



MAHANAGAR TELEPHONE NIGAM LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

CIN L32101DL1986GOI023501

Registered and Corporate Office: Mahanagar Doorsanchar Sadan 5th Floor, 9 CGO Complex, Lodhi Road, New Delhi - 110 003. Tel: 011-24319020, Fax: 011-24324243, Website: www.mtnl.net.in /www.bol.net.in, Email: mtnlcsc@gmail.com

**MTNL/SECTT/SE/2024
December 19, 2024**

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. Scrip Code: 500108	To, National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Scrip Symbol: MTNL
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SUB: COMPLIANCE OF REGULATION 30 OF SEBI (LODR), 2015- DISCLOSURE OF EVENTS OR INFORMATION – RATING GIVEN TO MTNL BY M/S CARE RATINGS LIMITED AND PRESS RELEASE - reg

Dear Sir,

In compliance of Regulation 30 of SEBI (LODR), 2015, Kindly find attached Press Release dtd. 17.12.2024 from M/s CARE Ratings Limited on Rating on Bonds and Long Term/Short Term Bank facilities of MTNL. Copy of aforesaid Press release is attached herewith for kind reference.

Kindly take the same on record.

Thanking You

Yours Faithfully,

**(RATAN MANI SUMIT)
COMPANY SECRETARY**

Mahanagar Telephone Nigam Limited

December 17, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	2,803.81	CARE D	Reaffirmed
Long-term / Short-term bank facilities	3,500.00	CARE D / CARE D	Reaffirmed
Short-term bank facilities	5,335.10	CARE D	Reaffirmed
Bonds	-	-	Withdrawn
Bonds	6,500.00	CARE AAA (CE); Stable [®]	Upgraded from CARE AA+ (CE) and removed from Rating Watch with Negative Implications; Stable outlook assigned
Bonds	10,910.00	CARE AAA (CE); Stable [®]	Upgraded from CARE AA+ (CE) and removed from Rating Watch with Negative Implications; Stable outlook assigned
Bonds	6,660.99 (Reduced from 6,661.00)	CARE AAA (CE); Stable [®]	Upgraded from CARE AA+ (CE) and removed from Rating Watch with Negative Implications; Stable outlook assigned

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

Rationale and key rating drivers for credit enhanced debt

CARE Ratings Limited (CARE Ratings) has upgraded its long-term debt instruments (bonds issue) of Mahanagar Telephone Nigam Limited (MTNL) to CARE AAA, and simultaneously removing the Rating Watch with Negative Implications and assigned a 'Stable' outlook. This rating action follows sustained track record of timely fund infusion by Government of India (GoI) in accordance with the stipulated T-structure payment mechanism (SPM), besides comprehensive understanding of the escrow account's operational management maintained with Bank of India (BoI, CARE AA+ Stable) for servicing Sovereign Guarantee (SG) backed bonds.

Rating assigned to long-term debt instruments [bonds issue] of MTNL principally rely 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). The rating also takes comfort from the presence of SPM monitored by a third-party trustee.

Since the last rating action in September 06, 2024, triggered by successive slippages in adherence to trustee administered SPM, CARE Ratings has observed consistent adherence to the trustee administrated SPM towards timely funding of the designated escrow account towards SG bond payments. For the ISINs INE153A08147, INE153A08089, INE153A08170, INE153A08105, INE153A08113, the Government of India (GoI) has infused funds into the designated escrow account within T-3 days as per prescribed timelines, following receipt of 'Notice of Invocation of Guarantee' by debenture trustee, thus ensuring timely payments. Additionally, for the following ISINs INE153A08048, INE153A08063, INE153A08071, GoI infused funds in the designated escrow accounts within T-10 days, thereby not necessitating invocation of guarantee. This has also been confirmed by the DT to CARE Ratings apart from the company's disclosure to the stock exchange. Upon observing eight consecutive satisfactory instances of SG bond payments to investors, CARE Ratings reasonably expects that the trustee administrated SPM will continue to be consistently adhered. Going forward, CARE Ratings will continue to monitor the adherence of SPM in timely servicing of SG-backed bonds.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Rating on instruments was placed under watch with negative implications pending clarification on the operational status of escrow account maintained with Bank of India (BoI, CARE AA+ Stable) for servicing MTNL's SG-backed bonds. Since, company's loan account with BoI was classified as a non-performing account (NPA) in September 2024, the potential risk of adverse action by the escrow lender increased. However on perusal of the escrow agreements executed between MTNL with Bank of India, and basis multiple interactions with BoI and DT, it is inferred that the escrow banker cannot make any other payments from the escrow accounts except to those bond holders. Additionally, the Debenture Trustees have absolute lien on funds deposited in the escrow accounts. Thus, basis the aforementioned and discussion with senior officials of BoI, MTNL and DT, CARE Ratings believes that the operational status of the escrow accounts will not be affected if the NPA status of the loan account continues. Consequently, CARE Ratings has resolved the rating watch and assigned 'Stable' outlook.

