

Mahanagar Telephone Nigam Limited

September 02, 2022

Ratings

Facilities/ Instruments*	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities@	9,810.34	CARE D (Single D)	Revised from CARE AA+ (CE)@; Stable [Double A Plus (Credit Enhancement); Outlook: Stable]
Long-term/Short-term bank facilities@	4,754.66	CARE D (Single D)	Revised from CARE AA+ (CE)@; Stable / CARE A1+ (CE)@ [Double A Plus (Credit Enhancement); Outlook: Stable / A One Plus (Credit Enhancement)]
Short-term bank facilities@	7,435.00	CARE D (Single D)	Revised from CARE A1+ (CE)@ [A One Plus (Credit Enhancement)]
Total bank facilities	22,000.00 (₹ Twenty-two thousand crore only)		
Bonds [^]	3,768.97	CARE AAA (CE); Stable [Triple A (Credit Enhancement); Outlook: Stable]	Reaffirmed
Bonds [^]	6,500.00	CARE AAA (CE); Stable [Triple A (Credit Enhancement); Outlook: Stable]	Reaffirmed
Non-convertible debentures [^]	2,980.00	CARE AAA (CE); Stable [Triple A (Credit Enhancement); Outlook: Stable]	Reaffirmed
Non-convertible debentures [^]	765.00	CARE AAA (CE); Stable [Triple A (Credit Enhancement); Outlook: Stable]	Reaffirmed
Total long-term instruments#	14,013.97 (₹ Fourteen thousand thirteen crore and ninety-seven lakh only)		

*Details of instruments in Annexure I

@Backed by credit enhancement in the form of 'Letter of Comfort' (LoC) from the Department of Telecommunications (DoT) under the Ministry of Communications (MoC), Government of India (GoI).

[^]Backed by credit enhancement in the form of unconditional and irrevocable guarantee from the GoI, through the DoT, Ministry of Communications (MoC).

#Note: All rated instruments are non-convertible bonds in the nature of debentures.

Unsupported ratings²

CARE D (Single D) [Revised from CARE BBB / CARE A3]

Note: Unsupported ratings do not factor in the explicit credit enhancement.

Detailed rationale and key rating drivers for the credit enhanced debt

The revision in the ratings assigned to the bank facilities of Mahanagar Telephone Nigam Limited (MTNL) factors in the ongoing delays in debt servicing. The company, vide notification dated August 31, 2022, informed the stock exchanges regarding the default on payment of interest of ₹35.15 crore due to Union Bank of India on July 31, 2022. The ratings were principally based on credit enhancement in the form of Letter of Comfort (LoC) issued by the DoT, Government of India (GoI). The LoC, valid till October 26, 2022, has been renewed periodically every three years since 2010. From time to time, the GoI has continuously extended support to MTNL by way of sovereign guarantee for the latter's bond issuances; LoC for raising bridge finance as well as through budgetary assistance to offset the continuous losses at the company level. CARE Ratings also expects MTNL to receive aid under the second revival plan for Bharat Sanchar Nigam Limited (BSNL) and MTNL announced by the GoI in July 2022, in order to replace their existing outstanding bank loans with sovereign guaranteed bonds.

As informed by the company, the Ministry of Finance (MoF), GoI, has issued the sovereign guarantee to the extent of ₹10,910 crore in favour of MTNL on September 02, 2022. CARE Ratings understands that MTNL has initiated the process of issuance of

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

² As stipulated vide SEBI circular no SEBI/ HO/ MIRS/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019. As per this circular, the suffix 'CE' (Credit Enhancement) is assigned to the ratings with explicit external credit enhancement, against the earlier used suffix 'SO' (Structured Obligation).

the aforementioned sovereign guaranteed bonds, which is estimated to fructify soon. Meanwhile, the company has unavailed limits under the rated facilities backed by LoC from the DoT, GoI amounting to ₹4,750 crore. As communicated by the company management and confirmed by the banks to CARE Ratings, MTNL had already approached the banks for availing bridge finance under these limits. However, timing mismatches in concluding the process of raising interim bank finance till issuance of sovereign bonds, led to delay in servicing of some rated bank facilities backed by LoC from the DoT, GoI. CARE Ratings notes that MTNL has throughout been regular in debt servicing obligations and has been furnishing necessary monthly "no default" declarations to CARE, as per extant Securities and Exchange Board of India (SEBI) guidelines.

