



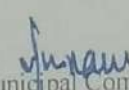
PH - 020 25501103
Email-mco@punecorporation.org
Pune Municipal Corporation
Shivaji Nagar Pune 411005
Municipal Commissioner Office
Outward No- **CAF 0/286**
Date-27/04/2021

SBICAP Trustee Company Ltd
Mumbai

Subject - 31st March 2021 quarterly compliance
Ref- Email and Circular issued by SEBI (SEBI/ HO/ MIRSD/ DOP2/ CIR/ P/2018/
0000000063 dated April 09, 2018)

In compliance with the Securities and Exchange Board of India (SEBI) (Debenture Trustee) Regulations, 1993 as amended from time to time, the SEBI (Listing Obligations and Disclosure Requirements) 2015 as amended from time to time, as amended from time to time, as set forth in the **Annexure** enclosed herewith, for the quarter ended 31st March 2021.

This is to certify that all content in Annexure enclosed herewith confirm by issuer.


Municipal Commissioner
Pune Municipal Corporation



PUNE MUNICIPAL CORPORATION

CS KUNAL MANDWALE

FCS, DLGFM, LLB, DTL, B.com

Compliance Officer



Quarterly Report for 31st March 2021

In compliance with the Securities and Exchange Board of India (SEBI) (Debtenture Trustee) Regulation 1993 as amended from time to time, the SEBI (Listing Obligations and Disclosure Requirements) 2015, and the Companies Act 2013, we furnish the required information for your needful.

Sr. No.	Particulars	Issue No.1
		200
1	Issue Size (Rs. in crore)	Private
2	Public/Rights/ Privately Placed	Listed
3	Listed/Unlisted	Unsecured
4	Secured/Unsecured	Attached Herewith
5	Credit Rating as on date state ,revision if any and immediate previous ratings	20-06-17
6	Date of Opening of Issue	20-06-17
7	Date of Closure of Issue	20-Jun-17
8	Date of Allotment	Debtenture Holder's Demat Account
9	Date of Dispatch of Bonds/Debtentures/Credit of Bonds/Debtentures to Bond/Debtenture Holder's Demat Account	Attached Herewith
10	CDSL/NSDL Letters to be Provided	27-03-17
11	Date of Execution of Debtenture Trustee Agreement	15-09-17
12	Date of Execution of Trust Deed	N.A
13	Date of Registration with ROC (ROC Certificate to be provided)	N.A
14	Form GNL 2, PAS 3 along with Information Memorandum (in PAS 4) and PAS 5 along with challan filed with the Registrar of Companies. Confirmation the said filing has been done within 30 days from the date of Information Memorandum.	N.A
15	Form PAS 5 along with Information Memorandum filed with SEBI along with acknowledgement receipt. Confirmation the said filing has been done within 30 days from the date of Information Memorandum.	N.A
16	Form MGT14 in respect of the shareholder and board resolution for issue of debtentures along with challan filed with Registrar of Companies	N.A
17	Please attached an updated list of Debtenture holders registered in the Register of Debtenture Holders including: Issue size, Name(s) of Debtenture Holder, Address, Contact No. and email ID. In case no complaints have been received, a confirmation thereof.	Attached Herewith
18	Details of complaints/grievances	NIL
	Complaints/Grievances pending for the previous quarter	NIL
	Complaints/Grievances pending for the current quarter	NIL
	Resolved/Unresolved	NIL
	Reason (if pending beyond 30days of receipt of grievance)	
	Managament Confirmations:	
	A Certificate cum Confirmation duly signed by a key managerial personnel viz., Managing Director/ Whole Time Director/CEO/	
19	ISIN No	INE807X08017
	Due date of redemption and/or interest (falling in the quarter)	N.A
	Paid/unpaid (date of payment, if paid, reasons if not paid)	NA
	Next due date for the payment of Interest / principal	20-06-21

