

T. P. Ariwala
Chief Accountant



Surat Municipal Corporation
Muglisara, Surat-395003

To,
SBICAP Trustee Company Ltd.,
Apeejay House, 6th Floor,
3, Dinshaw Wachha Road,
Churchgate,
Mumbai – 400020

No.ACT/SR/-1062
Dated 15/06/2020

Sub: - Submission of Quarterly Compliance for the period from 1st January 2020 to 31st March 2020 with regard to the NCDs aggregating to Rs.200 Crores

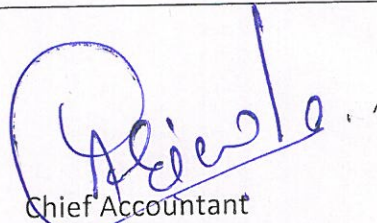
Ref: - Your Letter dated 16th April, 2020

Respected Sir,

With reference to above subject matter, please find following information regarding to the NCD's aggregating to Rs.200 Crores.

Sr.No.	Particular	Submission
1.	Updated list of the names and addresses of the Debenture holders with respective ISIN	Gujarat State Financial Services Limited, Wing "B", 3rd Floor, Khanij Bhavan, 132 ft. Ring Road, Nr. University Ground, Vastrapur, Ahmedabad - 380052 ISIN : INE05NX24015
2.	A confirmation that interest/principal due during the quarter ended 31 st March 2020 has been paid. If not, reasons thereof including Company's plan for payment of interest/principal.	2 nd Half Yearly Interest Payment was due on 1st March, 2020 but 1st March, 2020 was Sunday. Hence, aforesaid date was not Business Day. According to circular of SEBI no. CIR/IMD/DF-1/122/2016 dated 11/11/2016 and as per the consent letter of Debenture Trustee i.e.SBICAP Trustee Co. Ltd, 2 nd Half Yearly Interest Payment - Gross amount Rs.8,63,25,683/- TDS amount Rs.86,32,569/- Net Interest Amount Rs.7,76,93,114/- has been made as on dated 02.03.2020 as per Interest Payment Register provided by Register and Transfer Agent i.e.KFin Technologies Pvt. Ltd. (Copy Attached) and confirmation mail from Bond Holder has been obtained. (Copy of confirmation mail attached) - FLAG - 1
3.	Information regarding Debenture holder's complaints/grievances in following format : a. Complaints pending at the end of the previous quarter; b. Complaints received during the quarter; c. Nature of the Complaint; d. Complaints resolved during the quarter;	Nil Nil Nil Nil

	e. Reasons for pending/unresolved complaints; f. Average time taken to resolve the each complaint.	Nil Nil
4.	A confirmation that the properties secured are adequate for discharging the due repayment for the Debentures i.e. interest and redemption amount.	Structured Payment Mechanism has been sanctioned by the General Board of Surat Municipal Corporation as well as State Government and the same is functioning accordingly.
5.	Updated credit rating letter (if any)	FLAG-2
6.	A confirmation that the insurance policies obtained for the company's assets/property are adequate and properly assigned in favor of Trustee.	Not Applicable
7.	Whether there is any change in composition of Board members and management during the quarter, giving details thereof.	Not Applicable
8.	A Certificate from the Chartered Accountant of the company certifying that Security Cover, Debt Equity ratio and Debenture Redemption Reserve are maintained in accordance with the terms of issue of Debentures and applicable laws.	The issuer is an Urban Local Body and not a Company registered under the Companies Act, 2013. Considering the outbreak of COVID-19, the country as a whole was under lockdown till dated 31.05.2020. In this situation, most of our administrative staff involved in duty regarding COVID-19 so that the finalization of Books of Accounts will not be finalized. The certificate will be submitted as soon as the same is issued and completion of subsequent verification of books by the Auditor.
9.	Utilization Certificate from Statutory Auditor	Attached as FLAG – 3
10.	Any other reports/confirmations required as per Debenture Trust Deeds/Information Memorandum	Nil
11.	Annual Report for the year ended 2019-20	Considering the outbreak of COVID-19, the country as a whole was under lockdown till dated 31.05.2020. In this situation, most of our administrative staff involved in duty regarding COVID-19 and still they are performing their duty for the same as continuous increasing the positive cases in Surat City. Thus, The Annual Report will be submitted after the finalization of Books of Accounts by the Auditor.



