Private & Confidential – For Private Circulation Only:

This information memorandum is neither a prospectus nor a statement in lieu of prospectus. This information Memorandum is prepared inconformity with Securities and Exchange Board India (Issue and Listing of debt Securities by municipalities) Regulations, 2015 and as amended from time to time

Dated: 25th Sep 2018

MUNICIPAL CORPORATION BHOPAL

Harshwardhan Complex, Mata Mandir, Bhopal

MUNICIPAL CORPORATION,BHOPAL

PRIVATE PLACEMENT OF SECURED TAXABLE NON CONVERTIBLE REDEEMABLE BONDS IN THE NATURE OF DEBENTURES ("BONDS") OF FACE VAIUE OF RS.10 LAKHS EACH AT PAR AGGREGATING TO SSUE SIZE OF INR 100 CRORES AND GREEN SHOE OPTION OF RS 75CRORES AGGREGATING TO RS. 175 CRORES BY MUNICIPAL CORPORATION BHOPAL PROPOSED TO BE LISTED ON NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE").

GENERAL RISK

For taking an investment decision, investors must rely on their own examination of the Issue, the Issuer and this Information Memorandum including the risks involved as mentioned in this Information Memorandum. The Bonds have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Information Memorandum.

CREDIT RATING

The Bonds proposed to be issued by the Municipal Corporation, Bhopal have been assigned a rating of BWR AA(SO) /Outlook: Stable by BRICKWORK Ratings India vide its letter dated 5th September 2018 and ACUITE AA (SO)/Outlook Stable by ACUITE Ratings and research limited (erstwhile SMERA Ratings Limited) vide its letter dated 6th September 2018.

आलोक शर्मा
महापौर
नगर निगम, भोपाल

COMMISSIONER
Bhopal Municipal Corporation

TRANSACTION ADVISORS		
AXIS BANK	TRUST	S K Patodia & Associates CHARTERED ACCOUNTANTS
AXIS BANK LTD. Axis Bank Limited, 'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025	**TRUST INVESTMENT ADVISORS PVT LTD** 1101, C-31, Naman Centre, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051	**S K PATODIA & ASSOCIATES** Shree Shakambhari Corporate Park, Plot No. 156 - 158, Chakrvarti Ashok Complex, J B Nagar, Andheri (E), Mumbai – 400099
TRUSTEE FOR THE BONDS		**REGISTRAR FOR THE ISSUE**

VISTRA ITCL

KARVY Computershare

NAME: Vistra ITCL (India) Limited.
IL&FS Financial Centre, Plot C- 22, G Bbock, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Tel - +91 2226593150
Facsimile +91 2226539297
Contact person: Compliance Officer
Email:itclcomplianceofficer@vistra.com
Website:www.vistraitcl.com
SEBI registration no: IND000000578

NAME: Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31-32, Gachibowli Financial district, Nanakramguda, Hyderabad
Tel - +91 406716 2222
Facsimile +91 4023001153
Contact person: Mr. S P Venugopal
Email:venu.sp@karvy.com
Website:www.karvycomputershare.com
SEBI registration no: INR000000221

ISSUE/BID OPENS ON	ISSUE/BID CLOSES ON	PAY-IN DATE/DATE OF ALLOTMENT
25th Sep 2018	25th Sep 2018	26th Sep 2018

LISITNG:NATIONAL STOCK EXCHANGE (NSE)

Arrangers to the Issue: Axis Bank Limited, Trust Investment Advisors Pvt Ltd & AK Capital

The Issuer reserves its sole and absolute right to modify (pre-pone/postpone) the above Issue schedule without giving any reasons or prior notice. The Issuer also reserves its sole and absolute right to change the Date of Allotment or other terms and condition of the above issue without giving any reasons or prior notice.

Mayor, Municipal Corporation Bhopal

महापौर
नगर निगम, भोपाल

Commissioner, Municipal Corporation Bhopal

COMMISSIONER
Bhopal Municipal Corporation

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1. DISCLAIMERS

1.1 Disclaimer of the Municipal CorporationBhopal ('BMC' or "Issuer" or Corporation)

This Information Memorandum is neither a prospectus nor a statement in lieu of prospectus and is prepared in accordance with the Securities and Exchange Board of India (issue and Listing of Debt Securities by Municipalities) Regulations, 2015, issued vide notification no. SEBI/LAD-NRO/GN/2015-16/006 dated July 15, 2015, as amended from time to time. This Information Memorandum does not constitute an offer to the public in general to subscribe for or otherwise acquire the Bonds to be issued by Municipal Corporation Bhopal. This Information Memorandum is for the exclusive use of the addressees to whom it has been addressed and it should not be circulated or distributed to third party(ies). This Issue is being made strictly on a private placement basis. Apart from this Information Memorandum, no other offer document has been prepared in connection with the offering of this Issue or in relation to the Bonds.

This Information Memorandum is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the Bonds issued by the Issuer. This Information Memorandum has been prepared to give general information regarding Municipal Corporation Bhopal to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that, such party may require. Municipal Corporation Bhopal believes that the information contained in this Information Memorandum is true and correct as of the date hereof.

Municipal Corporation Bhopal does not undertake to update this Information Memorandum to reflect any subsequent events and thus prospective subscribers must confirm the accuracy and relevance of any information contained herein with Municipal Corporation Bhopal However, Municipal Corporation Bhopal reserves its right for providing the information at its absolute discretion Municipal Corporation Bhopal accept no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility. Prospective subscribers must make their own independent evaluation and judgment before making investment and are believed to be experienced in investing in debt markets and are able to-bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscribers to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscribers to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Information Memorandum should be construed as advice or recommendation by the Issuer to subscribers to the Bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

1.2 Disclaimer of the Securities & Exchange Board of India

This Information Memorandum has not been filed with SEBI. The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this

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Information Memorandum. It is to be distinctly understood that this Information Memorandum should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Information Memorandum. The Issue of Bonds being made on private placement basis, filing of this Information Memorandum with SEBI is not required. However, SEBI reserves the right to take up at any point of time with the Issuer, any irregularities or lapses in this Information Memorandum.

1.3 Disclaimer of the Stock Exchanges

As required, a copy of the Information Memorandum shall be filed with the WDM segment of NSE in accordance with Securities and Exchange Board of India (Issue and Listing of debt securities by Municipalities) Regulations, 2015, issued vide Notification No. SEBI / LADNRO/ GN /2015-16/ 006 (dated July 15, 2015), as amended from time to time.

It is to be distinctly understood that submission of the Information Memorandum to the Stock Exchange should not in any way be deemed or construed to mean that the Information Memorandum has been cleared or approved by NSE; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

This Document is to facilitate investors to take an informed decision for making investment in the proposed Issue.

1.4 Disclaimer of the Rating Agencies:

A BRICKWORK rating reflects Brickwork's current opinion on the likelihood of timely payment of the obligation under rated instrument and does not contribute an audit of the rated entity by BRICKWORK. BRICKWORK ratings are based on the information provided by the Issuer or obtained by BRICKWORK from sources it considers reliable. BRICKWORK Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A BRICKWORK rating is not a recommendation to buy sell or hold the rated instrument, it does not comment on the market price or suitability for a particular investor. All BRICKWORK ratings are under surveillance. Ratings are revised as and when circumstances so warrant. BRICKWORK Ratings is not responsible for any errors and especially, states that it has no financial liability whatsoever to the subscribers/users/transmitters/distributors of this product. BRICKWORK rating criteria are available without charge to the public on the BRICKWORK Ratings website www. BrickworkRatings.com.

An Acuite ratings reflects Acuite Ratings's current opinion on the likelihood of timely payment of the obligation under rated instrument and does not contribute an audit of the rated entity by Acuite Ratings. Acuite ratings are based on the information provided by the Issuer or obtained by Acuite Ratings from sources it considers reliable. Acuite Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. An Acuite Rating is not a recommendation to buy, sell or hold the rated instrument, it does not comment on the market price or suitability for a particular investor. Ratings are revised as and when circumstances so warrant. Acuite Ratings is not responsible for any errors and especially, states that it has no financial liability whatsoever to the

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subscribers/users/transmitters/distributors of this product. Acuite Ratings India Limited's rating criteria are available without charge to the public on the Acuite Ratings' website www. acuite.in.

1.5 Disclaimer of the Transaction Advisors:

Role of the Transaction Advisor in present transaction is limited to advising the Issuer in relation to market scenarios, coordination with the external agencies, assisting in -framing of the credit rating enhancement, etc., in respect of the Bonds. The Transaction Advisor has not done any independent verification of the information provided and relied on the information provided by Issuer. Transaction Advisor cannot guarantee the accuracy of the Information provided in this document. It is the responsibility of the Issuer to obtain all necessary approvals for issuance of the Bonds.

The Issuer has prepared this Information Memorandum and the Issuer is solely responsible and liable for its contents. The Issuer confirms that all the information contained in this Information Memorandum has been provided by the Issuer or is from publicly available information, the use of which isn't regulated or prohibited by applicable law or regulation relating to issuer dealing or otherwise and that such information has not been independently verified by the Transaction Advisor.

No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Transaction Advisor or any of their employees, directors or their Affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Transaction Advisor hereby expressly disclaims any responsibility or liability to the fullest extent for the contents of this Information memorandum, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions there from. Neither Transaction Advisor and its affiliates, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of this document. By accepting this Information Memorandum, the Eligible Investor accepts this disclaimer of the Transaction Advisor, which forms an integral part of this Information Memorandum and agrees that the Transaction Advisor will not have any such liability.

The Eligible Investors should carefully read this Information Memorandum. This Information Memorandum is for general information purposes only, without regard to specific objectives, suitable financial situations and needs of any particular Person and does not constitute any recommendation and the Eligible Investors are not to construe the contents of this Information Memorandum as investment legal, accounting, regulatory or tax advice, and the Eligible Investors should consult with its own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Bonds. This Information Memorandum should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

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This Information Memorandum is confidential and is made available to potential investors in the Bonds on the understanding that it is confidential. Recipients are not entitled to use any of the information contained in this Information Memorandum for any purpose other than in assisting to decide whether or not to participate in the Bonds. This document and information contained herein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted, sold, distributed or published by the recipient without the prior written approval from the Transaction Advisor and the Issuer. This Information Memorandum has not been approved and will or may not be reviewed or approved by any statutory or regulatory authority in India or by any Stock Exchange in India. This document may not be all inclusive and may not contain all of the information that the recipient may consider material.

The investors should take their own informed decision for investment in these bonds and in no way are the transaction advisors or any of its directors and employees are responsible for any investment decision by prospective investors, based on this document

1.6 Disclaimer of the Trustee:

Investors should carefully read and note the contents of the Information Memorandum. Each prospective Investor should make its own independent assessment of the merit of the investment in Bonds and the Issuer. Prospective Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment the Bonds and should possess the appropriate resources to analyse such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt market and are able to bear the economic risk of investing in such instruments.

1.7 Disclaimer of the Legal Counsel

The role of the Legal Counsel in present transaction is limited to advising the Issuer in relation to applicable laws in respect of the Bonds. The Legal Counsel has not done any independent verification of the information provided and relied on the information provided by Issuer. Legal Counsel cannot guarantee the accuracy of the information provided in this document. It is the responsibility of the Issuer to obtain all necessary approvals for issuance of the Bonds.

The Issuer has prepared this information on the basis of publicly available information and its own resources, use of which is not restricted by any law and is solely liable for contents of this document. No representation or warranty is made directly or indirectly, it or will be made by employees, representatives, associates or partners of the Legal Counsel, for accuracy, completeness of the information contained in this document and Legal Counsel disclaims any responsibility or liability to fullest extent for contents of this document. Neither the employees nor the representatives or partners of the Legal Counsel shall be liable for any damage direct or indirect if any suffered by any person, any loss of profit or any other loss, direct or indirect, that may arise by use of this document. By accepting this document investor accept the disclaimer of the Legal Counsel, which forms an integral part of this document and agrees that Legal Counsel will not have any liability.

COMMISSIONER
Bhopal Municipal Corporation

This Information Memorandum does not form any advice or suggestion and eligible investors shall not construe contents of this Information Memorandum as any sort of advice legal, regulatory or tax related and eligible investors shall consult their own advisors before investing in these Bonds.

Please note that:

The Legal Counsel may have been associated with Issuer or entities related to Issuer or may be associated with them in future. As a result of such relation Legal Counsel may come to know about information that may be relevant. However same may not be disclosed under client attorney relationship. Legal Counsel is not acting as trustee or in fiduciary duty for the investors.

Issuer declares that it has made necessary due diligence to ensure complete compliance regarding disclosure norms for the information as per applicable law and Legal Counsel is not responsible:

- for any information supplied by the Issuer or any other person in written or oral, in relation to this documents;
- for accuracy, completeness, adequacy, effectiveness of the information contained in this document; and
- For any determination as to any information provided in this document is public information or not, use of which may be prohibited by some law.

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2. FORWARD LOOKING STATEMENTS

All statements in this Information Memorandum that are not statements of historical facts constitute forward looking statements. Readers can identify forward-looking statements, by terminology like " aim' , " anticipate" , " intend" , " believe", ' continue", " estimate" , "expect" "may" ' " objective" ' " plan", "potential", "project", "pursue", "shall" "should", "will" or "would" or other words or phrases of similar import. All statements regarding the Issuer's expected financial condition and results of operations, business, plans and prospects are forward looking statements. These forward-looking statements and any other projections contained in this Information Memorandum (whether made by the Issuer or any third party are predictions and involve known and unknown risks, uncertainties and other factors that may cause the Issuer's actual results, performance and achievements to be materially different from any future results, performance or achievements, expressed or implied, by such forward looking statements or other projections.

The forward-looking statements contained in this Information Memorandum are based on the beliefs of the management of the Issuer, as well as the assumptions made by and information available to management as at the date of this Information Memorandum. There can be no assurance that the expectations will prove to be correct. The Issuer expressly disclaims any obligation or undertaking to release any updated information or revisions to any forward-looking statements contained herein to reflect any changes in the expectations or assumptions with regard thereto or any change in the events, conditions or circumstances on which such statements are based. Given these uncertainties, recipients are cautioned not to place undue reliance on such forward-looking statements. All subsequent written and oral, forward looking statements attributable to the Issuer are expressly qualified in their entirety by reference to these cautionary statements.

INDUSTRY AND MARKET DATA

Market data and certain industry forecast used throughout this Information Memorandum have been obtained from publicly available information. Accuracy and completeness of such information is not guaranteed. The Issuer does not make any representation as to the accuracy of that information.

COMMISSIONER
Bhopal Municipal Corporation

3. DEFINITIONS AND ABBREVIATIONS

LIST OF ABBREVIATIONS

ADB	:	Asian Development Bank
BCLL	:	Bhopal City Link Limited
BMC	:	Municipal CorporationBhopal
BRTS	:	Bus Rapid Transit System
BSCDCL	:	Bhopal Smart City Development Corporation Limited
GoI	:	Government of India
GoMP	:	Government of Madhya Pradesh
HUDCO	:	Housing & Urban Development Corporation
IoT	:	Internet of Things
MoUD	:	Ministry of Urban Development
MPHIDB	:	Madhya Pradesh Housing and Infrastructure Development Board
MPUDCL	:	Madhya Pradesh Urban Development Corporation Limited
NRW	:	Non-Revenue Water
RMS	:	Reservoir Management System
SAAP	:	State Annual Action Plan
SEBI	:	Securities and Exchange of India
SPV	:	Special Purpose Vehicle
ULB	:	Urban Local Body
WMD	:	Water Management District

COMMISSIONER
Bhopal Municipal Corporation

DEFINITIONS OFTHE TERMS

General Terms:

Term	Description

"BMC" or "Issuer" or "Corporation"	Municipal Corporation Bhopal established under Madhya Pradesh Municipal Corporation Act, 1956 having its Head Office at Harshwardhan Complex, Mata Mandir, Bhopal
"We", "us", "our"	Unless the context otherwise requires, the Corporation

Issuer related Terms

Term	Description
Act/MPMC Act	Madhya Pradesh Municipal Corporation Act, 1956, as amended from time to time
Commissioner	Commissioner, Municipal Corporation Bhopal
Council Members	Member of the Mayor-in-council of the corporation
Committee	Committee as constituted under the provisions of Act as mentioned in this Information Memorandum
Head Office	Harshwardhan Complex, Mata Mandir, Bhopal
IA	Industrial Area

Issue Related Terms:

Term	Description
AY	Assessment Year
ACUITE	Acuite Ratings and Research Limited (erstwhile SMERA Ratings Limited)
Allotment / Allot / Allotted	The issuance and allotment of the Bonds to the successful Applicants in the Issue
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue, either in full or in part
Applicant/Investor	A person who makes an offer to subscribe to the Bonds pursuant to the terms of this Information Memorandum and the Application Form
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for allotment of Bonds in the Issue
Bondholder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositors
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section (1) of Section 2 of the depositories 4ct,1996
Bond(s)	Secured, Taxable, Non-Convertible, Redeemable Bonds in the nature of Debentures of face value Rs. 10 lakhs each, at par to be issued by BMC proposed to be listed on NSE through private placement route under the terms of this Information Memorandum

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Brickwork/BRICKWORK	Brickwork Ratings India Private Limited
CDSL	Central Depository Services (India) Limited
Coupon/Interest Payment Date	As mentioned in Summary Sheet
Debt Securities	Non-convertible debt securities which create or acknowledge indebtedness and include debentures, bonds and such other securities of a body corporate or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the issuer or not, but excludes security bonds issued by the Government or such other bodies as may be specified by SEBI, security receipts and securitized debt instruments.
Date of Allotment	The cut-off date declared by the Corporation with effect from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s).
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time, in present case/ being NSDL and CDSL
Depositories Act	The Depositories Act,1996,, as amended from time to time
Depository Participant	A Depository Participant as defined under the Depositories Act.
Information Memorandum	Information Memorandum dated 25th Sep 2018for private placement of Secured, Taxable, Non-Convertible, Redeemable Bonds in the nature of Debentures of face value Rs. 10,00000each, at par aggregating to INR 100Crores plus a green shoe option of INR 75 Crores byBMC
DP	Depository Participant
DRR	Bond/ Debenture Redemption Reserve
EBP	Electronic Bidding Platform
Financial Year/FY	Period of twelve months beginning from April 1 of a calendar year and ending on March 31 of the subsequent calendar year
GIR	General Index Registration Number
GoI	Government of India
IT Act	The Income Tax Act, 1961, as amended from time to time
IT	Information Technology
MF	Mutual Fund
Municipality	An institution of self-government constituted under Article 243Q of the Constitution of India
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
Private Placement	Any offer of debt securities or invitation to subscribe to debt securities to a select group of persons by a municipality through issue of a private placement offer letter to not more than two hundred persons, which shall not intend to result in, directly or indirectly, the debt securities becoming available for subscription or purchase by persons other than those receiving the offer or invitation
Rs./INR	Indian National Rupee
RTGS	Real Time Gross Settlement
Record Date	As mentioned in the Summary Term Sheet
Registrar	Registrar to the Issue, in this case being, Karvy Computershare Private Limited
SEBI	The Securities and Exchange Board of India constituted under the

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	SEBI 4ct,7992
SEBI Act	Securities and Exchange Board of India 4ct,1992, as amended from time to time
SEBI Municipal Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) Regulations, 20L5, as amended from time to time
Stock Exchange	A "Stock Exchange" means a recognised stock exchange in which securities of an Issuer are listed or proposed to be listed and which is chosen by the Issuer as a designated stock exchange for the purpose of a particular issue of debt securities under these regulations
TDS	Tax Deducted at Source
The Issue/the Offer/ Private Placement	Private Placement of Secured, Taxable, Non-Convertible Redeemable Bonds in the nature of Debentures of face value of 10,00,000 each, at par aggregating to INR 175 crore by BMC
Trustee/Bond Trustee	Trustees for the Bondholders, in this case being, Vistra ITCL (India) Limited

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4. GENERAL INFORMATON ABOUT THE ISSUER

4.1 Head office/quarters of the issuer

Mata Mandir Square,
Harshavardhan Nagar, Bhopal,
Madhya Pradesh 462026

4.2 Compliance Officer of the Issuer

Mr. Avinash Lavania, I.A.S,
Commissioner Municipal Corporation,
Mata Mandir Square,
Harshavardhan Nagar, Bhopal,
Madhya Pradesh 462026

4.3 Additional Commissioner (Finance)

Mr. Dharmendra Singh Hada,
Mata Mandir Square,
Harshavardhan Nagar, Bhopal,
Madhya Pradesh 462026

4.4 Transaction Advisor

AXIS BANK LTD.

Axis Bank Limited, 'Axis House', C-2,
Wadia International Centre, Pandurang Budhkar Marg,
Worli, Mumbai - 400 025

TRUST INVESTMENT ADVISORS PVT LTD

1101, C-31, Naman Centre,
Bandra Kurla Complex, Bandra East,
Mumbai, Maharashtra - 400051

S K PATODIA & ASSOCIATES

Shree Shakambhari Corporate Park,
Plot No. 156 - 158,
Chakrvarti Ashok Complex, J B Nagar,
Andheri (E), Mumbai - 400099

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Bhopal Municipal Corporation

4.5 Trustee of the Issue

Vistra ITCL (India) Limited

IL&FS Financial Centre, Plot C- 22,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
Tel - +91 2226593150

4.6 Registrar to the Issue

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli Financial district,
Nanakramguda, Hyderabad

4.7 Credit rating agency (ies) of the Issue

1. Brickwork Ratings India Pvt Ltd.
   3d Floor, Raj Alkaa Park,
   Kalena Agrahara, Bannerghatta Road,
   Bengaluru - 560706
   Tel +91 80-40409941
   Facsimile: + 91-80-40409941,
   E-mail info@brickworkratings. com
   Website: www. BrickworkRatings.com

2. ACUITE Ratings and Research Limited (erstwhile SMERA Ratings Ltd)
   102, Sumer Plaza., Marol Maroshi Road, Marol
   Andheri (East), Mumbai- 400 059
   Tel + 91-2267141111,
   Facsimile: + 91-2267141142,
   E-mail info@acuite.in
   Website: www. acuite.in

4.8 Auditors of the Issue

Residential Audit Department Setup by State Government,
Municipal Corporation Bhopal Mata Mandir Square,

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Harshavardhan Nagar, Bhopal,Madhya Pradesh 462026

4.9 Legal Counsel

MVKini, Law Firm
Kini House,
6/39,Jangpura B,
New Delhi-110014

4.10 Escrow Bank

AXIS BANK LTD.

Axis Bank Limited, 'Axis House', C-2,
Wadia International Centre, Pandurang Budhkar Marg,
Worli, Mumbai - 400 025

4.11 The relevant Act under which the Issuer is incorporated and governed

Municipal Corporation Bhopal is incorporated under and governed by the Madhya Pradesh Municipal Corporation Act, 1956.

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5. RISK FACTORS

5.1 General Risk

The prospective Investors should consult their own tax, financial and legal advisors about the risks associated with investment in bonds and suitability of investment in such bonds. Investment in these bonds include a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment in bonds if the bonds are not held till or for any reason sold before their maturity. For taking an investment decision, investors must rely on their own examination of the Issue, the Issue and this Information Memorandum including the risks mentioned below. The Bonds have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of this Information Memorandum.

5.2 Credit Risk

The Credit rating assigned to us may be downgraded. The Bonds have been given a rating of BWR AA (SO) /Outlook: Stable by Brickwork Ratings India Private Limited and ACUITE AA (SO)/Outlook Stableby Acuite Ratings & Research Limited which is considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. However, if there is deterioration in our financial performance or position, accumulation of debt or if there are any statutory or regulatory restrictions detrimentally affecting our ability to collect revenues or manage expenditures, credit rating assigned to the Bonds may be downgraded. Any downgrading in our credit rating or credit rating of instruments will result in an enhanced risk to the Bondholders. However, to safeguard the interest of the Bondholders, a structured payment mechanism has been formulated to prioritize the assets of the Corporation towards a timely payment of interest and repayment of the principal.

5.3 Project Risk

We may not be able to adhere to timelines. BMC, the Corporation, as a part of its fiduciary responsibility implements and executes various projects for the better living of the citizens of the Bhopal City such as water treatment plants, sewerage projects, drainage projects, solid waste management projects, road, parks, bridges and housing projects which involves significant amount of capital. The Corporation besides using its own revenue also depends on various central & state government grants and loans from banks and financial institutions for completion of such projects. Any delay in getting requisite approval for such projects can result in cost and time overrun and as a result delay in revenue generation from such projects. However, the servicing of debt for the issue shall not be affected as the payment of the same is happening by a structured payment mechanism as explained later.

5.4 Financial Risk:

The potential investor may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/ or the interest accrued thereon in connection with the Bonds. BMC's ability to pay interest accrued on the Bonds and / or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including inter-alia BMC's financial

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condition, profitability, revenue generation and the general economic conditions prevailing in India and in the global financial markets. BMC will create an appropriate escrow account in favour of the Bond Trustee for the Bondholders to ensure sufficient funds for repayment of principal and interest accrued thereon. The realizable value of the Bonds may be lower than the outstanding principal and/ or interest accrued thereon and consequently the potential investor may not be able to recover on a timely basis or at all, the full value of the outstanding amounts and/ or the interest accrued thereon in connection with the Bonds. In worst case scenario or due to changes in the legislations impacting the revenue generation i.e. owned revenues and assigned revenues, BMC cannot assure that BMC would be able to repay the principal amount outstanding from time to time on the Debentures and/ or the interest accrued thereon in a timely manner or at all.

