

**MAHANAGAR TELEPHONE NIGAM LIMITED**

(A GOVERNMENT OF INDIA ENTERPRISE)

CIN L32101DL1986GOI023501

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MTNL/SECTT/SE/2026**August 19, 2026**

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

**SUB: COMPLIANCE OF REGULATION 30 & 51 OF SEBI (LODR) REGULATIONS, 2015 -
DISCLOSURE OF EVENTS OR INFORMATION – RATING GIVEN BY M/S INDIA RATINGS AND
RESEARCH PVT LTD TO BONDS ISSUED BY MTNL – SUBMISSION OF PRESS RELEASE - reg**

Dear Sir,

In compliance of Regulation 30 & 51 of SEBI (LODR) Regulations, 2015, this is to inform you that M/s India Ratings and Research Pvt Ltd has given its Press Release on Rating of Bonds Issued by MTNL dated August 18, 2026. Copy of aforesaid Press Release is attached herewith.

Kindly take the same on record.

Thanking You

Yours Faithfully,

(RATAN MANI SUMIT)
COMPANY SECRETARY

India Ratings Maintains Mahanagar Telephone Nigam's NCDs on Rating Watch with Negative Implications

Aug 18, 2026 | Mahanagar Telephone Nigam Limited | Telecom - Cellular & Fixed line services

India Ratings and Research (Ind-Ra) has maintained Mahanagar Telephone Nigam Limited's (MTNL) non-convertible debentures (NCDs) on Rating Watch with Negative Implications as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR billion)	Rating Assigned with Outlook/Watch	Rating Action
Non-convertible debentures* [^]	Refer ISIN annexure	-	-	-	175.71	IND AAA(CE)/Rating Watch with Negative Implications	Maintained on Rating Watch with Negative Implications

*Details in annexure

[^] Credit ratings with (CE) suffix indicate that the instruments are supported by an external explicit credit enhancement (CE). Please refer to the section, DISCLOSURES FOR CE RATING, for additional details as per Ind-Ra's policy of CE rating.

Analytical Approach

The CE rating reflects the presence of a pre-default guarantee from the parent, government of India (GoI), along with a structured payment mechanism monitored by a third-party trustee.

Detailed Rationale of the Rating Action

Ind-Ra had placed the ratings on the Rating Watch with Negative Implications in August 2024, due to MTNL's non-adherence to the trustee administered structured payment mechanism for Series VII-D and VIII-B bonds, wherein there was a breach of T-3 trigger date. As per the structured payment mechanism, the funds should be infused in the designated account by the GoI three days prior to the due date; however, in both the instances, it was delayed by one-to-two days. There was one more instance in September 2024, wherein the T-3 trigger date was breached for Series VIII-D bonds. That being said, in all these instances, there was no delay in the servicing of debt obligations as the designated account was funded by the GoI before the due date.

For all the subsequent interest payments, there was a breach of T-10 days, as MTNL did not deposit funds in the designated escrow account 10 days prior to the due date due to liquidity challenges, and subsequently, on the T-8 day, the trustee invoked the guarantee. However, the GoI consistently funded the designated escrow account before the T-3 trigger date. Recently, for the interest payment of Series VII-C due on 10 August 2026, MTNL funded the designated

account before T-10 days through the cash balance that was accumulated from asset monetisation. This is the first instance since September 2024 wherein the government guarantee was not invoked and the interest on bonds was directly paid by MTNL. As per the management, for the upcoming few tranches, a similar approach will be followed, with MTNL's cash balance of INR4,150 million (as on 31 March 2026) being utilised for the servicing of interest payments until the cash available from asset monetisation is exhausted.

Ind-Ra expects the Gol to continue to provide to support to MTNL for bond repayments in the future through infusing funds for the cash shortfall. Non-adherence to the structured payment mechanism will give rise to the risk of delays in servicing the rated bonds. Ind-Ra is still awaiting confirmation from the issuer on the process to be followed for the upcoming bond repayments and the steps to be taken to ensure adherence to the structured payment mechanism in the near-to-medium term, and hence, has maintained the rating on Rating Watch with Negative Implications.

List of Key Rating Drivers

Strengths

- Adequacy of CE structure assessment - NCD rating underpinned by Gol guarantee
- Strong operational and legal linkages with Gol

Weaknesses

- Delays in funding designated account

Detailed Description of Key Rating Drivers

Adequacy of CE Structure Assessment - NCD Rating Underpinned by Gol Guarantee: The rating continues to reflect the absolute, unconditional, and irrevocable pre-default guarantee extended by the Gol for the timely repayment of principal and interest on the rated NCDs. It is a continuing guarantee and shall remain in force and effect until the full tenure of NCDs. All payments pertaining to the servicing of bonds will be deposited into a designated trust and retention account. The account is operated through the trustee-monitored payment mechanism to ensure servicing of the bond obligations on-or-before the payment due date. A tri-patriate guarantee agreement has been signed among the Department of Telecommunications (DoT, on behalf of the President of India), debenture trustee (Beacon Trusteeship Ltd), and MTNL, wherein the Gol has to obtain all consents, approvals, and permissions necessary for enforceability of the agreement.