Chief Accountant

Surat Municipal Corporation

SURAT MUNICIPAL CORPORATION -BONDS (SMC)

INTEREST REGISTER FOR THE PERIOD - 01/09/2019 TO 29/02/2020

[illegible]

[illegible]

[illegible]

Ratings

Rating Rationale

February 28, 2020 | Mumbai

Surat Municipal Corporation

Rating Reaffirmed

Rating Action

Rs.200 Crore Taxable Bonds	CRISIL AA+/Stable (Reaffirmed)
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1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its 'CRISIL AA+/Stable' rating on the taxable bonds of Surat Municipal Corporation (SMC).

The rating continues to reflect strong creditworthiness and low performance risk of the originator, high debt service coverage ratio (DSCR) leading to low impact of future cash flow on the other obligations, additional security in the form of a debt service reserve account (DSRA) created before pay-in, presence of a payment structure, and recourse to the originator. The rating also reflects a strong operating performance and strong financial risk profile, driven by stable operating surplus, low debt, superior liquidity, and strong debt protection metrics. Furthermore, the corporation has a sound economic base, adequate service levels, healthy collection efficiency of taxes and charges, and good reform orientation. These strengths are partially offset by heavy reliance on state government grants and large capital expenditure (capex) requirement.

Analytical Approach

For arriving at the rating, CRISIL has applied its criteria on future flow securitisation.

Key Rating Drivers & Detailed Description

Strengths:

* Strong operating performance, reflected in a healthy operating surplus

Revenue includes income from collection of property tax, user charges for water and sewerage service, income from other taxes such as professional tax, octroi compensation, other revenue grants, and other non-tax income. Operating surplus is healthy, backed by robust property tax collection, steady receipt of grants from the state government in lieu of octroi, and non-tax income primarily comprising collection from public places, town development income, and rental income. For fiscal 2019, the operating surplus was around Rs 774 crore.

The strong operating surplus is likely to be maintained over the medium term due to consistent property tax collections, increase in various user charges and non-tax income, and control over revenue expenditure.

* Strong financial risk profile

The healthy operating surplus helped to fund the increasing capex through internal cash accrual, with low reliance on debt. As on March 31, 2019, outstanding debt was Rs 200 crore. The robust cash flow has strengthened liquidity. Unencumbered cash and cash equivalents were over Rs 1,130 crore as on March 31, 2019, including bank balance and fixed deposits.

Over the medium term, the corporation has large planned capex under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart City Projects. The capex is being funded primarily out of a mix of government grants and own revenue surplus. In March 2019, it had raised Rs 200 crore through municipal bonds in order to meet its own share of contribution towards AMRUT. Despite the increase in debt, debt protection metrics have remained strong and are expected to remain so over the medium term due to no incremental borrowings. However, any sizeable debt raised towards funding capex could weaken the financial risk profile and will be a key rating sensitivity factor.

* Adequate service levels and healthy collection efficiency of taxes and charges

The corporation has adequate civic infrastructure and robust delivery systems. High infrastructure quality is reflected in good water supply coverage, adequate road and sewerage networks, and improving drainage and solid waste management practices.

Current collection efficiency of property tax is maintained at 94-97%; overall collection efficiency is also stable at 80-85%. Cost of recovery for essential services has improved and is among the highest compared with other corporations in the state. Implementation of AMRUT and Smart City Projects should further drive improvement in service-level arrangements and result in increased collection efficiency of taxes and charges.

* Sound economic base

A robust industrial base, favourable location, strategic importance in the state, and high per-capita income have led to a

sound economic base. Industries in Gujarat have flourished due to favourable state government policies, affordable cost of living, surplus labour, and low transportation cost.

* Good reform orientation

The corporation has been able to execute various reforms, backed by adequate technical capabilities and supportive staff. It has robust processes and systems to take care of day-to-day activities. It has been a forerunner in implementing geographic information system mapping of properties and the double entry accounting method. Metering of water connections is an area where limited progress has been made. However, once done, it will significantly improve cost recovery.

Weaknesses:

* High dependence on state government grants

Although the share of grants and compensation from the state government reduced to 23% in fiscal 2019 from 45% in fiscal 2013, it continues to be a major part of total revenue receipts. Since the abolition of octroi in fiscal 2008, the corporation has been consistently receiving compensation from the state government. In fiscal 2016, increased compensation, inclusive of a 15% hike, was provided. In fiscal 2019, Rs 723 crore was received as octroi compensation. With a rise in property tax rates and non-tax revenue, dependence on government grants is likely to reduce further over the medium term.