The reaffirmation of the ratings assigned to the instruments (Bonds and non-convertible debenture [NCD] issues) of MTNL is based on credit enhancement in the form of unconditional and irrevocable guarantee from the GoI, through the DoT, MoC, supported by a trustee-administered structured payment mechanism ensuring timely debt servicing. As confirmed by the Debenture Trustee to CARE Ratings, the aforementioned structured payment mechanism has been consistently adhered to and is working as devised. The ratings continue to factor in majority holding of the GoI (56.89% holding as on June 30, 2022), demonstrated support in the past and expectation of continued support in the future from the GoI for timely servicing of obligations towards instruments (Bonds/NCDs raised by MTNL). CARE Ratings also takes cognisance of the recently approved revival package for BSNL by the Union Cabinet, at its meeting held on July 27, 2022, and Office Memorandum dated August 02, 2022, which highlights the support proposed to be extended to MTNL by GoI.

Detailed rationale and key rating drivers of MTNL

The revision in the unsupported ratings assigned to MTNL factors in the ongoing delays in debt servicing as mentioned earlier.

Rating sensitivities

For credit enhanced debt- Bonds/ NCDs

Negative factors – Factors that could lead to negative rating action/downgrade:

- Non-adherence to the trustee administered structured payment mechanism by any of the parties in the transaction.
- Any change in the focus/support from the GoI to MTNL.

For bank loans and unsupported ratings

Positive factors – Factors that could lead to positive rating action/upgrade:

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

Negative factors – Factors that could lead to negative rating action/downgrade:

- Not applicable

Detailed description of the key rating drivers

Key rating strengths

Majority ownership of the GoI: MTNL is one of the only two state-owned telecom service providers in India along with BSNL (bond rated 'CARE AAA (CE); Stable'). The GoI holds majority stake in MTNL (56.89% as on June 30, 2022) and balance by public. The company enjoys 'Navratna Status', a status that gives greater autonomy to Central Public Sector Enterprises (CPSEs) in their investment and capital expenditure decisions. Such a status also aims at facilitating expansion of its operations both in the domestic and global markets.

Credit enhancement for the Bonds/NCDs in the form of unconditional and irrevocable guarantee from the GoI:

The Bond/NCD issues are backed by unconditional and irrevocable guarantee for the servicing of the entire issue (both principal amount as well as the accrued interest) from the GoI through the DoT, MoC.

Trustee-administered structured payment mechanism, designed to ensure full and timely payments: A trustee-administered structured payment mechanism is in place to ensure the timely payment of interest and principal obligations of the Bond/NCD issues through a tripartite agreement between MTNL, Trustee (M/s SBICAP Trustee Company Limited) and the GoI, through the DoT, MoC. The trustee will facilitate timely servicing of MTNL's obligations by DoT even if MTNL does not have sufficient funds to do so.

Following is the structured payment mechanism for the Bond issue of size ₹3,768.97 crore (fully subscribed) and the NCD issue of ₹1,000 crore (subscribed ₹765 crore):

Trigger Date	Action Point
(T-30)th day*	Trustees to inform MTNL and the GoI in writing regarding the due date of the payment of interest and/or principal amount so that the necessary arrangements could be made for meeting the interest payment/repayment of obligations on the instrument.
(T-10)th day*	The designated Trust and Retention account is to be funded by the GoI 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 as above, the Trustees shall forthwith invoke the GoI Guarantee by sending a Notice of Invocation to the GoI.
(T-1)st day*	Last date by which GoI to deposit requisite funds in the designated Trust and Retention Account as per the Notice of Invocation.

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

Following is the structured payment mechanism for the NCD issue of ₹3,000 crore. (subscribed ₹2,980 crore):

Trigger Date	Action Point
(T-10)th day*	The trustee shall create and maintain a Designated Account and the same shall be funded adequately by MTNL, latest 10 (Ten) days prior to the due date to the tune of the principal and/or accrued interest repayment obligation of the Bonds. (T being the due date for payment/repayment of Interest and/or Principal). If the account of the trustee is not funded to the requisite extent by T-10 days, it shall constitute an Event of Default on the part of MTNL.
(T-8)th day*	In case the Designated Account is not funded by MTNL to the requisite extent latest by 8 (Eight) days prior to the due date of payment/repayment of interest and/or principal amount, the Trustee shall forthwith invoke the DoT, GoI guarantee by sending notice of invocation of the Guarantee to DoT, GoI.
(T-1)st day*	DoT, GoI shall without demur, reservations and recourse at least 1 (one) day before the due date, deposit/transfer the principal and /or accrued interest amount in the designated account as per the Notice of invocation of guarantee by the Trustee.

