PRIVATE & CONFIDENTIAL – FOR PRIVATE CIRCULATION ONLY
Serial No.:
Addressed to: Dated: October 16, 2025

This Placement Memorandum is neither a prospectus nor a statement in lieu of prospectus. This Placement Memorandum is prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, as amended from time to time.

Note: This Placement Memorandum is strictly for a private placement issue. Nothing in this Placement Memorandum shall constitute and/or deem to constitute an offer or an invitation to offer to the public or any section thereof to subscribe for or otherwise acquire the Debentures in general under any law for the time being in force. This Placement Memorandum should not be construed to be a prospectus or a statement in lieu of prospectus. This Placement Memorandum and the contents hereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through communication by the Issuer and only such recipient(s) are eligible to apply for the Bonds. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue.

PLACEMENT MEMORANDUM

BHAVNAGAR MUNICIPAL CORPORATION

A municipal corporation constituted under Article 243Q(1)(c) of the Constitution of India, 1949 and established under the Bombay Provincial Municipal Corporation Act,1949, (then applicable Act in Gujarat) (now GPMC Act) vide notification dated February 12, 1982 bearing reference no. KP-30/82/BMN-1082/2860(iii)-P

Head Office: Bhavnagar Mahanagar Seva Sadan, Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar, Gujarat - 364001

Contact Person cum Compliance Officer: Shri. Ritesh R Maheta

Tel: +91-9979084655 **E-mail:** bmcmunibonds@gmail.com **Website:** www.bmcgujarat.com

PLACEMENT MEMORANDUM FOR PRIVATE PLACEMENT OF UPTO 2,500 (TWO THOUSAND FIVE HUNDRED) RATED, LISTED, TAXABLE, SECURED, REDEEMABLE AND NON-CONVERTIBLE MUNICIPAL BONDS IN THE NATURE OF DEBENTURES, OF FACE VALUE OF ₹ 1,00,000/- (RUPEES ONE LAKH ONLY) EACH ("BONDS"/ "NCDs"/ "DEBENTURES") FOR CASH, FOR AN AMOUNT AGGREGATING UP TO ₹25 CRORE (RUPEES TWENTY FIVE CRORE ONLY) ("ISSUE") BY BHAVNAGAR MUNICIPAL CORPORATION ("BMC"/ "CORPORATION" / "ISSUER").

BACKGROUND

This Placement Memorandum is related to the Bonds to be issued by Bhavnagar Municipal Corporation on a private placement basis and contains relevant information and disclosures required for the purpose of issuance of the Bonds in terms of the Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, as amended from time to time.

GENERAL RISK

Investment in Bonds involves a degree of risk, and investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments. Investors are advised to read the Placement Memorandum including Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, the investors must rely on their own examination of the Issuer, this Placement Memorandum and the Issue including the risks involved. Specific attention of investors is invited to the section titled Risk Factors on page no.18 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the Bonds or investor's decision to purchase the Bonds. The Issue of Bonds has not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all information that is material in the context of the Issue and sale of the Bonds and is accurate in all material respects and does not contain a

ny untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading in any material respect.

LISTING

The Bonds are proposed to be listed on the National Stock Exchange of India Limited ("**NSE**" / "**Stock Exchange**") and NSE shall be the Designated Stock Exchange for the Issue. The Issuer has received an in-principle approval for listing of Bonds from NSE vide their letter having reference no. NSE/LIST/9435 dated August 20, 2025.

CREDIT RATING

The Bonds proposed to be issued by the Bhavnagar Municipal Corporation have been rated by CRISIL Ratings Limited ("**CRISIL**") and India Ratings and Research Private Limited ("**India Ratings**") (collectively the "**Rating Agencies**"). CRISIL has vide its letter dated December 13, 2024 assigned a rating of Provisional CRISIL AA-/Stable reaffirmed vide its letter dated October 03, 2025 and has issued a rating rationale dated June 05, 2025, India Ratings has vide its letter dated January 16, 2025 assigned a rating of Provisional IND AA-/Stable reaffirmed vide its letter dated October 06, 2025 and has issued a rating rationale dated January 16, 2025. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision regarding investment in the present Bonds. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

There are no other ratings, including unaccepted ratings, in relation to the Debentures other than as specified in this Placement Memorandum. For credit rating of Bonds and detailed rationale of the ratings, please refer to Annexure- II.