Inconsistent Revenue Collections: Generally, our revenue collection through property tax, user charges and other fees and other own revenue sources are not consistent throughout the year and may be higher in certain parts of the financial year.

Financial Statement: The audited financial statements through FY 2015-16& FY 2016-17 and derived ratios there from contained in the Information Memorandum have been prepared / computed as per the permissible practices. While due care has been taken to reflect the true economic reality regarding the financials of the Corporation as far as possible, the investors may want to make their own adjustments to the same before arriving at an investment decision in this Bond issue.

5.5 External Force Majeure Risks

External factors like natural calamities; terrorism etc. may affect our operation and may delay the Project implementation.

5.6 Risk related to change in Policy Focus of BMC

Periodic elections and/ or rotation of the key officers and decision makers can result in changes in policy focus for the Municipal Corporation which can affect the distribution of resources devoted to both operating services and capital projects. While such changes in policy focus might affect the relative priority of capital expenditures for the Project, this will not affect the payment of debt service on the Bonds, which are secured by escrow on own revenues to be collected and remitted to the escrow agent for payment of debt service for the life of the bonds through a structured payment mechanism.

5.7 Risk in relation to the Bond; Changes in the Interest rates may affect the prices of the bonds

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest which frequently accompany inflation and/ or a growing economy are likely to have a negative effect on the price of the Bonds. The secondary market pricing of the Bonds is subject to factors affecting the general economic condition in India and in the domestic and global financial market. All securities where a fixed rate of interest is offered, such as in the present case, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rises, prices of fixed income securities fall and when interest rates drop, the prices increase.

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The extent of fall or rise in the prices is a function of the existing coupon days to maturity, credit rating and the increase or decrease in the level of prevailing interest rates. Thus, the investor may face volatility in the price of the Bonds issued due to above mentioned factors.

5.8 Any downgrading in credit rating of the Bonds may affect the value of Bonds and thus the Issue/s ability to raise further debts:

The Bonds proposed to be issued under this Issue have been rated BWR AA (SO) /Outlook: Stableby Brickwork Ratings India Private Limited and ACUITE AA (SO)/Outlook Stable by Acuite Ratings & Research Limited. The Issuer cannot guarantee that these Credit ratings will not be downgraded by the rating agencies in future. The ratings provided by these Credit Rating Agencies may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit rating may lower the value of the Bonds and may also affect the Issuer's ability to raise further debt.

5.9 There is no guarantee that the Bonds issued pursuant to this Issue will be listed on the stock exchanges in a timely manner, or at all:

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the stock exchange. However, the Corporation shall do all necessary actions for listing of the bond in timely manner.

5.10 There may be a delay in making refunds to applicants

The Issuer cannot assure that the monies refundable to applicants on account of (a) withdrawal applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the exchanges for listing of Bonds, (d) non-allotment due to technical rejections or over subscriptions will be refunded to the applicants in a timely manner.

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6. ORGANISATION STRUCTURE

6.1 Details of the Corporation Structure:

Municipal Corporation Bhopal is the governing body of the city of Bhopal in the Indian state of Madhya Pradesh. The municipal corporation consists of democratically elected members, is headed by a mayor and administers the city's infrastructure and public services. Members from the state's leading various political parties hold elected offices in the corporation.

As per Section 6 of the Madhya Pradesh Municipal Corporation Act, 1956 following municipal authorities are charged with carrying out the provisions of the Madhya Pradesh Municipal Corporation Act, 1956:

(a) the Corporation;

(b) the Mayor-in-Council;

(c) the Mayor;

(d) the Commissioner

Constitution of the Corporation:

Subject to provisions of Section 9 of the Madhya Pradesh Municipal Corporation Act, 1956 the Corporation shall consist of a (i) Mayor, who shall be the chairperson and elected by direct election from the Municipal area; (ii)Councillors elected by direct election from the wards; (iii) not more than six persons having special knowledge or experience in the Municipal administration, nominated by the State Government; (iv) Members of the House of the People and the Members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly the Municipal area and (v) Members of the Council of States registered as electors within the municipal area.

Provided that a member of the House of the People and a member of the State Legislative Assembly as mentioned in clause (d) or a member of Council of States, as mentioned in clause (e) may nominate his representative, who possesses such qualifications as may be prescribed in this behalf to attend the meeting of the Corporation.

In accordance with Section 10 of Madhya Pradesh Municipal CorporationAct, 1956 State Government may decide the number of wards in the municipal area. Certain wards shall be reserved for person belonging to schedule caste and schedule tribes. Presently, municipal area of Indore consists of 85 wards. Presently 85, councillors form the Corporation.

The Corporation shall meet at least once in every two months and every Committee shall meet at least once in every month for the transaction of its business and shall be presided by speaker. Quorum of meeting shall be 1/3 of the councillors.

Duties of the Councillors:

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Subject to provisions of the Madhya Pradesh Municipal CorporationAct, 1956 councillors shall be present and take part in the meetings of the Corporation and on requirement give vote in his discretion in favour or against, on the matters included in the agenda and shall draw the attention of the Commissioner or the head of the departments concerned, towards and loss to the Corporation property or any short comings in any scheme or service or any work being executed by the Corporation.

Constitution of Mayor-in-Council:

The Mayor-in-Council shall consist of the Mayor and not less than 5 and not more than 10 members in every Corporation. All the members shall be nominated by the Mayor from amongst the elected Councillors of the Corporation and out of which at least one memberfrom Scheduled Castes or Scheduled Tribes, one member from Other Backward Classes and one member from women category shall be nominated.

The quorum for the meeting of the Mayor-in-Council or any other Committee appointed shall be one-half of total of its members.

The additional commissioners manage the departments related to the Building permissions, Revenue, Property tax, GAD, Establishment, Health, CWS and Finance. The pictorial representation of the same is as below:

Structure at each department level is presented as under:

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6.2 Details of the Council members Position:

SN	Position
1	Mayor
2	Chairman
3	Commissioner
4	Additional Commissioner
5	Additional Commissioner
6	Additional Commissioner
7	Additional Commissioner (Finance)
8	Corporate Secretary

6.2 Details of the Mayor of the Corporation and his Powers:

Mayor shall be elected by direct election from the Municipal area. The Mayor shall (a) have administrative control over the officers and servants of his office including the office of the Mayor-in-Council and Appeal Committee and exercise such powers and perform such functions as described in the Act or the Rules made thereunder.

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Mr. Alok Sharma is the Mayor of the BMC. Mr. Alok Sharma became Mayor of Bhopal since February 2018. Born in Bhopal itself in 1967, Mr. Sharma has previously been ward corporator for two consecutive terms of 5 years each (from 1994 to 2004). During his second tenure he was also member of Standing Committee of Municipal Corporation. Mr. Alok Sharma studied and graduated in commerce from Safia College, Barkatullah (Abdul Hafiz Mohamed Barakatullah)University, India. He has been general secretary of BJP, Bhopal District in 2005 and District President of BJP, Bhopal in 2010 and 2013 both.

6.3 Details of the Commissioner and his Powers:

The Commissioner for the Corporation shall be appointed by the Government for a renewable period not exceeding five years. The Commissioner shall be the principal executive officer of the Corporation. He shall have the right to speak at, and otherwise take part in any meeting of the Corporation or any Committee thereof, but shall not be entitled to vote or to move any proposition.

Mr. Avinash Lavania is the commissioner of the BMC who is a B.Tech and M.Tech (dual degree) grad from IIT Delhi. A brief detail of his various assignments are as follows:

- Underwent Training at LBSNAA, Mussoorie 12/12/2009 to19/05/2010
- Assistant Collector, Narsinghpur 19/05/2010 to 17/08/2011
- SDO Mhow 17/08/2011 to 25/09/2012
- CEO, Zila Panchayat, Badwani 25/09/2012 to 31/12/2012
- CEO, Zila Panchayat, Balaghat 01/01/2013 to 03/07/2013
- Project Director Mp State Electronic Dev Corporation Ltd. 03/07/2013 to 07/08/2014
- Mela Adhikari Simhasth Mela, Ujjain
- Commissioner Municipal Corporation, Ujjain 07/08/2014 to 31/08/2016
- Collector, Hoshangabad 31/08/2016 to 25/05/2018

6.5 Details of various committees

6.5.1 General Administration Department

The primary work of the department is to look after the day to day activities of the Council related to administration and communication. The few of the major activities administered include the appointment, appraisal and transfer of the members, management of contributions given to the various departments and management of trainings conducted by various other departments. This department contains various sub departments like Process, Audit, pension, Central repository & Printing, Public complaints resolution cell, Computer, Call center, Public Information cell, Security, Mayor Department.

6.5.2 Health and Environment Department

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Health and Environment department has various sub departments like, health division, Nigam hospital, Veterinary division, Udhyan division and lake Protection cell. This department works majorly on prevention of water/rain borne diseases, disaster management, Cleaning of sewers and gutter before rain, Door-to-door solid waste management, control of street dogs, cleanliness of the city, garbage management.

6.5.3 Education, Social justice, and Cultural Department

The department contains various sub – departments like education division, Food and supply division, Sports cell, Social security and pension cell, Chief Minister Teerth Darshan yojna. The major work and responsibility of the department includes Promoting education among the citizens, maintaining, operating and uplifting education centers, providing adequate supply of food for the citizens through ration cards, promoting activities related to the sports & Fitness and collective marriage.

6.5.4 Planning & Rehabilitation Department

The various sub-departments under the Nomination and resettlement department are Building authorization division, Encroachment division, valid colony cell, invalid colony cell, Public Private Partnership (PPP) cell whose major duties and responsibilities are to oversee various activities related to the construction of properties, permissions & their taxation, encroachments, land acquisition and resettlement, establishment and development of legal colonies, identifying illegal colonies & rehabilitation of their residents. PPP cell has taken Development and O & M of Regional Integrated Solid Waste Management (ISWM) Project, Door to Door Collection (DTDC), Transportation (Primary and Secondary), Processing and Regional Landfill Facility for Bhopal (Lead ULB) Cluster of Eight cities (M.P.) under Smart City project.

6.5.5 Public Relations and Library Department

Public relations and library department was established by the BMC for the mass benefit of the residents of Bhopal. Its duties and responsibilities are around the activities related to apprising public of the various schemes for their benefit and the developments made around the city. They aim at increasing awareness among the public through various mediums of communication like magazines, televisions, public events, newspapers etc. The department also establishes and maintains libraries across the city. Currently there are a total of 4 libraries among which Dr. Ambedkar library is the largest among all.

6.5.6 Fire Brigade and Transportation Department

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The Fire Brigade and transportation department has Fire Brigade and central mechanical workshop as the sub-departments whose duties and responsibilities centres around dealing with fire breakouts and accidents during 24 hours on all 7 days.

6.5.7 Electrical Department

The duties and responsibilities of the electricity department is to make electricity available to all the public places of Bhopal, manage electricity connections to new places and manage electric supply to gardens, government schools and cultural events in the city.

6.5.8 Engineering Department

The duties and responsibilities of the mechanical department are cantered on the activities related to the construction, development and maintenance of roads, streets, public buildings & schools, shopping complexes, multi-level parking, other municipal properties and beautification of the city.

6.5.9 Revenue, Property Tax and Projects Department

The various departments under the department are revenue division, property tax division, Project division, Banking & registration division, marriage registration division, parking cell, natural resource division. The duties and responsibilities of this department are related to collection of taxes, inspection of office properties, renewal of leases, protection of council properties, and issuance of permission for the usage of the city lakes.

6.5.10 Accounts Department

The activities of the Accounts department are related to the accounting & control, budgeting and payments. It reviews, accepts/rejects the payments for the activities related to the various projects of the Council.

6.5.11 Water Works and Public Health Department

The various departments under the water works department look after the water management of the city. This includes making water pipelines available to most of the areas and in the absence of same making taker facility available. Few of the various projects undertaken by WWD are AMRUT

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project, Kolar gravity main and feeder replacement, water supply to the extended areas and JNNURM.

6.5.12 Prime Minister Awas Yojna (PMAY) Department – Housing for All Urban

The PMAY aims at making the cities slum/jhuggi house free by providing affordable concrete house. Under this project the PMAY department works around identification of the needy families and construction of houses for them. Under the scheme, Rs. 3 lacs are given by central and the state government in the 1:1 ratio. There is also a subsidy on the rate of interest charged on the house loan based on the total value.

6.5.13 National Urban Livelihood Mission

The department carries out the activities related to the various projects aimed at providing livelihood to the urban population below the poverty line for the overall development. Few of the various projects that have been taken by the department are Dindayal yojna, Chief Minister Self-employment project, Chief Minister financial assistance yojna, Skill development, training and placement project, public shelter home project etc.

6.5.14 Constituency and Census Department:

The activities of Census department are creation of population statistics, generation of awareness among the general public about the council works.

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7. BRIEF SUMMARY OF THE BUSINESS/ACTIVITIES OF THE ISSUER

7.1 Overview of the Issuer (Municipal Corporation Bhopal)

Municipal Corporation Bhopal (BMC), is the Municipal body for the city of Bhopal & has been mandated to work upon various duties including, basic services to citizens, implementation and monitoring of various development projects (social and physical infrastructure), increase the municipal revenue income as well as generate innovative ways to increase the municipal revenue.

The Corporation has to provide functions as mentioned in Madhya Pradesh Municipal CorporationAct, 1956 as enumerated below:

Matters to be provided for compulsorily by the Corporation:

- Administering all line departments and agencies involved in development of the city
- Coordination between various department/sections of BMC.
- Ensuring efficient delivery of basic services like drinking water, sanitation, roads, street lights, fire mitigation including disaster management etc. using clean technologies, cost efficient methods and other smart initiatives.
- Conservation and beautification of the lakes, and structural heritage.
- Planning, construction, up-gradation and maintenance of urban transport system which includes public transport, parking, new corridors (BRTS) etc.
- Work As ex-officio Board of Directors, Bhopal City Link Limited (City Transport SPV) which ensures commercial operation of Public transport (Inter City Bus Service, Intra City Bus System, Intra City Public Taxi Service, etc.)
- Implementation of projects sanctioned under JNNURM, ADB assisted Project Uday, Housing for All, and Implementation of DFID assisted MPUIIP, Rajiv Awas Yojna, Chief Minister Urban Infrastructure Development Scheme, Various PPP Projects (Multilevel Parking etc.).
- Regulatory works like building permission, development permission, and encroachment removals.
- Computerized municipal processes through SAP-ERP based Municipal Administration System.
- Implementation of various social sector schemes, survey of Samagra Samajik Suraksha Mission(SSSM)
- Support to district administration in municipal area expansion mapping and
- Demography based regularization of ward boundaries
- Support to district administration for municipal and local elections.
- Organize and support to various agencies in government events like state level panchayats, ceremonies, and national workshops.

BMC has engaged Essel Private Limited to put up a solid waste management power plant.

7.2 History of Bhopal

Bhopal is the capital of the Indian state of Madhya Pradesh and the administrative headquarters of Bhopal district and Bhopal division. Bhopal is also known as the City of Lakes for its various natural as

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well as artificial lakes and is also one of the greenest cities in India. Bhopal, with its central location is very well connected to all the corners of the country. With the expanded planning area of 463 square kilometres, Bhopal stands among 15 largest cities of India. Since inception, Municipal Corporation of Bhopal has always been on a path of continual improvement by setting benchmarks in deliverance of services to stakeholders.

In past few decades, Bhopal has witnessed major transformation in the subject of urban development per say. Bhopal is known to have one of the successful BRT Systems in country. By the virtue of being confident & aggressive in adaptation of technology, Bhopal is now in a position to implement many of the things which may otherwise be difficult to. Compulsory utility duct provisions in all construction, she- lounge facilities for ladies as part of public amenities, innovative advertisement policy keeping in mind city's aesthetics, culture and road safety; heritage policy to conserve and use city's rich heritage, lake conservation cell, smart city cell to encourage thought process for betterment of city are some of the initiatives taken by the administration of the city. With well-planned Public Transport, Infrastructure, Institutes, Academic Hubs, IT Hubs, etc, Bhopal continues to maintain its title of "Green City", City of Heritage, City of Museums, and City of Lakes.

The following table gives the demographic profile[1] of the City:

Indicator	City (Municipal Corporation)	State (Urban)	India (Urban)
Total Population	1,798,218	20,069,405	377,106,125
Total Population of UA (if)	1,886,100		
Share of ULB population in District Urban population (%)	93.80		
Population Growth Rate (AFGR) 2001-11	2.24	2.29	2.76
Area (sq. km)*	417.84		
Share of ULB area in district (%)*#	10.31		
Density of population (person per sq. km)*	6290		
Literacy Rate (%)	83.47	82.85	84.11
Schedule Caste (%)	13.46	15.32	12.60
Schedule Tribes (%)	2.56	5.18	2.77
Youth, 15 - 24 years (%)	21.30	20.61	19.68

[1] Source: www.smartcities.gov.in

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Slum Population (%)	26.68	8.43	17.36
Working Age Group, 15-59 years (%)	65.22	63.80	65.27

* District Census Handbook, Census of India 2011

The ULB is spread in more than one district

The following table gives a summary of economic profile[2] of Bhopal:

Indicator	City (Municipal Corporation)	State (Urban)	India (Urban)
Per Capita Income (Rs.) at 2004-05 constant price *	Rs. 47214	Rs. 23539	Rs. 35, 947@
Urban Poverty Ratio (% of urban population)**	9.72	21.0	13.7
Unemployment Rate, 2011-12***	1.53	2.6	3.4
Work Participation Rate, 2011-12***	35.55	32.5	35.5
Work Status, 2011-12 (%) ***			
Self-employed:	32.90	48.2	42.0
Regular/wage salaried employees:	53.39	34.8	43.4
Casual labour:	13.72	17.0	14.6
Sectoral Distribution of Workers, 2011-12 (%) ***			
Primary	5.47	11.9	7.5
Secondary	25.02	28.6	34.2
Tertiary	69.51	59.5	58.3
Workers Classified by Major Occupation, 2011-12(%) ***			
Legislators, senior officials and managers	29.99	20.8	15.8
Professionals	10.45	6.0	8.8

[2] Source: www.smartcities.gov.in

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Technicians and associate professionals	8.74	7.6	6.7
Clerks	14.50	5.3	5.0
Service workers and shop and market sales workers	6.57	14.0	14.7
Skilled agricultural and fishery workers	0.10	7.3	4.6
Craft and related trades workers	9.22	14.2	19.2
Plant and machine operators and assemblers	3.14	6.8	9.2
Elementary occupations	17.28	18.0	16.1
Workers not classified by occupation	0.00	0.0	0.1
Primary Commodity Manufactured[@]	Heavy Electric Goods Zari Art		
Major Industries[@@]	Automobile, Bicycle and its parts Machinery, Machine tools and its parts Textiles Wood and Paper and by products		
No. of sanctioned SEZ	1	14	413

* Directorate of Economics and Statistics of respective State Governments and for all India – Central Statistics Office

** Unit level date of National Sample Survey Organization, Household Consumer expenditure in India, 68th Round, 2011-12

*** Unit level date of National Sample Survey Organization, Employment & unemployment situation in India, 68th Round, 2011-12

District Census Handbook, Census of India, 2011

District Industrial Profile, Micro Small & Medium Enterprises, GoI

@ Department of Commerce, Ministry of Commerce & Industry

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The status of infrastructure[3] for the city of Bhopal, State Government of MP and India is given in the following table for comparison:

Indicator	City (Municipal Corporation)	State (Urban)	India (Urban)
% of households with access to tap water (from treated source) within Premises	78.58	50.55	84.14
% of households with access to electricity	97.12	92.73	92.68
% of households having toilet facilities within premises	82.12	71.54	72.57
% of household Waste water outlet connected to drainage	91.92	82.34	81.77
Type of sewerage system*	Underground sewerage system		
Type of solid Waste system*	Door to Door		
% of households with access to computer/laptop with internet without internet	10.16 12.63	4.92 8.89	8.27 10.40
% of households with access to mobile phones	61.24	61.03	64.33
Ownership Pattern of Housing (%) Owned Rented	68.16 26.82	74.45 21.11	69.16 27.55
% of households living in congested houses	30.88	24.14	32.94
Indicator	**City (Municipal Corporation)**		
No. of Hospitals per 1,00,000 people *	1		
No of Schools per 1,00,000 people			
Primary	43		

[3] Source: Table of houses, Household Amenities & Assets, Census of India, 2011

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Middle	8
Secondary	15
College	12

* District Census Handbook, Census of India, 2011

7.3 Details of the Project for which finance is raised:

AMRUT Scheme:

The proceeds of the bonds will be utilised towards (i) Atal Mission for Rejuvenation and Urban Transformation ("AMRUT"). Out of the proceeds of the bonds approximately Rs. 175 crores are to be utilised towards AMRUT project. Details of the objects of the issues are provided below:

The purpose of Atal Mission for Rejuvenation and Urban Transformation (AMRUT), which is a program of Government of India, is to:

(i) Ensure that every household has access to a tap with assured supply of water and a sewerage connection;

(ii) Increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and

(iii) Reduce pollution by switching to public transport or constructing facilities for non-motorized transport (e.g. walking and cycling).

These are important facilities to be provided by Corporation. Providing basic services (e.g. water supply, sewerage, urban transport) to households and build amenities in cities which will improve the quality of life for all, especially the poor and the disadvantaged is a national priority.

Earlier, the MoUD used to give project-by-project sanctions. In the AMRUT this has been replaced by approval of the State Annual Action Plan ("SAAP") once a year by the MoUD and the States have to give project sanctions and approval at their end. In this way, the AMRUT makes States equal partners in planning and implementation of projects, thus actualizing the spirit of cooperative federalism. A sound institutional structure is the foundation to make Missions successful. Reforms will lead to improvement in service delivery, mobilization of resources and making municipal functioning more transparent and functionaries more accountable, while Capacity Building will empower municipal functionaries and lead to timely completion of projects.

The Mission will focus on the following Thrust Areas:

i. Water Supply
ii. Sewerage facilities and septage management,
iii. Storm Water drains to reduce flooding,
iv. Pedestrian, non-motorized and public transport facilities, parking spaces, and

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v. Enhancing amenity value of cities by creating and upgrading green spaces, parks and recreation centres, especially for children.

Coverage of AMRUT:

Five hundred cities will be taken up under AMRUT. The category of cities that will be covered in the AMRUT is given below:
i. All Cities and Towns with a population of over one lakh with notified Municipalities, including Cantonment Boards (Civilian areas),
ii. All Capital Cities/Towns of States/ UTs, not covered in above,
iii. All cities/towns classified as Heritage cities by MoUD under the HRIDAY scheme.
iv. Thirteen Cities and Towns on the stem of the main rivers with a population above 75,000 and less than 1 lakh, and
v. Ten Cities from hill states, islands and tourist destinations (not more than one from each State)

A summary of capital cost and sources and contribution of fund for the proposed project are presented in the table below:

S. No.	Project Component	Central Share	State Share	ULB Share	Total
1	Water Supply	139.46	209.19	69.73	**418.37**
2	Sewerage	147.32	221.00	73.81	**442.00**
3	Storm Water Drainage	46.2	70.00	23.80	**139.80**
4	Urban Transport/Mobility	13.33	20.00	6.67	**40.00**
5	Green Spaces	8.33	12.50	4.17	**25.00**
	Total	**355.02**	**532.59**	**177.56**	**1065.17**

Schedule of implementation of the project:

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	SOURCE OF FUND	Total	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	OPENING BALANCE		-	0.25	-	-	97.22	30.84	
1	GRANT FROM GOVERNMENT OF INDIA	355.02	0.10	10.71	44.82	135.00	150.00	14.39	355.02
2	GRANT FROM STATE GOVERNMENT OF MP	532.59	0.15	15.46	67.88	200.00	225.00	24.10	532.59
3	FUND FROM BHOPAL MUNICIPAL CORPORATION	177.56	-	8.09	8.48	160.00	-	0.99	177.56
	TOTAL SOURCES OF FUND	1,065.17	0.25	34.01	121.18	495.00	472.22	70.82	1,065.17
	APPLICATION OF FUND								
1	WATER SUPPLY	418.37	-	34.01	119.98	82.50	182.48	-	418.37
(i)	Project 1 Kolar WS	136.69	-	32.22	52.77	51.70	-	-	136.69
(ii)	Project 2 Bhauri WS	17.97	-	1.79	13.12	3.06	-	-	17.97
(iii)	Project 3 Extended WS	263.71	-	-	54.49	27.74	182.48	-	263.71
2	SEWARAGE AND SEPTAGE MANAGEMENT	442.00	-	-	-	184.17	221.00	36.83	442.00
(i)	Project 1 Bhojwat Land , ADB and CPA	145.00	-	-	-	60.42	72.50	12.08	145.00
(ii)	Project 2 Sewerage Network & sewerage Treatment for Kolar Town	162.00	-	-	-	67.50	81.00	13.50	162.00
(iii)	Project 3 Sewerage Network for Area " Inside Upper And Lower Catchment and Shahpura Lake"	135.00	-	-	-	56.25	67.50	11.25	135.00
3	STORM WATER DRAINAGE	139.80	-	-	-	115.33	10.48	13.99	139.80
4	URBAN TRASPORT/ MOBILITY	40.00	-	-	-	-	20.00	20.00	40.00
5	OTHERS AND GREEN SPACES	25.00	-	-	1.80	15.78	7.41	-	25.00
	TOTAL APPLICATION OF FUND	1,065.17	-	34.01	121.18	397.78	441.38	70.82	1,065.17
	CLOSING BALANCE		0.25	-	-	97.22	30.84	0.00	

2. Amount of Grant from Central Government & MP Government till 31st March 2018:Rs. 138.62 Crores.

3. Details and status of regulatory approvals:

a. Approval for project - AMRUT Projects have approved by Urban development and Housing Department, Government of Madhya Pradesh.

b. Approval for borrowing

- Madhya Pradesh Municipal Corporation Act & Rules 1956– Section 102 to Section 105 allows Municipal Corporation to borrow funds.
- Mayor-in-Council vide its resolution dated 1st August 2018, accorded its approval for raising the bonds
- The Government of Madhya Pradesh vide its order dated August 20, 2018accorded its approval for raising the bonds

Financial viability of the project showing the stage wise cost and revenue flows for the project if applicable: The project is of capital nature and there will be no revenue inflow.