In accordance with CARE Ratings' withdrawal policy, the rating assigned to MTNL's SG Bond issue (INE153A08048, INE153A08063, INE153A08071), aggregating ₹3,668.97 crore, has been withdrawn with immediate effect. This action follows complete redemption of bonds and receipt of confirmation from the debenture trustee. As of December 12, 2024, there is no outstanding under this issue.

Rationale and key rating drivers of MTNL (Bank facilities)

Reaffirmation of ratings assigned to bank facilities of MTNL factors ongoing delays in debt servicing obligations towards bank borrowings due to continued paucity of funds at the company's end. Ratings also factor slow progress in revival package plan related to asset monetisation, heavy interest burden, and high human resource costs amidst a highly competitive industry.

Rating sensitivities: Factors likely to lead to rating actions

For credit enhanced debt

Positive factors

Not applicable

Negative factors

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

For standalone ratings

Positive factors

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

Negative factors

Not applicable

Analytical approach:

Credit enhanced ratings: CE in the form of an unconditional and irrevocable 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 expected to be stable backed by the expectation of consistent support to be extended by the GoI. Furthermore, operating in a strategically important sector and support mechanisms such as sovereign guarantees shall ensure timely servicing of the 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 Bharat Sanchar Nigam Limited [BSNL, rated 'CARE AAA (CE); Stable']. GoI holds majority stake in MTNL (56.25% as on March 31, 2024), and the balance is held by the

public. The company enjoys a 'Navratna Status' that gives greater autonomy to central public sector enterprises (CPSEs) in their investment and capital expenditure (capex) decisions. Such a status also aims at facilitating expansion of its operations in domestic and global markets.

Sovereign guarantee on debt instruments with a trustee-administered SPM

The company's debt instruments are backed by unconditional and irrevocable guarantee for the servicing of 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.

Since the last rating action in September 06, 2024, triggered by successive slippages in adherence to trustee administered SPM, CARE Ratings has observed consistent adherence to the trustee administrated SPM towards timely funding of the designated escrow account towards SG bond payments. For the ISINs INE153A08147, INE153A08089, INE153A08170, INE153A08105, INE153A08113, the GoI has infused funds into the designated escrow account within T-3 days as per prescribed timelines, following receipt of 'Notice of Invocation of Guarantee' by debenture trustee, thus ensuring timely payments. Additionally, for the following ISINs INE153A08048, INE153A08063, INE153A08071, GoI infused funds in the designated escrow accounts within T-10 days, thereby not necessitating invocation of guarantee. This has also been confirmed by the DT to CARE Ratings apart from the company's disclosure to the stock exchange. Upon observing eight consecutive satisfactory instances of SG bond payments to investors, CARE Ratings reasonably expects that the trustee administrated SPM will continue to be consistently adhered. Going forward, CARE Ratings will continue to monitor the adherence of SPM in timely servicing of SG-backed bonds.

Earlier, the Rating on instruments was placed under watch with negative implications pending clarification on the operational status of escrow account maintained with BoI for servicing MTNL's SG-backed bonds. Since, company's loan account with BoI was classified as a NPA in September 2024, the potential risk of adverse action by the escrow lender increased. However, on perusal of the escrow agreements executed between MTNL with BoI, and basis multiple interactions with BoI and DT, it is inferred that the escrow banker cannot make any other payments from the escrow accounts except those to bond holders. Additionally, the Debenture Trustees have absolute lien on funds deposited in the escrow accounts. Thus, basis the aforementioned and discussion with senior officials of BoI, MTNL and DT, CARE Ratings believes that the operational status of the escrow accounts will not be affected if the NPA status of the loan account continues. Consequently, CARE Ratings has resolved the rating watch and assigned 'Stable' outlook.

The 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.

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 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 (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 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.

The 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.