20	Management Confirmations : A Certificate cum Confirmation duly signed by a key managerial personnel viz., Managing Director/ Whole Time Director/CEO/ CS/CFO/Manager of the Company to the effect that:-	Attached Herewith
	Security and Insurance (Refer Note -1)	N.A
a	Security Documents executed by the Company remain valid (including but not limited to the purpose of and as provided in Limitation Act 1963),	
b	The assets of the Company and of the guarantors, if any, which are available by way of security/cashflows/profits are sufficient to discharge the claims of the debenture holders as and when they become due and that such assets are free from any other encumbrances except those which are specifically agreed to by the debenture holders (Furnished Yes/No)	
c	Delay or Failure to create security (if any), with detailed reasons for delay or default in security creation and the time lines within which the same shall be created (Furnished Yes/No)	
d	The Secured Assets have been insured against all risks as prescribed in the Prospectus/Information Memorandum of the captioned Debentures and	
e	All the Insurance policies obtained are valid, enforceable and cover the risks as required under the Information Memorandum/Debenture Trust Deed and are endorsed in favour of Debenture Trustee as 'Loss Payee' Policy No.	
	Coverage (Rs.)	
	Period & expiry date	
	Status of Endorsement	
	Statutory Confirmation	
25	The Company has complied with and is in compliance with the provisions of the Companies Act 2013, the extant SEBI Regulations and the terms and conditions of the captioned Debentures and there is no event of default	NA
26	Any additional covenants of the issue (including side letters, accelerated payment clause, etc.) and status thereof (Furnished Yes/No)	N.A
27	There is no major change in composition of its Board of Directors, which may amount to change in control as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Changes if any to be disclosed along with copies of intimation made to the stock exchanges) (Furnished Yes/No)	NA
28	any amalgamation, demerger, merger or corporate restructuring or reconstruction scheme proposed by the Company (Furnished Yes/No)	NA
29	Change, if any, in the nature and conduct of the business by the Company (F	NA
30	Outstanding litigations, orders, directions, notices, of court/tribunal affecting, or likely to materially affect the interests of the Debenture Holders or the assets, mortgaged and charged under security creation documents, if any (Furnished Yes/No)	NO
31	Proposals, if any placed before the board of directors for seeking alteration in the form or nature or rights or privileges of the Debentures or in the due dates on which interest or redemption are payable, if any (Furnished Yes/No)	NO
32	Disclosures, if any made to the stock exchange in terms of Regulation 30 or Regulation 51(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which may have a bearing on the Debentures or on the payment of interest or redemption of the Debentures (Furnished Yes/No)	Furnished

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33	There are no events or information or happenings which may have a bearing on the performance/operation of the Company, or there is no price sensitive information or any action as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that may affect the payment of interest or redemption of the Debentures.(Furnished Yes/No)	No
	Others	
34	Details of Corporate Debt Restructuring (if any) (Furnished Yes/No)	NA
35	Details of lenders/creditors joining or entering into Inter Creditor Agreement as per RBI guidelines, including all such information/documents required to be submitted by the Company to the RBI on an annual basis in respect of such Financial Year, as applicable (Furnished Yes/No)	NA
36	Details of Fraud/defaults by promoter or key managerial personnel or by Issuer Company or arrest of key managerial personnel or promoter (Furnished Yes/No)	NO
37	Details of one time settlement with any bank (if any) (Furnished Yes/No)	NO
38	Details of Reference to Insolvency or a petition (if any) filed by any creditor	NO
39	Confirmation that a functional website containing, amongst others, the following information is maintained by the Company (Furnished Yes/No)	Furnished YES
a	Email address for grievance redressal and other relevant details:(Furnished Yes/No)	Furnished YES
b	Name of the debenture trustees with full contact details (Furnished Yes/No)	Furnished YES
c	The information, report, notices, call letters, circulars, proceedings, etc., concerning non-convertible redeemable preference shares or non-convertible debt securities (Furnished Yes/No)	Furnished YES
d	All information and reports including compliance reports filed by the Company	NA
e	Debt redemption reserve (Furnished Yes/No)	Furnished YES
f	Default by issuer to pay interest or redemption amount [if any] (Furnished Yes/No)	NA
g	failure to create a charge on the assets [if any] (Furnished Yes/No)	NA
h	revision in rating assigned to the NCDs [if any] (Furnished Yes/No)	Furnished YES
	Copies of the following information/documents (to be attached):-	
48	Asset cover Certificate along with the details -to be certified by the external agency appointed by SBICAP Trustee Company Limited (Note 2)	NA
49	A statement of value of pledged securities- -to be certified by the external agency appointed by SBICAP Trustee Company Limited (Note -3)	NA
50	A statement of value of Debt Service Reserve Account or any other form of security --to be certified by the external agency appointed by SBICAP Trustee Company Limited (Note -4)	NA
51	Net worth certificate of personal guarantors [if any] --to be certified by the external agency appointed by SBICAP Trustee Company Limited (Note -5)	NA
52	Financials/value of corporate guarantor [if any] prepared on basis of audited financial statement etc. of the guarantors - -to be certified by the external agency appointed by SBICAP Trustee Company Limited (Note -6)	NA