Revenue generation/resources and sufficiency for timely servicing and redemption:

The bonds issued under this Information Memorandum are proposed for servicing through a structured payment mechanism. Under the structured payment mechanism own revenues collected

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by and due to BMC will be deposited every month in a separate no-lien escrow account for debt serving of bonds. Please refer to Annexure-I for detailed Structured Payment Mechanism.

In order to ensure timely servicing and redemption, the BMC shall establish three accounts solely for the purpose of servicing the debt. The Debt Service Reserve Account shall be established with a deposit such that at any point of time the DSRA holds an amount equivalent to 2 half yearly interest payments. The Interest Payment Account shall be opened where BMC shall deposit an amount mentioned in Schedule I towards interest every month. To ensure adequacy of funds for redemption of bonds, a Sinking Fund Account shall be opened where an amount mentioned in Schedule-I shall be deposited.

Details of the Independent trustee of the escrow account:

These bonds are general obligation bonds and payment of interest shall be made from general revenues of the Corporation, however, Corporation has devised a structured payment mechanism for repayment of interest and principal amount which shall be monitored by the trustee to bondholders i.e. Vistra ITCL (India) Limitedand the Escrow Bank i.e. Axis Bank shall act upon instruction of the Issuer/Trustee, as may be applicable in terms of Escrow Agreement executed between Issuer, Escrow Bank and Trustee.

Latest Audit report of the escrow and Project account by a firm of chartered accountants appointed by the concerned State Urban Development Departments from a panel of CA's approved by the C& AG:

Not applicable as these are general obligation bonds.

DETAILS OF THE MAJOR PROJECTS TAKEN:

7.3.1 Projects related to Water Supply:

Water Supply Scheme for Bhauri Area:

The area of Bhauri in Bhopal has a water demand of 10 MLD with no water supply system, presently. The project is aimed at meeting the water requirement of the Bhauri area with Upper Lake, Bhopal being the primary source of water. The project will benefit a population of 60,000.

Water Supply Distribution System for Extended Area:

The proposed water distribution system for extended area will cater to 85 wards of Municipal Corporation Bhopal limits. In old 70 wards of old limit of BMC, the work of laying of water distribution network has been done under JNNURM and ADB funds. The project will serve to a population of 23.4 lakhs where the demand of water is estimated to rise from 363 MLD (2018) to 810 MLD in the year 2048.

The major objectives of the project are:

1. To provide Distribution System in uncovered area with metered House Service Connections.
2. Reduction in per Kl. cost of water supply expenditure by rezoning of command area of all four sources

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3. Improvement in revenue realization by 100% coverage of houses with Metered House service & Bulk connections
4. Reduction in NRW by 100% metering and all billing of all domestic and commercial connections

Component	Intake & Raw water Risin Main (Meter)	WTP	Clear Water Rising Main (Meter)	OHT (Nos)	Sump & pump house (Nos)	Distribution (Meter)	House Service Conn. (Nos)	Bulk Conn.(Nos)
Upper Lake Zone	5550	1 WTP 50 MLD	13180	4	0	65253	3500	26
Kolar Zone	-		1027	3	1	72453	5000	20
Narmada Zone	-		13756	6	2	137118	5400	35
Kerwa Zone	-		14175	3	0	92260	4300	35
Improvement in Existing System	-		7260	11	0	145657	70000	0
Total	5550		49389	26	3	512741	88200	116

The proposed sources of water are the Upper Lake (126 MLD), Kolar Dam (207 MLD), narmada River (185 MLD) and Kerwa dam (60 MLD) that will be providing a total water supply of 578 MLD.

7.3.2 Projects related to sewerage and sewage treatment:

Sewerage and sewage treatment for Kolar Town:

BMC is aiming to uplift the prevailing environmental conditions and create a sustainable environment by providing compatible infrastructure facilities available to all the urban and rural communities. The objective of the "Sewerage and sewage treatment for Kolar town" project is to meet the above mission by covering the entire Kolar town (including upcoming settlements and slum etc.) with 100% sewage collection, conveyance and treatment facilities for treating the waste water to the desired standard before the disposal to nallas or river Kaliasot. The project will strengthen the BCM, provide adequate service coverage, and strengthen financial position and existing institutional structure and capacity building. The major expectations from the project is to increase consumer satisfaction, reduce time and income loss, increase revenue available with BMC, 100% coverage of

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the households, decrease in hazards due to water logging & accidents, decrease in unhygienic conditions and incidence of water borne diseases and hence reduction in medical expenses. The total treatment capacity will be of 46 MLD in the ultimate year of the project (2048).

The project will serve an approximate population of 1.61 (2018) to 3.96 (2048) lacs spread over an area of 50 Sq. Km. Currently there is no sewer network in the given area except for some private establishments. A majority of the households having septic tanks ultimately lead to the pollution of river Kaliasot as the drainage water finds its way to the river through open drains.

7.4 Key Strengths of BMC

7.4.1 Successful Implementation track record

In last few years Bhopal has seen a major transformation in context of urban development. Bhopal being confident and aggressive in adoption of technology is ready to implement many policies and initiatives. BMC has one of the best BRT systems in India. Having successfully implemented

7.4.2 Strategic importance of the city to the GoMP

BMC provides civic services to Bhopal city, which is the capital of the state with all the key state government offices; judiciary, status of Bhopal as the second largest ULB in Madhya Pradesh and the strategic importance of Bhopal city in the State.

7.4.3 Rule-based transfers from the State Government

Grant released by the GoMP as a compensation against the abolition of Octroi along with a share in stamp duty collected in the city by the State Government have remained a regular source of revenue for the BMC in the past years. Rule based nature of majority of the transfers of assigned revenues by the GoMP based on the recommendations of the State Finance Commission (SFC) provides stable cash flows and mitigates the risk of dependence on the State Government to a large extent. Revenue grants, which accounted for nearly 32 to 36% of the total Revenue of the BMC over the last few years, provide a comfort to the financial position of the BMC.

7.4.4 Revenue enhancement measures taken by the Corporation

BMC is undertaking various revenue enhancement measures in terms of implementation of GIS enabled property tax management system, upgradation of water distribution system to reduce NRW and improve water tax collections with the implementation of metered connections. These measures are likely to support the revenue growth in the medium term

7.4.5 Significant growth in capital project grant from the GoMP

The GoMP has scaled up the urban development and administrative grants to the BMC over the years for carrying out urban infrastructure projects on construction and maintenance of roads, water supply and solid waste management projects. The regular contribution by way of capital grants from the GoMP has enabled the BMC to carry out a majority of its capital expansion projects, which are

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necessary to improve as well as maintain the service standards of the key services like solid waste management, water supply, drainage and roads.

7.4.6 Revenue surplus position

The sustained revenue surplus position of the BMC from FY2013 to FY2017 has enabled the municipality to fund a part of its capital expenditure from internal resources. Satisfactory collection levels of property tax and regular receipt of assigned revenues from the GoMP support its liquidity position to an extent.

7.4.7 Performance in Swachh Survekshan 2017-18

From being placed 49th in a cleanliness relative ranking of India's cities in 2014, Bhopal has climbed to 21st position in 2016, and to second top of heap in 2017. This swift progress was aided by the corporation's efforts to improve garbage collection and turn open-defecation free (ODF). The programs are

- MSW-Door-to-Door collection, Sweeping, Transportation
- Municipal Solid waste management – Processing and disposal: BMC has installed a Biogas plant by Mailhe Ikos Environment Pvt. Limited at Bitan Market near Sabzi Mandi, Bhopal which will help BMC in achieving clean environment, cheaper technology rendering high quality fertilizer, renewable energy.
- BMC signed an agreement to develop sanitary landfill in the city.
- The ULB executed more than 10 projects where the plastic has been used in road preparing/repairing works.

7.4.8 Adequate Financial Support:

BMC has a decent historical financial performance. Besides, the BMC enjoys definite financial support in terms of state & central government grant, loans from state governments and market borrowings. BMC is regular in its past debt servicing obligations as well.

7.5 Awards to BMC

The following awards were given to BMC in past 5-10 years:

S.no	Particulars	Award	Year
1	Best Run Urban Local Body	SAP ACE Award	2013
2	Best Run Urban Utility	SAP ACE Award	2014
3	India's Best Governance Project for UWSEIP-MP	SKOCH GROUP	2014

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4	India's Best Governance Project for Integration of City Bus Operation with Bus Rapid Transit System.	SKOCH GROUP	2014
5	India's Best Governance Project for Municipal Administration System	SKOCH GROUP	2014
6	Achieved 2nd Rank as India's Cleanest City	Govt of India Ministry of housing and Urban Affairs, SWACH CITY AWARD	2017
7	Best Practice to improve the living Environment In Category of Sanitation	HUDCO	2017-18
8	Achieved 2nd Rank as India's Cleanest City	Govt of India Ministry of housing and Urban Affairs, SWACH CITY AWARD	2018

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8. FINANCIAL AND OPERATIONAL PARAMETERS

8.1 Financial Performance:

The following table gives a snapshot of the audited historical balance sheet of BMC for the FY 2012 – 13, FY 2013 – 14, FY 2014 – 15, FY 2015-16, FY 2016-17 & FY 2017-18:

BALANCE SHEET (In INR Crore)						
Particulars	31-Mar-13 (Audited)	31-Mar-14 (Audited)	31-Mar-15 (Audited)	31-Mar-16 (Audited)	31-Mar-17 (Audited)	31-Mar-18 (Provisional)
LIABILITIES						
RESERVES & SURPLUSES						
- Municipal (General) Fund	316.0	387.3	731.0	777.9	892.0	1,126.3
- Earmarked Funds	770.4	800.0	1,001.1	1,234.0	946.0	946.4
- Reserves	131.0	162.6	171.3	277.4	572.2	552.0
- Subtotal	**1,217.4**	**1,349.8**	**1,903.4**	**2,289.3**	**2,410.3**	**2,624.7**
						-
Grants, Contributions	152.5	307.5	257.9	286.6	361.7	431.1
						-
Loans						-
Secured loans	204.1	268.1	242.2	135.0	120.9	172.7
						-
CURRENT LIABILITIES & PROVISIONS						
Depcsits received	31.3	42.9	123.0	150.6	158.4	169.6
Deposit works	24.0	17.0	21.2	22.5	156.9	185.9
Other liabilities (Sundry Creditors)	13.8	45.8	51.2	109.4	159.9	173.3
Provisions	7.1	9.4	23.1	48.9	54.0	51.9
- Subtotal	**76.2**	**115.1**	**218.5**	**331.4**	**529.2**	**580.7**
						-
TOTAL	**1,650.2**	**2,040.6**	**2,621.9**	**3,042.3**	**3,422.1**	**3,809.00**
ASSETS						
Fixed Assets	**41,364.0**	**41,729.0**	**42,094.0**	**42,460.0**	**42,825.0**	-
- Gross Block	416.7	531.8	711.4	1,583.8	1,974.9	2,447.1
- Less: Accumulated Depreciation	160.6	196.5	258.6	326.1	437.2	602.2
- Net Block	**256.1**	**335.3**	**452.7**	**1,257.7**	**1,537.8**	**1,845.0**
Capital work-in-progress	1,034.3	1,287.2	1,500.0	1,075.0	989.0	969.0
Total Fixed Assets (Net)	**1,290.5**	**1,622.5**	**1,952.7**	**2,332.7**	**2,526.8**	**2,813.9**
						-
INVESTMENTS						
- Investment - General Fund	183.9	144.0	69.7	51.9	55.1	75.6
- Investment - Other Funds	21.6	23.6	39.8	37.4	33.3	35.7
- Total Investments	**205.5**	**167.6**	**109.5**	**89.3**	**88.4**	**111.3**
						-
CURRENT ASSETS						
Cash and Bank Balances	48.9	145.0	214.4	178.1	253.8	171.6
Stock in hand (Inventories)	0.6	5.5	11.2	9.7	10.9	11.6
Sundry Debtors (Receivables)	67.2	63.5	257.9	324.5	404.1	544.0
Prepaid expenses	0.2	0.2	0.4	-	-	-
Service tax recoverable	0.4	0.4	-	-	-	-

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Loans, advances and deposits	36.8	35.8	75.8	108.0	138.1	156.7
Sub-total	**154.2**	**250.5**	559.7	620.3	806.9	884.0
Net Current Assets (B3-B4)	77.9	135.4	341.2	288.9	277.7	303.0
TOTAL ASSETS (B1+B2+B5)	**1,650.2**	**2,040.6**	2,621.9	3,042.3	3,422.1	3,809.0

Reserve and surplus - As on 31 March 2018, BMC has reserves and surplus of INR 2,624.7 crores which includes the municipal general fund arrived from addition of surplus and adjustments made in the financial year for the contribution in Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Amount of general pension fund deducted from employee's salary has been shown as the Earmarked fund. The amount shown in Reserves is net off fixed assets acquired/capital work in progress against Grants.

Grants for specific purpose – Capital Grants received as a nodal agency or as implementing agency for an intended purpose and which does not create an asset with ownership rights has been treated as liability till such time it is used for the intended purpose.

Loans – BMC has taken three loans from Housing and Urban Development Corporation(HUDCO) for the following schemes :-

- Sant Hirdram Nagar Awardhan Yojna
- JNNURM
- C.M. Urban Infra Dev Hudco Phase 1 and Phase 2

BMC has also availed loan from ADB which has been treated as secured loan.

Current liabilities and provisions – Deposits received mainly accounts for EMD and security deposits received by BMC for civil works.

Provisions as on 31 March 2018 of INR 51.9 crores mainly accounts for provision for salary payable.

Fixed Assets& CWIP– Net block of INR 1845 as on 31 March 2018 include Land, Buildings, Roads and Bridges, Waterworks, Bore Wells, Laboratory equipment, Sewage and drainage, Public Lighting, Luminary & Electrical fittings, Furniture and fixture etc.

Assets in the nature of civil works and equipment requiring installation are accounted for capital work in progress.

Investments – Investments mainly include fixed deposits and FDR with scheduled banks.

Current Assets – Sundry debtors as on 31 March 2018 of INR 544crores include receivables from property taxes, water taxes and fees and other charges.

Loans and advances include loans given to employees and employee provident fund.

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Profit and Loss Account

The following table gives a snapshot of Profit & Loss statement of BMC for FY 2012-13, FY 2013-14, FY 2014-15, FY 2015-16, FY 2016-17 & FY 2017-18:

MUNICIPAL CORPORATION BHOPAL (In INR Crore) PROFIT AND LOSS ACCOUNT	31-Mar-13 (Audited)	31-Mar-14 (Audited)	31-Mar-15 (Audited)	31-Mar-16 (Audited)	31-Mar-17 (Audited)	31-Mar-18 (Provisional)
Own Revenue	**103.3**	**116.9**	**177.1**	**201.4**	**252.8**	**295.8**
- Property Tax	*58.3*	*68.6*	*100.1*	*128.1*	*157.7*	*168.8*
- Water Tax	*34.6*	*34.6*	*53.4*	*49.4*	*67.6*	*69.2*
- Sanitary Cess	*1.8*	*2.0*	*5.8*	*7.2*	*9.2*	*11.4*
- Electricity Tax	*1.8*	*1.9*	*5.8*	*7.2*	*9.2*	*11.4*
- Other Tax	*6.9*	*9.7*	*11.9*	*9.5*	*9.1*	*35.1*
Assigned Revenues & Compensation	**153.8**	**181.5**	**179.5**	**235.3**	**260.2**	**358.4**
- Stamp Duty - Properties	*28.8*	*39.1*	*29.7*	*41.7*	*42.7*	*67.6*
- Octroi	*122.5*	*139.9*	*147.5*	*191.3*	*215.2*	*287.5*
- Passenger Tax	*2.5*	*2.4*	*2.3*	*2.3*	*2.3*	*2.3*
Other Compensation	-	-	-	-	-	*1.0*
Rental Income from Municipal Properties	**82.7**	**91.9**	**84.5**	**146.2**	**221.0**	**220.8**
Revenue Grants	*42.2*	*45.7*	*66.2*	*64.4*	*65.0*	*78.1*
- From State Govt (Mauibhat Suvidha)	*23.5*	*24.1*	*6.5*	*68.9*	*86.6*	*73.9*
- 13th/14th Finance Commission	*0.0*	*0.0*	*0.0*	*0.0*	*55.3*	*55.6*
- Other Grants (Depreciation)	*17.0*	*22.1*	*11.8*	*12.8*	*14.1*	*13.2*
- Other Grants	**48.0**	**78.5**	**98.3**	**71.8**	**83.3**	**100.9**
Other Revenue	**387.75**	**468.74**	**539.35**	**654.57**	**817.32**	**975.90**
Total Income						
OPERATING EXPENSES	137.13	181.88	190.05	230.28	255.85	255.24
Establishment Expenses (Salaries)	26.60	44.52	38.26	51.50	58.44	62.20
Administrative Expenses	76.63	95.57	119.45	138.95	164.80	205.24
Operations & Maintenance	10.54	5.10	7.87	16.16	44.96	43.43
Other Expenses	**250.90**	**327.07**	**355.62**	**436.89**	**523.84**	**566.11**
Total Expenditure	**136.85**	**141.67**	**183.73**	**217.68**	**293.48**	**409.8**
EBITDA	26.40	35.87	48.45	67.49	111.03	165.00
Depreciation	**110.45**	**105.80**	**135.28**	**150.19**	**182.45**	**244.80**
EBIT	0.63	0.52	1.88	2.43	10.59	10.47
Interest Expense	**109.81**	**105.28**	**133.40**	**147.76**	**171.86**	**234.3**
Operating Profit Before Tax						
Non-Operating Income	**109.81**	**105.28**	**133.40**	**147.76**	**171.86**	**234.3**
Profit Before Tax						
Tax	**109.81**	**105.28**	**133.40**	**147.76**	**171.86**	**234.3**
Profit After Tax						

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The revenue from operations is mainly divided into three major heads, namely revenue from own operations, assigned revenue and compensation and revenue from grants.

1. Revenue from own operations include revenue collected in the form of property tax, water tax, sanitary tax, electricity tax and other miscellaneous taxes. Revenue from own operations increased from INR 103.3 crores in FY 2013 to INR 295.8 crores in FY 2018 with a CAGR of 23.4 per cent. Property tax contributes around 60 per cent of the total revenue from own operations with CAGR over a period of five years of 23.7per cent.
2. Assigned revenue and compensation include revenue collected in form of stamp duty on property, octroi and passenger tax. Assigned revenue and compensation increased from INR 153.8 crores in FY 2013 to INR 358.4 crores in FY 2018 with a CAGR of 18.4 per cent. Octroi contributes more than 80 per cent of the total revenue from assigned revenue and compensation with CAGR over a period of five years of 18.6 per cent.
3. Revenue from grants include revenue collected from different state government backed schemes like Muulbhut Suvidha, 13th/14th finance scheme etc. Revenue from grants increased from INR 82.7 crores in FY 2013 to INR 220.8 crores in FY 2018 with a CAGR of 21.7 per cent.

Operating expenses mainly include employee expense, administrative and maintenance expenses and other operations related expenses. Total operating expense as a percentage of total revenue has been on an average of 66 per cent in the historical period.

The EBITDA margins for the FY 2012-13, FY 2013-14, FY 2014-15, FY 2015-16, FY 2016-17& FY 2017-18 were 35.3 per cent, 30.2 per cent, 34.1 per cent, 33.3 per cent, 35.9 per cent and 39.8 per cent respectively. EBIDTA has grown steadily from INR 136.9 Crores in FY 2013 to INR 374.79 Crores in FY 2018 with a CAGR of 22.3 per cent.

The PAT margins for the FY 2012-13, FY 2013-14, FY 2014-15, FY 2015-16, FY 2016-17 and 2017-18 were 28.3 per cent, 22.5 per cent, 24.7 per cent, 22.6 per cent, 21.0 per cent and 21.2 respectively.

Cash Flow Statement

CASH FLOW STATEMENT (In INR Crores)	31-Mar-14 (Audited)	31-Mar-15 (Audited)	31-Mar-16 (Audited)	31-Mar-17 (Audited)	31-Mar-18 (Provisional)
Cash Flow From Operations					
PAT	105.3	**133.4**	147.8	171.9	234.3
Add: Depreciation	35.9	**62.2**	67.5	111.0	165.0
Less: Inc/(Dec) in WC	-38.6	**136.5**	-16.1	-86.9	107.8
Cash Flow from Operations	**179.8**	**59.1**	**231.3**	**369.8**	**291.5**
Cash Flow From Financing Activities					
- Municipal (General) Fund	-34.0	210.3	-100.9	-57.7	0.0
- Earmarked Funds	29.6	**201.1**	233.0	-288.0	0.4
- Reserves	31.6	**8.7**	106.1	294.8	-20.3
Grants, Contributions for Specific Purpose	155.0	**-49.6**	28.7	75.1	69.4

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Change in Debt Change in Bonds Change in Investment Change in Non Current Liability	64.1	-26.0	-107.2	-14.1	51.8
Cash Flow From Financing Activities	**246.3**	**344.6**	**159.7**	**10.1**	**101.3**
Cash Flow From Investment Activities					
Change in Capex	115.1	**179.6**	872.4	391.1	472.2
Change in CWIP	252.9	**212.8**	-425.0	-86.0	-20.0
Change in Investment	-38.0	-58.0	-20.2	-0.9	22.9
Cash Flow From Investment Activities	330.0	334.3	427.2	304.2	475.1
Opening Cash Balance	48.9	145.0	214.4	178.1	253.8
Net Cash from Operations	96.1	69.4	-36.3	75.7	-82.2
Closing Cash Balance	**145.0**	**214.4**	**178.1**	**253.8**	**171.6**

Debt Profile

The following table gives a detailed view of the debt profile of BMC as on 31st March 2018. As it can be seen, the loans are from Housing & Urban Development Corporation (HUDCO) and Asian Development Bank (ADB) for various infrastructure projects such as storm water drainage, BRTS, sanitation and water distribution projects.

SN	Name of the Bank / FI	Nature of Obligation	Amount Sanctioned (INR Cr)	Amount O/S as on 31 March 2018 (INR Cr)	Rate of Interest	Tenor & Maturity Profile	Type of Security
1	ADB	Rupee Loan – Term Loan	122.97	77.00	10.5%	11 years in. All repayment in tranches between 2005 to 2028	GoMP Guarantee
2	HUDCO – Loan I (19837)	Rupee Loan – Term Loan	9.75	4.68	11% (Floating Rate)	13 years in. All repayment in tranches between 2011 to 2024	GoMP Guarantee
3	HUDCO – Loan II (19800)	Rupee Loan – Term Loan	71.32	37.57	10.75 % (Floating Rate)	13 years in. All repayment in tranches between 2013 to 2026	GoMP Guarantee
4	HUDCO – Loan III	Rupee Loan – Term Loan	35.28	13.45	09.00 % (Floating	09 years in. All repayment in tranches between	GoMP Guarantee

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	(20583)				Rate)	2016 to 2024	
5	HUDCO – Loan IV (20547)	Rupee Loan – Term Loan	11.39	4.15	10.50 % (Floating Rate)	14 years in. All repayment in tranches between 2015 to 2029	GoMP Guarantee
6	HUDCO – Loan V (20295)	Rupee Loan – Term Loan	8.46	6.10	10.75% (Floating Rate)	14 years in. All repayment in tranches between 2014 to 2028	GoMP Guarantee
7	HUDCO – Loan VI (21107)	Rupee Loan – Term Loan	20.87	19.65	10.75% (Floating Rate)	09 years in. All repayment in tranches between 2017 to 2026	GoMP Guarantee

8.2 Operational Performance:

Snapshot of the historical operational performance:

Revenue from own operations i.e. property tax, water tax, electricity tax and other related taxes is recognized in the period in which they become due and demand are ascertained on the basis of certified information from the respective zonal office.

Property tax is the principal source of revenue for BMC. Below is the table showing property tax coverage and collections for the historical period.