MERCHANT BANKERS		DEBENTURE TRUSTEE	REGISTRAR
A. K. CAPITAL SERVICES LIMITED 603, 6th floor, Windsor, Off CST Road, Kalina, Santacruz-(East), Mumbai- 400 098. **Tel:** 022-67546500; **Fax:** 022-66100594 **Email**: bhavnagarbonds@akgroup.co.in; vaibhav.jain@akgroup.co.in **Investor Grievance E-mail**: investor.grievance@akgroup.co.in **Website**:www.akgroup.co.in **Contact Person**: Vaibhav Jain **Compliance Officer**: Subodh More **Tel (Compliance Officer):** 022-67544776 **Email (Compliance Officer):** compliance@akgroup.co.in subodh.More@akgroup.co.in **SEBI Registration No**.: INM000010411 **CIN:** L74899MH1993PLC274881	**TIPSONS CONSULTANCY SERVICES PRIVATE LIMITED** 1st Floor, Sheraton House, Opposite Ketav Petrol Pump, Polytechnic Road, Ambawadi, Ahmedabad - 380015. **Tel:** +91 79 66828064 **Email:** bmc@tipsons.com **Investor Grievance E-mail:** igr@tipsons.com **Website:** www.tipsons.com **Contact Person:** Divyani Koshta **Compliance Officer:** Divyani Koshta **Tel (Compliance Officer):** +91 79 66828000 **Email (Compliance Officer):** divyani.koshta@tipsons.com **SEBI Registration No.**: INM000011849 **CIN:** U74140GJ2010PTC062799	**SBICAP TRUSTEE COMPANY LIMITED** 4th Floor, Mistry Bhavan, 122, Dinshaw Vachha Road, Churchgate, Mumbai - 400020 **Telephone:** 022-43025566 **Email:** corporate@sbicaptrustee.com/dt@sbicaptrustee.com **Investor Grievance Email:** investor.cell@sbicaptrustee.com **Website:** www.sbicaptrustee.com **Contact Person:** Ardhendu Mukhopadhyay **Compliance Officer:** Sandeep Poddar **Email (Compliance Officer):** sandeep.poddar@sbicaptrustee.com **SEBI Registration No.:** IND000000536 **CIN:** U65991MH2005PLC158386	**KFIN TECHNOLOGIES LIMITED** Selenium, Tower B, Plot No.31 &32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi, Telangana-500032 **Tel:** +91-40-67162222 /1800-309-4001 **Fax:** + 91 40 2343 1551 **Email:** srinivassudheer.venkatapuram@kfintech.com **Investor Grievance email:** einward.ris@kfintech.com **Website:** www.kfintech.com **Contact Person:** Srinivas Sudheer Venkatapuram **SEBI Registration No.:** INR000000221 **CIN:** L72400MH2017PLC444072

ISSUE SCHEDULE

ISSUE / BID OPENING DATE	ISSUE / BID CLOSING DATE	PAY-IN DATE / DEEMED DATE OF ALLOTMENT
October 27, 2025	October 27, 2025	October 28, 2025

For details pertaining to the Terms of the Issue and Minimum Application Size, please refer to the Section XIV titled "Term Sheet" beginning on page no. 115 of this Placement Memorandum.

The Issuer reserves its sole and absolute right to modify (pre-pone/postpone) the above Issue schedule, including the deemed date of allotment, without giving any reasons or prior notice, in accordance with the NSE EBP Guidelines.

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SECTION-I: DISCLAIMERS

1. GENERAL DISCLAIMER AND DISCLAIMER OF BHAVNAGAR MUNICIPAL CORPORATION ("BMC" OR "CORPORATION" OR "ISSUER"):

THIS PLACEMENT 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 MUNICIPAL DEBT SECURITIES) REGULATIONS, 2015 ISSUED VIDE NOTIFICATION NO. SEBI/LAD-NRO/GN/2015-16/006 DATED JULY 15, 2015, AS AMENDED FROM TIME TO TIME **(SEBI MUNICIPAL DEBT REGULATIONS)**. THIS PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN GENERAL TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE THE BONDS TO BE ISSUED BY BHAVNAGAR MUNICIPAL CORPORATION. THIS PLACEMENT MEMORANDUM HAS NOT BEEN APPROVED BY SEBI. THIS ISSUE OF BONDS IS BEING MADE STRICTLY ON A PRIVATE PLACEMENT BASIS. THIS PLACEMENT 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). APART FROM THIS PLACEMENT MEMORANDUM, NO OTHER OFFER DOCUMENT HAS BEEN PREPARED IN CONNECTION WITH THE OFFERING OF THIS ISSUE OR IN RELATION TO THE BONDS.