* Large capex requirement

The large capex requirement over the medium term would be for implementing the AMRUT and Smart City schemes, and other planned expenditure. The estimated project cost under these schemes is Rs 5,000 crore, spread over five years.

A healthy operating surplus is likely to be maintained and no sizeable debt is expected to be contracted, over the medium term. However, any significant increase in capex, leading to substantial incremental debt, could weaken the financial risk profile and will remain a key rating sensitivity factor.

Liquidity Superior

Operating surplus has been healthy at an average of over 20% during the five fiscals through 2019. The unencumbered cash and bank balance of over Rs 1,130 crore as on March 31, 2019, is likely to be maintained over the medium term. Operating surplus was Rs 774 crore in fiscal 2019 against nil debt obligation. The unencumbered cash and bank balance and continued healthy operating surplus should be sufficient to meet future debt obligation and part-funded capex.

Outlook: Stable

CRISIL believes SMC will continue to generate high operating surplus over the medium term, while maintaining strong debt protection metrics.

Rating Sensitivity factors

Upward Factors:

- * Significant improvement in service arrangements such as water supply, sewerage, and solid waste management
- * Increased collection efficiency in existing own-revenue sources and generation of income from additional sources
- * Substantial and sustained increase in operating surplus to over 30%

Downward Factors:

- * Significant decline in collection of property tax
- * Fall in operating surplus to below 15%
- * Weakening of debt protection metrics
- * Reduction in support from the state government in terms of adequacy and timeliness of octroi compensation, and availability of funds under AMRUT and Smart City schemes and other grants
- * Any adverse change in the payment structure mechanism

About the Corporation

SMC is the largest municipal corporation in Gujarat and is governed by the Bombay Provincial Municipal Corporation Act, 1949, as amended by the Government of Gujarat. It has jurisdiction over 326 square kilometre. Services mainly include water supply, sewerage disposal, solid waste management, primary education, public safety, transportation, and slum improvement.

Key Financial Indicators

As on / for the period ended March 31	Units	2019	2018
Revenue receipts	Rs crore	2957	2674
Revenue surplus	Rs crore	760	606
Revenue surplus/ revenue receipts	%	26%	23%

Any other information:

Broad contours of the escrow structure:

- a. The tenure is five years with half-yearly coupon payment
- b. Bullet/full redemption at the end of five years
- c. Escrow of property tax and user charges collected by and due to SMC-eligible bondholders and lenders shall have first and pari-passu charge over the escrow account, debt service account (DSA), and the collection account(s).

- d. Establishing separate DSA, DSRA, interest payment accounts (IPA), and sinking fund accounts (SFA) with the escrow banker as per the terms of each series. Bondholders/lenders of a particular series have first and pari-passu charge over DSA, DSRA, IPA, and SFA for the respective series.
- e. In case of any shortfall from transfer from the escrow account to DSA, SMC shall compensate with funds from other account(s) to DSA.

Interest payment mechanism

T - Interest payment date

Day	
T-25	The trustees shall check the amount lying to the credit of IPA. In case of any shortfall in amount, the trustees shall intimate SMC
T-15	SMC shall make good the shortfall in the IPA, if applicable
T-14	In case of shortfall, trustees shall trigger the payment mechanism and instruct the bank to transfer the shortfall amount from the DSRA to the IPA
T-10	The bank shall transfer the shortfall amount, if applicable*
T	Interest payment is done

* Any amount drawn from the DSRA should be deposited back in the account

Redemption mechanism

T - Redemption date

Day	
T-25	The trustees shall check the amount lying to the credit of the SFA. In case of any shortfall in amount, the trustees shall intimate SMC
T-15	SMC shall make good the shortfall in the SFA
T	Redemption payment is done

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Type of instrument	Date of allotment	Coupon	Maturity date	Issue Size (Rs crore)	Rating Assigned with Outlook
INE05NX24015	Taxable Bonds	01-Mar-019	8.68%	01-Mar-2024	200	CRISIL AA+/Stable

Annexure - Rating History for last 3 Years

		Current		2020 (History)		2019		2018		2017		Start of 2017
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Bond	LT	200.00 28-02-20	CRISIL AA+/Stable			07-09-19	CRISIL AA+/Stable		--		--	--
						01-03-19	CRISIL AA+ (SO)/Stable					
						01-02-19	Provisional CRISIL AA+ (SO)/Stable					

All amounts are in Rs.Cr.