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53	Valuation report and title search report for immovable and movable secured assets -to be certified by the external agency appointed by SBICAP Trustee Company Limited (Note -7)	NA
54	Certified True Copy of quarterly and year-to-date standalone financial results	NA
55	Copy of the un-audited or audited financial results (Note- 9)	NA
56	Periodical reports from lead bank regarding progress of the Project	NA
57	Copy of the Insurance Policies duly endorsed in favour of the Debenture Trust	NA
58	a one-time certificate from the statutory auditor of the Company with respect to the use of the proceeds raised through the issue of Debentures as and when such proceeds have been completely deployed toward the proposed end-uses	NA
59	Utilization Certificate to be attached	Attached Herewith
60	Date of Utilisation certificate	19-04-21
61	Asset Cover Certificate provided by (debenture trustee/statutory auditor/other pls specify)	Statutory Auditor
62	Asset cover ratio Required	1.25
63	Asset cover ratio maintained	58.85
64	Date of Asset cover certificate	19-04-21

Note -1 Applicable for Secured Debentures

To be submitted within 30 days from the end of each quarter. To be

Note -2 submitted in the format as provided under Annexure A of the SEBI Circular, bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 dated 12.11.2020.

To be submitted within 30 days from the end of each quarter as per the

Note -3 SEBI Circular, bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 dated 12.11.2020.

To be submitted within 30 days from the end of each quarter as per the

Note -4 SEBI Circular, bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 dated 12.11.2020

To be submitted within 30 days from end of the second and fourth quarter

Note -5 as per the SEBI Circular, bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 dated 12.11.2020

To be submitted within 45 days from end of each financial year as per the

Note -6 SEBI Circular, bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 dated 12.11.2020

To be submitted within 45 days from end of each financial year as per the

Note -7 SEBI Circular, bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 dated 12.11.2020

Note -8 Regulation 33(3) (a) of SEBI LODR Regulations –applicable only if the Company has its equity shares listed of Stock Exchange

Note -9 Regulation 52(1) of SEBI LODR Regulations – To be submitted within forty five days from the end the second and fourth quarter and on the same day the information is submitted to stock exchanges.

[Signature]
27/04/21
Compliance Officer
Pune Municipal Corporation

ISIN_CODE	TOTAL_5 HOLDER	BANK_ACCNO	BANK_NAME	EIFACE_VALUE	AMOUNT	INT_PER	ALLOT_DATE	MATUR_DATE
INE807X08017	1000 BANK OF MAHARASHTRA M S RAMAIAH INSTITUTE OF TECHNOLOGY PROVIDENTFUND	60034713244	BANK OF MAHARASHTRA	Y	1000000.00	1000000000.00	7.59	20170620 20270620
INE807X08017	4 SCHEME TRUST	00761110001186	HDFC BANK LTD	Y	1000000.00	4000000.00	7.59	20170620 20270620
INE807X08017	10 MOIL SSPF FUND	01021110000035	HDFC BANK LTD		1000000.00	10000000.00	7.59	20170620 20270620
INE807X08017	C DAC EMPLOYEES PROVIDENT 5 FUND	00521110000020	HDFC BANK LIMITED	Y	1000000.00	5000000.00	7.59	20170620 20270620
INE807X08017	NATIONAL TEXTILE CORPORATION LTD.,EMPLOYEES CONTRIBUTORY 7 PROVIDENT FUND	05860100003135	BANK OF BARODA	Y	1000000.00	7000000.00	7.59	20170620 20270620
INE807X08017	BRAHMAPUTRA VALLEY FERTILIZER CORPORATION LTDEMPLOYEES 18 PROVIDENT FUND TRUST, NAMRUP	10641110000010	HDFC BANK LTD	Y	1000000.00	18000000.00	7.59	20170620 20270620
INE807X08017	ICICI PRUDENTIAL LIFE INSURANCE 654 COMPANY LIMITED	22205000491	STANDARD CHARTERED BANK	Y	1000000.00	654000000.00	7.59	20170620 20270620
INE807X08017	NATIONAL FERTILIZERS LIMITED EMPLOYEES PROVIDENT FUND							
INE807X08017	190 TRUST	00031110000853	HDFC BANK	Y	1000000.00	190000000.00	7.59	20170620 20270620
INE807X08017	BHEL EMPLOYEES PROVIDENT 77 FUND	00091110000454	HDFC BANK LTD	Y	1000000.00	77000000.00	7.59	20170620 20270620
INE807X08017	LUPIN LTD EMPLOYEES PROVIDENT 35 FUND TRUST	055501001590	ICICI BANK LTD	Y	1000000.00	35000000.00	7.59	20170620 20270620