THIS PLACEMENT 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 PLACEMENT MEMORANDUM HAS BEEN PREPARED TO GIVE GENERAL INFORMATION REGARDING BHAVNAGAR MUNICIPAL CORPORATION TO PARTIES PROPOSING TO INVEST IN THIS ISSUE OF BONDS AND IT DOES NOT PURPORT TO CONTAIN ALL THE INFORMATION THAT ANY SUCH PARTY MAY REQUIRE. BHAVNAGAR MUNICIPAL CORPORATION BELIEVES THAT THE INFORMATION CONTAINED IN THIS PLACEMENT MEMORANDUM IS TRUE AND CORRECT AS OF THE DATE HEREOF.

ALL POTENTIAL INVESTORS ARE REQUIRED TO COMPLY WITH THE RELEVANT REGULATIONS/ GUIDELINES APPLICABLE TO THEM FOR INVESTING IN THIS ISSUE. IT IS NOT INTENDED FOR DISTRIBUTION TO ANY OTHER PERSON AND SHOULD NOT BE REPRODUCED BY THE RECIPIENT OR MADE PUBLIC OR ITS CONTENTS BE DISCLOSED TO A THIRD PERSON. NO INVITATION IS BEING MADE TO ANY PERSON OTHER THAN THE INVESTOR TO WHOM THE PLACEMENT MEMORANDUM HAS BEEN SENT. ANY APPLICATION BY A PERSON TO WHOM THE PLACEMENT MEMORANDUM HAS NOT BEEN SENT BY THE ISSUER MAY BE REJECTED WITHOUT ASSIGNING ANY REASON.

YOU SHALL NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THE PLACEMENT MEMORANDUM TO ANY OTHER PERSON; OR (2) REPRODUCE THE PLACEMENT MEMORANDUM, IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OR COPYING OF THE PLACEMENT MEMORANDUM IN WHOLE OR IN PART OR ANY PUBLIC ANNOUNCEMENT OR ANY ANNOUNCEMENT TO THIRD PARTIES REGARDING THE CONTENTS OF THE PLACEMENT MEMORANDUM IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF APPLICABLE LAWS OF INDIA AND/OR OTHER JURISDICTIONS. THE PLACEMENT MEMORANDUM HAS BEEN PREPARED BY THE ISSUER FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUER DOES NOT UNDERTAKE TO UPDATE THE PLACEMENT MEMORANDUM TO REFLECT SUBSEQUENT EVENTS AFTER THE ALLOTMENT AND THUS IT SHOULD NOT BE RELIED UPON WITH RESPECT TO SUCH SUBSEQUENT EVENTS WITHOUT FIRST CONFIRMING ITS ACCURACY WITH THE ISSUER. HOWEVER, THE ISSUER SHALL INTIMATE THE INVESTORS ABOUT MATERIAL CHANGES, IF ANY, IN THE INFORMATION IN THIS PLACEMENT MEMORANDUM, FROM THE DATE OF PLACEMENT MEMORANDUM TILL LISTING DATE.

NEITHER THE DELIVERY OF THE PLACEMENT MEMORANDUM NOR THE ISSUE OF ANY BONDS MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CONSTITUTE A

REPRESENTATION OR CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE THEREOF.