Support from GoI, notwithstanding slow progress on asset monetisation

In October 2019, considering MTNL's legacy and strategic importance, GoI announced revival plan for MTNL and BSNL and continued to support the company's funding requirements through issuance of LoC. To make public sector units (PSUs) financially viable, the Union Cabinet approved second revival plan for BSNL and MTNL (the telcos) amounting to ₹1.64 lakh crore on July 27, 2022. Revival plan is aimed at upgrading services, rolling out 4G services, augmenting the telecom network, and de-stressing balance sheets.

Following schemes are approved by the Union Cabinet for telcos:

- **Allotment of spectrum administratively:** Telcos will be allotted a spectrum administratively in the 900/1,800 MHz band (renewal of spectrum for 20 years) amounting to ₹44,993 crore through equity infusion. However, there have been delays in the rollout of 4G services due to 4G import restrictions (per GoI's 'Atmanirbhar' scheme).
- **Financial support for capex:** To meet projected capex for the next four years of deploying Atmanirbhar 4G technology stack, GoI will fund a 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.
- **Viability gap funding (VGF):** A consideration of ₹13,789 crore for commercially unviable rural wire-line operations done in FY14 to FY20 was provided by GoI in three tranches in FY23. Proceeds were utilised for prepayment of high-cost debt.
- **Debt structuring:** Sovereign guarantee is to be provided for raising long-term bonds amounting to ₹40,399 crore, which will be utilised for restructuring high-cost debt.
- **Financial support for AGR dues:** AGR dues amounting to ₹33,404 crore to be settled by conversion into equity.

As BSNL is handling MTNL's operations, fund infusion per revival package has taken place in BSNL, which is managing combined capex for the telcos. Progress on monetisation of MTNL's certain identified land assets has also been slow, which 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 ₹1383.34 crore as on November 30, 2024. 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 ~₹570 crore in FY24 (PY: ₹545 crore), which is ~78% of its revenue from operations in FY24 (~63% in FY23). Although there has been a significant decrease in employee costs post the successful implementation of VRS, it continues to remain over 5x the industry average. Overstaffing is a major risk faced by the company and this cost in case of other operators is ~5%-7% of the total operating income (TOI). This is due to legacy issues, which are likely to remain going forward.

Competitive Industry

Outlook of Indian telecom sector is expected to be stable, supported by an increasing rural penetration, growth in broadband

subscribers and roll-out of 5G services, which will lead to improvement in average revenue per user (ARPU). The government has also taken major reforms to address structural, process reforms, and liquidity issues of the telecom industry, which will provide requisite 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 no requirement of bank guarantees (BGs) for spectrum bidding has also improved telco companies' liquidity position.

Liquidity: Poor

As on November 30, 2024, 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 of significance for credit assessment. The company also publishes a Business Responsibility Report (BRR) in compliance with SEBI (LODR) Regulation, 2015, Regulation 34 (2). MTNL's wireless services (WS) complies with relevant guidelines regarding electromagnetic radiation from base transceiver station (BTS) towers issued by DoT, GoI, and TRAI. The company also carries out energy auditing of its buildings, which resulted in reduction of energy consumption considerably.
Social	
Governance	

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Mobile Service Provider](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

[Rating Credit Enhanced Debt](#)

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 & fixed line services

MTNL was incorporated by GoI in 1986 to upgrade the quality of telecom services, expanding telecom network, and introducing new services for India's key metros, Delhi and Mumbai. MTNL was given the '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 some of the latest 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. MTNL is present in Nepal through its JV, United Telecom Limited (UTL), and in Mauritius through its 100% subsidiary, Mahanagar Telephone Mauritius Limited (MTML). However, after obtaining unified licenses for all 22 circles in India, MTNL's business operations are being handled by BSNL as its outsourced agency, since September 01, 2021.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	890.42	755.66	678.24
PBILDT	-421.21	-463.68	119.96
PAT	-2,910.73	-3,302.20	-1,660.23
Overall gearing (times)	-1.25	-1.20	NA
Interest coverage (times)	-0.18	-0.17	0.08

A: Audited UA: Unaudited; NA: Not Available, Note: these are latest available financial results