Pune Municipal Corporation (PMC)

Rating

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debentures (NCDs)	200 (Rs. Two hundred crore only)	CARE AA+; Stable (Double A Plus; Outlook: Stable)	Reaffirmed

Details of instruments/facilities in Annexure-1

NCDs have coupon rate of 7.59% with semi-annual interest payment and bullet repayment of principal after 10 years.

Detailed Rationale & Key Rating Drivers

The reaffirmation of the long-term rating to the non-convertible debentures (NCDs) of Pune Municipal Corporation (PMC) continues to derive strength from robust income profile of the corporation backed by stable growth in revenue receipts as well as consistent revenue surplus over the years. The rating also positively factors in PMC's self-reliant revenue streams backed by more than 90% of the income being generated from its own sources, strong liquidity position, favourable debt service track record and effective functioning of structured payment mechanism. This apart, PMC continues to benefit from strong economic base of Pune City known as an evolving business centre hosting various manufacturing and automobile industries, Information Technology (IT), education, management and training institutes.

The corporation is seen to have comfortable debt service coverage in the medium term even after factoring in the proposed debt issuances for the completion of the water project. Despite the pandemic-induced lockdown there has not been a significant impact on the revenue profile of the corporation and same is expected to remain largely similar to FY20 (refers to the period April 1 to March 31) level.

The rating strengths are, however, tempered by further moderation witnessed in collection efficiency, increasing debtors, creation of sizeable provisions, and shortfalls in utility infrastructure against the set targets by PMC.

Rating Sensitivities**Positive Factors- Factors that could lead to upgrade/positive rating action**

- Significant improvement in the revenue surplus of the corporation while successfully augmenting its infrastructure needs.
- Improvement in corporation's collection efficiency (based on tax revenue, excluding GST) to 90% and above on sustained basis.
- Improved civic service delivery levels to 95% and above on sustained basis.

Negative Factors- Factors that could lead to downgrade/negative rating action

- Substantial increase in the debt levels of the corporation other than envisaged as a result of debt-funded capital expenditure.
- Significant decline in revenue surplus of the corporation on sustained basis.
- Significant impact on the overall liquidity profile of the corporation.
- Financial pressure arising out of any new high value project, if undertaken by PMC with limited or no support from State/Central Government resulting into weakening of debt protection metrics of the corporation.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Detailed description of the key rating drivers**Adherence to structured payment mechanism**

Pune Municipal Corporation (PMC) has been abiding by the structured payment mechanism in terms of timely transfers to and maintaining adequate balance in Debt Service Reserve Account (DSRA), sinking fund and interest payment account.

Strong financial position

The municipal corporation continues to remain financially strong. It recorded a revenue surplus for the past 5 years. In FY20 (refers to the period April 1 to March 31), the revenue income of the corporation rose by 15% over the growth of 8% in FY19 to Rs.5,939 crore. Tax revenues, which accounted for the highest share (76%) of the total income, grew by 18.72% in FY20 over the 8.5% growth in FY19. Property tax, accounting for 33% of the total revenue receipt of the corporation has increased substantially by 50% in FY20 as against growth of 24% in previous year (FY19). Water tax, having 11% share in the total revenue receipts, too has witnessed nominal growth of 3% in FY20 over the 12% growth seen in the previous year. Overall trend in revenue receipts (over past five years) can be inferred from below table:

(Rs. Crore)

Particulars	FY15 (A)	FY16 (A)	FY17 (A)	FY18 (A)	FY19 (A)	FY20(A)
Tax revenue	2,448	2,380	2,897	3,502	3,800	4,511
Property Tax & Water Tax	1,144	917	1,503	1,634	1,949	2,635
Local Body Tax	1,303	1,463	1,394	770	278	173
Goods and services tax	-	-	-	1,098	1,573	1,703
Rental Income from Municipal Properties	32	16	22	27	38	61
Fees and User Charges	947	1,185	663	910	906	887
Revenue Grants, Contribution & Subsidies Received	104	110	335	159	218	222
Other Income	161	171	312	186	220	258
TOTAL INCOME	3,691	3,862	4,229	4,783	5,182	5,939
Net sundry debtors	1,081	831	1,075	1,361	1,809	2094
Adjusted total income (Total income adjusted for incremental debtors)	3,522	4,112	3,985	4,497	4,734	5,655

Self-reliance

PMC continues to remain self-sufficient with nearly 96% of its revenue being accounted for from its own sources in FY20. While excluding the GST revenues from tax revenues, the own revenues of the PMC account for 67% of the total income.

Focus on asset creation

The capital expenditure of the corporation, which is mainly incurred towards development of civic amenities and infrastructure projects, has been fairly steady over the years. The corporation has been consistently incurring capital expenditure of more than Rs.1,000 crore over the past few years, albeit the capital outlay towards the development projects such as road, water connections declined by 17% in FY20. The corporation has undertaken a water supply project with a view to provide 24/7 water supply to the city. As on November 30, 2020, the corporation has already incurred 18% of total estimated project cost of Rs.2321 crore. The project is expected to be completed by 2023 and generate additional tax revenue for PMC. However, on account of the pandemic-induced lockdown and resultant shortage of labour, the project is expected to witness delay in completion.

Low debt burden

PMC has low debt burden. The outstanding debt of the corporation was Rs.200 crore (bond issue) as on March 2020. The debt to revenue receipt ratio has declined from 4.22% in FY19 to 3.54% in FY20. The Corporation did not avail any fresh debt during the current year till November 2020.

Moderation in collection efficiency

The collection efficiency of PMC has moderated. The collection efficiency of tax revenue (including GST) during FY17-20 was 66%, moderately lower than the 73% during FY17-19. The collection efficiency has moderated on account of high arrears, a large part of which is under litigation. While the collection efficiency based on tax revenue (excluding GST) has moderated from 46% during FY17-19 to 35% during FY17-20.

High provisions and write offs

During FY20, the corporation has made high provisions due to low visibility of recovery from debtors mainly pertaining to huge built-up of penalty amount over and above the due property tax. The corporation has taken various measures for recovery and as a result it is expected to waive off certain portion of penalties by way of amnesty schemes. Furthermore, during the year, the corporation has also written off loans and advances extended to Pune Mahanagar Parivahan Mahamandal Ltd. (PMPML) (in 2011) as the same has been utilized towards operating deficit of PMPML in line with the State Government orders. As a result, revenue expenditure of the corporation increased significantly by 44% in FY20 over the growth of 3% in FY19. Trend in revenue expenditure over past five years can be inferred from below table:

(Rs. Crore)

Particulars	FY15 (A)	FY16 (A)	FY17 (A)	FY18 (A)	FY19 (A)
Establishment Expenses	1,144	1,052	1,353	1,412	1535
Administrative Expenses	173	215	276	276	305
Operation & Maintenance	200	524	502	576	612
Interest and Finance Charges	14	11	8	19	15
Revenue Grants, Contribution & Subsidies	224	520	263	239	304
Other expenditure	267	640	601	572	1713
Total Revenue Expenditure	2,022	2,962	3,004	3,094	4484

During FY20, other expenditure which mainly includes provisions rose by 299.47% on account of significant increase in provisions (of around 430%) created during the year. Break-up of provision created for past two years can be inferred from below table:

Particulars	FY19 (Rs. Crore)	FY20 (Rs. Crore)
Property Tax	316.63	817.59
Water Tax	16.22	18.21
Rent Receivable	18.21	48.22
Advances to PMPML	0.00	625.60
Total	351.08	1509.64