Links to related criteria

[Rating Criteria for Municipal and Urban Local Bodies](#)

[Understanding CRISILs Ratings and Rating Scales](#)

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India Ratings Affirms Surat Municipal Corporation's NCDs at 'IND AA+'; Outlook Stable

Ind-Ra-XX January 2020-Mumbai: India Ratings and Research (Ind-Ra) has rated Surat Municipal Corporation's (SMC) non-convertible debentures (NCDs) as follows:

Instrument Type	ISIN	Date of issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
NCDs	INE05NX24015	01 March 2019	8.68	01 March 2024	INR2,000	IND AA+/Stable	Affirmed

The frequency of the interest payment is semi-annual (01 September and 01 March each year), and the principal repayment will be bullet.

Removal of Suffix: Ind-Ra has removed the suffix associated with the rating of SMC based on SEBI Circular "Guidelines for Enhanced Disclosures by Credit Rating Agencies (CRAs)" on introduction of 'CE' dated June 13, 2019. As per the guidelines, no suffix will be assigned to the rating if:

1. The ratings factor in internal credit enhancement, but the rated instrument is not bankruptcy remote of the issuer.
2. The ratings do not factor in any explicit credit enhancement or payment mechanism / structure around cash flows.

Bond's Purpose: SMC has raised INR2,000 million by issuance of NCDs on 1 March 2019 for part financing the development of new sewerage treatment plants as well as the upgradation of the existing plants in Surat - at Asarma, Bamroli, Bhatar, Bhesan, Khajod, under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme. The sanctioned amount for projects is INR5,433 million, of which SMC would fund INR3,588.9 million: INR2,000 million from the bond proceeds and INR1,588.9 million from its own funds. The balance was provided by the government of India and government of Gujarat under the scheme.

Analytical Approach: The rating of the NCDs is a reflection of the operational and financial performance of SMC, the nature of the escrowed assets, strength of the structured payment mechanism and healthy debt service coverage.

1. The rating is based on the stability in performance of assets which are escrowed (property tax, fees and user charges) and the enforceable nature of these collections by the corporation.
2. The rating also factors in a sound legal foundation of the structured payment mechanism which is monitored and controlled by the Trustee. The structured payment mechanism is backed by a prefunded debt service reserve account (DSRA) constituting of two semi-annual interest instalments, interest payment account (IPA) and sinking fund account (SFA). The NCD's are issued at a fixed rate of interest that mitigates interest rate risk.
3. The rating benefits from the SMC's coverage of debt servicing obligations (Interest payment + proportionate principal deposited in sinking fund or instalment of principal redemption) which IND-Ra expects to remain above 2.5x.

KEY RATING DRIVERS

Adequacy of escrowed revenue stream: Under the structure, revenues from property tax, fees and user charges, are escrowed for servicing of the debt repayment obligations. The escrowed collections will be first utilized for meeting the minimum balance required to be transferred to the IPA and SFA. The Revenue from these streams grew at a CAGR of 12.9% over FY15-FY19 to INR10.8 billion. The escrowed receivables from property tax, fees and user charges are expected to provide strong cover for SMC's debt service obligations.

Structured Debt Servicing Mechanism: Under the structure, a debt service reserve account (DSRA) account has been created and funded on 27 February 2019 before the pay-in date of 1 March 2019 with an amount equal to annual interest payments. At all times, the DSRA is to be maintained at an amount equal to two semi-annual interest payments.

SMC has created an escrow mechanism; where in the funds (property tax and user charges) shall be transferred to an escrow account on a daily basis except the last day of the month. On the last business day of every month,

the minimum balance – an aggregate of monthly fund requirement to service DSA – will be transferred to DSA from the escrow account. The funds in the debt service account shall be used in the following order of priority: a) transfer funds from the debt service account to DSRA to make good any shortfall, if any, in DSRA b) monthly transfers to an interest payment account (IPA) on the last business day of every month and c) monthly transfers to a sinking fund account (SFA) an amount equivalent to 1/11th of the annual principal redemption requirement on the last business day of every month.

The debenture trustees will verify the availability of requisite funds for interest servicing T-25 days before the due date. In case of a shortfall, they will intimate SMC to cover up the shortfall by T-15 days. In case of shortfall in IPA at T-14 days prior to the interest payment date, the trustee shall trigger the payment mechanism and instruct the bank maintaining DSRA to transfer the shortfall amount from DSRA so that funds equivalent to the next interest payment due are ensured by T-10 days.