Rs Crore	Property Tax Demand			Property Tax Recovery			Collection Efficiency		
	Current year	Arrears	Total	Current year	Arrears	Total	Current year	Arrears	Total
2015-16	128.05	195.36	323.41	62.05	23.63	85.68	48%	12%	26%
2016-17	157.74	255.95	413.69	71.75	25.39	97.14	45%	10%	23%
2017-18	168.78	298.71	467.49	86.97	39.05	126.02	52%	13%	27%

Water tax is another major source of revenues for BMC. Below is the table showing property tax coverag and collections for the historical period:

Rs Crore	Water Tax Demand			Water Tax Recovery			Collection Efficiency		
	Current year	Arrears	Total	Current year	Arrears	Total	Current year	Arrears	Total
2015-16	49.41	124.58	173.99	25.25	4.50	29.75	51%	4%	17%
2016-17	67.58	139.82	207.40	39.05	13.29	52.34	58%	10%	25%
2017-18	69.20	158.81	228.01	40.42	9.79	50.21	58%	6%	22%

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8.3 Status of reforms:

The various reforms & initiatives taken by BMC have been enumerated in the following paragraphs:

8.3.1 Implementation of the GIS based system:

Property Tax Demand, Recovery and Collection Efficiency

Property tax is the major source of revenue for Municipal Corporation Bhopal accounting for 19.3% (Rs 157 crore) of the total revenue during FY 2016-17. BMC presently assess property tax demand on the basis of capital value of the respective area. Accordingly, the maximum and minimum property tax tariff in BMC is Rs 1,100 sq ft and 22 sq ft respectively. The property tax demand during the current period & arrears along with the actual collection of tax for last three fiscal years (FY 2014-15 to FY 2016-17) are outlined in the table below:

Rs Crore	Property Tax Demand			Property Tax Recovery			Collection Efficiency		
	Current year	Arrears	Total	Current year	Arrears	Total	Current year	Arrears	Total
2014-15	72.1	28.0	100.1	63.3	21.2	84.5	88%	76%	84%
2015-16	98.7	29.3	128.1	96.0	27.7	123.7	97%	94%	97%
2016-17	95.3	62.4	157.7	90.1	59.1	149.2	95%	95%	95%

Source: Municipal Corporation Bhopal

The demand for property tax during FY 2016-17 has registered a moderate decline to Rs. 95.3 crore as against demand of Rs. 98.7 crore in FY 2015-16. The overall growth in property tax demand is primarily driven by sharp increase in demand of property tax arrears consequent to which the overall property tax demand increased by 23% to Rs 157 crore in FY 2016-17 as against Rs 128 crore over the corresponding period.

Reforms – Implementation of GIS based Property Tax System

To address these issues, BMC has awarded a contract for implementation of geographic information system (GIS) enabled property tax management system on 22nd November 2016. The scope of work includes preparation of GIS base map, property mapping and lining surveys to digital map with each property and the owner within the jurisdiction of Municipal Corporation Bhopal. As per the implementation schedule, BMC management maintains that GIS based property mapping and survey for BMC should be complete by end of Q3 FY 2018-19, post which there would be hand holding support provided to BMC for generation of various MIS and GIS Reports as required for day to day operations, list of defaulters, list of Un assessed properties, list of properties having 10% extra built-

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up area than MAS data and identification of multiple consumer IDs on same property. Lastly, the web based application would make platform more interactive and user friendly from point of view of service delivery. This platform would enable faster delivery of property tax extract as it would be generated automatically and visible to the property tax owner and provide updates on tax due and payment on his registered mobile number.

Activities involved in Implementation of GIS based Property Tax Management System

Components of GIS based property systems are as follows:

- Assessment of database in RDBMS format
- Base map in digital format
- Satellite Data Procurement, Property Mapping, field survey, verification and development of base layers
- Property boundaries and building footprint with their unique identification numbers
- GIS software for visualizing, querying and analyzing data
- Trained resources
- Web based interactive GIS
- Codification system for unique identification numbers

GIS has the ability to link the data visually on a common platform, capability to analyze the data to make reports and predictions, overlaying multiple department data for planning purposes, assigning numbers to the new properties, increasing transparency, implementing more scientific tax calculation methods, increasing tax collection revenues.

Implementation Status

BMC has 85 wards which are divided into 19 zones. Out of 85 wards survey completed for 28 wards, Survey activity is on process for 9 wards, Geo database submitted for 23 wards at smart city development corporation, Bhopal. As on 30th April 2018, the BMC has implemented the GIS based system to the extent of 25 % wards (21 wards have been submitted & validation is under progress).The Field Survey for 28 wards have been completed and digitized ward maps of 23 wards with individual properties have been prepared. Properties at 23wards have been assigned a unique property ID Number. All activities for preparing geo-database for allotted 85 wards will be completed till the end of December 2018and the entire GIS activities including handholding support is expected to be completed by December 2019.

Results of a pilot Study done by BMC and Consultant implementing GIS

BMC had undertaken a pilot study of ward No 53 starting in November 2016 for implementation of GIS based property mapping. The survey of ward 53 was completed in month January 2017 and the results were very positive. BMC identified 37% of un-assessed property, 20% of under-assessed and 0.25% of properties for which parameters for levy of property tax was not accurately applicable for ward no 53. BMC estimates an average increase in property tax demand by over 20 to 30%(approximate).from Rs 5.9 crore in FY 2016-17 to around Rs 7.0 to 7.6 crore (approximate)in FY 2018-19) at ward no 53 on account of implementation of GIS.

Benefits from GIS based Property Tax Management System

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a) **Improve property coverage and creation of database:** The implementation of GIS based Property taxation would significantly increase property tax coverage using high resolution satellite data and create a robust database of all properties through door to door contact survey. The database would help in maintenance of records of property details and taxes paid/accrued.

b) **Identification of owners and classification of properties:** BMC would be able to better manage the property taxes by efficiently and correctly identifying the properties, associated owners and classification of the properties. The owners will be tagged to the respective properties and system will allow dynamic modification of the owner tags.

c) **Real time information:** GIS based tax integration will accurately and promptly assess the taxes and update the system on real time basis. ERP system users will be provided an online gateway to the property tax holder.

d) **Systematic administration / management of property tax:** The important pre-requisites for efficient property tax system are the database that uniquely identifies properties and their owners. The GIS-based property tax system shall cover the entire area under BMC jurisdiction and a unique property identification number (PID) shall be created to identify properties throughout its jurisdiction to levy tax. The PID number would be a combination of ward number, street number and plot number.

Thus, GIS would help monitor the property tax revenue by preparing a common platform that visually links all property-related data such as the number of floors in each building, the total constructed area of each building, individual plot areas, details of locality, and road facing details with the applied tax calculation principles.

In addition, there should be appropriate mechanisms for periodic updating market based valuation of properties for various wards and build-in systems & processes for tax collection & enforcement. The system also has the provision of automatic updating property registers for with the registration department for any new registration or a sale transaction

e) **Facilitate improvement in collection efficiency:** An efficient GIS can store accurate information on tax payables and revenue collection which can be monitored visually. It can send automated notices to tax payers periodically to update them about pending dues. Visual representation of the whole property tax system shall not only build an efficient and accurate tax collection mechanism, but also reduces the frequency of field visits for complaint redressal and other assessment purposes. This would also provide accessibility to all the related civic departments and shall enable a transparent and consistent system for tax assessment.

BMC Estimate of Growth in Property Tax Revenue

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As on 31 March 2018, there are nearly 4.20 lakh (approximate) registered properties (including 1.5 lakh registered properties added with the merger of Kolar region) in BMC records and the average revenue during FY 2017-18 was Rs 193 crore (including arrear).

The ward wise details of number of consumers as per BMC records, total area and tax demand and a comparison of the aforementioned parameters post GIS survey in some of the wards are outlined below:

			MAS Data			Ceinsys Survey data status		
Sr.No	Zone No	Ward No	Consumer count	Total area (Lakh sq mt.)	PT Demand (Rs Cr)	Consumer count	Total area (Lakh sq mt.)	Growth in Total Area
1	13	53	9385	19.9	5.9	13504	29.06	46%
2	13	52	12940	37.8	13.4	12867	42.4	12%
3	13	54	5141	14	2.8	6082	21.9	56%
4	13	55	6561	6.5	1.4	9386	7.9	22%
5	14	56	3220	2.8	0.6	3473	3.3	18%
6	18	82	8758	9.9	3.6	11074	12.8	29%
7	18	83	9314	12.6	3.3	12100	19.3	53%
8	19	81	5438	6.2	1.4	6450	8.8	42%
9	18	80	8034	8.2	2.9	8960	19.9	143%
10	19	85	9467	25.3	6.1	15349	29.4	16%
39	18	29	6353	6	1.4	7819	6.15	3%
58	9	48	3615	3.4	0.8	5723	4.9	44%
59	9	49	5165	4.2	1.4	6050	5.4	29%
60	9	50	3695	3.6	0.8	6408	7.1	97%
62	14	57	3865	5.5	1.3	5010	9.54	73%
64	12	59	5315	9.2	0.2	4265	9.11	-1%
65	14	60	9362	11.9	2.2	11882	12.3	3%
66	14	61	7368	9.7	1.4	8539	11.7	21%
67	15	62	4006	12.1	3.3	6679	14.1	17%

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68	15	63	4211	1.4	0.3	4958	1.8	29%
85	19	84	9059	10.4	2.9	8357	11.32	9%
Total			**162442**	242.6	63.14	**190386**	288.18	19%

Source: Municipal Corporation Bhopal

Based on the preliminary survey and data validation of 21 number of wards, the incremental properties to be brought under tax net is estimated at around 27944 and the cumulative property area estimated to increase is around 45.5 Lakh sq mt.

BMC management opines that the GIS mapping and survey project post completion shall significantly increase the number of properties under the BMC area. Further, the area of existing properties being assessed would also increase as additions of floors in houses and/or extension of area was not captured in the records earlier. Based on the pilot study of ward 53 and survey results of 21 wards, BMC management maintains that total assessment area is estimated to increase by 242.6 Lakh sq.mt. and 288.18 Lakh sq. mt. in FY 2018-19 and FY 2019-20 respectively.

8.3.2 Reforms planned to augment the revenue & cash flow:

Revenue department is a major source of income for BMC. Increment in income is planned to be achieved by the following actions:

- Allocation of remaining 124 lands in Rani Avanti Transport Nagar
- Offerings of 14 empty plots of Ashok Vihar/Iqbal Colony
- Allocation of shops under municipal ownership to be based on highest premium
- Corporation to receive permanent income as premium and rate from Sant Hitaram Nagar of the city
- Ownership in the construction of multi-level parking in M.P. Nagar
- Construction of multi-level parking in New Market of Municipal Corporation of Bhopal, 25 shops manufactured on the ground are allocated based on terms and conditions laid down by the corporation based on the basis of maximum premium
- Action taken for leasing of fish in the ownership and control ponds of corporation located in corporation boundary has been done
- Beneficial use of the transferred properties under Bhojavate Land Project
- Beneficial use of the corporation's real estate
- By augmenting advertisement tax by land hoardings
- By augmenting entertainment tax by charging 15%

8.3.3 Reforms related to water supply:

Tariff Structure, Revenue and Cost from supply of Water

Municipal Corporation Bhopal estimates the total population of Bhopal as on 31 March 2018 at around 23.4 lakh and shall require 363millionlitre per day (MLD) of water supply at a rate of 135 litre

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of water per head & 15% losses. At present, BMC consumes 90 MLD of water from the Upper Lake, 155 MLD from the Kolar Dam, 8MLD from Kerwa Dam and 110 MLD of water from the Narmada River. During FY 2017-18, the tariff structure for supply of water, quantum of water supplied and the collection for various type of consumers is outlined in the table below:

Category of Customer	Tariff	Quantum of Water Supplied (MLD) Per Month
Residential Consumer (General)	Rs.180/- per connection per month	5900 MLD
Residential Consumer (Low income)	Rs. 30/- per connection per month	2000 MLD
Commercial Consumer	Rs.500/- per connection per month	330 MLD
Industrial Consumer	Rs.600/- per connection per month	85 MLD

Source: Municipal Corporation Bhopal

The present tax collection had been low due to lack of installation of meters, limited Staff availability for ensuring proper billing and collection of water tax, high water losses &non-revenue water (NRW).

Reforms initiated during the last eight to ten years to improve collection and reduce wastage of water

To ensure continuous supply of water to its residents at economical cost, enhance water network coverage, reduce water losses & NRW and strengthen billing mechanism, BMC had undertaken large capital expenditure program in last 8 to 10 years under various schemes. The key initiatives undertaken by BMC are detailed below.

a Laying of feeder lines, installation of water treatment plant and pumping station to ensure continuous water availability
b Strengthen distribution system to reduce water leakages there by reducing the cost of supply of water and
c Installing meters at end consumers to measure water consumption andimprove collection efficiency.

The details of the work undertaken in each of the aforementioned activity and the benefit that would accrue to BMC are detailed below:

1. **Laying of Feeder Main and Replacement of Kolar Feeder and Gravity Main:**

   BMC has also installed new feeder mains spanning an area of 160 km under different program for filling of overhead tanks. The project was implemented in phases with 130 Km and 7 km of feeder main was laid under JNNURM and ADB program respectively at a total investment of Rs. 415 crore & was commissioned in year 2012; 10 km was laid under Gas Rahat Program & was commissioned in year 2017 and UIDSSMT program & is scheduled to be commissioned in September 2018. The feeder mains were constructed using Ductile Iron pipes, which are relatively more durable and have longer life, to fill overhead tanks in order to reduce water losses by curtailing all leakage in the distribution system. Based on estimates, the water losses have reduced by 20% and are expected to come down further by 5% in the Kolar region.

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BMC's existing feeder network from Kolar dam was commissioned way back in year 1989 and had outlived its lifeand there were heavy leakages and unauthorized connections on these pipelines. To address these issues, BMC had undertaken a major capex under Amrut to replace about 60 km Feeder / Gravity mainpipeline at a total capital expenditure of Rs136.69crore. This project is under implementation and as per work order dated 24.11.16, the work is expected to be complete by November 2018 and the project is expected to be stabilized by March 2019.With the replacement of Kolar feeder & gravity main, the NRW is estimated to reduce by 20% translating into saving of Rs 16.00 crore per year in the supply of water.

2. **Laying of distribution system and in-house service connection:**

The earlier distribution network had gaps in existing wards as it covered the old area of Bhopal and was laid in 1980's. With the newly developed colonies (housing board / private colonies) and expansion of city of Bhopal over the last two decades, BMC was not fully covered by distribution network. Further, these pipes were constructed using GI/ CI pipes, which has lesser durability compared to DI pipes and BMC was facing issues with respect to leakage and pressure problem as well as high maintenance cost.

To address the aforementioned issues and to expand the distribution network, a new distribution system was laid out spanning total area of 2530 km under different programs. The phase 1 of the project covering 645 km laid under ADB program was commissioned in year 2013, 1350 km laid under JNNURM program was commissioned in year 2014, 375 km under gas Rahat program was commissioned in year 2017 and the remaining 107 km of network under UIDSSMT program is scheduled to be commissioned in November 2018.

With the installation of new distribution system, the water losses / NRW has reduced from 45% in FY 2014 to 25% in FY 2018and the maintenance cost shall also reduce going forward. Further, the new distribution system is laid by DI/ HDPE pipe through which leakage and pressure problem is addressed and durability & life of these pipes are more than the other pipe material.

BMC's had also undertaken massive drive for replacement of faulty meters with new meters and installation of new meters at unauthorized water connections. In totality 1.40 lac meterswere installed in phases and the project was commissioned in year 2016.

The present system of billing for water charges is based on flat monthly rate. Now with the installation of meters, the consumers would be charged through meter reading. Thus, consumers which consume more water would be required to pay more and this may help in consumers using water more judiciously there by help in conserving water.

During FY 2016-17, BMC had awarded the contract for billing of water charges to a contractor who was responsible for taking the meter reading and generating on the spot bill for the consumer. This resulted in an increase in collection of water tax from 49.4 crore in FY 16 to Rs 67.6 crore in FY 17, an y-o-y increase of 37%. However, the contractor who was awarded the tender for billing had left in between and consequent to which the billing based on meters had stopped in March 2017.

Now BMC has retendered the water billing contract and has taken requisite steps taken to stabilize the system. BMC at present not having sufficient staff to maintain the water meter

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reading and billing work, therefore BMC will provide this work to other agency by tendering. The billing agency will exclusively do the work of water meter reading and billing by monthly, which will help BMC to regularize and stabilize water billing work. BMC's management maintains that nearly 80% of the distribution system and in-house meter connections are stabilized and by November 2018, entire system would be stabilized.

3. **Rationalization of Water Tariff:** Presently BMC charges Rs. 180 per household per month for supply of water. To recover O & M Cost the General Body has set the minimum domestic tariff with metered connection at Rs 14.30 per 1000 ltrs. With 80% of the city under metered connections, and considering 90% of collection efficiency, the revenue from water tax is likely to increase by 50% in FY 2018-19 and 70% in FY 2019-20.

4. **SCADA System**

BMC is in the process of preparing an RFP for implementation of SCADA system for automation of water distribution system. With the implementation of SCADA system, BMC officials would have a better control over the water supply system and can monitor and would be in better position to respond to any maintenance, leakage or unauthorized connection issue. The collection efficiency is also expected to improve as the defaulters list would be readily available and BMC officials can remotely restrict the water supply in case of persistent default in payment of water tax by a consumer. Thus, with the ease of operation and maintenance of the water supply system and better control on water distribution losses, the NRW is expected to reduce and revenue would increase, with the implementation of SCADA system. The SCADA system is proposed to be implemented under Smart City Project and would take approximately 18 months from the zero date to implement the project.

The following table shows the workings on how deficit (i.e. increase in revenue and reduction in costs) would reduce going forward

In Rs. Crore

S. No.	Year	Cost of production and supply of water	Revenue
1	2007-18	140 Cr	67 Cr
2	2018-19	150 Cr	100 Cr
3	2019-20	160 Cr	120 Cr
4	2020-21	170 Cr	130 Cr
5	2021-22	180 Cr	140 Cr

Source: Municipal Corporation Bhopal

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The following table gives the Performance on Water Supply Benchmark in BMC area:**Service Level**	**Benchmark**	**FY 18 Level**
Coverage of water supply connections	100	90%
Per capita supply of water (lpcd)	135	135
Extent of metering of water connections	100	80%
Extent of non-revenue water (%)	20	25
Continuity of water supply (hours)	24	1-2 hrs.
Efficiency in redressal of customer complaint	80	60
Quality of water supplied	100	100
Cost recovery in water supply services (%)	100	50
Efficiency in collection of water supply related charges (%)	90	50

Source: Municipal Corporation Bhopal

Various other small initiatives taken by the BMC in water reforms are enumerated as under:

- A total of 83 Over head tanks of different capacity have been constructed by BMC for strengthening of distribution system.
- For filling of overhead tanks, a total of 160 Km of feeder main has been laid under different programs
- A total of 2530 Km of distribution system of various pipe diameters have been laid under various programs
- Metered house service connection for proper monitoring of distribution as well as revenue collection has been done. A total of 1.33 lacs HSC has been done under different programs.
- Two water treatment plants have been constructed on upper lake source for strengthening of water supply system in Upper lake zone.
- 3 Pumping stations of capacity 1008 Cum/Hr have been constructed at Ahmadpur for adequate supply of water at South East part of Bhopal city.
- A total of 2125.11 Kms of pipeline out of 2150.05 Kms has been laid till March 2018. Testing for 1980 Kms of pipeline has been done and 1852 Kms of pipeline have already been put into use.

The following table also summarizes the cost of project and current status of projects which are being currently undertaken by BMC:

Details of the work	**Cost of the Project (Cr.)**	**Current Status**
RRL junction to Misroad	4.67	17.70 Kms of pipeline laid
Pump station at Ahmadnagar	6.48	Concrete work done, brickworks in progress
Karbla pumphouse	10.03	Civil, mechanical and electrical SCADA work done

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Borwon water treatment plant	4.76	Trial run completed
Installment of feeder main	13.91	12 Kms of pipeline being laid
Jawahar Kids Park	13.93	Civil work done; Finishing and mechanical work in progress
450 KL capacity RCC pumphouse and water works in Vajapai nagar	5.44	Reinforcement work in progress

8.3.4 Reforms related to Solid Waste Management

BMC has activity adopting technology and has carried out efforts and innovation for efficient Solid waste management. Few of these initiatives are as follows:

1. Door to door waste collection

2. Smart dustbins with sensors for quick disposal of waste

3. Waste collection vehicles equipped with GPS

4. Solid waste management plant to convert waste into energy

Apart from the above mentioned initiatives, BMC has launched a plastic waste management initiative and this BMC model has garnered success. BMC plastic waste management model not only provides ragpickers means to earn livelihood but also helps in minimizing pollution by sending plastics to cement plants as co-fuel. Currently, 79 plastic waste storage centers are functional while 22 are under construction, benefitting 11,378 ragpickers.

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9. ISSUER'S OUTSTANDING BORROWINGS

The following table gives a detailed view of the debt profile of BMC as on 31st March 2018. As it can be seen, the loans are from Housing & Urban Development Corporation (HUDCO) and Asian Development Bank (ABD) for various infrastructure projects such as storm water drainage, BRTS, sanitation and water distribution projects

9.1 Details of borrowings of the Issuer:

SN	Name of the Bank / FI	Nature of Obligation	Amount Sanctioned (INR Cr)	Amount O/S as on 31 March 2018 (INR Cr)	Rate of Interest	Tenor & Maturity Profile	Type of Security
1	ADB	Rupee Loan – Term Loan	122.97	77.00	10.5%	11 years in. All repayment in tranches between 2005 to 2028	GoMP Guarantee
2	HUDCO – Loan I (19837)	Rupee Loan – Term Loan	9.75	4.68	11% (Floating Rate)	13 years in. All repayment in tranches between 2011 to 2024	GoMP Guarantee
3	HUDCO – Loan II (19800)	Rupee Loan – Term Loan	71.32	37.57	10.75 % (Floating Rate)	13 years in. All repayment in tranches between 2013 to 2026	GoMP Guarantee
4	HUDCO – Loan III (20583)	Rupee Loan – Term Loan	35.28	13.45	09.00 % (Floating Rate)	09 years in. All repayment in tranches between 2016 to 2024	GoMP Guarantee
5	HUDCO – Loan IV (20547)	Rupee Loan – Term Loan	11.39	4.15	10.50 % (Floating Rate)	14 years in. All repayment in tranches between 2015 to 2029	GoMP Guarantee
6	HUDCO – Loan V (20295)	Rupee Loan – Term Loan	8.46	6.10	10.75% (Floating Rate)	14 years in. All repayment in tranches between 2014 to 2028	GoMP Guarantee
7	HUDCO – Loan	Rupee Loan – Term Loan	20.87	19.65	10.75% (Floating	09 years in. All repayment in	GoMP Guarantee

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	VI (21107)				Rate)	tranches between 2017 to 2026	

Note: The above facilities from HUDCO and AB are guaranteed by the State Government

9.2 Details of NCD/Bonds:

Nil

9.3 List of top 10 debenture holders:

Nil

9.4 The amount of charge created along with name of the counterparty (like name of the project etc.):

Nil

9.5 Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its breakup in following table:

Nil

9.6 Details of Rest of Borrowings

Nil

9.7 Estimated Scenarios of Asset Liability Mis-matches:

Tax collection being primary and major source of revenues, there does not seem to be any scenario of asset liability mismatch. With respect to the repayment of debt and revenue generation, the Bonds are to be paid from own revenues of the BMC. The current collections are sufficient to ensure the redemption of the Bonds. The Structured Payment Mechanism as mentioned in Annexure-I shall ensure that the funds deposited over period will be sufficient to service the Bonds.

9.8 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial instrument issued by the issuer, in the past 3 years:

Nil

9.9 An undertaking that the issuer has obtained lenders consent for creating charges on assets in case of issuance of Secured Bonds:

Not applicable as the issuer has not created any charge earlier whether first/second/ pari passu in favour of any of the existing creditors on the security/charge proposed to be created in favour of the present bond borrowing.

9.10 Details of change in terms and conditions of debt securities issued in past 5 years

The issuer has not issued any debt securities in the past 5 years.

9.11 Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash whether in whole or part, at a premium or discount, or in pursuance of an option:

Nil

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9.12 Material event/change having implications on the financials / credit quality

Nil.

9.13 Rating and detailed Rating Rationale:

Refer to Annexure - 3

9.14 Credit Enhancement Mechanisms, if any:

Please refer to Annexure-1 for structured payment mechanism

9.15 Escrow mechanism for the repayment of the interest/principal:

Explained in Annexure-1 as a part of the structured payment mechanism

9.16 Name of the Trustee and Consent thereof:

In accordance with the provisions of Securities & Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015, BMC has appointed Vistra ITCL (India) Limitedto act as Bond Trustee for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustee are as under:

IL&FS Financial Centre, Plot C- 22,
G Bbock, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
Tel - +91 2226593150

A copy of letter fromVistra ITCL (India) Limitedconveying their consent to act as Bond Trustee for the current issue of Bonds is attached as Annexure-5.

BMC hereby undertakes that the rights of the Bondholders will be protected as per the Madhya Pradesh Municipal Corporation Act agreement/deed executed/to be executed between BMC and the Bond Trustee. The Bond Trustee Agreement/Deed shall contain such clauses as may be prescribed under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further the Bond Trustee Agreement/Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Bond Trustee or BMC in relation to any rights or interests of the holder(s) of the Bonds; (ii) limiting or restricting or waiving the provisions of the SEBI Act SEBI Municipal Regulations and circulars or guidelines issued by SEBI; and (iii) indemnifying the Trustee or BMC for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Issuer to the Trustees on behalf of the Bondholder(s) shall discharge the Issuer pro-rata to the Bondholder(s). No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustees, having become so bound to proceed, fail to do so.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of

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Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Information Memorandum and all other related transaction documents, with due care, diligence and loyalty.

9.17 Stock exchanges where the debt securities are proposed to be listed

The Bonds are proposed to be listed on the Debt segment of NSE Ltd Wholesale Debt Market (WDM) segment shall be the designated stock exchange.

9.18 Penal interest payable by Municipal Corporation in case of delay in execution of Trust Deed and charge documents

In case of a delay in execution of the Debenture Trust Deed within the stipulated time, no penal interest shall be payable by the Issuer.

