains poor due to almost-full utilisation of sanctioned overdraft limits and insufficient cash flow generation from operations to meet debt obligations.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

Environmental	The company has policies in place, complying with prudent governance practices. However, the company's auditors have provided a qualified opinion on its internal financial control, which is significant for credit assessment. The company also publishes a Business Responsibility Report (BRR) in compliance with SEBI (LODR) Regulation, 2015, Regulation 34 (2). Except these, other ESG issues are credit neutral or have only a minimal credit impact on MTNL, due to either their nature or the way in which they are managed by the entity.
Social	
Governance	

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Credit Enhanced Debt
Rating Outlook and Rating Watch
Mobile Service Providers
Financial Ratios – Non financial Sector
Withdrawal Policy
Infrastructure Sector Ratings
Short Term Instruments

Adequacy of credit enhancement structure:

Bonds and NCDs are backed by CE in the form of an unconditional and irrevocable guarantee from GoI, through DoT, and MoC.

About the credit enhancement provider:

GoI has extended the absolute, unconditional, and irrevocable pre-default guarantee for timely servicing rated bonds.

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Telecommunication	Telecommunication	Telecom - services	Telecom - cellular and fixed line services

MTNL was incorporated by GoI in 1986 to upgrade telecom service quality, expand the telecom network, and introduce new services in India's key metros, Delhi and Mumbai. MTNL was given 'Navratna' status in 1997 and was listed on the New York Stock Exchange in 2001. MTNL provides a host of telecom services including fixed telephone services, GSM, Internet, Broadband, ISDN, and leased line services. MTNL was the first to launch telecom technologies such as ADSL2+ and VDSL2 in broadband, IPTV on MPEG4 technology, VOIP and 3G mobile service in the country. MTNL also provides telecommunication services beyond Indian boundaries through its joint ventures (JV) and subsidiaries. However, after obtaining unified licenses for all 22 circles in India, MTNL's business operations have been handled by BSNL as its outsourced agency from September 01, 2021.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	755.66	656.36	118.52
PBILDT*	-464.63	-455.54	-401.05
Profit after tax (PAT)	-3,302.20	-3,323.48	-1900.11
Overall gearing (x)	-1.19	-1.15	NM
Interest coverage (x)	-0.17	-0.16	NM

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds	INE153A08089	12-10-2020	7.05%	11-10-2030	6,500.00*	CARE AAA (CE); Stable
	INE153A08097	21-12-2020	6.85%	20-12-2030		
Bonds	INE153A08105	15-11-2022	8.00%	15-11-2032	10,910.00*	CARE AAA (CE); Stable
	INE153A08113	01-12-2022	7.87%	01-12-2032		
	INE153A08121	10-02-2023	7.78%	10-02-2033		
	INE153A08139	24-02-2023	7.80%	24-02-2033		
	INE153A08147	24-03-2023	7.75%	24-03-2033		
Bonds	INE153A08154	20-07-2023	7.59%	20-07-2033	6,660.99*	CARE AAA (CE); Stable
	INE153A08162	24-08-2023	7.61%	24-08-2033		
	INE153A08170	07-11-2023	7.80%	07-11-2033		
	INE153A08188	06-03-2024	7.51%	06-03-2034		
Fund-based - ST-Bank overdraft	-	-	-	-	5,902.95	CARE D
Non-fund-based - ST-BG/LC	-	-	-	-	78.00	CARE D
Term loan-Long term	-	-	-	31-12-2028	2,905.48	CARE D
Term loan-LT/ST	-	-	-	Proposed	2,752.48	CARE D / CARE D
Term Loan-Short Term	-	-	-	02-07-2023	0.00	Withdrawn
Unsupported rating-Unsupported rating (Long term)	-	-	-	-	0.00	CARE D

*Backed by credit enhancement in the form of an unconditional and irrevocable guarantee from the GoI, through the Department of Telecommunications, Ministry of Communications.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (26-Jun-24) 2)CARE AAA (CE); Stable (18-Jun-24)	1)CARE AAA (CE); Stable (07-Nov-23) 2)CARE AAA (CE); Stable (18-Jul-23)	1)CARE AAA (CE); Stable (03-Nov-22) 2)CARE AAA (CE); Stable (28-Oct-22)