Increase in debtors

Although during FY20, PMC has been able to limit the growth in Sundry debtors to 16% as against growth of 33% in FY19, there has been significant built up of receivables in the books of corporation. Net sundry debtors as on March 31, 2020 amounted to Rs.2,093.57 crore as against Rs.1,808.72 crore as on March 31, 2019. Debtors, over the years, have increased because of litigation cases, double issuances of property tax bills and generation of old bills, which is considered as arrears. In addition, the increase in property tax receivables is also on account of PMC levying a penalty of 2% per month to the defaulters which has been resulted into such huge built-up of receivables.

Civic infrastructure below target

There are shortfalls in the coverage of civic amenities provided by the corporation. The coverage of the civic infrastructure is slightly below the target set by the corporation and ministry of urban development for urban local bodies, which is 100% coverage for area under jurisdiction. The sewerage coverage deteriorated to 95% in FY20 as against 99% in FY19. The storm

water drainage was 44% of the total road lengths and the water supply coverage of PMC improved to 110% in FY20 from 98% in FY19.

Liquidity: Strong

The liquidity position of PMC is strong. The Corporation continues to maintain over Rs.1,000 crore worth investments in fixed deposits for the past 5 years (FY16-FY20). As on March 31, 2020, the investment in fixed deposits stood at Rs.1,595 crore and cash and bank balance remained healthy at Rs.1,255 crore aggregating to total cash reserves (including investment in FDs) of around Rs.2,850 crore as on March 31, 2020. Against such liquidity, the corporation has interest payment of around Rs.30 crore (including interest on potential debt issuance of Rs.200 crore) in next financial year, whereas no debt repayment until FY26.

Details of Structured Payment Mechanism

PMC has put in place a Structured Payment Mechanism to provide debt servicing support towards the principal and interest repayments of the NCDs. Under the structured payment mechanism, property tax collected and due to PMC are to be deposited every month in a separate no-lien escrow account for servicing of the bonds. DSRA account is funded one day before the pay-in date with an amount equal to two interest payments.

The salient features of the Structure Payment Mechanism are as follows:

1. At the beginning of every month, the funds lying/ deposited in escrow account to be used in the following priority:
 - a) Firstly, transfer to Debt Service Reserve Account (DSRA) to make good any shortfalls in DSRA. At all times, the DSRA is maintained at 2 interest payments.
 - b) Secondly, transfer to Interest Payment Account on monthly basis the stipulated amount, and any shortfall in earlier contributions.
 - c) Thirdly, transfer to the Sinking Fund Account on monthly basis the stipulated amount, and any shortfall in earlier contributions.
2. Any surplus funds in the account thereafter shall be transferred out of the escrow account to account of PMC.

The debenture trustee has the lien on the Interest Payment account, DSRA and Sinking Fund accounts. The Amount deposited in Interest Payment Account, DSRA and Sinking Fund will be used solely for meeting the dues to the bondholders. Any surplus in the escrow account after meeting the dues to the bondholders can be transferred to the PMC. No amount can be withdrawn from these accounts without the approval of Trustees to the bond holders. The Funds lying credited in the sinking fund account and DSRA are being kept in Fixed Deposits with scheduled commercial bank with a dual rating of A or above. The funds lying to the credit of Sinking Fund Account are deposited in Fixed Deposit with Corporation Bank, Bank of Maharashtra and Vijaya Bank while DSRA is maintained with Corporation Bank. However, the conditions of the fixed deposits shall not restrict premature withdrawal from the Fixed Deposit. The lien has been created in favour of debenture trustee on all the investments made above. Any actual interest income earned and received on the investments made from the funds in the interest payment account and DSRA account can be utilized towards the next instalment of the interest in the interest payment account or to cover any shortfall in the DSRA account. In case, at any point of time the rating of senior debt of the Bank falls below A, the PMC has to move the funds to other bank satisfying the previous condition.

Interest Payment and Principal Repayment Mechanism

(T = Bond payment date)

Date	Event/ employed	Measures if shortfall occurs
Interest Payment Account		
T-25	Trustees will check amount in Interest Payment Account	Intimate PMC to make good for the shortfall in interest payment account 15 days prior to interest payment date.