9.19 Additional interest to be paid above the Coupon Rate, in case of default in payment of Interest and/or principal redemption on due dates

In case of default in payment of interest and/or principal redemption on the due dates, the Issuer shall pay an additional interest at the rate of 2.00% P.a. over the respective Coupon Rates of the Bonds for the defaulting period.

9.20 Penal interest payable by the Municipal Corporation in case of delay in listing of Bonds from Date of Allotment

In case of delay in listing of the debt securities beyond 20 days from the Date of Allotment, the Issuer will pay penal interest of at least 1 % p.a. over the coupon rate from the expiry of 30 days from the Date of Allotment till the listing of such debt securities to the investor.

9.21 Future Borrowings

Subject to relevant provisions of Madhya Pradesh Municipal Corporation Act and terms and conditions of this Bond Issue BMC may borrow further funds to carry out any activities as per provisions of the Madhya Pradesh Municipal Corporation Act.

The Issuer shall, as long as the financial covenants are met, be entitled to borrow / raise loans or avail of financial assistance in whatever form as also issue bonds / debentures or other securities in any manner with ranking or pari-passu basis or otherwise, on such terms and conditions as the Issuer may think appropriate, without the consent of or intimation to the Bondholders(s) or the Trustee in this connection. It is clarified that as long as both the financial covenants are met, the Issuer shall be entitled to borrow such further amounts against the Structured Payment Mechanism as necessary without any consent from the Bondholder(s).

Further, in case the Issuer complies with financial covenant related to the DSCR on Operating Surplus but does not comply with the Debt Service Amount covenant, the Issuer shall not be permitted without the consent of the Bondholder(s) to borrow further amount(s) against the Structured Payment Mechanism. However, this shall not prevent the Issuer from borrowing such amount without the consent of the Bondholder(s), without the recourse to the Structured Payment Mechanism as along as the financial covenant relating to DSCR on Operating Surplus is met by the Issuer.

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9.22 Other details

Nil

9.23 DRR/Sinking Fund

The Issuer shall create a Sinking Fund as mentioned in the Structured Payment Mechanism for redemption of the Bonds. Please refer to Annexure-I for details.

9.24 Issue/instrument specific regulations - relevant details

The Madhya Pradesh Municipal Corporation Act provides borrowing powers to Municipal Corporation Bhopal. The issue of Bonds is being made pursuant to Section 102 of the Madhya Pradesh Municipal Corporation Act, 1956. The present issue of Bonds is being made pursuant to Mayor-in Council resolution no. 3 dated 23rd March 2018 and State Government order dated 4th May 2018. The Issuer can undertake the present issue of Bonds in light of above approvals and no further approval is required.

9.25 Process for application and other related details

1. **Who can bid/ apply/ invest?**

   All QIBs and any non-QIB Investors specifically mapped by the Issuer on the BOND - EBP Platform/ are eligible to bid / invest / apply for this issue.
   All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this issue.

2. **Documents to be provided by the Investor:**
   Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:
   - Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
   - Board Resolution authorizing the investment and containing operating instructions;
   - Power of Attorney/relevant resolution/authority to make application
   - Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
   - Government Notification (in case of Primary Co-operative Bank and Regional Rural Banks);
   - Copy of Permanent Account Number Card ('PAN Card") issued by the Income Tax Department
   - Necessary forms for claiming exemption from deduction of tax at source on interest on bonds or interest on application money, wherever applicable.

3. **How to Bid?**
   All Eligible Investors will have to register themselves as a one-time exercise (if not already registered) under the NSE BOND - EBP Platform offered by for participating in the electronic

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book mechanism. Eligible Investors will also have to complete the mandatory KYC verification process. Investors should refer to the Operational Guidelines.

The details of the Issue shall be entered on the NSE BOND - EBP platform by the Issuer 3 (three) working days prior to the Issue / Bid Opening Date, in accordance with the operational guidelines.

The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the NSE BOND - EBP Platform 3 (three) working days before the start of the Issue / Bid/Opening Date.

A bidder has to enter the bid amount and the coupon. The coupon will be decided as per the cut off rate decided based on the uniform price (single coupon) mechanism on NSE EBP bidding platform.

Some of the key guidelines in terms of the current Operational Guidelines on issuance of securities on private placement basis through an electronic book mechanism are as follows:

a. Modification of Bid: Investors may note that modification of bid is allowed during the bidding period / window. However, in the last 10 minutes of the bidding period f window, revision of bid is only allowed for upward revision of the bid amount placed by the Investor and7 or reduction in coupon/rate of interest.
b. Cancellation of Bid: Investors may note that cancellation of bid is allowed during the bidding period / window. However, in the last 1.0 minutes of the bidding period / window, no cancellation of bids is permitted.
c. Multiple Bids: Investors may note that multiple bid is not permitted. If multiple bids are entered by the same Investor, only the first bid will be considered as valid.
d. Withdrawal of the Issue: The Issuer may, at its discretion, withdraw the issue process on the following conditions:
   1) Non-receipt of bids up to the Issue Size;
   2) Bidder has defaulted on payment towards the allotment, within the stipulated timeframe, due to which the Issuer is unable to fulfil the Issue Size. Provided that the Issuer shall accept or withdraw the Issue on the NSE BOND - EBP Platform within 1 (one) hour of the closing of the bidding window, and not later than 5 pm on the Issue/Bidding Closing Date.

   However, Investors should refer to the Operational Guidelines as prevailing on the date of the bid.

4. **Applications complete in all respects must be submitted before the last date indicated in the issue time table:**

Applications should be for the number of Bonds applied by the Applicant. Applications not completed in the said manner are liable to be rejected. The name of the applicants' bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

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The applicant or in the case of an application in joint names, each of the applicant, should mention his/her permanent Account Number (PAN) allotted under the Income -Tax Act, 1961. or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 1394 (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No. Application Forms without this information will be considered incomplete and are liable to be rejected.

All applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/Private/Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring "approved security" status for making investments.

For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Application Form.

5. **Terms of Payment:**

- Payment shall be made in accordance with provisions of circular no. NSCC1TUS/17606 dated April 24, 2018, issued by NSCCL, regarding 'Electronic Bidding Platform for Issuance of Debt Securities on Private Placement Basis'.
- Successful bidders must do the funds pay-in to the designated bank account of NSCCL up to "Pay-in Time" in accordance with operational guidelines of NSE. Successfulbidders should ensure to do the funds pay-in from their same bank account which is updated by them in the NSE BOND - EBP Platform while placing the bids. In case of mismatch in the bank account details between NSE BOND – EBP platform and the bank account from which payment is done by the successful bidder, the payment would be returned back.
- Note: In case of failure of any successful bidder to complete the funds pay-in by the pay-in Time or the funds are not received in the NSCCL's Designated Bank Account by the pay-in Time for any reason whatsoever, the bid will be Liable to be rejected and the Issuer shall not be liable to the successful bidder.
- Application by successful Bidders: Alt Application Forms, duly completed, must be delivered by the Pay-in Time to the Issuer by the successful bidder(s).
  Applications for the Debentures must be in the prescribed format completed in BLOCK LETTERS in English and as per the instructions contained therein.

6. **Date of Allotment:** All benefits under the Bonds including payment of interest will accrue to the Bondholders from and including Date of Allotment, 26th Sep 2018. Issuer also reserves the right to change/modify the issue program or structure at its own discretion without any notice. In case if the issue closing date/ pay in dates is/are changed (pre-poned/ postponed), the Date of Allotment may also be changed (pre-pond/ postponed) by the Issuer at its sole and absolute discretion, subject to relevant regulations.

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7. **Credit to Demat Account:** The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given as per the NSE-EBP operational guidelines.

8. **Issue of Bond Certificates:** The Bonds shall be issued in electronic (dematerialized) form only and will be governed as per the provisions of the Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 md rules notified by NSDL/CDSL/ Depository Participants from time to time and other applicable laws and rules notified in respect thereof.

9. **Depository Arrangements:** The Issuer has appointed Karvy Computershare Private Limitedas the Registrar to the present Bond Issue. The Issuer shall enter into necessary depository arrangements with NSDL and CDSL for dematerialization of the Bonds offered under the present Issue, in accordance with the Depositories Act, 1996 and regulations made thereunder. In this context, the Issuer will sign two tripartite agreements as under:

   Tripartite Agreement between the Issuer, National Securities Depository Limited ('NSDL') and the Registrar for dematerialization of the Bonds offered under the present Issue.

   Tripartite Agreement between the Issuer, Central Depository Services (India) Limited and the Registrar for dematerialization of the Bonds offered under the present Issue.

   Investors can hold the Bonds only in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

10. **Procedure for applying to the Demat facility:**

    a. Applicant(s) should have/ open a Beneficiary Account with any Depository Participant of NSDL or CDSL.

    b. The applicant(s) must specify their beneficiary account number and Depository Participants ID in the relevant columns of the Application Form.

    c. If incomplete/incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, the allotment of Bonds shall be held in abeyance till such time satisfactory demat account details are provided by the applicant.

    d. The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/refund order, if any, would be sent directly to the applicant by the Registrar to the Issue but the confirmation of the credit of the Bonds to the applicants Depository Account will be provided to the applicant by the Depository Participant of the applicant.

    e. Interest or other benefits with respect to the Bonds would be paid to those Bondholders whose names appear on the list of Beneficial Owners given by the Depositories to the Issuer as on the Record Date. In case, the Beneficial Owner is not identified by the Depository on the Record Date due to any reason what so ever, the Issuer shall keep in abeyance the payment of interest or other benefits, till such time the Beneficial Owner is identified by the

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Depository and intimated to the Issuer. On receiving such intimation, the Issuer shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation.

f. Applicants may please note that the Bonds shall be allotted and traded on the stock exchange(s) only in dematerialized form.

11. **Fictitious Applications:** Any person who makes, in fictitious name, any application to a body corporate-for acquiring, or subscribing to, the Bonds, or otherwise induced a body corporate to allot, register any transfer of Bonds, therein to them or any other person in a fictitious name, shall be punishable as per provisions of extant laws.

12. **Market Lot:** The market lot will be one Bond ("Market Lot"). Since the Bonds are being issued only in dematerialized form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

13. **Trading of Bonds:** The marketable lot for the purpose of trading of Bonds shall be 1 (one) Bond of face value of Rs.10 lakhs each. Trading of bonds would be permitted in demat mode only in standard denomination of Rs.10 lakhs and such trades shall be cleared and settled in recognized stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

14. **Mode of transfer of Bonds:** The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL / CDSL/ depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his Depository Participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the Person, whose name appears in the records of the Depository. It such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.

15. **Basis of Allocation/Allotment:** Allocation shall be made in accordance with relevant regulations.

16. **Common Form of Transfer:** The Issuer undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Information Memorandum.

17. **Interest on Application Money:** As the pay-in Date and the Date of Allotment fall on the same date, interest on application money shall not be applicable. Further, no interest on application money will be payable in case the issue is withdrawn by the Issuer in accordance with the Operational guidelines.

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No Interest on Application Money will be paid in respect of applications which are rejected due to any reason.

18. **Interest on the Bonds:** The face value of the Bonds outstanding shall carry interest at the coupon rate from Date of Allotment and the coupon rate & frequency of payment (subject to deduction of income tax under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactmentthereof, as applicable) are mentioned in the summary term sheet.

    The interest payment shall be made through electronic mode to the Bondholders whose names appear on the list of Beneficial owners given by the Depository Participant to the Registrar, as on the record date fixed by Issuer's bank account which is linked to the demat of the Bondholder. However, in absence of complete bank details i.e.correct/updated bank account number, IFSC/RTGS code /NEFT code etc., Issuer shall be required to make payment through cheques/DDs on the due date at the sole risk of the Bondholders. Interest or other Benefits with respect to the Bonds would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depository ParticipanttotheRegistrarasontheRecordDate.

19. **Computation of Interest:** Interest for each of the interest periods shall be computed as per Actual/ Actual day count convention on the face value amount of Bonds outstanding at the, respective Coupon Rate rounded off to the nearest Rupee, Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 clays-a-year basis, on the face value amount of Bonds outstanding.

20. **Record Date:** The Record Date, for the Bonds shall be 15 days prior to each Coupon Payment Date and Redemption Date. In case of redemption of bonds, the trading in the Bonds shall remain suspended between the Record date and the Redemption Date. Interest payment and principal repayment shall be made to the Person whose name appears as beneficiary with the Depositories as on Record Date. In the event of the Issuer not receiving any notice of transfer at least 15 days before the respective coupon payment Date and Redemption Date, the transferees for the Bonds shall not have any claim against the Issuer in respect of amount so paid to the registered Bondholders.

21. **Deduction of Tax at Source:** Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source out of interest payable on Bonds.

    Tax exemption certificate/declaration of non-deduction of tax at source, if applicable, on interest on Bonds or interest on application money should be submitted along with the Application Form. Regarding deduction of tax at source and the requisite declaration forms to be submitted prospective investors are advised to consult their own tax consultant(s). In case of tax deducted at source the corporation will issue the TDS certificate to the investors.

22. **Put & Call Option:** As mentioned in the Term Sheet

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23. **Redemption:** The face value of the Bonds shall be redeemed at par, on the respective Redemption Dates. The Bonds will not carry any obligation, for interest or otherwise, after the Redemption Date. The Bonds shall be taken as discharged on payment of the redemption amount by the Issuer on the Redemption Date to the registered Bondholders whose name appear in the Register of Bondholders on the Record Date. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders.

    In case any Redemption Date falls on a day which is not a Working Day, the payment due shall be made on the immediately preceding Working Day along with interest accrued on the Bonds until but excluding the date of such payment.

24. **Additional Covenants:**Default in payment In case of default in payment of interest and/or principal redemption on the due dates, the Issuer shall pay an additional interest at the rate of 2% p.a. over the respective Coupon Rates of the Bonds for the defaulting period.

25. **SETTLEMENT/ PAYMENT ON REDEMPTION:**

    Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/redemption warrants/demand draft(s)/credit through direct credit/ NECS/RTGS/NEFT mechanism in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depository to the Issuer as on the Record Date.

    The Bonds shall be taken as discharged on payment of the redemption amount by the Issuer on the Redemption Date to the list of Beneficial Owners as provided by NSDL/CDSL/Depository Participant as on Record Date. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders. On such payment being made, the Issuer shall inform NSDL/CDSL/Depository Participant and accordingly the account of the Bondholders with NSDL/CDSL/Depository Participant shall be adjusted.

    The Issuer's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Issuer will not be liable to pay any interest or compensation from the Redemption Date. On the Issuer's dispatching/crediting the amount to the Beneficiary (ies) as specified above in respect of the Bonds, the liability of the Issuer shall stand extinguished.

26. **List of Beneficial Owners:** The Issuer shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

27. **Succession:**

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In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Issuer shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s).the Issuer shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied:

i) Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
ii) Proof that the NRI is an Indian National or is of Indian origin.
iii) Such holding by the NRI will be on a non-repatriation basis.

28. **Eligible Investors:** Mentioned in the Term Sheet

29. **Ineligible Investors :** Mentioned in the Term Sheet

30. **Force Majeure:** The Issuer reserves the right to withdraw the issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

31. **Applications Under Power of Attorney:**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to the Registrar or to such other person(s) at such other address(es) suitable communication.

32. **Application by Mutual Funds:**

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

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33. **Acknowledgements:** No separate receipts will be issued for the application money.

34. **Right to Accept or Reject Applications:**

The Issuer reserves its full, unqualified and absolute right to accept or reject any application in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

a) Number of bonds applied for is less than the minimum application size;
b) Applications exceeding the issue size;
c) Bank account details not given;
d) Details for issue of Bonds in electronic/ dematerialized form not given;
e) PAN not given;
f) In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

35. **PAN:**

Every applicant should mention its Permanent Account Number ("PAN") allotted under the Income Tax Act, 196'1, on the Application Form and attach a self-attested copy as evidence. Application Forms without PAN will be considered as incomplete and are liable to be rejected.

36. **Signatures:**

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

37. **Nomination Facility:**

As per extant provisions of law, only individuals holding the Bonds as Sole/joint holder of Bond scan nominate, in the prescribed manner, a person to whom his/ their Bonds shall vest in the event of his/ their death. Non-individuals including holders of Power of Attorney cannot nominate.

38. **Right to Bondholders:**

Bondholder is not a shareholder. The Bondholders will not be entitled to any other rights and privilege of shareholders other than those available to them under statutory requirements. The principal amount and interest on the Bonds will be paid to the registered

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Bondholders only, and in case of Joint holders, to the one whose name stands first. Besides, the Bonds shall be subject to the provisions of Madhya Pradesh Municipal Corporation Act, the terms of this Information Memorandum and other terms and conditions as may be incorporated in the Bond/ Debenture Trusteeship Agreement and other documents that may be executed in respect of these Bonds.

39. Modification of Rights:

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Issuer where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Issuer.

40. Notices:

All notices required to be given by the Issuer or by the Trustee to the Bondholders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottee of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bondholder(s), including notices referred to under "Payment of Interest" and "Payment on Redemption" shall be sent by registered post or by and delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time.

41. Joint Holders:

Notwithstanding anything in Section 45 of the Indian Contract Act, 1872, when any debenture issued under Madhya Pradesh Municipal Corporation Act is payable to two or more Persons jointly and either or any of them dies, the debenture shall be payable to the survivor or survivors of those Persons.

Notwithstanding anything in Section 45 of the Indian Contact Act, 1872, when two or more persons are joint holders of any debenture issued under Madhya Pradesh Municipal Corporation Act, any one of those Persons may give an effectual receipt for any interest or divided payable in respect of such debenture unless notice to the contrary has been given to the Commissioner by other holders.

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9.26 PROCEDURE FOR DECIDING AND ADJUSTING PAYMENT DATES:

If the interest payment date falls on a holiday, the payment may be made on the following working day. However, the calculation of payment of interest will be only till the day prior to that holiday. Also, the dates of the future coupon payments would be as per the schedule stipulated in the Information Memorandum/ Term Sheet in line with SEBI circular No CIR/IMD/DF -1 / 122 / 2016 dated November 11, 2016.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business, Day, the redemption proceeds shall be paid by the Issuer on the preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment. In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

Please refer to Annexure-2 for an illustration for guidance in respect of the day count convention and effect of holidays on payments. Investors should note that this example is solely for illustrative purposes. We have not considered the effect of public holidays as it is difficult to ascertain for future dates.

9.27 List of documents which have been executed in relation to the issue:

- Copy of letters/resolutions appointing intermediaries to the Issue.
- Copy of letter appointing Registrar & Transfer Agent – As per Annexure 8
- Copy of letter appointing Trustees to the Bondholders – As per Annexure 9
- Resolution passed byMayor-in-Council for approval of borrowingdated 1st Aug 2018 – As per Annexure 6
- State Government approvaldated 4th May 2018, authorizing BMC to issue Bonds – As per Annexure 7
- Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds – As per Annexure 5
- Letter from NSE conveying their in-principle approval for listing of Bonds – As per Annexure 4
- Letter from Brickwork Ratings conveying the credit rating for the Bonds – As per Annexure 3
- Letter from ACUITE Ratings conveying the credit rating for the Bonds - As per Annexure 3
- Tripartite Agreement between the Issuer, NSDL and Registrar for issue of Bonds in dematerialized form
- Tripartite Agreement between the Issuer, CDSL and Registrar for issue of Bonds in dematerialized form
- Copy of BondTrustee agreement dated 20th Sep 2018, executed between Issuer and Trustee
- Copy of Bond TrustDeed dated 24th Sep 2018executed between Issuer and Trustee
- Copy of Escrow Agreement dated24th Sep 2018 executed between Issuer, Escrow Bank and Trustee
- Deed of Hypothecation dated 24th Sep 2018 executed between Issuer and Trustee.

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9.28 Investor Grievances Mechanism

Arrangements have been made to redress investor grievances expeditiously as far as possible. The issuer endeavours to resolve the investor's grievance within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at head office of the Issuer or emailed to following email ID commbhopal@mpurban.gov.in. All investors are hereby informed that the Issuer has appointed a Compliance Officer who may be contacted in case of any pre-issue/ post-issue related problems such as non-credit of in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Information Memorandum. The Corporation has already got itself registered with the SCORES platform of SEBI for the convenience of the investors for filing of any complaint.

9.29 Any other details for Investors

Nil

9.30 Issue Details:

SUMMARY TERM SHEET:

Security Name	9.55% Municipal Corporation Bhopal Bond 2018
Issuer	Municipal Corporation Bhopal
Type of Instrument	Secured, listed, taxable, non-convertible, redeemable bonds in the form of Debentures.
Seniority	Senior
Mode of Issue	Private Placement of Municipal Bonds under SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015, as amended from time to time.
Trading Mode	Demat only
Depository	NSDL / CDSL
Eligible Investors	• Mutual Funds registered with SEBI; • Public Financial Institutions as defined in Section 2(72) of the Companies Act, 2013; • Scheduled Commercial Banks;

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	• Co-operative Banks; • Regional Rural Banks; • State Industrial Development Corporations; • Multilateral & Bilateral Development Financial Institutions; • Insurance companies registered with the IRDA; • Pension funds registered with PFRDA; • Provident funds; • National Investment Fund set up by resolution number F NO 2/3/2005-DDII dated 23 Nov 2005 published in the Gazette of India; • Insurance funds set up and managed by army, navy or air force of GoI; • Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013; • Statutory bodies and corporations; • Limited liability partnerships (LLPs); • Trusts including Public / Private / Charitable / Religious Trusts; • Societies registered under the applicable laws in India and authorized to invest in debentures; • Any other legal entities authorized to invest in debentures, subject to compliance with the relevant regulations applicable to such entities.
Investors not eligible to apply	• VC funds; • Foreign Nationals; • Minors without a guardian name; • Persons resident outside India; • Overseas Corporate Bodies; • Person ineligible to contract under applicable statutory / regulatory requirement; • Resident individual investors, HUF through Karta, NRIs applying for aggregate face value of bonds of up to and including INR 25 lakhs
Listing	Wholesale debt market segment of the NSE. The final listing approval shall be taken from the respective stock exchange within twenty (20) days from the deemed date of allotment. In case of a delay by the Issuer in listing of Bonds beyond twenty (20) days from the deemed Date of Allotment, the Issuer shall make payment to the Debenture Holders a penal interest calculated on the face value of the Debentures @ 1% per annum over the Coupon Rate from the expiry of thirty (30) days from the deemed Date of Allotment till the listing of Debentures.

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Rating of the instrument	AA(SO) by BRICKWORK Ratings and AA(SO) by Acuite Ratings and Research Limited
Issue Size	Base Issue size of INR 100 Crores with green shoe option of INR 75 Crores aggregating to INR 175 Crores
Option to retain oversubscription	Base Issue size of INR 100 Crores with green shoe option of INR 75 Crores aggregating to INR 175 Crores
Date of passing of resolution by Mayor-in-Council of BMC authorizing the issue of bonds	1st August 2018
Date of approval by State Government of Madhya Pradesh authorizing the issue of bonds	4th May 2018
Objects of the Issue: Details of the utilization of the Proceeds	The proceeds of the issue shall be utilized towards capital expenditure for implementation of projects identified under AMRUT
Details of the utilization of the proceeds	As per the Objects of the Issue
Coupon Rate	9.55% per annum payable semi-annually
Taxable / Tax free	Taxable
Coupon payment frequency	Semi-annual
Coupon payment dates	26thMarch and 26thSeptember of each year till redemption of the bonds
Coupon Type	Fixed
Day count basis	Actual / Actual
Interest on application money	Interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the bonds for the period starting from and including the date of realization of

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	application money in Issuer's bank account upto one day prior to the deemed date of allotment. Provided that notwithstanding anything contained hereinabove, Issuer's bank shall not be liable to pay any interest on monies liable to be refunded in case of invalid applications or applications liable to be rejected including applications made by persons ineligible to apply for and / or hold the bonds.
Default Interest Rate	2% per annum over and above the Coupon Rate from the date of occurrence of the default, until the default is cured as per the cure period or the debentures are redeemed pursuant to such default, as may be applicable.
Tenor	10 Years
Face value & Issue Price	Each bond shall have a face value of INR 10 lakh each
Redemption date	First redemption will be at end of 7th year from the deemed date of allotment, Second redemption will be at end of 8thyear from the deemed date of allotment, third redemption will be at end of 9thyear from the deemed date of allotment and the fourth redemption will be at the end of 10th year form the deemed date of allotment.
Redemption Amount	Staggered redemption in four equal annual instalments of 25% of the face value starting from the end of 7th year from the date of allotment.
Redemption Premium / Discount	Not applicable
Put Option date & Price	At the end of 7th year from deemed Date of Allotment& at par
Call Option date & price	At the end of 7th year from deemed Date of Allotment& at par
Put Option Notification Time	Notice period of 30 days prior to the record date
Call Option Notification Time	Notice period of 30 days prior to the record date
Minimum application amount	Minimum of 5 bonds and multiple of 1 thereafter
Rating Downgrade	On occurrence of a Rating Downgrade Event, an additional coupon

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Coupon	on the Debentures shall be payable to the extent of 0.25% per annum for every notch below the assigned rating, as on the deemed date of allotment. For the sake of clarity, if the debentures are rated by more than one credit rating agency, then the lowest rating shall be taken for determining the Rating Downgrade Coupon.
Settlement mode of the instrument	Payment of interest and repayment of principal shall be made by way of cheque(s) / interest / redemption warrants / demand drafts / credit through direct credit / RTGS / Fund transfer / NEFT or any other electronic mode offered by the Banks.
Business Day convention	Business Day shall be a day on which commercial banks are open for business in the city of Bhopal and also the money market is functioning in Mumbai. If the date of payment of interest does not fall on a business day, then the payment shall be made on the following business day in line with SEBI circular no CIR/IMD/DF-1/122/2016 dated 11th Nov 2016.
Record Date	15 days prior to each coupon payment date, put/call option date and redemption / maturity date. In the event the Record Date falls on a day which is not a Business Day, the succeeding Business Day will be considered as Record Day.
Security	The principal amount of the Debentures to be issued with all interest due on the Debentures, as well as costs, charges, all fees, remuneration to Debenture Trustee and expenses payable in respect thereof has been secured by way of legally enforceable and tenable exclusive first charge lien over present and future receivables of the BMC and the amounts lying in the Escrow Account, Interest Payment Account, Sinking Fund Account and Debt Service Reserve Account with minimum cover of 1 time of the total amount borrowed along with interest thereon and other expense. The creation of such security shall be sufficient compliance of the BMC's obligation to create security. The BMC shall be at liberty from time to time during the continuance of the security to issue at such future dates and in such denominations as it considers advisable, further convertible and / or non-convertible debentures and / or to raise further loans, advances and / or avail further financial and / or guarantee facilities from financial institutions, Banks and / or any other persons or entities. The BMC shall till any of the Debentures are outstanding, maintain a security cover equivalent to 1 time of the outstanding Debentures along with interest thereon and other expenses.