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	INE153A08048	19-11-2014	8.24%	19-11-2024	0.00	Withdrawn
	INE153A08063	19-11-2014	8.24%	19-11-2024		
	INE153A08071	28-11-2014	8.29%	28-11-2024		
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		
Bonds	INE153A08147	24-03-2023	7.75%	24-03-2033	6,660.99	CARE AAA (CE); Stable
	INE153A08154	20-07-2023	7.59%	20-07-2033		
	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		-	-	-	5,254.10	CARE D
Non-fund-based - ST-BG/LC		-	-	-	78.00	CARE D
Term loan-Long term		-	-	31-12-2028	2,803.81	CARE D
Term loan-LT/ST		-	-	Proposed	3,500.00	CARE D / CARE D
Term loan-Short term		-	-	02-07-2023	3.00	CARE D
Unsupported rating-Unsupported rating (Long term)		-	-	-	0.00	CARE D

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
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)	1)CARE AAA (CE); Stable (07-Oct-21)
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)	1)CARE AAA (CE); Stable (07-Oct-21)
3	Bonds	LT	-	-	1)CARE AA+ (CE) (RWN) (06-Sep-24) 2)CARE AAA (CE) (RWN) (23-Aug-24) 3)CARE AAA (CE); Stable (03-Jul-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)	1)CARE AAA (CE); Stable (07-Oct-21)

					4)CARE AAA (CE); Stable (26-Jun-24) 5)CARE AAA (CE); Stable (18-Jun-24)		3)CARE AAA (CE); Stable (02-Sep-22)	
4	Term Loan-Long Term	LT	2803.81	CARE D	1)CARE D (06-Sep-24) 2)CARE D (23-Aug-24) 3)CARE D (03-Jul-24) 4)CARE B; Negative (26-Jun-24) 5)CARE BB-; Negative (18-Jun-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) 3)CARE D (02-Sep-22)	1)CARE AA+ (CE); Stable (07-Oct-21)
5	Term Loan-Short Term	ST	3.00	CARE D	1)CARE D (06-Sep-24) 2)CARE D (23-Aug-24) 3)CARE D (03-Jul-24) 4)CARE A4 (26-Jun-24) 5)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)	1)CARE A1+ (CE) (07-Oct-21)
6	Fund-based - ST-Bank Overdraft	ST	5254.10	CARE D	1)CARE D (06-Sep-24) 2)CARE D (23-Aug-24) 3)CARE D (03-Jul-24) 4)CARE A4 (26-Jun-24) 5)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)	1)CARE A1+ (CE) (07-Oct-21)
7	Term Loan-LT/ST	LT/ST	3500.00	CARE D / CARE D	1)CARE D / CARE D (06-Sep-24)	1)CARE BB+; Stable / CARE A4+	1)CARE BB+; Stable / CARE A4+	1)CARE AA+ (CE); Stable /

					2)CARE D / CARE D (23-Aug-24) 3)CARE D / CARE D (03-Jul-24) 4)CARE B; Negative / CARE A4 (26-Jun-24) 5)CARE BB-; Negative / CARE A4 (18-Jun-24)	(07-Nov-23) 2)CARE BB+; Stable / CARE A4+ (18-Jul-23)	(03-Nov-22) 2)CARE BB+; Stable / CARE A4+ (28-Oct-22) 3)CARE D (02-Sep-22)	CARE A1+ (CE) (07-Oct-21)
8	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE D	1)CARE D (06-Sep-24) 2)CARE D (23-Aug-24) 3)CARE D (03-Jul-24) 4)CARE B (26-Jun-24) 5)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)	1)CARE BBB / CARE A3 (07-Oct-21)
9	Bonds	LT	6500.00	CARE AAA (CE); Stable	1)CARE AA+ (CE) (RWN) (06-Sep-24) 2)CARE AAA (CE) (RWN) (23-Aug-24) 3)CARE AAA (CE); Stable (03-Jul-24) 4)CARE AAA (CE); Stable (26-Jun-24) 5)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)	1)CARE AAA (CE); Stable (07-Oct-21)
10	Non-fund-based - ST-BG/LC	ST	78.00	CARE D	1)CARE D (06-Sep-24) 2)CARE D (23-Aug-24)	1)CARE A4+ (07-Nov-23)	1)CARE A4+ (03-Nov-22)	1)CARE A1+ (CE) (07-Oct-21)

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

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 to GoI.
(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 (T-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 (T-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
7	Un Supported Rating-Un Supported Rating (Long Term)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Rajashree Murkute Senior Director CARE Ratings Limited Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in</p> <p>Maulesh Desai Director CARE Ratings Limited Phone: +91-79-4026 5656 E-mail: maulesh.desai@careedge.in</p> <p>Prasanna Krishnan Lakshmi Kumar Associate Director CARE Ratings Limited Phone: +91-120-4452014 E-mail: prasanna.krishnan@careedge.in</p>
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