T-14	Trustees shall re-check amount in interest Payment	Trustees will trigger the payment mechanism and bank will be instructed to transfer the shortfall amount from DSRA to interest payment account 10 days prior to interest payment date. Withdrawal from DSRA should be deposited back in the account.
T	PMC shall pay the interest on due date	
Sinking fund		
T-25	Trustees shall check credit in the sinking fund	Intimate PMC of the shortfall and PMC shall make good the shortfall 15 days prior to redemption date
T	PMC shall repay the principal	

Restrictions on the total borrowing

(A) Debt Service Coverage Ratio ("DSCR") for the PMC will not be less than 1.5 times of operating surplus, which they have been maintaining for all the years (Details in Annexure A).

(B) The total amount collected in escrow account shall be at least 1.25 times of the Debt Service Amount on an annual basis. In case, the ratio falls below 1.25 times, PMC shall not, without the previous approval of the Trustees to the Debenture Holders, borrow any further amount against the cash flow of the escrow account.

For this purpose, DSCR will be calculated based on the following formula.

(A) DSCR on operating Surplus: Debt Service Coverage Ratio ("DSCR") for the PMC will not be less than 1.5 times of operating surplus calculated as the below:

DSCR on operating Surplus = operating surplus / total debt service

i) Operating surplus calculated as the below:

Operating Surplus = total adjusted income – total adjusted expenditure

Total adjusted income = Total income – Provisions of doubtful debt – (disputed taxes >1% of the total revenue not collected during the year)

Total adjusted expenditure = Total expenditure – provision of doubtful debt - Depreciation

ii) **Total debt service** = interest payment + principal repayment deposited in the sinking funds or proportionate notional principal payment

As per the calculations based on the above, the DSCR of PMC continues to remain above 1.5 times as stipulated.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[CARE's Methodology for Urban Infrastructure Projects](#)

About the Company

Established on February 15, 1950, PMC is the second-largest corporation in the state of Maharashtra. The corporation is governed by The Maharashtra Municipal Corporations Act, 1949 (amended from time to time). PMC is mainly responsible for the administration of the city, maintaining infrastructure facilities, and providing various civic services such as water supply, solid waste management, sewerage, education, health and others to its citizens. Pune's proximity to Mumbai, good climate, and availability of talent made it a destination for large firms. Pune has been the hub of the engineering industry for over five decades and one of the evolving business centres as it hosts various Information Technology (IT) and automotive companies.

Particulars	FY16 (A)	FY17 (A)	FY18 (A)	FY19 (A)	FY20 (A)
Total income	3862	4229	4783	5182	5939
Total Expenditure	2022	2962	3004	3094	4485
Revenue Surplus	1840	1268	1779	2088	1455
Capital expenditure	1430	1642	1518	1772	1492
Outstanding Debt	122	2.77	200	200	200
Ratios (%)					
RS/RR	47.6	30.0	37.2	40.3	24.50
Own Revenue/RR	97.2	92.1	96.7	95.8	96.26
Capital Exp./Total Exp.	41.4	35.7	33.6	36.4	29.27

A: Audited

Status of non-cooperation with previous CRA: None**Any other information:** Not Applicable**Rating History for last three years:** Please refer Annexure-2**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE807X08017	June 21, 2017	7.59%	June 2027	200.00	CARE AA+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	200.00	CARE AA+; Stable	1) CARE AA+; Stable (10-Jan-20)	CARE AA+; Stable (10-Jan-20)	1)CARE AA+; Stable (18-Jan-19) 2)CARE AA+; Stable (11-Jul-18)	1)CARE AA+; Stable (29-Jun-17)

Annexure-3: Detailed explanation of covenants of the rated instrument: Detailed in rationale above (under 'structured payment mechanism' section)**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Simple

Annexure 5: Details of instrument rated

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)
Non-Convertible Debenture issue (INE807X08017)	June, 2017	7.59%	June 20, 2027	200.00

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarification

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(This follows our brief rationale for the entity published on January 07, 2021)

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**



S M D L & ASSOCIATES

Chartered Accountants

To,
SBICAP Trustee Company Ltd.
Mumbai

Subject:- Asset Cover for listed debt securities and Net Worth as on 31st March 2020