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Proposed time schedule: Issue Timing	
1. Bid Opening Date	25th Sep 2018
2. Bid Closing Date	25th Sep 2018
3. Deemed Date of Allotment	26th Sep 2018
4. Pay-in-Date	26th Sep 2018
Transaction Documents	• Copy of letters / resolution appointing intermediaries to the Issue • Copy of letter appointing Registrar to the Issue • Copy of letter appointing Debenture Trustee • Copy of the Mayor-in-Council resolution dated 1st Aug 2018 authorizing the issue of the Bonds. • Copy of the State Government approval dated 4th May 2018 authorizing the issue of the Bonds. • Letter of consent form the Trustee for acting as trustee for and on behalf of the holders of the Bonds. • Letter from Rating Agencies conveying the credit ratings for the Bonds. • Letter from NSE for in-principle approval for listing of the bonds. • Tripartite Agreement between the Issuer, NSDL / CDSL and Registrar to issue the Bonds in demat form. • Copy of Bond Trustee Agreement dated 20th Sep 2018 executed between the Issuer & Trustee • Copy of Bond Trust Deed dated 24th Sep 2018 executed between Issuer and Trustee • Copy of Deed of Hypothecation Agreement dated 24th Sep 2018 executed between Issuer and Trustee • Copy of Escrow Agreement dated 24th Sep 2018 executed between Issuer, Trustee and Escrow Agent • Opening of the Escrow Account, DSRA, IPA and Sinking Fund Account with the account bank
Conditions precedent to disbursement	The subscription from applicants shall be accepted for allocation and allotment by BMC, subject to the following: • Rating letters from the Rating agencies • Consent Letter from the Trustees to act as trustee to the Debenture Holders.

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	• NSE in-principle approval for listing of bonds. • Execution of the Transaction Documents.
Conditions subsequent to disbursement	The Issuer (BMC) shall ensure that the following documents are executed / activities are completed as per the agreed timeframe. • Ensuring that the payment made for subscription to the Bonds is from the bank account of the person / entity subscribing to the Bonds; • Credit of demat account of the allottees by number of Bonds allotted within the stipulated time period; • Taking steps for listing of Bonds with NSE within stipulated time frame; • Compliance with other Regulatory Guidelines as applicable.
Events of Default	If the Issuer commits a default in making payment of any instalment of coupon or repayment of the principal amount of the Bonds on the respective due dates, the same shall constitute an Event of Default by the Issuer. A detailed list of EOD and remedies thereof shall be specified in the Bond Trust Deed to be entered into by the Issuer & Debenture Trustee.
Additional Consequences of Default in meeting covenants	1. Security Creation In case of delay in execution of Trust Deed and Charge documents, the corporation will refund the subscription with agreed rate of interest or will pay penal interest of at least 2 % p.a. over the coupon rate till these conditions are complied with at the option of the investor. 2. Default in payment of interest and /or principal redemption Default in Payment In case of default in payment of interest and /or principal redemption on the due dates, additional interest of at least @2%p.a. over the coupon rate will be payable by the Corporation for the defaulting period. 3. Delay in Listing In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment , the corporation will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the Investors 4. During the tenure of bonds, DSCR shall not fall below of 1times.

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Cross default	Not applicable
Structured Payment Mechanism	1. Under the structured payment mechanism property tax, water tax, other owned revenues, fees and user charges collected by and due to BMC shall be deposited every month in a separate no-lien escrow account for debt servicing of the bonds. The bondholders, through the Debenture Trustee, shall have a first pari-passu charge over the Escrow Account, Interest Payment Account, Sinking Fund Account & Debt Service Reserve Account. The DSRA to be created upfront (one day prior to the pay-in date) by BMC from its own resources equivalent to one year's interest amount. 2. Funds lying in Escrow Account shall have the following usage priority: a. The funds should be first utilized to meet Minimum Balance in Escrow Account. The minimum balance to be maintained in any month shall be calculated as per Para 5 below. b. The Minimum Balance shall not be used for any other purpose other than transfer to the Debt Service Reserve Account (DSRA),Interest Payment Account (IPA) and Sinking Fund Account (SFA). c. The surplus funds after meeting the Minimum Balance can thereafter be transferred to BMC General Fund Account. 3. The above transfer shall be done on a daily basis except on the last business day of every month. On the last business day of every month, the Minimum Balance maintained as indicated above shall be transferred to the DSRA,IPA & SFA. BMC, with the written consent of the Trustees, can transfer the Minimum Balance maintained in the Escrow Account to DSRA, IPA & SFA as the case may be on any day prior to the last business day of the month. 4. In case of any shortfall from transfer from Escrow Account to IPA, SFA or DSRA, BMC shall make good the shortfall from the funds from other accounts to IPA, SFA or DSRA as the case may be. 5. The funds to be transferred to the DSRA,IPA & SFA from the Escrow Account ("Minimum Balance") shall be the aggregate of the following: a. Monthly contribution to be transferred from the Escrow Account shall be calculated separately for each Bond as per the terms of the said issuance. b. Shortfall in any earlier contribution to the extent

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	not made good by BMC from other accounts. 6. The funds lying or deposited in the Escrow Account shall be used in the following order of priority: a. To transfer funds from Escrow Account to Debt Service Reserve Account (DSRA), if any, as per terms of bonds to make good any shortfall in DSRA. At all times the DSRA is maintained at two interest payments and shall be funded one day prior to the pay-in date. b. To transfer funds from Escrow Account to Interest Payment Account on monthly basis, an amount as may be required by the terms and conditions of the bond and any shortfall in earlier contributions. c. To transfer funds from Escrow Account to the Sinking Fund Account on monthly basis, an amount as may be required as per the terms of conditions of the bond and any shortfall in earlier contributions. 7. BMC, at its sole discretion but with prior intimation to the Trustees, can expedite payment of any succeeding future month(s) contribution into the Escrow Account such that at no time the contribution to Escrow Account is less than as calculated in Para 5 above (including the contribution for the month to be expedited). 8. Bondholders, through the Debenture Trustee, shall have first, exclusive and pari-passu charge over Escrow Account. Each Bond Series shall have exclusive charge in its favour on the funds lying in DSRA, Interest Payment Account and Sinking Fund Account created specifically for the series or any investments made from those accounts. 9. Any surplus funds in DSRA, Interest Payment Account and Sinking Fund Account after the Bond is redeemed in full shall be transferred to the Escrow Account. 10. The Debenture Trustee shall have the lien on the Interest Payment Account, DSRA & Sinking Fund Account for the benefit of the bondholders. The amount deposited in these three accounts shall be used solely for meeting the dues to the bondholders. Any surplus in the account after meeting the dues to the bondholders can be transferred to BMC. No amount can be withdrawn from these accounts without the approval of the Debenture Trustee. The Bondholders shall have first pari-passu charge on these accounts. 11. The funds lying to the credit of Interest Payment Account and DSRA can be kept in Fixed Deposits with any scheduled commercial bank with a credit rating of AA+ or above.

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	However, the condition of fixed deposits shall not restrict premature withdrawal from the fixed deposits. A lien shall be created in favour of debenture trustee on all the investments made above. 12. The funds lying credited in the Sinking Fund Account can be kept in Fixed Deposits with any scheduled commercial bank with a credit rating of AA+ or above and / or in Government Securities, State Development Loan and Treasury Bills. However, the condition of fixed deposits shall not restrict premature withdrawal from the fixed deposits. The lien shall be created in favour of debenture trustee on all the investments made above. 13. 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. 14. Escrow Account, DSRA, Interest Payment Account and Sinking Fund Account shall be maintained with any Scheduled Commercial Bank with a credit rating of at least AA+ through the tenor of the instrument. In case, at any point of time the rating of senior debt of the Bank falls below AA+, BMC shall move the funds to other Banks satisfying the original condition. The Bank shall also share the annual statements of these three accounts with the Debenture Trustee and the rating agencies during the tenor of the Bonds. BMC and the Debenture Trustee shall keep the rating agencies informed in case of change in the escrow banker. 15. The Debenture Trustee shall check the amount lying in the credit of Interest Payment Account at least 25 days prior to the interest payment date. In case of any shortfall in the amount, the Trustee shall intimate the BMC of the shortfall and BMC shall make good the shortfall in the Interest Payment Account by at least 15 days prior to the interest payment date. In case of shortfall in any amount in Interest Payment Account at 14 days prior to the interest payment date, the Trustee shall trigger the payment mechanism and instruct bank to transfer the shortfall amount from DSRA to the Interest Payment Account by 10 days prior to the interest payment date. The interest shall be paid by BMC on the due date. Any amount drawn from the DSRA should be deposited back in the DSRA as per the mechanism indicated above. 16. The Debenture Trustee shall check the balance in the

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	Sinking Fund Account at the end of the year and in case of any shortfall in the Sinking Fund Account, BMC shall replenish the Sinking Fund Account with the necessary amount to fill the shortfall. The Trustee shall check the amount lying to the credit of Sinking Fund Account at least 25 days prior to the redemption date. In case of any shortfall in amount, the Trustee shall intimate the BMC of the shortfall and BMC shall make good the shortfall in the Sinking Fund Account by at least 15 days prior to the redemption date. 17. The Trustee shall keep the rating agencies informed of any shortfall in Interest Payment Account, DSRA, Sinking Fund Account and any transfer from DSRA to Interest Payment Account. **Payment Mechanism:** The Trustees shall check the amount lying to the credit of Interest Payment Account at least 25 days prior to the interest payment date. In case of any shortfall in amount, the trustees shall intimate BMC of the shortfall and BMC shall make good the shortfall in the Interest Payment Account by 15 days prior to the interest payment date. In case of shortfall in any amount in Interest Payment Account at least 14 days prior to the Interest Payment date, the Trustee shall trigger the payment mechanism and instruct bank to transfer the shortfall amount from Debt Service Reserve Account to the Interest Payment Account by 10 days prior to the interest payment date. The Interest shall be paid by BMC on the due date. Any amount drawn from the Debt Service Reserve Account should be deposited back in the Debt Service Reserve Account by the end of the month, following the month in which the amount from DSRA has been withdrawn. The debenture trustee shall check the balance in the Sinking Fund Account at the end of the year and in case of any shortfall in the Sinking Fund Account, BMC shall replenish the Sinking Fund Account with the necessary amount to fill the shortfall. The Trustees shall check the amount lying to the credit of Sinking Fund Account at least 25 days prior to the redemption date. In case of any shortfall in amount, the trustees shall intimate BMC of the shortfall and BMC shall make good the shortfall in the Sinking Fund Accountby 15 days prior to the redemption date. The Trustees shall keep the Rating Agencies informed of any shortfall in Interest Payment Account, Debt Service Reserve Account, Sinking Fund Account and any transfer from Debt

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	Service Reserve Account to Interest Payment Account. BMC is expected to receive incentive from Government of India in terms of notification number K/16012/02/2018AMRUT-II B dated March 23, 2018. As and when the said incentive is received by BMC, same shall be kept in Escrow Account and shall be utilised towards interest servicing of the Bonds/debenture on proportionate basis, during the entire duration of bonds till the principal amount borrowed is paid off i.e. 10 years or put/call option whichever is earlier. The unutilised amounts of Government incentive so deposited shall be invested by BMC as per applicable provisions and charge/ lien shall be marked on such investment in favour of the Trustee.
Financial Covenant	Restriction on total Borrowing 1. DSCR on operating Surplus: Debt Service Coverage Ratio (DSCR) for the BMC will not be less than 1x times of operating surplus calculated as under: a. DSCR on Operating Surplus = Operating Surplus / Total Debt b. Operating Surplus = Total Adjusted Income – Total Adjusted Expenditure c. Total Adjusted Income = Total Income – Provisions of doubtful debt – (disputed taxes>1% of the total revenue not collected during the year) d. Total Adjusted Expenditure = Total Expenditure – provision for doubtful debt – Depreciation e. Total Debt Service = Interest Payment + Principal Repayment deposited in the Sinking Funds or Proportionate notional principal payment. 2. The total amount collected in escrow account shall be at least 1x times of the Debt Service Amount on an annual basis. In case, the ratio falls below 1x times, BMC shall not, without the prior approval of the Debenture Trustee, borrow any further amount against the cash flows of the escrow account. Debt Service Amount = Interest payment for the month + proportionate principal deposited in sinking fund or equal instalment of principal redemption. 3. BMC shall not borrow any further funds against the cash flow of the Escrow Account in case there is a shortfall in contribution to IPA, SFA or DSRA and the shortfall has not been made good by BMC.

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10. DECLARATION

The Issuer undertakes that this Information Memorandum contains full disclosures in accordance with the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015, issued vide No. SEBI/ LAD-NRO/GN/2015-16/006 dated 15th July, 2015 as amended from time to time.

The Issuer also confirms that to the best of its knowledge and beliefs this Information Memorandum does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Information Memorandum also does not contain any false or misleading statement.

The Issuer accepts no responsibility for the statement made otherwise than in the Information Memorandum or in any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his own risk.

The Issuer undertakes that the Issuer would, till the redemption of the debt securities, submit the details relating to the financials of the issuer to the Trustee within the timelines Prescribed by SEBI for furnishing, /publishing its half yearly/ annual result. The Issuer has executed the necessary documents for the creation of the charge including the Trust Deed and shall upload the same on the website of the NSE.

The issuer has not created any charge earlier whether first/second/pari passu in favour of any of the existing creditors on the security/charge proposed to be created in favour of the present bond borrowing.

For Municipal Corporation Bhopal

Sri Avinash Lavania
Commissioner,
Municipal Corporation Bhopal,
Place: Bhopal
Date: 25th Sep 2018

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Municipal Corporation, Bhopal

Declaration

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For Municipal Corporation Bhopal

Mr. Alok Sharma
Mayor,
Municipal Corporation Bhopal
Place: Bhopal
Date: 25th Sep 2018

Schedule-1

Name of the Issuer	Municipal Corporation Bhopal
Issue Amount (in Rs.)	175,00,00,000
Date of Allotment	26th Sep 2018
Pay-in Date	26th Sep 2018
Redemption Date(s)	Equal amounts on 26th Sep 2025, 25th Sep 2026, 24th Sep 2027 & 26th Sep 2028
Tenor	10 years
Interest Payment Frequency	Semi-Annually
Interest Payment Date (s)	As per Term Sheet
Coupon	9.55%

Upfront DSRA to be created of amount **INR 16,71,25,000**

Details of amount with Interest Payment and Sinking Fund accounts on a monthly basis is as under:

All Amount in Rupees

	Interest Payment Account			Sinking Fund Account		
Date	Amount	Payment	Cumulative Amount	Amount	Redemption	Cumulative Amount
26-09-2018	-	-	-		-	-
31-10-18	1,65,75,137	-	1,65,75,137	1,74,62,384	-	1,74,62,384
30-11-18	1,65,75,137	-	3,31,50,274	1,74,62,384	-	3,49,24,769
31-12-18	1,65,75,137	-	4,97,25,411	1,74,62,384	-	5,23,87,153
31-01-19	1,65,75,137	-	6,63,00,548	1,74,62,384	-	6,98,49,537
28-02-19	1,65,75,137	-	8,28,75,685	1,74,62,384	-	8,73,11,921
26-03-19	-	8,28,75,685	-	1,74,62,384	-	10,47,74,306
30-04-19	1,68,49,863	-	1,68,49,863	1,74,62,384	-	12,22,36,690
31-05-19	1,68,49,863	-	3,36,99,726	1,74,62,384	-	13,96,99,074
28-06-19	1,68,49,863	-	5,05,49,589	1,74,62,384	-	15,71,61,458
31-07-19	1,68,49,863	-	6,73,99,452	1,74,62,384	-	17,46,23,843

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31-08-19	1,68,49,863	-	8,42,49,315	1,74,62,384	-	19,20,86,227
26-09-19	-	8,42,49,315	-	1,74,62,384	-	20,95,48,611
31-10-19	1,66,21,175	-	1,66,21,175	1,74,62,384	-	22,70,10,995
30-11-19	1,66,21,175	-	3,32,42,350	1,74,62,384	-	24,44,73,380
31-12-19	1,66,21,175	-	4,98,63,525	1,74,62,384	-	26,19,35,764
31-01-20	1,66,21,175	-	6,64,84,699	1,74,62,384	-	27,93,98,148
29-02-20	1,66,21,175	-	8,31,05,874	1,74,62,384	-	29,68,60,532
26-03-20	-	8,31,05,874	-	1,74,62,384	-	31,43,22,917
30-04-20	1,68,03,825	-	1,68,03,825	1,74,62,384	-	33,17,85,301
30-05-20	1,68,03,825	-	3,36,07,650	1,74,62,384	-	34,92,47,685
30-06-20	1,68,03,825	-	5,04,11,475	1,74,62,384	-	36,67,10,069
31-07-20	1,68,03,825	-	6,72,15,301	1,74,62,384	-	38,41,72,454
31-08-20	1,68,03,825	-	8,40,19,126	1,74,62,384	-	40,16,34,838
28-09-20	-	8,40,19,126	-	1,74,62,384	-	41,90,97,222
31-10-20	1,65,75,137	-	1,65,75,137	1,74,62,384	-	43,65,59,606
30-11-20	1,65,75,137	-	3,31,50,274	1,74,62,384	-	45,40,21,991
31-12-20	1,65,75,137	-	4,97,25,411	1,74,62,384	-	47,14,84,375
30-01-21	1,65,75,137	-	6,63,00,548	1,74,62,384	-	48,89,46,759
26-02-21	1,65,75,137	-	8,28,75,685	1,74,62,384	-	50,64,09,144
26-03-21	-	8,28,75,685	-	1,74,62,384	-	52,38,71,528
30-04-21	1,68,49,863	-	1,68,49,863	1,74,62,384	-	54,13,33,912
31-05-21	1,68,49,863	-	3,36,99,726	1,74,62,384	-	55,87,96,296
30-06-21	1,68,49,863	-	5,05,49,589	1,74,62,384	-	57,62,58,681
31-07-21	1,68,49,863	-	6,73,99,452	1,74,62,384	-	59,37,21,065
31-08-21	1,68,49,863	-	8,42,49,315	1,74,62,384	-	61,11,83,449

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27-09-21	-	8,42,49,315	-	1,74,62,384	-	62,86,45,833
30-10-21	1,65,75,137	-	1,65,75,137	1,74,62,384	-	64,61,08,218
30-11-21	1,65,75,137	-	3,31,50,274	1,74,62,384	-	66,35,70,602
31-12-21	1,65,75,137	-	4,97,25,411	1,74,62,384	-	68,10,32,986
31-01-22	1,65,75,137	-	6,63,00,548	1,74,62,384	-	69,84,95,370
28-02-22	1,65,75,137	-	8,28,75,685	1,74,62,384	-	71,59,57,755
28-03-22	-	8,28,75,685	-	1,74,62,384	-	73,34,20,139
30-04-22	1,68,49,863	-	1,68,49,863	1,74,62,384	-	75,08,82,523
31-05-22	1,68,49,863	-	3,36,99,726	1,74,62,384	-	76,83,44,907
30-06-22	1,68,49,863	-	5,05,49,589	1,74,62,384	-	78,58,07,292
30-07-22	1,68,49,863	-	6,73,99,452	1,74,62,384	-	80,32,69,676
31-08-22	1,68,49,863	-	8,42,49,315	1,74,62,384	-	82,07,32,060
26-09-22	-	8,42,49,315	-	1,74,62,384	-	83,81,94,444
31-10-22	1,65,75,137	-	1,65,75,137	1,74,62,384	-	85,56,56,829
30-11-22	1,65,75,137	-	3,31,50,274	1,74,62,384	-	87,31,19,213
31-12-22	1,65,75,137	-	4,97,25,411	1,74,62,384	-	89,05,81,597
31-01-23	1,65,75,137	-	6,63,00,548	1,74,62,384	-	90,80,43,981
28-02-23	1,65,75,137	-	8,28,75,685	1,74,62,384	-	92,55,06,366
27-03-23	-	8,28,75,685	-	1,74,62,384	-	94,29,68,750
29-04-23	1,68,49,863	-	1,68,49,863	1,74,62,384	-	96,04,31,134
31-05-23	1,68,49,863	-	3,36,99,726	1,74,62,384	-	97,78,93,519
30-06-23	1,68,49,863	-	5,05,49,589	1,74,62,384	-	99,53,55,903
31-07-23	1,68,49,863	-	6,73,99,452	1,74,62,384	-	1,01,28,18,287
31-08-23	1,68,49,863	-	8,42,49,315	1,74,62,384	-	1,03,02,80,671
26-09-23	-	8,42,49,315	-	1,74,62,384	-	1,04,77,43,056

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31-10-23	1,66,21,175	-	1,66,21,175	1,74,62,384	-	1,06,52,05,440
30-11-23	1,66,21,175	-	3,32,42,350	1,74,62,384	-	1,08,26,67,824
30-12-23	1,66,21,175	-	4,98,63,525	1,74,62,384	-	1,10,01,30,208
31-01-24	1,66,21,175	-	6,64,84,699	1,74,62,384	-	1,11,75,92,593
29-02-24	1,66,21,175	-	8,31,05,874	1,74,62,384	-	1,13,50,54,977
26-03-24	-	8,31,05,874	-	1,74,62,384	-	1,15,25,17,361
30-04-24	1,68,03,825	-	1,68,03,825	1,74,62,384	-	1,16,99,79,745
31-05-24	1,68,03,825	-	3,36,07,650	1,74,62,384	-	1,18,74,42,130
29-06-24	1,68,03,825	-	5,04,11,475	1,74,62,384	-	1,20,49,04,514
31-07-24	1,68,03,825	-	6,72,15,301	1,74,62,384	-	1,22,23,66,898
31-08-24	1,68,03,825	-	8,40,19,126	1,74,62,384	-	1,23,98,29,282
26-09-24	-	8,40,19,126	-	1,74,62,384	-	1,25,72,91,667
31-10-24	1,65,75,137	-	1,65,75,137	1,74,62,384	-	1,27,47,54,051
30-11-24	1,65,75,137	-	3,31,50,274	1,74,62,384	-	1,29,22,16,435
31-12-24	1,65,75,137	-	4,97,25,411	1,74,62,384	-	1,30,96,78,819
31-01-25	1,65,75,137	-	6,63,00,548	1,74,62,384	-	1,32,71,41,204
28-02-25	1,65,75,137	-	8,28,75,685	1,74,62,384	-	1,34,46,03,588
26-03-25	-	8,28,75,685	-	1,74,62,384	-	1,36,20,65,972
30-04-25	1,68,49,863	-	1,68,49,863	1,74,62,384	-	1,37,95,28,356
31-05-25	1,68,49,863	-	3,36,99,726	1,74,62,384	-	1,39,69,90,741
30-06-25	1,68,49,863	-	5,05,49,589	1,74,62,384	-	1,41,44,53,125
31-07-25	1,68,49,863	-	6,73,99,452	1,74,62,384	-	1,43,19,15,509
30-08-25	1,68,49,863	-	8,42,49,315	1,74,62,384	-	1,44,93,77,894
26-09-25	-	8,42,49,315	-	1,74,62,384	43,75,00,000	1,02,93,40,278
31-10-25	1,24,31,353	-	1,24,31,353	1,22,54,051	-	1,04,15,94,329

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29/11/2025	12,431,353	-	24,862,705	12,254,051	-	1,053,848,380
31/12/2025	12,431,353	-	37,294,058	12,254,051	-	1,066,102,431
31/01/2026	12,431,353	-	49,725,411	12,254,051	-	1,078,356,481
27/02/2026	12,431,353	-	62,156,764	12,254,051	-	1,090,610,532
26/03/2026	-	62,156,764	-	12,254,051	-	1,102,864,583
30/04/2026	12,614,503	-	12,614,503	12,254,051	-	1,115,118,634
30/05/2026	12,614,503	-	25,229,007	12,254,051	-	1,127,372,685
30/06/2026	12,614,503	-	37,843,510	12,254,051	-	1,139,626,736
31/07/2026	12,614,503	-	50,458,014	12,254,051	-	1,151,880,787
31/08/2026	12,614,503	-	63,072,517	12,254,051	-	1,164,134,838
25/09/2026	-	63,072,517	-	12,254,051	437,500,000	738,888,889
31/10/2026	8,287,568	-	8,287,568	7,696,759	-	746,585,648
30/11/2026	8,287,568	-	16,575,137	7,696,759	-	754,282,407
31/12/2026	8,287,568	-	24,862,705	7,696,759	-	761,979,167
30/01/2027	8,287,568	-	33,150,274	7,696,759	-	769,675,926
26/02/2027	8,287,568	-	41,437,842	7,696,759	-	777,372,685
26/03/2027	-	41,437,842	-	7,696,759	-	785,069,444
30/04/2027	8,379,144	-	8,379,144	7,696,759	-	792,766,204
31/05/2027	8,379,144	-	16,758,288	7,696,759	-	800,462,963
30/06/2027	8,379,144	-	25,137,432	7,696,759	-	808,159,722
31/07/2027	8,379,144	-	33,516,575	7,696,759	-	815,856,481
31/08/2027	8,379,144	-	41,895,719	7,696,759	-	823,553,241
24/09/2027	-	41,895,719	-	7,696,759	437,500,000	393,750,000
30/10/2027	4,155,294	-	4,155,294	3,645,833	-	397,395,833
30/11/2027	4,155,294	-	8,310,587	3,645,833	-	401,041,667

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31/12/2027	4,155,294	-	12,465,881	3,645,833	-	404,687,500
31/01/2028	4,155,294	-	16,621,175	3,645,833	-	408,333,333
29/02/2028	4,155,294	-	20,776,469	3,645,833	-	411,979,167
27/03/2028	-	20,776,469	-	3,645,833	-	415,625,000
29/04/2028	4,200,956	-	4,200,956	3,645,833	-	419,270,833
31/05/2028	4,200,956	-	8,401,913	3,645,833	-	422,916,667
30/06/2028	4,200,956	-	12,602,869	3,645,833	-	426,562,500
31/07/2028	4,200,956	-	16,803,825	3,645,833	-	430,208,333
31/08/2028	4,200,956	-	21,004,781	3,645,833	-	433,854,167
26/09/2028	-	21,004,781	-	3,645,833	437,500,000	-0

Note: a) Any shortfall in the cumulative amount needs to be met by Escrow Account in priority mentioned in the Summary Term Sheet and BMC should make good any of the shortfall by the transfer from other account(s) of BMC

b) Shortfall = Cumulative amount – Amount lying in relevant Account (including fixed deposits / investments)

c) The effect of holidays have not been factored in while creating the schedule.