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

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 the GoI in writing regarding the due date of the payment of interest and/or principal amount so that the necessary arrangements could 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, the Trustees shall forthwith invoke the GoI Guarantee by sending a Notice of Invocation to GoI.
(T-3)rd day*	Last date by which GoI to deposit requisite funds in the designated Trust and Retention Account as 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 would be taken to indicate the next Business Day.

Support from the GoI: Keeping in mind the legacy as well as strategic importance of MTNL, the GoI, in October 2019, announced the revival plan for MTNL and BSNL and had meanwhile, continued to support the company's funding requirements through the issuance of LoC. Certain identified land assets of MTNL are also expected to be monetised in order to maximise the returns and support in reducing the debt levels.

Furthermore, to make the public sector units (PSUs) financially viable, the Union Cabinet approved the second revival plan for BSNL and MTNL (the telcos) amounting to ₹1.64 lakh crore on July 27, 2022. The revival plan is aimed at upgrading services, rolling out 4G services, augmenting the telecom network, and de-stressing the balance sheets.

The following are the schemes approved by the Union Cabinet for the telcos:

- Allotment of spectrum administratively: The 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 (as per the GoI's 'Atmanirbhar' scheme).
- Financial support for capex: To meet the projected capex for the next four years of deploying Atmanirbhar 4G technology stack, the GoI will fund a capex of ₹22,471 crore. The same will be infused through equity into BSNL and includes the 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 during FY14 to FY20 will be provided by the GoI in three tranches, the first of which is expected by September 2022. Proceeds from the same will be utilised for the 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.
- Merger of Bharat Broadband Network Limited (BBNL) and BSNL: The two companies will be merged to facilitate wider utilisation of the infrastructure.
- Re-issue of preference shares: BSNL will re-issue preference shares of ₹7,500 crore to the GoI.

Key rating weaknesses

On-going delays in debt servicing: There are ongoing delays by MTNL in servicing its debt obligations for the bank facilities, the ratings for which were based on credit enhancement in the form of LoC, issued by the DoT. The LoC, valid till October 26, 2022, has been renewed periodically every three years since 2010. MTNL has incurred continued operational losses in the past, which were regularly funded through issuance of sovereign backed debt instruments/bank loans. From time to time, the GoI has extended support to MTNL by way of sovereign guarantee for the latter's bond issuances; LoC for raising bridge finance as well as budgetary assistance in the form of revival package to offset the continuous losses at the company level. As informed by the company, the Ministry of Finance (MoF), GoI, has issued the sovereign guarantee to the extent of ₹10,910 crore in favour of MTNL on September 02, 2022. CARE Ratings understands that MTNL has initiated the process of issuance of sovereign guaranteed bonds, which is expected to fructify soon. Meanwhile, as communicated by the company management and confirmed by banks to CARE Ratings, MTNL had already approached them for availing bridge finance against unavailed rated limits aggregating ₹4,750 crore. However, timing mismatches in concluding the process of raising interim bank finance, till issuance of sovereign bonds, led to delay in servicing of some rated bank facilities backed by LoC, issued by the DoT, GoI.

Higher than industry average human resource cost: MTNL has a large employee base and the staff costs absorb a very high percentage of the revenue of the company. MTNL's staff cost was about ₹555 crore in FY22 (PY: ₹413 crore), which is around 52% of its revenue from operations in FY22 (around 32% in FY21). Although there has been a significant decrease in the employee costs post the successful implementation of the VRS, the same continues to remain more than 5x the industry average. Overstaffing is a major risk faced by the company and this cost in case of other operators is around 5-7% of the total operating income (TOI). The same is on account of the legacy issues, which are likely to remain going forward.

Highly competitive nature of the industry, albeit favourable industry outlook: The Indian telecom sector is the second largest in the world, in terms of the number of subscribers. The sector has witnessed exponential growth over the past few years due to various factors, including affordable tariffs, wider service availability, the rollout of new technology, etc. The average data consumption per subscriber per month has increased rapidly during the past few years and the same stood at 15.80 GB for Q4FY22, backed by the consumers' digital shift post the COVID-19 pandemic.

