Sovereign Guarantee for issue of Long Term Bonds by BSNL and MTNL - reg.

The undersigned is directed to refer to DO letter No. 30-S/2019-PSU Affairs dated 02.07.2020 of Secretary, Deptt. of Telecommunications seeking sovereign guarantee of ₹15,000 crore and meeting some CAPEX requirements for launch of 4G services. The proposal has been examined in this Department and agreed to subject to the adherence of the following terms and conditions:

i. The undersigned is directed to refer to DO letter No. 30-S/2019-PSU Affairs dated 02.07.2020 of Secretary, Deptt. of Telecommunications seeking sovereign guarantee of ₹15,000 crore and meeting some CAPEX requirements for launch of 4G services. The proposal has been examined in this Department and agreed to subject to the adherence of the following terms and conditions:

ii. BSNL/MTNL will pay guarantee fee at 1% to the Govt. (guarantee fee charged for domestic borrowings). The rate of guarantee fee is to be applied on the amount outstanding at the beginning of the guarantee year. The guarantee fee is not paid on the due date, fee should be charged at double the normal rates for the period of default.

iii. The Government of India Guarantee would only cover the principal amount and the normal interest.

iv. The Government of India shall be non-transferable and would cease to exist in case the ownership of the entity is transferred from Government of India, unless the Department of Telecommunications (DoT) is satisfied that the new owners have agreed to continue with the guarantee.

v. The Government of India Guarantee shall remain with the Government of India in case the guarantee is not invoked within the stipulated period.

vi. The goal of the Guarantee shall reduce periodically to the repayment of the loan which has not been invoked.

vii. The guarantee shall be made by the borrower as per terms and conditions of loan agreement. This will be subject to condition (vii) above.

viii. This issues with the approval of Secretary (EA).

2. This issues with the approval of Secretary (EA).