A. Asset Cover for listed debt securities:

- i. The same has been verified from the records & other details produced before us: The financial information as on 31-03-2020 has been extracted from the books of accounts for the year ended 31-03-2020 and other relevant records of the listed entity;
- ii. The assets of the listed entity provide coverage of 58.85 times of the interest and principal amount, which is in accordance with the terms of issue/debenture trust deed (calculation as per statement of asset cover ratio for the Secured debt securities - table — II)
- iii. The total assets of the listed entity provide coverage of times of the principal, which is in accordance with the terms of issue (calculation as per statement of asset coverage ratio available for the unsecured debt securities - table — II) (as per requirement of Regulation 54 read with Regulation 56(1)(d) of LODR Regulations).

Table - II

SN	Particulars		Amount
i.	Net assets of the listed entity available for unsecured lenders (Property Plant & Equipment (excluding intangible assets and prepaid expenses) + Investments + Cash & Bank Balances + Other current/ Non-current assets excluding deferred tax assets (-) Total assets available for secured lenders/creditors on pari passu/exclusive charge basis under the above heads (-) unsecured current/ non-current liabilities (-) interest accrued/ payable on unsecured borrowings)	A	11,769,36,32,982.92
ii.	Total Borrowings (unsecured)	B	200,00,00,000.00
	PMC Municipal Bond		
iii.	Assets Coverage Ratio (100% or higher as per the terms of Offer Document/Information Memorandum/ Debenture Trust Deed)	(A/B)	58.85



B. Net Worth: (A-B) = 1,15,69,36,32,982.92/- (Rupees in word- Eleven Thousand five hundred sixty Nine Crore Thirty Six Lakh Thirty Two Thousand Nine Hundred Eighty Two)

It is further certified that the computation of the net worth of Pune Municipal Corporation based on our scrutiny of Audited Balance Sheet as on 31st March 2020, is true and correct to the best of our knowledge and as per the information provided to our satisfaction.

**For SMDL & Associates
Chartered Accountants
FRN No- 134444W**



**CA Prakash B. Doiphode
Partner
MRN- 136546
UDIN- 21136546AAAABR3969**





S M D L & ASSOCIATES

Chartered Accountants

To,
SBICAP Trustee Company Ltd.
Mumbai

Subject: Utilization Certificate of Funds raised from Municipal Bonds of Rs.200 Crores @7.59%.

Dear Sir,

We hereby certify that Pune Municipal Corporation has utilized following sum towards Project Cost of 24/7 Water Supply project.

Month	Date of Payment	Amt Paid Rs.	Balance Unutilized Rs.
June-17	-	-	200,00,00,000/-
	Cumulative till 30th Sept 2020	199,99,99,999.65/-	0.35/-

Payments made from ICICI BANK/ BANK OF MAHARASHTRA (Amount received from State Government and PMC 50%/50% Contribution)

Amount received till date (Cumulative)	Amt Paid Rs. till date (Cumulative)	Balance Unutilized Rs.
39,90,00,000/- Rs.39,90,00,000/- PMC contribution dated 3 rd Jan 2019. Rs.30,87,00,000/- From State of Maharashtra dated 15 th March 2019 As on 30 th Dec 2019 amt received from Mission Directorate Rs.23,61,00,000/-		
-	109,86,13,836.00/-	BOM * 22,18,81,512.70+ 19,66,521 (Interest) Total= 22,38,48,033.70

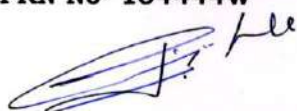
* ICICI Bank a/c amount transfer to Bank of Maharashtra as per GOM direction.



Balance in bank as on 31/03/2021.

Bank	Amount	Purpose
Bank of Maharashtra	5,47,40,366.93/-	Interest Payment Provision
Canara Bank (FD)	15,18,00,000/-	DSRA Provision
Bank of Maharashtra	1,95,98,196.50/-	DSRA Provision Bal
Canara Bank	5,00,00,000/-	Sinking Fund Provision
Bank of Maharashtra	74,76,75,692.94/-	Sinking Fund Provision

For SMDL & Associates
Chartered Accountants
FRN No- 134444W



CA Prakash B. Doiphode
Partner

MRN- 136546

UDIN- 21136546AAAABS5378