During September 2021, the GoI announced major reforms for the telecom sector to address the liquidity issue of telecom service providers (TSPs), encourage investment, and promote healthy competition in the industry. Furthermore, the industry undertook tariff hikes of up to 25% post the telecom reforms to improve cash flows and provide additional liquidity for capex plans. Additionally, the 5G spectrum auction concluded on August 01, 2022, fetching over ₹1.50 trillion, making it a success.

As per [CARE Ratings' reports](#), considering the large quantum of investments required in the next two to three years for the rollout of 5G, the TSPs are likely to witness an increase in leverage levels, with the aggregate debt levels for the major TSPs to touch an estimated ₹6.20 trillion by March 2023. Going ahead, prospects of growth for the Indian telecom industry are healthy, with the telecom operators upgrading and expanding their network to meet the demand for rising data growth with the evolution of new revenue streams.

Liquidity: Poor

There have been continuous operational losses in the past for MTNL. However, its liquidity profile is being supported by the GoI through issuance of sovereign backed debt securities at MTNL level.

GoI, through the DoT, has provided LoC for the company's bank borrowings stating that the GoI will ensure timely payment of interest and repayments to banks/FIs due from MTNL. However, timing mismatches in concluding the process of raising interim bank finance, till issuance of sovereign bonds, led to delay in servicing of some rated bank facilities backed by LoC issued by the DoT, GoI. Going forward, timely fructification of sovereign debt issuance plans is a precursor for improvement of MTNL's liquidity profile.

Analytical approach:

Sovereign Guaranteed Bonds/NCDs: Credit enhancement in the form of unconditional and irrevocable guarantee from the GoI, through the DoT, MoC, operating through a trustee-administered structured payment mechanism for the timely transfer of the required funds for repayment of principal and interest to a designated account. The rating also factors in the GoI's majority stake (56.89% of the equity) in MTNL.

Bank facilities: Standalone, and factoring majority ownership of the GoI in MTNL. The approach was earlier based on credit enhancement in the form of LoC issued by the DoT, GoI. Pursuant to delay in debt servicing to banks, the approach has been revised to standalone.

Unsupported ratings: Standalone.

Applicable criteria

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Policy on Curing Period](#)

[Criteria for Rating Credit Enhanced Debt](#)

[Rating Methodology: Notching by factoring linkages with Government](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Rating Methodology - Mobile Service Providers](#)

[Short Term Instruments](#)

About the company

MTNL was incorporated by the GoI 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 was given the Navratna status in 1997 and was listed on New York Stock Exchange in 2001. MTNL is providing a host of telecom services that include fixed telephone service, GSM, Internet, Broadband, ISDN and Leased Line services. MTNL has been the first to launch some of the latest telecom technologies in the country like ADSL2+ & VDSL2 in broadband, IPTV on MPEG4 technology, VOIP and 3G Mobile service. MTNL is also providing 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 license for all 22 circles in India, the business operations of MTNL is being handled by BSNL as its outsourced agency, since September 01, 2021. BSNL's major focus will be to expand the 4G network with new equipment and introduce competitive tariff and marketing plans to attract customers. As on June 30, 2022, MTNL had a total subscriber base of 5.87 million consisting of 3.24 million wireless subscribers (0.28% market share) and 2.63 million wireline subscribers (10.29% market share).

Brief Financials (₹ crore)	FY21 (A)	FY22 (A)	Q1FY23 (UA)
Total operating income	1,304	1,070	236
PBILDT	50	-331	-79
PAT	-2,462	-2,603	-650
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	0.02	NM	NM

A: Audited; NM: Not Meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

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 along with Rating Outlook
Term Loan-Long Term		-	-	November 2026	9,810.34	CARE D
Term Loan-Short Term		-	-	-	983.00	CARE D
Fund-based - ST-Bank Overdraft		-	-	-	6,374.00	CARE D
Term Loan-LT/ST		-	-	-	4,754.66	CARE D
Un Supported Rating-Un Supported Rating (LT/ST)		-	-	-	0.00	CARE D
Non-fund-based - ST-BG/LC		-	-	-	78.00	CARE D
Debentures-Non-Convertible Debentures	INE153A08014	March 28, 2013	8.57%	March 28, 2023	2,980.00	CARE AAA (CE); Stable
	INE153A08022	December 05, 2013	9.38%	December 05, 2023		
Debentures-Non-Convertible Debentures	INE153A08030	March 26, 2014	9.39%	March 26, 2024	765.00	CARE AAA (CE); Stable
Bonds	INE153A08048	November 19, 2014	8.24%	November 19, 2024	3,768.97	CARE AAA (CE); Stable
	INE153A08055	November 19, 2014	8.28%	November 19, 2024		
	INE153A08063	November 19, 2014	8.24%	November 19, 2024		
	INE153A08071	November 28, 2014	8.29%	November 28, 2024		
Bonds	INE153A08089	October 12, 2020	7.05%	October 11, 2030	6,500.00	CARE AAA (CE); Stable
	INE153A08097	December 21, 2020	6.85%	December 20, 2030		