THIS ISSUE IS A DOMESTIC ISSUE RESTRICTED TO INDIA AND NO STEPS HAVE BEEN TAKEN OR WILL BE TAKEN TO FACILITATE THE ISSUE IN ANY JURISDICTIONS OTHER THAN INDIA. HENCE, THE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE, NOR MAY IT BE USED FOR OR IN CONNECTION WITH, AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. NO ACTION IS BEING TAKEN TO PERMIT AN OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PLACEMENT MEMORANDUM IN ANY JURISDICTION WHERE SUCH ACTION IS REQUIRED. THE PLACEMENT MEMORANDUM IS NOT INTENDED FOR DISTRIBUTION TO, OR USE BY, ANY PERSON OR ENTITY IN ANY JURISDICTION OR COUNTRY WHERE DISTRIBUTION OR USE OF SUCH INFORMATION WOULD BE CONTRARY TO LAW OR REGULATION. PERSONS INTO WHOSE POSSESSION THE PLACEMENT MEMORANDUM COMES ARE REQUIRED TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. THE PLACEMENT MEMORANDUM IS MADE AVAILABLE TO POTENTIAL INVESTORS IN THE ISSUE ON THE STRICT UNDERSTANDING THAT IT IS CONFIDENTIAL AND MAY NOT BE TRANSMITTED TO OTHERS, WHETHER IN ELECTRONIC FORM OR OTHERWISE.

PROSPECTIVE SUBSCRIBERS MUST MAKE THEIR OWN INDEPENDENT EVALUATION AND JUDGMENT BEFORE MAKING THE 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 APPLY FOR AND PURCHASE THE BONDS. NOTHING IN THIS PLACEMENT MEMORANDUM SHOULD BE CONSTRUED AS ADVICE OR RECOMMENDATION BY THE ISSUER OR BY THE MERCHANT BANKERS/ARRANGERS TO THE ISSUE TO SUBSCRIBERS TO THE BONDS. THE PROSPECTIVE SUBSCRIBERS ALSO ACKNOWLEDGE THAT THE MERCHANT BANKERS/ ARRANGERS TO THE ISSUE DO NOT OWE THE SUBSCRIBERS ANY DUTY OF CARE IN RESPECT OF THIS PRIVATE PLACEMENT OFFER TO SUBSCRIBE FOR 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.

THE ISSUER RESERVES THE RIGHT TO WITHDRAW THE PRIVATE PLACEMENT OF THE BONDS ISSUE PRIOR TO THE ISSUE CLOSING DATE(S) IN THE EVENT OF ANY UNFORESEEN DEVELOPMENT ADVERSELY AFFECTING THE ECONOMIC AND REGULATORY ENVIRONMENT OR ANY OTHER FORCE MAJEURE CONDITION INCLUDING ANY CHANGE IN APPLICABLE LAW. IN SUCH AN EVENT, THE ISSUER WILL REFUND THE APPLICATION MONEY, IF ANY, AS PER APPLICABLE LAWS. NO INTEREST WILL BE PAYABLE ON SUCH APPLICATION MONEY.

IT IS THE RESPONSIBILITY OF THE ALLOTTEES OF THESE BONDS TO ENSURE THAT IF THEY CHOOSE TO TRANSFER THESE BONDS IT SHALL BE IN STRICT ACCORDANCE WITH THIS PLACEMENT MEMORANDUM AND OTHER APPLICABLE LAWS.

WE BELIEVE OUR INTERNAL ESTIMATES FOR THE PROJECT COST AND SCHEDULE OF IMPLEMENTATION TO BE REASONABLE FOR ALL THE PROJECTS AND THAT WE HAVE RELIED UPON THE REPORTS AND CERTIFICATES OF PROJECT / TECHNICAL CONSULTANTS INCLUDING FOR COSTS AND SCHEDULE OF IMPLEMENTATION. IN ACCORDANCE WITH THE SEBI (ISSUE AND LISTING OF MUNICIPAL DEBT SECURITIES) REGULATIONS, 2015, THE ISSUER, THE MERCHANT BANKERS WILL ENSURE THAT INVESTORS ARE INFORMED OF MATERIAL DEVELOPMENTS BETWEEN THE DATE OF FILING THE PLACEMENT MEMORANDUM WITH SEBI AND THE ALLOTMENT. THE ISSUER HEREBY DECLARES THAT IT HAS EXERCISED DUE DILIGENCE TO ENSURE COMPLETE COMPLIANCE WITH PRESCRIBED DISCLOSURE NORMS IN THE PLACEMENT MEMORANDUM.