								3)CARE AAA (CE); Stable (02-Sep-22)
2	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (26-Jun-24) 2)CARE AAA (CE); Stable (18-Jun-24)	1)CARE AAA (CE); Stable (07-Nov-23) 2)CARE AAA (CE); Stable (18-Jul-23)	1)CARE AAA (CE); Stable (03-Nov-22) 2)CARE AAA (CE); Stable (28-Oct-22) 3)CARE AAA (CE); Stable (02-Sep-22)
3	Bonds	LT	-	-	-	1)Withdrawn (17-Dec-24) 2)CARE AA+ (CE) (RWN) (06-Sep-24) 3)CARE AAA (CE) (RWN) (23-Aug-24) 4)CARE AAA (CE); Stable (03-Jul-24) 5)CARE AAA (CE); Stable (26-Jun-24) 6)CARE AAA (CE); Stable (18-Jun-24)	1)CARE AAA (CE); Stable (07-Nov-23) 2)CARE AAA (CE); Stable (18-Jul-23)	1)CARE AAA (CE); Stable (03-Nov-22) 2)CARE AAA (CE); Stable (28-Oct-22) 3)CARE AAA (CE); Stable (02-Sep-22)
4	Term Loan-Long Term	LT	2905.48	CARE D	-	1)CARE D (17-Dec-24) 2)CARE D (06-Sep-24) 3)CARE D (23-Aug-24) 4)CARE D (03-Jul-24)	1)CARE BB+; Stable (07-Nov-23) 2)CARE BB+; Stable (18-Jul-23)	1)CARE BB+; Stable (03-Nov-22) 2)CARE BB+; Stable (28-Oct-22)

						5)CARE B; Negative (26-Jun-24) 6)CARE BB-; Negative (18-Jun-24)		3)CARE D (02-Sep-22)
5	Term Loan-Short Term	ST	-	-	-	1)CARE D (17-Dec-24) 2)CARE D (06-Sep-24) 3)CARE D (23-Aug-24) 4)CARE D (03-Jul-24) 5)CARE A4 (26-Jun-24) 6)CARE A4 (18-Jun-24)	1)CARE A4+ (07-Nov-23) 2)CARE A4+ (18-Jul-23)	1)CARE A4+ (03-Nov-22) 2)CARE A4+ (28-Oct-22) 3)CARE D (02-Sep-22)
6	Fund-based - ST-Bank Overdraft	ST	5902.95	CARE D	-	1)CARE D (17-Dec-24) 2)CARE D (06-Sep-24) 3)CARE D (23-Aug-24) 4)CARE D (03-Jul-24) 5)CARE A4 (26-Jun-24) 6)CARE A4 (18-Jun-24)	1)CARE A4+ (07-Nov-23) 2)CARE A4+ (18-Jul-23)	1)CARE A4+ (03-Nov-22) 2)CARE A4+ (28-Oct-22) 3)CARE D (02-Sep-22)
7	Term Loan-LT/ST	LT/ST	2752.48	CARE D / CARE D	-	1)CARE D / CARE D (17-Dec-24) 2)CARE D / CARE D (06-Sep-24) 3)CARE D / CARE D (23-Aug-24)	1)CARE BB+; Stable / CARE A4+ (07-Nov-23) 2)CARE BB+; Stable / CARE A4+ (18-Jul-23)	1)CARE BB+; Stable / CARE A4+ (03-Nov-22) 2)CARE BB+; Stable / CARE A4+ (28-Oct-22)

						4)CARE D / CARE D (03-Jul-24) 5)CARE B; Negative / CARE A4 (26-Jun-24) 6)CARE BB-; Negative / CARE A4 (18-Jun-24)		3)CARE D (02-Sep-22)
8	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE D	-	1)CARE D (17-Dec-24) 2)CARE D (06-Sep-24) 3)CARE D (23-Aug-24) 4)CARE D (03-Jul-24) 5)CARE B (26-Jun-24) 6)CARE BB- (18-Jun-24)	1)CARE BB+ (07-Nov-23) 2)CARE BB+ (18-Jul-23)	1)CARE BB+ (03-Nov-22) 2)CARE BB+ / CARE A4+ (28-Oct-22) 3)CARE D (02-Sep-22)
9	Bonds	LT	6500.00	CARE AAA (CE); Stable	-	1)CARE AAA (CE); Stable (17-Dec-24) 2)CARE AA+ (CE) (RWN) (06-Sep-24) 3)CARE AAA (CE) (RWN) (23-Aug-24) 4)CARE AAA (CE); Stable (03-Jul-24) 5)CARE AAA (CE); Stable (26-Jun-24) 6)CARE AAA (CE); Stable (18-Jun-24)	1)CARE AAA (CE); Stable (07-Nov-23) 2)CARE AAA (CE); Stable (18-Jul-23)	1)CARE AAA (CE); Stable (03-Nov-22) 2)CARE AAA (CE); Stable (28-Oct-22) 3)CARE AAA (CE); Stable (02-Sep-22)
10	Non-fund-based - ST-BG/LC	ST	78.00	CARE D	-	1)CARE D (17-Dec-24)	1)CARE A4+	1)CARE A4+