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Annexure-1: Structured Payment mechanism

1. Under the structured payment mechanism property tax, water tax, fees and user charges collected by and due to BMC shall be deposited every month in a separate no-lien escrow account for debt servicing of the bonds. The bondholders, through the Debenture Trustee, shall have a first pari-passu charge over the Escrow Account, Interest Payment Account, Sinking Fund Account & Debt Service Reserve Account. The DSRA to be created upfront by BMC from its own resources equivalent to one year's interest amount.
2. Funds lying in Escrow Account shall have the following usage priority:
    a. The funds should be first utilized to meet Minimum Balance in Escrow Account. The minimum balance to be maintained in any month shall be calculated as per Para 5 below.
    b. The Minimum Balance shall not be used for any other purpose other than transfer to the Debt Service Reserve Account (DSRA),Interest Payment Account (IPA) and Sinking Fund Account (SFA).
    c. The surplus funds after meeting the Minimum Balance can thereafter be transferred to BMC General Fund Account.
3. The above transfer shall be done on a daily basis except on the last business day of every month. On the last business day of every month, the Minimum Balance maintained as indicated above shall be transferred to the DSRA,IPA & SFA. BMC, with the written consent of the Trustees, can transfer the Minimum Balance maintained in the Escrow Account to DSRA, IPA & SFA as the case may be on any day prior to the last business day of the month.
4. In case of any shortfall from transfer from Escrow Account to IPA, SFA or DSRA, BMC shall make good the shortfall from the funds from other accounts to IPA, SFA or DSRA as the case may be.
5. The funds to be transferred to the DSRA,IPA & SFA from the Escrow Account ("Minimum Balance") shall be the aggregate of the following:
    a. Monthly contribution to be transferred from the Escrow Account shall be calculated separately for each Bond as per the terms of the said issuance.
    b. Shortfall in any earlier contribution to the extent not made good by BMC from other accounts.
6. The funds lying or deposited in the Escrow Account shall be used in the following order of priority:
    d. To transfer funds from Escrow Account to Debt Service Reserve Account (DSRA), if any, as per terms of bonds to make good any shortfall in DSRA. At all times the DSRA is maintained at two interest payments and shall be funded one day prior to the pay-in date.
    e. To transfer funds from Escrow Account to Interest Payment Account on monthly basis, an amount as may be required by the terms and conditions of the bond and any shortfall in earlier contributions.
    f. To transfer funds from Escrow Account to the Sinking Fund Account on monthly basis, an amount as may be required as per the terms of conditions of the bond and any shortfall in earlier contributions.
7. BMC, at its sole discretion but with prior intimation to the Trustees, can expedite payment of any succeeding future month(s) contribution into the Escrow Account such that at no time

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the contribution to Escrow Account is less than as calculated in Para 5 above (including the contribution for the month to be expedited).

8. Bondholders, through the Debenture Trustee, shall have first, exclusive and pari-passu charge over Escrow Account. Each Bond Series shall have exclusive charge in its favour on the funds lying in DSRA, Interest Payment Account and Sinking Fund Account created specifically for the series or any investments made from those accounts.
9. Any surplus funds in DSRA, Interest Payment Account and Sinking Fund Account after the Bond is redeemed in full shall be transferred to the Escrow Account.
10. The Debenture Trustee shall have the lien on the Interest Payment Account, DSRA & Sinking Fund Account for the benefit of the bondholders. The amount deposited in these three accounts shall be used solely for meeting the dues to the bondholders. Any surplus in the account after meeting the dues to the bondholders can be transferred to BMC. No amount can be withdrawn from these accounts without the approval of the Debenture Trustee. The Bondholders shall have first pari-passu charge on these accounts.
11. The funds lying to the credit of Interest Payment Account and DSRA can be kept in Fixed Deposits with any scheduled commercial bank with a credit rating of AA+ or above. However, the condition of fixed deposits shall not restrict premature withdrawal from the fixed deposits. A lien shall be created in favour of debenture trustee on all the investments made above.
12. The funds lying credited in the Sinking Fund Account can be kept in Fixed Deposits with any scheduled commercial bank with a credit rating of AA+ or above and / or in Government Securities, State Development Loan and Treasury Bills. However, the condition of fixed deposits shall not restrict premature withdrawal from the fixed deposits. The lien shall be created in favour of debenture trustee on all the investments made above.
13. 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.
14. Escrow Account, DSRA, Interest Payment Account and Sinking Fund Account shall be maintained with any Scheduled Commercial Bank with a credit rating of at least AA+ through the tenor of the instrument. In case, at any point of time the rating of senior debt of the Bank falls below AA+, BMC shall move the funds to other Banks satisfying the original condition. The Bank shall also share the annual statements of these three accounts with the Debenture Trustee and the rating agencies during the tenor of the Bonds. BMC and the Debenture Trustee shall keep the rating agencies informed in case of change in the escrow banker.
15. The Debenture Trustee shall check the amount lying in the credit of Interest Payment Account at least 25 days prior to the interest payment date. In case of any shortfall in the amount, the Trustee shall intimate the BMC of the shortfall and BMC shall make good the shortfall in the Interest Payment Account by at least 15 days prior to the interest payment date. In case of shortfall in any amount in Interest Payment Account at 14 days prior to the interest payment date, the Trustee shall trigger the payment mechanism and instruct bank to transfer the shortfall amount from DSRA to the Interest Payment Account by 10 days prior to the interest payment date. The interest shall be paid by BMC on the due date. Any amount drawn from the DSRA should be deposited back in the DSRA as per the mechanism indicated above.

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16. The Debenture Trustee shall check the balance in the Sinking Fund Account at the end of the year and in case of any shortfall in the Sinking Fund Account, BMC shall replenish the Sinking Fund Account with the necessary amount to fill the shortfall. The Trustee shall check the amount lying to the credit of Sinking Fund Account at least 25 days prior to the redemption date. In case of any shortfall in amount, the Trustee shall intimate the BMC of the shortfall and BMC shall make good the shortfall in the Sinking Fund Account by at least 15 days prior to the redemption date.
17. The Trustee shall keep the rating agencies informed of any shortfall in Interest Payment Account, DSRA, Sinking Fund Account and any transfer from DSRA to Interest Payment Account.

Payment Mechanism:

The Trustees shall check the amount lying to the credit of Interest Payment Account at least 25 days prior to the interest payment date. In case of any shortfall in amount, the trustees shall intimate BMC of the shortfall and BMC shall make good the shortfall in the Interest Payment Account by 15 days prior to the interest payment date. In case of shortfall in any amount in Interest Payment Account at least 14 days prior to the Interest Payment date, the Trustee shall trigger the payment mechanism and instruct bank to transfer the shortfall amount from Debt Service Reserve Account to the Interest Payment Account by 10 days prior to the interest payment date. The Interest shall be paid by BMC on the due date. Any amount drawn from the Debt Service Reserve Account should be deposited back in the Debt Service Reserve Account by the end of the month, following the month in which the amount from DSRA has been withdrawn. The debenture trustee shall check the balance in the Sinking Fund Account at the end of the year and in case of any shortfall in the Sinking Fund Account, BMC shall replenish the Sinking Fund Account with the necessary amount to fill the shortfall. The Trustees shall check the amount lying to the credit of Sinking Fund Account at least 25 days prior to the redemption date. In case of any shortfall in amount, the trustees shall intimate BMC of the shortfall and BMC shall make good the shortfall in the Sinking Fund Accountby 15 days prior to the redemption date. The Trustees shall keep the Rating Agencies informed of any shortfall in Interest Payment Account, Debt Service Reserve Account, Sinking Fund Account and any transfer from Debt Service Reserve Account to Interest Payment Account.

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Illustrative bond cash flow:

Name of the Issuer	Municipal Corporation Bhopal
Issue Amount (in Rs.)	175,00,00,000
Date of Allotment	26th Sep 2018
Pay-in Date	26th Sep 2018
Redemption Date(s)	Equal amounts on 26th Sep 2025, 25th Sep 2026, 24th Sep 2027 & 26th Sep 2028
Tenor	10 years
Interest Payment Frequency	Semi-Annually
Interest Payment Date (s)	As per Term Sheet
Coupon	9.55%

Cash Flow	Original Due Date	Coupon Payment Date	Coupon Amount (Rs.)	Redemption Amount (Rs.)
1st Coupon	Tuesday, March 26, 2019	Tuesday, March 26, 2019	8,28,75,685	-
2nd Coupon	Thursday, September 26, 2019	Thursday, September 26, 2019	8,42,49,315	-
3rd Coupon	Thursday, March 26, 2020	Thursday, March 26, 2020	8,31,05,874	-
4th Coupon	Saturday, September 26, 2020	Monday, September 28, 2020	8,40,19,126	-
5th Coupon	Friday, March 26, 2021	Friday, March 26, 2021	8,28,75,685	-
6th Coupon	Sunday, September 26, 2021	Monday, September 27, 2021	8,42,49,315	-
7th Coupon	Saturday, March 26, 2022	Monday, March 28, 2022	8,28,75,685	-
8th Coupon	Monday, September 26, 2022	Monday, September 26, 2022	8,42,49,315	-
9th Coupon	Sunday, March 26, 2023	Monday, March 27, 2023	8,28,75,685	-
10th Coupon	Tuesday, September 26, 2023	Tuesday, September 26, 2023	8,42,49,315	-
11th Coupon	Tuesday, March 26, 2024	Tuesday, March 26, 2024	8,31,05,874	-
12th Coupon	Thursday, September 26, 2024	Thursday, September 26, 2024	8,40,19,126	-
13th Coupon	Wednesday, March 26, 2025	Wednesday, March 26, 2025	8,28,75,685	-
14th Coupon + 25% Maturity	Friday, September 26, 2025	Friday, September 26, 2025	8,42,49,315	43,75,00,000
15th Coupon	Thursday, March 26, 2026	Thursday, March 26, 2026	6,21,56,764	-
16th Coupon + 25% Maturity	Saturday, September 26, 2026	Friday, September 25, 2026	20,947,860	43,75,00,000
16th Coupon	Saturday, September 26, 2026	Monday, September 28, 2026	42,124,658	
17th Coupon	Friday, March 26, 2027	Friday, March 26, 2027	41,437,842	-
18th Coupon + 25% Maturity	Sunday, September 26, 2027	Friday, September 24, 2027	20,833,390	43,75,00,000
18th Coupon	Sunday, September 26, 2027	Monday, September 27, 2027	21,062,329	
19th Coupon	Sunday, March 26, 2028	Monday, March 27, 2028	20,776,469	-
20th Coupon + 25% Maturity	Tuesday, September 26, 2028	Tuesday, September 26, 2028	2,10,04,781	43,75,00,000

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*Note: We have not taken other holidays into account as it is not possible to ascertain the same presently

Note:

- SEBI vide it circular no CIR/IMD/DF1/48/2016 dated April 21, 2016 has laid down a framework for issuance of debt securities on private placement basis through an Electronic Book Mechanism (EBM). All private placements of debt with filed prospectus INR 500Crore and above will have to mandatorily go through the platform from 1 July 2016 onwards. Operational Guidelines as prescribed by stock exchanges will be followed for Bidding Process.
- In case of oversubscription of bonds at cut-off rate, the decision of BMC for Allocation/Allotment of Bonds will be final and binding on Investors / Arranger's.
- The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-pone/ postponed), the Deemed Date of Allotment may also be changed (pre-pone/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date May also be changed at the sole and absolute discretion of the Issuer.

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Annexure -3: Rating Letters and Rationale Form

Rating Letter and Rationale from Brickwork Ratings

BWR/NCD/HO/ERC/VI/0371/2018-19
06sep2018

Mr. Avinash Lavania
(Commissioner)
Bhopal Municipal Corporation
Hareshwardhan complex, Mata Mandir,
Bhopal - 462 018
Madhya Pradesh

Dear Sir,

Sub: Rating of Municipal Corporation, Bhopal Proposed NCD issue of ₹ 175.00 Crs (₹ One Hundred Seventy Five Crores Only) with a tenor up to 10 years.

Thank you for giving us an opportunity to undertake rating of Proposed NCD issue of Rs. 175.00 Crores of Municipal Corporation, Bhopal. Based on the proposed term sheet of the NCD shared with us, information and clarifications provided by your company, as well as information available in public sources, Brickwork Ratings is pleased to inform you that **Municipal Corporation, Bhopal's Proposed NCD issue of ₹ 175.00 Crs** has been assigned a rating of **BWR AA(SO) (Pronounced BWR Double A (Structured Obligation)) (Outlook: Stable).** Instruments with this rating are considered to have High degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The rating is subject to the terms of issue being in line with the draft provided to us and their compliance with the requisite terms of the issue, regulatory and legal requirements. On completion of the borrowing, please furnish executed transaction documents containing details of the issue such as date of issue, amount issued, interest rate, date of maturity, etc.

The Rating is valid for one year from the date of this letter and subject to the terms and conditions that were agreed in your mandate dated 01August18 and other correspondence, if any and Brickwork Ratings standard disclaimer appended below. Brickwork Ratings would conduct surveillance every year till maturity/redemption of the instrument. Please note that Brickwork Ratings would need to be kept informed of any significant information/development that may affect your Company's finances/performance without any delay.

Please let us have your acceptance for the above rating within ten days of this letter. Unless acceptance is conveyed by the said date, the rating should not be used for any purpose whatsoever.

Best Regards,

Vipula Sharma
IGM-Ratings

Note: Rating Rationale of 98 assigned Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings website. Interested persons are well advised to refer to our website www.brickworkratings.com. If they are unable to view the rationale, they are requested to intimate us at brickworkratings@gmail.com/info@brickworkratings.com

Brickwork Ratings India Pvt. Ltd.
[illegible]

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Brickwork Ratings assigns rating for the proposed NCD issue amounting to Rs. 175.00 Crs. of Bhopal Municipal Corporation

Particulars:

Facility Rated	Amount (Rs. Crs.)	Tenure	Coupon Payment Frequency	Rating* Assigned
Proposed NCD	175.00	10 years	Half Yearly	BWR AA(SO) (Pronounced as BWR Double A (Structured obligation)) (Outlook: Stable)
Total	175.00	Rupees One Hundred Seventy Five Crores Only		

*Please refer to BWR website www.brickworkratings.com for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financials up to FY17, provisional financials for FY18, projected financial statement upto FY20, receipt and payment statement, publicly available information and, information/clarifications provided by the Corporation.

The rating has, inter alia, factored in the structured payment mechanism including DSRA, interest servicing account, sinking fund provisions, Y-O-Y increase in revenue income with adequate revenue surplus, strategic and economic importance of the city, property tax collection efficiency and improvement in civic services parameters. The rating is, however, constrained by high tax receivable days which is largely due to arrears from previous years and implementation risk associated with the projects being implemented under various ongoing schemes.

Going forward, ability of the corporation to complete the various projects in timely manner, maintain adequate revenue surplus and overall surplus and further improve the service levels would be the key rating sensitivities.

Key Rating Drivers:

Structured Payment Mechanism: BMC has a structured payment mechanism in place for the timely servicing of both the interest and principal. The mechanism includes four separate accounts which include -

- Escrow account: property tax, water tax, fees and user charges collected by and due to

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BMC shall be deposited every month in a separate no-lien escrow account for servicing of the bonds.

- DSRA equivalent to two half yearly interest payments.
- Interest payment account (IPA) from which the interest will be serviced on the due date
- Sinking fund account (SFA), which will be managed and monitored by the debenture trustee for the repayment of principal portion as per the repayment schedule

The mechanism will work as follows:

Property tax, water tax, fees and user charges collected by and due to BMC shall be deposited every month in a separate no-lien escrow account for debt servicing of the bonds.

Interest Payment Account (IPA)

The Debenture Trustee shall check the amount lying in the credit of Interest Payment Account at least 25 days (T-25) prior to the interest payment date. In case of any shortfall in the amount, the Trustee shall intimate the BMC of the shortfall and BMC shall make good the shortfall in the Interest Payment Account by at least 15 days (T-15) prior to the interest payment date.

In case of shortfall in any amount in Interest Payment Account at 14 days (T-14) prior to the interest payment date, the Trustee shall trigger the payment mechanism and instruct bank to transfer the shortfall amount from DSRA to the Interest Payment Account by 10 days (T-10) prior to the interest payment date. The interest shall be paid by BMC on the due date. Any amount drawn from the DSRA should be deposited back in the DSRA as per the mechanism indicated above.

Sinking Fund Account (SFA)

The Debenture Trustee shall check the balance in the Sinking Fund Account at the end of the year and in case of any shortfall in the Sinking Fund Account, BMC shall replenish the Sinking Fund Account with the necessary amount to fill the shortfall. The Trustee shall check the amount lying to the credit of Sinking Fund Account at least 25 days (T-25) prior to the redemption date. In case of any shortfall in amount, the Trustee shall intimate the BMC of the shortfall and BMC shall make good the shortfall in the Sinking Fund Account by at least 15 days (T-15) prior to the redemption date. In case of any shortfall in amount, the Trustee shall intimate the BMC of the shortfall and BMC shall make good the shortfall in the Sinking Fund Account by at least 15 days prior to the redemption date.

NCD enjoys legally enforceable and tenable exclusive first charge lien over present and future receivables of the BMC with minimum cover of 1 time of the total amount borrowed along with interest thereon and other expense. Escrow Account, DSRA, Interest Payment Account and Sinking Fund Account shall be maintained with any Scheduled Commercial Bank with a credit rating of at least AA- through the tenor of the instrument.

The funds lying to the credit of Interest Payment Account, Sinking Fund Account and DSRA can be kept in Fixed Deposits with any scheduled commercial bank with a credit rating of AA- or

Commissioner
Municipal Corporation, Bhopal

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.

Y-O-Y increase in revenue income with moderate revenue surplus: The corporation has managed to show continuous growth in revenue income over the period of three years under consideration. Revenue income for the corporation increased from Rs. 539.35 Crs in FY15 to Rs. 654.57 in FY16 and further increased to Rs.758.23 Crs in FY17.

Strategic importance of the city: Bhopal is among the 20 cities selected under the first phase for the implementation of the Smart City Project. Bhopal economy is driven primarily by cotton, electrical goods, jewelry and chemical industry. Over 1200 MSMEs are currently existent in Bhopal. Tourism is also a thriving industry with several tourist spots identified as UNESCO heritage site etc.

Moderate coverage of civic services: The ratings continues to draw strength from the improvements in the water and sanitation sector against the service level benchmarks for urban local bodies set by the Ministry of Urban Development. The coverage level of water supply is at 95.00%(FY18). The service level metrics are expected to improve significantly in the coming years with further investments under AMRUT, SMART CITY and other schemes. Coverage of toilets stood at 100% and coverage of sewerage networks was at 68.30% as on FY18.

About the Company:
BMC Bhopal Municipal Corporation (BMC) is the Municipal Corporation for the capital city of Madhya Pradesh and it is responsible for the civic infrastructure and administration of the city of Bhopal. This civic administrative body administers an area of 648.24 km2 (250.29 sq mi). The city is divided into 85 wards. Bhopal is known as the City of Lakes, very well connected to all the corners of the country. As per census 2011, the population stands at 1,798,218 with literacy rate of 83.47%. Economy is driven primarily by cotton, electrical goods, jewelry and chemical industry. Over 1200 MSMEs are currently existent in Bhopal. Tourism is also a thriving industry with several tourist spots such as UNESCO heritage site, lakes, etc.

Company's Financial Performance:
BMC has reported total revenue of Rs. 758.23 Crs in FY17 against Rs 654.57 Crs in FY16. Net surplus reported at Rs 171.86 Crs in FY17 against Rs 147.76 Crs in FY16. The cash surplus stood at Rs 251.72 Crs in FY17. The total municipal fund is reported at Rs 2771.94 Crs as on FY17.

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Municipal Corporation, Bhopal

Key Financial Figures			
Particulars	Unit	FY16(Audited)	FY17(Audited)
Own Tax revenues	Rs. Crores	201.37	252.17
Total own revenues	Rs. Crores	241	293.22
Total Revenue receipts	Rs. Crores	604.27	558.23
Revenue Surplus	Rs. Crores	147.76	171.86
Cash surplus	Rs. Crores	215.22	151.72
Cash and Bank Balance	Rs. Crores	178.11	253.60
Total borrowings	Rs. Crores	134.96	120.91

Rating History for the last three years:

Sl. No.	Facility	Current Rating (April 2018)			Rating History		
Facility Type		Type	Amount (Rs. Crs)	Rating	2017	2016	2015
1	Proposed NCD	Long Term	175.00	BWR AA(SO)	NA	NA	NA
Total			175.00	Rupees One Hundred Seventy Five Crores Only			

Status of Non-Cooperation with previous CRA - NA
Hyperlink/Reference to Applicable Criteria:

- General Criteria
- Public Finance - Municipal & Urban Local Bodies
- Structured Obligation

Analytical Contacts	Media
Nipula Sharma DGM - Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-866-428-2742	

For print and digital media
This Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic

8Sep2018

Commissioner
Municipal Corporation, Bhopal

media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR, does not the sole right of sharing (both direct and indirect) its rationale for consideration or otherwise through any print or electronic or digital media.

New on complexity levels of the rated instrument

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/downloads/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings:

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empanelled by NSIC, other Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empanelled Brickwork for MFI and NGO grading. BWR, is accredited by SREDA, the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representation in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 2,10,000 Cr. In addition, BWR has rated about 3000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹38,700 Cr have been rated. Brickwork has a wider presence in rating of nearly 100 cases.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

Commissioner
Municipal Corporation, Bhopal

8Sep2010

Rating Letter and Rationale from Acuite Ratings (SMEA earstwile)

Acuite

Rating Letter - Intimation of Rating Action

Letter issued on: September 04, 2019
Letter Expires on: August 01, 2019

Municipal Corporation Bhopal
Narayan Sing Tapur Marg,
Shivaji Market, Nagar Nigam,
Indore,
Madhya Pradesh 452007

Kind Attn.: Mr. Dinesh Handa, Director – Finance [Tel. No. 91 9425004814]

Dear Mr. Handa,

Sub.: Rating(s) Assigned - Bank Loans / Debt Instrument of Municipal Corporation Bhopal

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	175.00	Not applicable
Quantum of Enhancement (Rs. Cr.)	Not applicable	Not applicable
Rating	ACUITE AA (SO)	Not applicable
Outlook	Stable	Not applicable
Most recent Rating Action	Assigned	Not applicable
Date of most recent Rating Action	September 04, 2019	Not applicable
Rating Watch	Not applicable	Not applicable

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité's policies.

This letter will expire on August 01, 2019 or on the day when Acuité takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit https://www.acuite.in/ OR scan the QR code given above to confirm the current outstanding rating.

Acuité will re-issue this rating letter on August 02, 2019 subject to receipt of surveillance fee as applicable. If the rating is reviewed before August 01, 2019, Acuité will issue a new rating letter.

Suman Chowdhury

Suman Chowdhury
President - Rating Operations

Annexures: A. Details of the Rated Instrument
B. Details of the rating prior to the above rating action

Commissioner
Municipal Corporation, Bhopal

Annexure A. Details of the rated instrument

Facility	Scale	Amt. (Rs. Cr)	Rating Assigned	Rating Outlook
Bond (Proposed)	Long Term	175.00	ACUITE AA (SO)	Stable
Total Facility		175.00		

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	Not applicable	Not applicable
Rating	Not applicable	Not applicable
Outlook	Not applicable	Not applicable

DISCLAIMER

An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial advisor's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuite. Acuite's rating scale and its definitions.