Strong Operational and Legal Linkages with Gol: The Gol directly owns 56.25% of MTNL and had secured about 64% of MTNL's total debt (including lease liabilities) at end-1QFY27 (FYE26: 65%; FYE25: 71%) by a pre-default guarantee. Out of the total debt outstanding at end-1QFY27, around 10% was from the Gol in the form of unsecured loans, which were provided to MTNL for making interest payment on bonds. Also, the Gol, through the administrative ministry, appoints all the board of directors and key management personnel of MTNL. The company was set up by the Gol to provide telecommunication services in Delhi and Mumbai. Over the years, the Gol has been providing various kinds of financial and non-financial support to MTNL, which is factored into the rating. However, the company continues to be classified as 'Incipient Sick Central Public Sector Enterprise' by the Gol.

Ind-Ra believes the Gol may continue to support MTNL's liquidity. However, the support mechanism would be need-based, measured, and gradual, rather than automatic and unconditional.

Delays in Funding Designated Account: As per the structured payment mechanism, MTNL has to fund the designated trust and retention account with the interest and/or principal obligations on the bonds 10 calendar days (T-10 days) prior to the due date. In the absence of the same, the trustee can invoke the guarantee on T-8 days. Consequent to such invocation, the designated account has to be funded by the Gol T-3 prior to the due date.

MTNL has not been funding the same due to insufficient funds, as disclosed on the exchanges since July 2024. Hence, as per the structured payment mechanism mentioned in the debenture trustee deed, the trustee has been sending the notice of invocation of guarantee to the Gol for funding interest payments on the T-8 day. There were three instances for Series VII-D, VIII-B, VIII-D, during August and September 2024, wherein there was a delay of one-to-two days by the Gol to fund

the designated escrow account by T-3, which caused a breach of the structured payment mechanism. That being said, the Gol had funded the account on these instances before the due date of payment to the bond holders; hence, there was no delay in the interest payment.

Additionally, on all instances other than the three highlighted above, the Gol has been funding the designated account on or before T-3. Furthermore, for the interest payment of Series VII-C due on 10 August 2026, MTNL had funded the designated account before T-10 days since they had cash balance accumulated from asset monetisation. This is the first instance after September 2024 wherein the government guarantee was not invoked and interest on bond was directly paid by MTNL. As per the management, for the upcoming few tranches, a similar approach will be followed, with MTNL's cash balance of INR4,150 million (as on 31 March 2026) being utilised for the servicing of interest payments. Once the proceeds are exhausted, the same approach of waterfall mechanism will be followed.

Ind-Ra is still awaiting confirmation from the issuer on the process to be followed for the upcoming bond repayments and steps to be taken to ensure adherence to the structured payment mechanism in the near-to-medium term.

Ind-Ra understands MTNL maintains an escrow account for the purpose of bond servicing with Bank of India (BoI). It remains a lien-free account, even after MTNL's loan accounts with BoI became non-performing on 4 September 2024. However, timely bond servicing continues from the escrow account, following the Gol's fund infusions as per the structured mechanism.

Liquidity

Adequate; Supported by Strong Parentage: Ind-Ra believes MTNL's liquidity is supported by the trustee-controlled pre-default payment mechanism. As per the tri-patriate guarantee agreement, the liability of bond constitutes a direct and general obligation of the Gol.

The liquidity is supported by the company's issuance of INR109.1 billion bonds in FY23 and INR66.6 billion bonds in FY24. The issuances are a part of the total proposed issuances of INR176 billion as per the revival plan. The interest payments on the NCDs are being made on a timely basis, as confirmed by the trustee.

Rating Sensitivities

The Rating Watch with Negative Implications indicates that the rating may be either affirmed or downgraded. Ind-Ra will continue to monitor the key developments and shall resolve the watch within next six months upon (a) confirmation of funding and continued operational status of the designated account to ensure continued payments to the bondholders; and (b) the receipt of sustained visibility about the adherence of the structured payment mechanism on the bonds (by trustee and Gol) rated by the agency over the near-to-medium term.

Further delays in funding the designated account beyond the due date shall remain a key rating sensitivity.

Disclosures for CE Rating

1) Unsupported Rating

Ind-Ra has affirmed the unsupported rating at 'IND D'.

Analytical Approach

To arrive at the ratings, Ind-Ra continues to factor in MTNL's strong legal and operational linkages with MTNL's parent, Gol, which holds a 56.25% stake.