						2)CARE D (06-Sep-24) 3)CARE D (23-Aug-24) 4)CARE D (03-Jul-24) 5)CARE A4 (26-Jun-24) 6)CARE A4 (18-Jun-24)	(07-Nov-23) 2)CARE A4+ (18-Jul-23)	(03-Nov-22) 2)CARE A4+ (28-Oct-22) 3)CARE D (02-Sep-22)
11	Bonds	LT	10910.00	CARE AAA (CE); Stable	-	1)CARE AAA (CE); Stable (17-Dec-24) 2)CARE AA+ (CE) (RWN) (06-Sep-24) 3)CARE AAA (CE) (RWN) (23-Aug-24) 4)CARE AAA (CE); Stable (03-Jul-24) 5)CARE AAA (CE); Stable (26-Jun-24) 6)CARE AAA (CE); Stable (18-Jun-24)	1)CARE AAA (CE); Stable (07-Nov-23) 2)CARE AAA (CE); Stable (18-Jul-23)	1)CARE AAA (CE); Stable (03-Nov-22)
12	Bonds	LT	6660.99	CARE AAA (CE); Stable	-	1)CARE AAA (CE); Stable (17-Dec-24) 2)CARE AA+ (CE) (RWN) (06-Sep-24) 3)CARE AAA (CE) (RWN) (23-Aug-24) 4)CARE AAA (CE); Stable (03-Jul-24)	1)CARE AAA (CE); Stable (07-Nov-23) 2)CARE AAA (CE); Stable (18-Jul-23)	-

						5)CARE AAA (CE); Stable (26-Jun-24) 6)CARE AAA (CE); Stable (18-Jun-24)		

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Name of the Instrument- Bonds	Detailed Explanation
A. Financial covenants	Not available
B. Non-financial covenants	
I. The company shall ensure that debentures continue to be listed on the wholesale debt market segment of BSE.	
II. The company shall comply with all requirements under SEBI Monitoring Circulars, SEBI Due Diligence Circulars and SEBI DLT Monitoring Circular and provide all documents/information as may be required in accordance with SEBI Monitoring Circulars and SEBI Due Diligence Circulars.	
III. GoI would only cover principal amount and normal interest.	
IV. Guarantees would not be transferrable to agency without prior approval of the budget division, Department of Economic Affairs, Ministry of Finance. In case of default, lending agency shall invoke the guarantee within a time limit not exceeding 60 days of the default. In case the guarantee is not invoked within the stipulated period, the guarantee would cease to exist for that portion of the tranche/loan/liability for which guarantee has not been invoked.	
V. Trustee-monitored payment mechanism to be followed as stated below:	

The following is the structured payment mechanism for the bond issue of ₹6,500 crore (fully subscribed):

Trigger Date	Action Point
(T-30)th day*	Trustees to inform MTNL and GoI in writing regarding the due date of the payment of interest and/or principal amount, so that necessary arrangements can be made for meeting the interest payment/principal repayment obligations on the bond.
(T-10)th day*	The designated trust and retention account is to be funded by MTNL to the tune of the interest/principal obligations on the bonds.
(T-8)th day*	If the designated trust and retention account is not funded to the requisite extent by (T-8)th day, trustees shall forthwith invoke GoI guarantee by sending a Notice of Invocation toGoI.
(T-3)rd day*	The last date by which GoI is to deposit requisite funds in the designated trust and retention account per the Notice of Invocation served by the trustees.

*T being the due date for payment of interest/repayment of principal. In the event of mentioned day not being a business day, it will be taken to indicate the next business day.

The following is the structured payment mechanism for the bond issue of ₹10,910 crore (fully subscribed):

Trigger Date	Action Point
(T-30)th day*	Trustees to inform MTNL and GoI in writing regarding the due date for payment of interest amount, so that necessary arrangements can be made for meeting the interest payment obligations on the bonds.
(T-10)th day*	The designated trust and retention account is to be funded by MTNL to the tune of the interest obligations on the bonds.
(T-8)th day*	If the designated trust and retention account is not funded to the requisite extent by (T1-8)th day, trustees shall forthwith invoke GoI guarantee by sending a Notice of Invocation to GoI.
(T-3)rd day*	The last date by which GoI shall deposit requisite funds in the designated trust and retention account per the Notice of Invocation served by trustees.

*T being the due date for payment of interest/repayment of principal. In the event of mentioned day not being a business day, it will be taken to indicate the next business day.

The following is the structured payment mechanism for the bond issue of ₹6,660.99 crore (fully subscribed):

Trigger Date	Action Point
(T-30)th day*	Trustees to inform MTNL and GoI in writing regarding the due date for payment of interest amount, so that necessary arrangements can be made for meeting the interest payment obligations on the bonds.

(T-10)th day*	The designated trust and retention account is to be funded by MTNL to the tune of the interest obligations on the bonds.
(T-8)th day*	If the designated trust and retention account is not funded to the requisite extent by (T1-8)th day, trustees shall forthwith invoke GoI guarantee by sending a Notice of Invocation to GoI.
(T-3)rd day*	The last date by which GoI shall deposit requisite funds in the designated trust and retention account per the Notice of Invocation served by trustees.

*T being the due date for payment of interest/repayment of principal. In the event of the mentioned day not being a business day, it will be taken to indicate the next business day.

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds	Complex
2	Fund-based - ST-Bank Overdraft	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Term Loan-Long Term	Simple
5	Term Loan-LT/ST	Simple
6	Term Loan-Short Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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