Commissioner
Municipal Corporation, Bhopal

Press Release

Bhopal Municipal Corporation

September 06, 2018

Rating Assigned

Bond Programme*	Rs. 175.00 Cr.
Long Term Rating	ACUITE AA (SO) / Outlook: Stable

* Refer Annexure for details

Rating Rationale

ACUITE has assigned the long term rating of **'ACUITE AA (SO)' (read as ACUITE double A (Structured Obligation))** on the Rs. 175.00 Cr. Proposed bond of Bhopal Municipal Corporation (BMC). The outlook is 'Stable'.

Bhopal Municipal Corporation (BMC) founded in 1907, services an area of 286 square kilometer, inhabited by around 19 lakh people in and around 85 wards. The corporation provides key obligatory services such as roads and bridges, water supply and sanitation, drainage and sewerage, public health, solid waste management, and primary education. It also offers discretionary services such as public transportation.

Key Rating Drivers

Strengths

Benefits from Bhopal's status as an Administrative Capital of Madhya Pradesh

BMC provides civic services to Bhopal city, the capital of Madhya Pradesh. Being an administrative capital, Bhopal is a base for all major state government offices. As a hub for major decision making, Bhopal has enhanced ability to attract investments from wide range of sectors. The city has around 1044 major small and medium scaled industries and also large scale companies like, BHEL, DB Corp among others. The city is divided into two parts, old city and new city. Old city has major industries such as electrical goods, chemical, cotton, sporting equipment among others. Mandideep which is another industrial hub of Bhopal has attracted major companies such as HEG Limited and Lupin Laboratories Limited. The significant employment opportunities generated as a result of the economic activities in and around Bhopal has led to higher per capita income which augurs well with the cash flows of BMC. The per capita income stood at Rs.47,214 for FY2017-18 (at 2004-05 constant prices).

BMC's water supply connection (base considered land) coverage and sanitation coverage remained comfortable at 93% and 100% respectively, in FY2017-18 (Prev. year: 94% and 100% respectively). However, the sewerage coverage ratio stood moderate at 69% in FY2017-18. Besides being the capital city of Madhya Pradesh, Bhopal has been identified one of the cities under Ara Mission for Rejuvenation and Urban Transformation (AMRUT) mission. The purpose of AMRUT is to ensure every household to have access to tap water and sewerage connection, increase the amenity value of cities, and reduce pollution in the city. Hence, Acuité believes that adequate financial and non-financial support from State and Central Government will be made available to BMC for maintaining civic infrastructure at healthy levels under AMRUT mission.

The owned revenues to total revenues of BMC stood at 76.86 per cent in FY2018 (Prov.) as against 72.10 per cent in the previous year. The buoyancy in owned revenues is primary on account of higher tax collection during FY2017-18. BMC has also exhibited the ability to higher tax revenues which is marked by owned revenues which stood at Rs.593.31 crore for FY2018 (Prov.) as against Rs.500.62 for FY2017. BMC has access to revenue grants from State Government and Central Government. The revenue grants from State and Central government ~Rs.221 crore in FY2017-18 (Prev.: Rs.221 crore). The revenue surplus stood at Rs.24.08 crore for FY2017-18 as against revenue deficit of Rs.25.04 crore in the previous year. The surplus stood at Rs.234.34 crore for FY2018 (Prov.) as against Rs.171.86 crore

Commissioner
Municipal Corporation, Bhopal

in the previous year.

Structured Payment Mechanism

The payment mechanism entails maintenance of an Escrow Account, Debt Service Reserve Account (DSRA), Interest Payment Account (IPA), and Sinking Fund Account (SFA).

i. The DSRA shall be created on the pay-in date with an amount equal to one year interest payments for the bond structure.
ii. The funds (Owned Revenue) received in the Escrow Account will be transferred to IPA and SFA on a monthly basis as per the terms of the bond.
iii. As regards the interest payments (expected to be half yearly), the IPA will be funded on a monthly basis.
iv. SFA, which shall be funded monthly equivalent to the amount as per the terms of bond issuances.

IPA

An amount, as specified in the terms of bonds/loans agreements, will be transferred to IPA from Escrow Account on monthly basis. In case of any shortfall in the amount lying to the credit of interest payment account on transaction date (T)-25 days prior to debt service, the trustee shall inform BMC, and the latter shall cover the shortfall by T-15 days. If the corporation fails to cover the shortfall by T-15 days, then the trustee will instruct the bank to transfer the deficit from DSRA to IPA by T-10 days.

SFA

The debenture trustee shall check the balance in SFA at the end of each year. In case of any shortfall, the trustee shall inform BMC to replenish the same. Further, the trustee shall check the balance in SFA in T-25 days from the principal redemption date. In case of any shortfall, the trustee shall ask BMC to make good the shortfall in T-15 days.

Management of Funds

The management of funds in the various designated accounts will be overseen by the trustee. Any surplus funds available in the Escrow account, after meeting the aforesaid structured payment mechanism, can be transferred to BMC's general fund account. Escrow Account, DSRA, IPA and SFA shall be maintained with a scheduled commercial bank, rated at least 'AA+' by two rating agencies, throughout the tenure of the instruments. If the rating of senior debt of the concerned bank falls below 'AA+', BMC will move the fund to other bank, satisfying the aforesaid conditions. The status of the designated accounts will be shared with the debenture trustee and rating agencies on a periodic basis during the tenor of the bonds. The funds credited and lying in IPA, SFA and DSRA can be kept in fixed deposits with a scheduled commercial bank with a dual rating of 'AA+' or above. The interest income earned on the investments made from SFA, DSRA and IPA can be utilised towards obligations of the respective accounts.

Weaknesses

Significant buildup in Receivables

The debtors position as on 31 March, 2018 stood at Rs.544.09 Cr. as compared to Rs.404.64 Cr. as on 31 March, 2017 i.e. 370 days for FY18 (Prov.) (previous year 284 days). The debtors mainly pertain to accumulated overdue in property taxes and water charges (~84.10% of overall receivables). However, the risk of buildup in receivables has mitigated at an extent as BMC has demonstrated higher tax collection efficiency for property taxes and water taxes which stood at 73 per cent and 79 per cent respectively in FY2018 (Prov.) (Prev.: 62 & 77 per cent respectively).

Commissioner
Municipal Corporation Bhopal

Acuité believes that any significant build-up in receivables beyond existing levels will be a key rating sensitivity factor.

Analytical Approach
Acuité has considered the standalone business and financial risk profiles of Bhopal Municipal Corporation to arrive at the rating.

Outlook: Stable
Acuité believes BMC will maintain a stable outlook given its healthy revenue growth and diversified economic infrastructure. The outlook may be revised to 'Positive' in case there is a significant improvement in cost recovery and service coverage indicators. The outlook may be revised to 'Negative' in case there is an increased dependence on grants and further build-up in the debtor levels.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	926.83	804.92	941.04
EBITDA	Rs. Cr.	383.09	351.09	308.30
PAT	Rs. Cr.	234.24	171.86	147.76
EBITDA Margin	(%)	40.99	34.55	31.87
PAT Margin	(%)	24.44	21.35	23.03
ROCE	(%)	6.00	5.31	5.87
Total Debt/Tangible Net Worth	Times	0.06	0.04	0.05
PBDIT/Interest	Times	59.36	27.70	69.74
Total Debt/PBDIT	Times	0.42	0.41	0.52
Gross Current Assets (Days)	Days	379	366	365

Status of non-cooperation with previous CRA (if applicable)
None

Any other information
None

Applicable Criteria

- Default Recognition -
- Urban Local Bodies -
- Financial Ratios And Adjustments -
- Securitised Transactions -

Note on complexity levels of the rated instrument

Rating History (Upto last three years)
Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Bond	Not Applicable	Not Applicable	Not Applicable	175.00	ACUITE AA (SO) / Stable

Contacts

Commissioner
Municipal Corporation, Bhopal

Analytical	Rating Desk
Aditya Gupta Head-Corporate and Infrastructure Sector Tel: 022-67141111 [redacted]	Varsha Bist Manager - Rating Desk Tel: 022-67141160 [redacted]
Kashish Shah Rating Analyst - Rating Operations Tel: 022-67141152 [redacted]	

About Acuité Ratings & Research:
Acuité Ratings & Research Limited (formerly SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: *An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a third-party's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever to any user, investor or consequentialities of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.*

Commissioner
Municipal Corporation, Bhopal

Annexure -4: In principle approval for listing

NSE

25

National Stock Exchange Of India Limited

Ref. No: NSE/LIST/60714 September 17, 2018

The Compliance Officer
Municipal Corporation, Bhopal
Mata Mandir Square,
Harshavardhan Nagar,
Bhopal,
Madhya Pradesh 462026

Kind Attn.: Mr. Avinash Lavania

Dear Sir,

Sub.: In-principle approval for listing of Non-convertible Bonds in the nature of Debentures to be issued Municipal Corporation, Bhopal on private placement basis

This is with reference to your application for in-principle approval for listing of Secured, Taxable, Non-convertible Redeemable Bonds in the nature of Debentures of face value of Rs.10 lakhs each at par of Rs.100 crores ("Issue") and Green Shoe Option of Rs.75 Crores total aggregating to Rs.175 Crores by Municipal Corporation Bhopal, on private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue.

Kindly note that these debt instruments may be listed on the Exchange after the allotment process has been completed provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015.

Yours faithfully,
For National Stock Exchange of India Limited

Lokesh Bhandari
Senior Manager

Commissioner
Municipal Corporation, Bhopal

This Document is Digitally Signed

Signer: Lokesh Bhandari
Date: Mon, Sep 17, 2018 16:15:40 IST
Location: India

NSE

Annexure -5: Consent of the Trustee

VISTRA ITCL

Ref. No. 7566

September 17, 2018

To,

Bhopal Municipal Corporation ("Corporation")
Harshwardhan Complex,
Mata Mandir, Bhopal
Madhya Pradesh - 462023

Dear Sir/Madam,

Sub: Proposed issue of bonds/debentures by Bhopal Municipal Corporation (Issue).

We, the undersignec, do hereby consent to act as Debenture/Bond Trustee in accordance with of the Securities and Exchange Board Of India (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 as amended with respect to the Issue and to our name being included as Bond/Debenture Trustee of the Corporation in disclosure document and any other document intended to be filed by the Corporation with the stock exchanges or any other authority in respect of the Issue and the subsequent communications sent to the holders of debt securities pursuant to the Issue. The following details with respect to us may be disclosed:

Name: **Vistra ITCL (India) Ltd.**
Address: Plot C- 22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400051
Tel: 022-26593: 50
Fax: 022-26533297
Email: itclcomplianceofficer@vistra.com
Website: www.vistraitcl.com
Contact Person: Mr. Jatin Chouan, Assistant Vice President
SEBI Registration Number: INDO00000578

We enclose a copy of our registration certificate regarding our registration with Securities and Exchange Board of India.

Sincerely,

For Vistra ITCL (India) Limited

Authorized Signatory
Name: Sandesh Vaidya
Designation: Manager

Vistra ITCL (India) Limited

Commissioner
Municipal Corporation, Bhopal

Annexure – 6: Mayor-in-CouncilApproval for borrowing

नगर पालिक निगम, भोपाल
माता मंदिर, हर्षवर्धन कम्पनेक्स, भोपाल
MUNICIPAL CORPORATION, BHOPAL
कार्यालय दूरभाष 0755-2701222
फैक्स :- 0755-2701223
E-mail :- commoffice@bmconline.gov.in
commbhopal@mp.urban.gov.in

Resolution passed in the meeting of Mayor in Council, Municipal Corporation, Bhopal
Resolution No.06 Date 01st August 2018

The proposal & opinion dated 31st July 2018 of Head of the department (Finance and Accounts) and the Commissioner, Municipal Corporation, Bhopal for raising funds of Rs.175.00 Crore through Municipal bonds for implementation of various project under 'AMRUT' Mission.

According to summary enclosed with the letter of the Commissioner ,funds of Rs. 175.00 Crore are to be raised through Municipal Bonds for implementation of various Projects under 'AMRUT 'Mission .Mayor in Council members hereby unanimously accord their permission , in presumption of approval by Municipal Council for Authorization for issuing Bonds, Signing all the related documents, structuring the repayment of bonds, appointing the various agencies & intermediaries for execution of the work completing formalities related to issuing of municipal bonds of 175.00 Crore etc.

The funds raised will be utilized towards contribution of Municipal Corporation, Bhopal of Rs.175.03 Crore for various projects (as detailed below) to be implemented under the 'AMRUT' Mission

(INR Crores)

S.no	Project Component	Central Share	State Share	ULB Share
1	Water Supply	139.48	209.19	69.74
2	Sewerage and Septage Management	147.32	221.00	73.68
3	Storm Water Drainage	46.60	69.90	23.30
4	Urban Transport/Mobility	13.33	20.00	6.67
5	Parks and Green Space	8.33	12.50	4.17
	Total	355.02	532.59	177.56

Total Estimated Project cost: (INR. Crores) 1065.17 (Rs One Thousand Sixty Five Crore Seventeen Lakh Only)

The council members unanimously accorded approval for creation of security in legally enforceable and freable exclusive first charge basis over present and future receivables of the Municipal Corporation, Bhopal and the amounts lying in the Escrow Account, Interest Payment Account, Sinking Fund Account and Debt Service Reserve Account with minimum cover of one time of the total amount borrowed through bonds including interest payment and other cost or as agreed between trustee and Municipal Corporation, Bhopal to sign trust deed or security documents or to make any necessary amendments. The council also accorded approval to structure Payment mechanism/Escrow/Sinking Fund / interest payment/DSRA etc as per the annexure attached for servicing and issuance of Municipal Bonds by Municipal Corporation, Bhopal to the tune of Rs. 175.03 Crore to finance the gap funding for various projects to be implemented under the 'AMRUT' Mission.

Commissioner
Municipal Corporation, Bhopal

The council members unanimously accorded approval for authorizing Commissioner, Municipal Corporation ,Bhopal on behalf of the Municipal Corporation ,Bhopal to act as signatory of all the documents including but not limited information memorandum , trustee agreement etc, corporate action &/or to do any necessary amendment as may be applicable required as per the process for issuance of Municipal Bond by Municipal Corporation ,Bhopal to complete credit rating, pre and post issue compliance, listing issuance, allotment of bonds, dematerialization, etc.

Commissioner, Municipal Corporation ,Bhopal is authorized on behalf of Municipal Corporation ,Bhopal to do all such acts, deeds and things time to time as may be deemed necessary in respect of issue of bonds including but not limited to the number of issue/tranche, face value, issue price, issue size, tenor, timing, coupon/interest rate(s) yield, allotment, dematerialization, listing, credit rating and other terms and condition of issue and servicing of Bonds/bond obligation, to open necessary accounts for bonds money, DSRA, escrow, interest payment and sinking fund, as well as to enter into additional agreement and contracts with intermediaries for the bond issue.

These currently include, but may not be limited to following

1) Collection and Escrow agent agreement
2) Independent Legal counsel
3) Independent auditor for the Municipal Corporation Finances and escrow held funds
4) Independent Engineer for the Project if required.
5) Listing requirement for the NSE/BSE
6) Depository requirement for the dematerialized bonds
7) Trustee for the issue
8) Registrar to the issue.
9) Merchant Banker to the issue
10) Two credit rating agencies
11) Any other act/deed/matter/facility relating to the proposed issue of bonds

To be presented before Municipal Council ,Municipal Corporation ,Bhopal for confirmation

For execution of aforesaid matters Commissioner is hereby authorized to deal with all as & when required.

(Shri Alok Sharma)
Mayor/Chairperson
Mayor in Council
Municipal Corporation, Bhopal

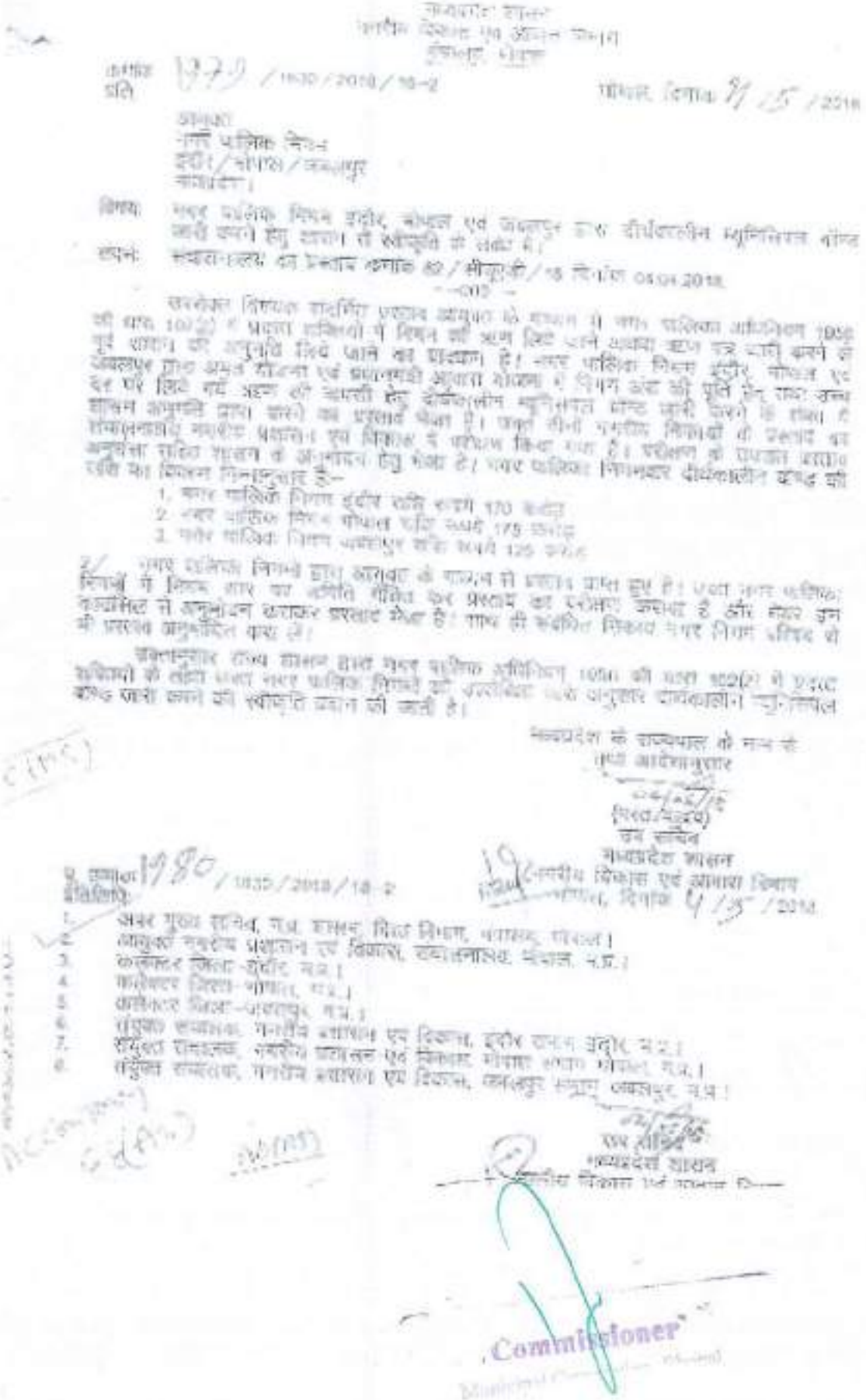
Copy to:-

1) Commissioner, Municipal Corporation ,Bhopal
2) Residential Audit Department for information and necessary action

Mayor/Chairperson
Mayor in Council
Municipal Corporation, Bhopal

Commissioner
Municipal Corporation, Bhopal

Annexure – 7: State Government approval for borrowing



Annexure -8: Copy of letter appointing Registrar & Transfer Agent

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नगर पालिक निगम, भोपाल
चाल सदिर, इतवारिया तालाबेसल, भोपाल
MUNICIPAL CORPORATION, BHOPAL
कार्या. दूरभाष 0755-2701222
फैक्स - 0755-2701223
Email - commissioner@bmconline.gov.in
commbhopal@rmputan.gov.in

पत्र क्रमांक 315

भोपाल दिनांक 5.2.18

To,

The Vice President
Karvy Computer share Pvt Ltd.
305, New Delhi House ,3rd Floor
27,Barakhamba Road,
New Delhi-110001

Subject:- **Municipal Corporation ,Bhopal fund raising of rupees 175 crores of Municipal Bonds for various project under Amrut Mission Issue of Service order to M/s Karvy Computershare Pvt. Ltd as Registrar and Transfer Agent**

Reference: **your original offer dated -02/AUG/2018**

Dear, Sir

We are please to inform you that Municipal Corporation ,Bhopal has appointed Karvy Computer share Pvt. Ltd. as registrar and transfer agent of the corporation against your proposal letter ref/ of letter dated:-02/8/2018 and within the scope of work mentioned in your offer letter for both electronic and physical, elaborated as under

Scope of work and procedure

A. Pre Allotment
- Assistance in getting ISIN from NSDL/CDSL
- Filling of master creation form with Depositories

B. Post Allotment
- Preparation of final reports and printing of the certificate. These are enumerated below:
- Activation of ISIN
- Printing of Bond Certificate /Letter of Allotment, Preparation of Refund Cheques if any , Allotment Advice, etc. as may be applicable
- Arranging to mail these documents within the stipulated time
- Verification of DP-ID, Client ID with the Depositories
- All activities related to corporate action and allotment
- Web related activities-KARISMA

Commissioner
Municipal Corporation, Bhopal

Preparation of the following Registers and other data:

- Allotment Register
- Register of Interest on Application money
- Weekly download of beneficiary position and maintenance of the same.
- At the start of the shut periods before interest and maturity due dates, giving the details of the Bond holders for the purpose of making the payments to them
- Maintenance of the register of bond holders
- Rectification of transfers
- Change of address, mandate, POA, tax exemption request etc
- Printing of register/index of bond holders
- Processing of interest/redemption payments on due dates
- Printing of interest registers
- Printing and dispatch of interest warrant and reconciliation of thereof
- Covering letter generations
- Attending to investor complaints
- Extinguishing the debentures for the particulars DSN which have matured

Compliance with all regulatory norms related to RTA

Any other RTA work which may have not been specifically elaborated here in above.

Please note that Municipal Corporation, Bhopal can terminate the contract/ appointment by giving one month notice without assigning any reason whatsoever.

The contract shall be under the jurisdiction of Municipal Corporation, Bhopal.

You are kindly requested to accept the appointment and the billing shall start from the date of acceptance of DSN.

(Approved by Commissioner)

Yours Sincerely

(Dharmendra Singh Hada)
Additional Commissioner (Finance)
Municipal Corporation, Bhopal

Commissioner
Municipal Corporation, Bhopal

Annexure -9: Copy of letter appointing Trustees to the Bondholders

नगर पालिक निगम, भोपाल
बाल बड़ि, होशंगाबाद कम्पनीबाग, भोपाल
MUNICIPAL CORPORATION, BHOPAL
कार्या. दूरभाष 0755-2701222
फैक्स :- 0755-2701223
Email :- commoffice@mcbhopal.gov.in
ccombhopal@mpnurm.gov.in

पत्र क्रमांक 314
भोपाल दिनांक 5-5-18

To,

M/s Vistra ITCL (India) limited
Regd. Office : The IL&FS Financial Centre
Plot No C-22 G Block, 7th Floor
Bandra Kurla Complex, Bandra (East)
Mumbai- 400051

Subject: **Municipal Corporation ,Bhopal fund raising of rupees 175 crores of Municipal Bonds for various project under Amrut-Mission. Issue of Service order to M/s Vistra ITCL (India) limited as Debenture Trustee.**

Reference: **your original offer dated 02/08/2018**

Dear Sir

With reference to the above subject cited. You are appointed as debenture trustee for proposed bond issue of Rs 175.00 crores & you are requested to carry out the following work as a debenture trustee.

Scope of work

1. VITCL shall act as a trustee for the debentures and hold the security for and on behalf of the subscribers to the debentures.
2. Monitoring of covenants, DCRs, DRR, insurance policy, asset cover, pledge share adequacy, interest servicing and redemption, credit rating, and nac certificate.
3. Security creation, perfection, pari-passu NOC's, CERSAI in case of MOE, ROC, filings.
4. Release of security after receipt of No dues.
5. Compliance for listing of NCDs.

It may be noted that above mentioned works are only indicative and not exhaustive.

The fees payable to you will be as follows:-

1. Acceptance fee/ Onetime fee of Rs 35,000/- plus applicable taxes.

Commissioner
Municipal Corporation, Bhopal

2. Annual fee Rs. 15,000/- plus applicable taxes per annum payable annually in advance starting from the date of execution of the debenture trust deed till the debentures under the trust deed are fully repaid and forms for release of charge for the relevant issuances covered by the trust deeds are filed.

3. Out of pocket expenses: As per actual, if incurred with prior approval of Municipal Corporation, Bhopal.

This appointment will be governed by Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

The detailed terms and conditions shall be specified in agreement. You are requested share the draft copy of the agreement to be executed for your appointment as Debenture Trustee so that we may finalize the same at the earliest. After finalization of the agreement, you shall sign the agreement on RS. 100/- Non judicial Bond paper and submit the same to this office for our signing.

(Approved by Commissioner)

Yours Sincerely

(Dharmendra Singh Hada)
Additional Commissioner (Finance)
Municipal Corporation, Bhopal

Commissioner
Municipal Corporation, Bhopal

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