The debenture trustee shall also check the balance in the SFA at the end of the year and in case of any shortfall, SMC shall replenish the account to that extent. The trustees shall also check the amount lying to the credit of SFA at T-25 days prior to the redemption date. In case of any shortfall in amount, the trustees shall intimate SMC of the shortfall and SMC shall make good the shortfall by T-15 days prior to the redemption date.

Trustee Monitoring: All accounts will be monitored by the debenture trustees. The amount deposited in IPA, DSRA and SFA shall be used solely for meeting the dues to the bondholders. Any surplus funds available in the escrow account can be transferred to the account of SMC. The trustee has given confirmation that SMC is adhering to the structured payment mechanism.

Debt service coverage: At FYE19, the SMC did not have any additional debt other than the NCDs issued. The absence of any interest servicing obligations in the past has resulted in a healthy credit profile for the corporation. Ind-Ra expects SMC's DSCR to remain comfortable at above 2.5x over the medium term. This takes into consideration the debt service obligations from the issuance of the NCD's of INR 2,000 million. Ind-Ra also expects the coverage of its instrument level debt servicing obligations based on the receivables from property tax, fees and user charges to remain healthy over the medium term. Ind-Ra will closely monitor the coverage adequacy during the entire tenure of the NCD's.

Liquidity Indicator – Superior: SMC's liquidity position is supported by sustained revenue surpluses, capital grants to fund capex, sizeable cash and bank balances and unencumbered investments. Debt servicing requirement pertaining to bonds is backed by way of escrow of receivables from property and other taxes and user charges. SMC's cash balances and unencumbered investments amounted to INR13, 832.18 million as on FY E 19.

Adequate Own Revenue Sources: The rating also reflects SMC's ability to generate adequate revenue from its own sources to fund its revenue expenditure. Tax and non-tax revenues constituted 39.95% and 16.51%, on average, of the total revenue income over FY15-FY19. The corporation's revenue income increased to INR29.56 billion in FY19 (FY15: INR16.72 billion) and its own revenue/total revenue income ratio stood at 67.06% (FY 15: 48.15%). Property, water, vehicle and professional tax collections were the key drivers of revenue from tax collections during this period. The share of grants in total revenue income reduced to 28.29% in FY19 from a high of 35.52% in FY15.

Consistent Revenue Surplus: SMC generated consistent revenue surpluses during FY15-FY19 (FY19: INR 7,600.79 million, FY 15: INR 3,647.45 million). The corporation funded its entire revenue expenditure out of revenue income during this period. Revenue surplus is projected at INR 2387.06 million for FY20(RE), which is due to lower growth in revenue income (4% yoy) than in revenue expenditure (25% yoy). Ind-Ra expects SMC's revenue balance position to remain in surplus over the medium term.

Scope for Improvement in Civic Services Delivery and Capital Utilisation: SMC's capital expenditure constituted 50.53%, on average, of the total expenditure during FY15-FY19. Roads, water supply and sewerage were the key areas of capex during this period. The corporation's capital receipts increased to INR16,240.03 million in FY19 (FY18: INR 13,032.14 million) and its capital utilisation (capex/capital income) ratio stood above 1.34x on average during FY15-FY19. SMC's service delivery levels for the water, sewerage and solid waste segments remained comfortable as reflected in coverage network (water supply: 98.1%; sewage network: 99.6%; solid waste management service: 100%), as against the benchmark levels (water: 100%; sewerage: 100%; solid waste: 100%) set by the Ministry of Urban Development for all three services. The per capita supply of water stood at 146.7 litres per capita per day (benchmark: 135 litres per capita per day). However, SMC's performance was less than adequate in areas such as extent of water metering, segregation of municipal solid waste, wastewater recycle and reuse and hours of water supply, during FY15-FY19.

RATING SENSITIVITIES

The rating of the NCDs will be downgraded on downgrade of SMC's rating, which forms the starting point for the rating of these NCDs.

Positive: Future developments could, individually or collectively, lead to a positive rating action includes:

- Improvement in operating margins to or above 40% on a sustained basis.
- Improvement in civic service deliverables like hours of water supply, extent of water metering, segregation of municipal solid waste, wastewater recycle and reuse to the benchmark levels

Negative: The following developments could individually or collectively lead to a negative rating action:

- Breach of financial covenant as per term sheet will trigger a negative rating action.
- Unanticipated increase in debt levels resulting in Debt service coverage ratio falling below 2x for consecutive 2 years.
- Higher dependence on grants and/or deterioration in revenue balance for two consecutive years.
- Property tax collection efficiency (including arrears) falling below 70% for two consecutive years.