Detailed Rationale of the Rating Action

The rating reflects a consistent delay in bank debt servicing by the company.

List of Key Rating Drivers

Weaknesses

- Weak financial profile
- Default in debt servicing
- Intense competition; technological and regulatory risk
- Moderate market positioning

Strengths

- Revival plan for MTNL

Detailed Description of Key Rating Drivers

Weak Financial Profile: MTNL's revenue declined to INR9.6 billion in FY26 (FY25: INR11.3 billion (restated)), primarily due to the decrease in the subscriber base, fierce competition from private telecom operators and slower adaption of technology. MTNL's debt service coverage ratio (DSCR) remained weak at FYE26, due to the continued operating losses over the past few years (FY26: loss of INR1.4 billion; FY25: loss of INR0.2 billion (restated)). Additionally, the gross debt increased to INR354.4 billion at FYE26 (FYE25: INR326.6 billion (restated)). The EBITDA and gross debt numbers are as per Ind-Ra's calculations.

Default in Debt Servicing: MTNL has been categorised as NPA over non-payment of dues by all the bankers, as per the press release by the company on the exchanges and also confirmed to the agency by bankers during its banker's verification. This is due to the tight liquidity at the standalone level in Ind-Ra's view. The accounts have been frozen, except transactions being continued in the designated bond escrow account.

Intense Competition; Technological and Regulatory Risk: The domestic telecom landscape has remained extremely competitive and dynamic. After witnessing a significant erosion over FY17-FY19, industry-wide average revenue per user has shown some recovery from FY20. The incumbents are likely to protect any major subscriber loss by offering attractive tariffs and better services. The industry has seen frequent changes in technologies as well as regulatory policies, which may make some investments redundant. Ind-Ra will continue to monitor the regulatory and technological landscape in the Indian telecom industry.

Moderate Market Positioning: MTNL caters to a wide range of customers through its offerings, which can be broadly divided into fixed telephone line, enterprise, and mobile businesses. According to the Telecom Regulatory Authority of India, MTNL had a total wireline subscriber base of 1.1 million in Delhi and Mumbai, with a market share of 9% in Delhi as of June 2026 (March 2026: 11%; March 2025: 21%; March 2024: 22%) and 12% in Mumbai (14%; 30%, 34%). MTNL's wireline subscriber base and market share have been coming down since FY15 due to intense competition from players offering 4G and 5G wireless services. MTNL had a rather small wireless subscriber base of 0.2 million in June 2026 (March 2026: 0.2 million; March 2025: 1.0 million; March 2024: 1.9 million).

Revival Plan for MTNL: In July 2022, the union cabinet had approved a revival plan for MTNL to make the company financially viable. A few measures are as follows:

- Raising of long-term bonds of INR176 billion, backed by a sovereign guarantee for debt repayment
- Forming a committee of secretaries to recommend the way forward for the merger of Bharat Sanchar Nigam Limited (BSNL; NCDs rated at 'IND AAA(CE)'/Stable, unsupported rating: 'IND BBB+'/Stable) and MTNL. The GoI would provide support of INR16 billion.
- Sanctioning capex of INR225 billion for three years through equity infusions in BSNL, which includes capex of INR19 billion for MTNL as well.

As against the revival plan, the company has raised NCDs worth INR176 billion over FY23-FY24.

Liquidity

Poor: MTNL's cash flows have not been adequate to support its debt servicing. On a consolidated basis, MTNL had moderate cash levels of INR1.3 billion at FYE26 (FYE25: INR1.8 billion; FYE24: INR0.9 billion), and the average utilisation of the fund-based bank lines was around 116% for the 12 months ended June 2026. While the unguaranteed portion of debt increased to about 36% in 1QFY27 (FY26: about 35%; FY25: about 29%; FY24: about 24%), owing to nearly 10% of debt being from Gol, Ind-Ra believes the liquidity at the standalone level is still weak. That being said, the guaranteed debt, which is backed by a payment structure mechanism, continues to be serviced on time. The agency awaits greater visibility on the likely asset monetisation and/or support from the government to aid its liquidity position in the short-to-medium term from the management.

Rating Sensitivities

Negative: Not applicable

Positive: Timely debt servicing for at least three consecutive months could result in a positive rating action.

2) Instrument Covenants

Refer to Annexure

3) Adequacy of CE Structure

The CE rating is driven by the absolute, unconditional, and irrevocable pre-default guarantee extended by the Gol for the timely repayment of principal and interest on the rated NCDs for the full tenure. The account is operated through a trustee-monitored payment mechanism to ensure servicing of the bond obligations on-or-before the payment due date. A tri-patriate guarantee agreement has been signed between the DoT (on behalf of the President of India), trustee and MTNL; wherein the Gol has to obtain all consents, approvals and permissions as are necessary for enforceability of the agreement.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Internal financial control under the financial transparency has relevance to and large impact on MTNL's credit rating. MTNL's auditors have provided a qualified opinion on its internal financial control.