2. DISCLAIMER CLAUSE

ONLY THOSE PERSONS TO WHOM THIS PLACEMENT MEMORANDUM HAS BEEN SPECIFICALLY ADDRESSED ARE ELIGIBLE TO APPLY. APPLICATION FORMS SHOULD BE DULY COMPLETED, IN ALL RESPECTS AND APPLICATIONS NOT COMPLETED IN THE SAID MANNER ARE, LIABLE TO BE REJECTED. THE LIST OF DOCUMENTS PROVIDED BELOW IS ONLY INDICATIVE, AND AN INVESTOR IS REQUIRED TO PROVIDE ALL THOSE DOCUMENTS/ AUTHORISATIONS/ INFORMATION WHICH ARE LIKELY TO BE REQUIRED BY THE ISSUER. THE ISSUER MAY REVERT TO ANY INVESTOR FOR ANY ADDITIONAL DOCUMENTS REQUIRED TO ACCEPT AN APPLICATION AS IT DEEMS FIT. INVESTMENT BY ELIGIBLE INVESTORS ARE MERELY INDICATIVE AND THE ISSUER DOES NOT WARRANT THAT THEY ARE PERMITTED TO INVEST AS PER EXTANT LAWS, REGULATIONS, ETC. EACH OF THE ELIGIBLE INVESTORS ARE REQUIRED TO CHECK AND COMPLY WITH EXTANT RULES/REGULATIONS/ GUIDELINES, ETC. GOVERNING OR REGULATING THEIR INVESTMENTS AS APPLICABLE TO THEM AND THE ISSUER IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE ISSUER REQUIRED TO CHECK OR CONFIRM THE SAME.

3. DISCLAIMER CLAUSE OF THE ISSUER

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE PLACEMENT MEMORANDUM OR ANY OTHER MATERIAL ISSUED EXCEPT BY THE BOND ISSUE COMMITTEE OF THE ISSUER AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

4. DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA ("SEBI"):

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THIS PLACEMENT MEMORANDUM SHOULD NOT IN ANYWAY BE DEEMED OR CONSTRUED TO HAVE BEEN APPROVED BY SEBI AND THAT THIS ISSUE IS NOT RECOMMENDED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS PLACEMENT MEMORANDUM.

5. DISCLAIMER CLAUSE OF GOVERNMENT OF GUJARAT

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THIS PLACEMENT MEMORANDUM SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO HAVE BEEN APPROVED BY GOVERNMENT OF GUJARAT. GOVERNMENT OF GUJARAT DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY PROJECTS FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS PLACEMENT MEMORANDUM.

6. DISCLAIMER OF THE STOCK EXCHANGE (NSE)

AS REQUIRED, A COPY OF THIS PLACEMENT MEMORANDUM HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID SUBMISSION OR IN-PRINCIPLE APPROVAL GIVEN BY NSE VIDE ITS LETTER VIA REF. NO.: NSE/LIST/9435 DATED AUGUST 20, 2025 OR HOSTING THE SAME ON THE WEBSITE OF NSE IN TERMS OF SEBI (ISSUE AND LISTING OF MUNICIPAL DEBT SECURITIES) REGULATIONS, 2015 AS AMENDED FROM TIME TO TIME, SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILLCONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

7. DISCLAIMER OF THE CREDIT RATING AGENCIES:

DISCLAIMER OF INDIA RATINGS AND RESEARCH PRIVATE LIMITED ("IRRPL"/ "INDIA RATINGS")

INDIA RATINGS & RESEARCH PRIVATE LIMITED ("INDIA RATINGS") RELIES ON INFORMATION OBTAINED FROM MULTIPLE SOURCES AND THERE MAY BE INSTANCES WHERE THE INFORMATION IS NOT ACCURATE/INCOMPLETE, DESPITE EFFORTS BEEN TAKEN TO VERIFY THE SAME. ULTIMATELY, THE ISSUER/ITS ADVISERS ARE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION THEY PROVIDE TO INDIA RATINGS AND TO THE MARKET IN OFFERING DOCUMENTS AND OTHER REPORTS. IN ISSUING ITS RATING, INDIA RATINGS RELIES ON THE WORK OF EXPERTS, INCLUDING INDEPENDENT AUDITORS WITH RESPECT TO FINANCIAL STATEMENTS AND ATTORNEYS WITH RESPECT TO LEGAL AND TAX MATTERS. FURTHER, RATINGS ARE INHERENTLY FORWARD-LOOKING AND EMBODY ASSUMPTIONS AND PREDICTIONS ABOUT FUTURE EVENTS THAT BY THEIR NATURE CANNOT BE VERIFIED AS FACTS. AS A RESULT, DESPITE ANY VERIFICATION OF CURRENT FACTS, RATINGS CAN BE AFFECTED BY FUTURE EVENTS OR CONDITIONS THAT MAY NOT HAVE BEEN ANTICIPATED AT THE TIME A RATING WAS ISSUED OR AFFIRMED.