Annexure-2: Rating history of 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Debentures-Non Convertible Debentures	LT	2980.00	CARE AAA (CE); Stable	-	1)CARE AAA (CE); Stable (07-Oct-21)	1)CARE AAA (CE); Stable (08-Jan-21) 2)CARE AAA (CE); Stable (03-Apr-20)	-
2	Debentures-Non Convertible Debentures	LT	765.00	CARE AAA (CE); Stable	-	1)CARE AAA (CE); Stable (07-Oct-21)	1)CARE AAA (CE); Stable (08-Jan-21) 2)CARE AAA (CE); Stable (03-Apr-20)	-
3	Bonds	LT	3768.97	CARE AAA (CE); Stable	-	1)CARE AAA (CE); Stable (07-Oct-21)	1)CARE AAA (CE); Stable (08-Jan-21) 2)CARE AAA (CE); Stable	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
							(03-Apr-20)	
4	Fund-based - LT-Term Loan	-	-	-				
5	Fund-based - LT-Bank Overdraft	-	-	-				
6	Fund-based - ST-Term loan	-	-	-				
7	Fund-based - LT-Term Loan	-	-	-				
8	Term Loan-Long Term	LT	9810.34	CARE D	-	1)CARE AA+ (CE); Stable (07-Oct-21)	1)CARE AA+ (CE); Stable (08-Jan-21) 2)CARE AA+ (CE); Stable (03-Apr-20)	1)CARE AA+ (CE); Stable (25-Dec-19)
9	Term Loan-Short Term	ST	983.00	CARE D	-	1)CARE A1+ (CE) (07-Oct-21)	1)CARE A1+ (CE) (08-Jan-21) 2)CARE A1+ (CE) (03-Apr-20)	1)CARE A1+ (CE) (25-Dec-19)
10	Fund-based - ST-Bank Overdraft	ST	6374.00	CARE D	-	1)CARE A1+ (CE) (07-Oct-21)	1)CARE A1+ (CE) (08-Jan-21) 2)CARE A1+ (CE) (03-Apr-20)	1)CARE A1+ (CE) (25-Dec-19)
11	Term Loan-LT/ST	LT/ST*	4754.66	CARE D	-	1)CARE AA+ (CE); Stable / CARE A1+ (CE) (07-Oct-21)	1)CARE AA+ (CE); Stable / CARE A1+ (CE) (08-Jan-21) 2)CARE AA+ (CE); Stable / CARE A1+ (CE) (03-Apr-20)	1)CARE AA+ (CE); Stable / CARE A1+ (CE) (25-Dec-19)
12	Un Supported Rating-Un Supported Rating (LT/ST)	LT/ST*	0.00	CARE D	-	1)CARE BBB / CARE A3 (07-Oct-21)	1)CARE BBB / CARE A3 (08-Jan-21) 2)CARE BBB; Stable / CARE A3 (03-Apr-20)	1)CARE BBB; Stable / CARE A3 (25-Dec-19)
13	Bonds	LT	6500.00	CARE AAA (CE); Stable	-	1)CARE AAA (CE); Stable (07-Oct-21)	1)CARE AAA (CE); Stable (08-Jan-21) 2)CARE AAA (CE); Stable (25-Sep-20)	-
14	Non-fund-based - ST-BG/LC	ST	78.00	CARE D	-	1)CARE A1+ (CE) (07-Oct-21)	1)CARE A1+ (CE) (08-Jan-21)	-

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities – Not applicable

Name of the Instrument	Detailed Explanation
A. Financial covenants	NA
B. Non-financial covenants	NA

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Bonds	Simple
2	Debentures-Non-Convertible Debentures	Simple
3	Fund-based - ST-Bank Overdraft	Simple
4	Non-fund-based - ST-BG/LC	Simple
5	Term Loan-Long Term	Simple
6	Term Loan-LT/ST	Simple
7	Term Loan-Short Term	Simple
8	Un Supported Rating-Un Supported Rating (LT/ST)	Simple

Annexure-5: Bank lender details for MTNL

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

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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