Except the above, 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 being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please [click here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please [click here](#).

About the Company

MTNL was incorporated by the Gol in 1986 with the aim of upgrading the quality of telecom services, expanding the telecom network, and introducing new services for India's key metros, Delhi and Mumbai. MTNL's operations span various telecom services including fixed telephone line, broadband, global system for mobile communication, internet, integrated services digital network, and leased line services.

Key Financial Indicators

Particulars*	FY26	FY25 (Restated)
Revenue (INR billion)	9.6	11.3
EBITDA (INR billion)	-1.4	-0.2
EBITDA margin (%)	-14.8	-1.9

Particulars*	FY26	FY25 (Restated)
Interest expense (INR billion)	29.8	29.2
Gross debt (INR billion)	354.4	326.6
Source: Ind-Ra, MTNL		
*EBITDA and gross debt are as per Ind-Ra's calculations		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook						
	Rating Type	Rated Limits (billion)	Rating/ Outlook	19 February y 2026	20 August 2025	21 February y 2025	22 August 2024	3 July 2024	11 July 2023	17 May 2023
NCDs	Long-term	INR175.71	IND AAA(CE)/Rating Watch with Negative Implications	IND AAA(CE)/Rating Watch with Negative Implications	IND AAA(CE)/Rating Watch with Negative Implications	IND AAA(CE)/Rating Watch with Negative Implications	IND AAA(CE)/Rating Watch with Negative Implications	IND AAA(CE)/Stable	IND AAA(CE)/Stable	IND AAA(CE)/Stable
Unsupported rating	Long-term	-	IND D	IND D	IND D	IND D	IND D	IND D	IND B-/Stable	IND B-/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Annexure I: Payment Structure for Bonds

The following payment structure (wherein 'T' is assumed to be the due date for interest and/or principal payments) is envisaged for meeting obligations of the rated bonds.

Interest and/or Principal payment

Trigger Date	Action Point
(T-30)th day	The trustees to inform MTNL and the GoI in writing regarding the due date for payment of interest and/or principal amount so that the necessary arrangements could be made for meeting the interest and/or principal payment obligations on the bonds.

Trigger Date	Action Point
(T-10)th day	The designated trust and retention account is to be funded by MTNL to the tune of the interest and/or 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 day, the trustees shall forthwith invoke the Gol guarantee by sending a notice of invocation to the Gol.
(T-3)th day	Last date by which the Gol shall deposit requisite funds in the designated trust and retention account as per the notice of invocation served by the trustees.

Annexure II: Covenants for Bonds

Not applicable

Annexure III:

Instrument Type	ISIN	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Rating Watch
NCD	INE153A08105	SEBI	15 November 2022	8.00	15 November 2032	INR61.096	IND AAA(CE)/Rating Watch with Negative Implications
NCD	INE153A08113	SEBI	1 December 2022	7.87	1 December 2032	INR27.579	IND AAA(CE)/Rating Watch with Negative Implications
NCD	INE153A08121	SEBI	10 February 2023	7.78	10 February 2033	INR16.176	IND AAA(CE)/Rating Watch with Negative Implications
NCD	INE153A08139	SEBI	24 February 2023	7.80	24 February 2033	INR3.615	IND AAA(CE)/Rating Watch with Negative Implications
NCD	INE153A08147	SEBI	24 March 2023	7.75	24 March 2033	INR0.634	IND AAA(CE)/Rating Watch with Negative Implications
NCD	INE153A08154	SEBI	20 July 2023	7.59	20 July 2033	INR24.8	IND AAA(CE)/Rating Watch with Negative Implications
NCD	INE153A08162	SEBI	24 August 2023	7.61	24 August 2033	INR10.55	IND AAA(CE)/Rating Watch with Negative Implications
NCD	INE153A08170	SEBI	7 November 2023	7.80	7 November 2033	INR25.7	IND AAA(CE)/Rating Watch with Negative Implications
NCD	INE153A08188	SEBI	6 March 2024	7.51	6 March 2034	INR5.56	IND AAA(CE)/Rating Watch with Negative Implications

Instrument Type	ISIN	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Rating Watch
Total						INR175.71	
Source: NSDL, MTNL							

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

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Solicitation Disclosures

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Corporate Rating Methodology

Policy for Credit Enhanced (CE) Ratings

Parent and Subsidiary Rating Linkage

Default Recognition and Post-Default Curing Period

Policy for Placing Ratings on Rating Watch

The Rating Process

Evaluating Corporate Governance

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