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DISCLAIMER OF CRISIL RATINGS LIMITED ("CRISIL")

CRISIL RATINGS LIMITED (CRISIL RATINGS) HAS TAKEN DUE CARE AND CAUTION IN PREPARING THE MATERIAL BASED ON THE INFORMATION PROVIDED BY ITS CLIENT AND / OR OBTAINED BY CRISIL RATINGS FROM SOURCES WHICH IT CONSIDERS RELIABLE (INFORMATION). A RATING BY CRISIL RATINGS REFLECTS ITS CURRENT OPINION ON THE LIKELIHOOD OF TIMELY PAYMENT OF THE OBLIGATIONS UNDER THE RATED INSTRUMENT AND DOES NOT CONSTITUTE AN AUDIT OF THE RATED ENTITY BY CRISIL RATINGS. CRISIL RATINGS DOES NOT GUARANTEE THE COMPLETENESS OR ACCURACY OF THE INFORMATION ON WHICH THE RATING IS BASED. A RATING BY CRISIL RATINGS 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. THE RATING IS NOT A RECOMMENDATION TO INVEST / DISINVEST IN ANY ENTITY COVERED IN THE MATERIAL AND NO PART OF THE

MATERIAL SHOULD BE CONSTRUED AS AN EXPERT ADVICE OR INVESTMENT ADVICE OR ANY FORM OF INVESTMENT BANKING SERVICES WITHIN THE MEANING OF ANY LAW OR REGULATION. CRISIL RATINGS ESPECIALLY STATES THAT IT HAS NO LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS / DISTRIBUTORS OF THE MATERIAL. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE MATERIAL IS TO BE CONSTRUED AS CRISIL RATINGS PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL RATINGS DOES NOT HAVE THE NECESSARY PERMISSION AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES IN THIS REGARD. THE ISSUER WILL BE RESPONSIBLE FOR ENSURING COMPLIANCES AND CONSEQUENCES OF NON-COMPLIANCES FOR USE OF THE MATERIAL OR PART THEREOF OUTSIDE INDIA. CURRENT RATING STATUS AND CRISIL RATINGS' RATING CRITERIA ARE AVAILABLE WITHOUT CHARGE TO THE PUBLIC ON THE WEBSITE, WWW.CRISILRATINGS.COM. FOR THE LATEST RATING INFORMATION ON ANY INSTRUMENT OF ANY COMPANY RATED BY CRISIL RATINGS, PLEASE CONTACT CUSTOMER SERVICE HELPDESK AT 1800-267-3850.

8. DISCLAIMER OF THE DEBENTURE TRUSTEE:

INVESTORS SHOULD CAREFULLY READ AND NOTE THE CONTENTS OF THE PLACEMENT 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 IN THE BONDS AND SHOULD POSSESS THE APPROPRIATE RESOURCES TO ANALYZE 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 MARKETS AND ARE ABLE TO BEAR THE ECONOMIC RISK OF INVESTING IN SUCH INSTRUMENTS. THE TRUSTEE WOULD ACT AS PER THE PREVALENT SEBI GUIDELINES.