CORPORATION PROFILE

SMC is a local self-government. It was established in 1966 under the Bombay Provincial Corporation Act, 1949. SMC 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. SMC covers 326.52 sq km and the Surat city is divided into seven zones namely, east, west, north, south, central, south west and south east zone. There are 29 municipal wards and each municipal ward has four seats of municipal councilors.

FINANCIAL SUMMARY

Particulars	FY19	FY20(RE)
Revenue Income (INR million)	29,568.27	29,525.22
Revenue expenditure (INR million)	21,967.48	27,138.16
Revenue balance (INR million)	7,600.79	2,387.06
Capital expenditure/total expenditure (%)	47.48%	44.61%
Revenue expenditure /Revenue income (%)	74.3%	91.9%
Source: SMC, Ind-Ra		

Annexure I Covenants

- SMC shall maintain the following financial ratios at all times and the same shall be tested atleast at the end of each financial year:
Debt Service Coverage ratio for SMC will not be less than 1.25x
 $DSCR = \text{operating surplus} / \text{total debt service}$
- The amount collected in escrow shall be atleast 1.25 times of the debt service amount on an annual basis. In case ratio falls below 1.25 times SMC shall not borrow against the cash flow(s) of the escrow account. No permission to borrow further is required from the bond holders as long as this condition is met.
DSA is defined as follows:
 $DSA = \text{Interest Payment for the month} + \text{Proportionate Principal deposited in the SFA or installment of principal redemption}$
- SMC shall not borrow any further funds against the cash flows of the Escrow Account in case there is a shortfall in the contribution to Debt Service Account and the shortfall has not been made good by SMC.

Applicable Criteria

[Local and State Governments Rating Criteria , December 2018](#)
[Tax Supported Criteria , December 2018](#)

COMPLEXITY LEVELS OF THE INSTRUMENTS

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

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

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

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PRIVATE & CONFIDENTIAL

NATVARLAL VEPARI & CO.

Chartered Accountants

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UTILISATION CERTIFICATE

The **SURAT MUNICIPAL CORPORATION** has issued unsecured, taxable, non-convertible, redeemable bonds in the nature of **Debentures ("Bonds")** of face value of Rs. 10 lakhs each at par aggregating to **Rs 200 crores** during **Financial Year 2018-19** for utilization of the proceeds of the Bonds towards five major capex projects of Surat Municipal Corporation under **ATAL MISSION FOR REJUVENATION AND URBAN TRANSFORMATION ("AMRUT") Scheme**.

The proceeds of Rs 200 Crores have been received by the Corporation in Saving Bank Account No. 38254222285 with State Bank of India.

During the period from 1st January, 2020 to 31st March, 2020, the Corporation has spent Rs 34,61,89,230/- towards defined project from own fund through Escrow Account, which is due for payback from the proceeds of Fixed Deposit. Considering the same the amount of Bond proceeds is deemed to have been utilized to the extent of Rs 34,61,89,230/- as on 31st March 2020.

In addition to the above, it is to state that during the said period from 1st January, 2020 to 31st March, 2020, the Corporation has further utilized an amount of Rs 21,88,17,265/- from the Bond Account as maintained with State Bank of India.

Consequently, total expenditure amounting to Rs 56,50,06,495/- has been incurred on designated projects from Escrow account during the period from 1st January, 2020 to 31st March, 2020.

This certified is issued on the basis of Books of Accounts, Documents, Vouchers, Bills, Records, Registers and Bank Statements produced before us and information and explanations provided to us in relation to the captioned projects and utilization of funds.

This certificate is issued, for compliance with the requirement of SEBI Regulations and Debenture Trust Deed of the Bonds issued. This Certificate has been issued at the request of the Surat Municipal Corporation. It should not be used for any other purpose and is solely for information and/or for use by the concerned Department, its Authorities and Debenture Trustees. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Date: 05-06-2020

Place: Surat



For Natvarlal Vepari & Co.

Chartered Accountants

Firm Registration Number: 123626W

K. J. Panthaki

Partner

Kayomarz J. Panthaki

Membership No. 125943

UDIN: 20125943AAAAAT2702