9. DISCLAIMER OF THE MERCHANT BANKERS/ARRANGERS:

THE ISSUER HAS AUTHORISED THE MERCHANT BANKERS/ ARRANGERS TO DISTRIBUTE THIS PLACEMENT MEMORANDUM IN CONNECTION WITH THE PLACEMENT OF THE BONDS PROPOSED TO BE ISSUED UNDER THIS ISSUE. NOTHING IN THIS PLACEMENT MEMORANDUM CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE SUCH OFFER OR PLACEMENT WOULD BE IN VIOLATION OF ANY LAW, RULE OR REGULATION. EACH PERSON RECEIVING THIS PLACEMENT MEMORANDUM ACKNOWLEDGES THAT SUCH PERSON MUST READ THE ENTIRE PLACEMENT MEMORANDUM AND THE RISK FACTORS STATED IN SECTION IV RISK FACTORS ON PAGE NO. 18 OF THIS PLACEMENT MEMORANDUM AND RELY ON ITS OWN EXAMINATION OF THE ISSUER AND THE MERITS AND RISKS INVOLVED IN INVESTING IN THE BONDS. THE MERCHANT BANKERS/ ARRANGERS: (A) ARE NOT ACTING AS TRUSTEE OR FIDUCIARY FOR THE POTENTIAL INVESTOR; AND (B) ARE UNDER NO OBLIGATION TO CONDUCT ANY "KNOW YOUR CUSTOMER" OR OTHER PROCEDURES IN RELATION TO ANY PERSON ON BEHALF OF ANY POTENTIAL INVESTOR. MERCHANT BANKERS HAVE OBTAINED A CONFIRMATION FROM THE ISSUER THAT THE DISCLOSURES BEING MADE IN THE PLACEMENT MEMORANDUM ARE IN COMPLIANCE WITH THE REGULATIONS AND DO NOT CONSTITUTE OF ANY NON-PUBLIC INFORMATION OR CONFIDENTIAL INFORMATION

THE MERCHANT BANKERS/ARRANGERS ARE NOT ACTING AND HAVE NOT BEEN ENGAGED TO ACT AS UNDERWRITERS WITH RESPECT TO THE BONDS. THE MERCHANT BANKERS/ARRANGERS ARE AUTHORISED TO DELIVER COPIES OF THIS PLACEMENT MEMORANDUM ON BEHALF OF THE ISSUER TO POTENTIAL INVESTORS WHICH ARE CONSIDERING PARTICIPATION IN THE ISSUE.

THE ISSUER HAS PREPARED THIS PLACEMENT MEMORANDUM AND THE ISSUER IS SOLELY RESPONSIBLE AND LIABLE FOR ITS CONTENTS. THE ISSUER CONFIRMS THAT ALL THE INFORMATION CONTAINED IN THIS PLACEMENT MEMORANDUM HAS BEEN PROVIDED BY THE ISSUER OR IS FROM PUBLICLY AVAILABLE INFORMATION, THE USE OF WHICH ISN'T

REGULATED OR PROHIBITED UNDER ANY APPLICABLE LAW OR REGULATION RELATING TO INSIDER DEALING OR OTHERWISE AND THE MERCHANT BANKERS/ARRANGERS DURING THE COURSE OF DUE DILIGENCE HAVE PLACED RELIANCE ON ACURACY AND COMPLETENESS OF INFORMATION PROVIDED BY EXPERTS, AUDITORS, TECHNICAL CONSULTANTS AND OTHER RELIABLESOURCES.

THE POTENTIAL INVESTOR(S) SHOULD CAREFULLY READ AND RETAIN THIS PLACEMENT MEMORANDUM. HOWEVER, THE POTENTIAL INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PLACEMENT MEMORANDUM AS INVESTMENT, LEGAL, ACCOUNTING, REGULATORY OR TAX ADVICE AND THE POTENTIAL INVESTORS SHOULD CONSULT WITH THEIR OWN ADVISORS AS TO ALL LEGAL, ACCOUNTING, REGULATORY, TAX, FINANCIAL AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE BONDS. THIS PLACEMENT MEMORANDUM IS NOT INTENDED TO BE (AND SHOULD NOT BE USED AS) THE BASIS OF ANY CREDIT ANALYSIS OR OTHER EVALUATION AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION BY THE MERCHANT BANKERS/ARRANGERS THAT ANY RECIPIENT PARTICIPATES IN THE ISSUE OR ADVICE OF ANY SORT. IT IS UNDERSTOOD THAT EACH RECIPIENT OF THIS PLACEMENT MEMORANDUM WILL PERFORM ITS OWN INDEPENDENT INVESTIGATION AND CREDIT ANALYSIS OF THE PROPOSED FINANCING AND THE BUSINESS, OPERATIONS, FINANCIAL CONDITION, PROSPECTS, CREDITWORTHINESS, STATUS AND AFFAIRS OF THE ISSUER, BASED ON SUCH INFORMATION AND INDEPENDENT INVESTIGATION AS IT DEEMS RELEVANT OR APPROPRIATE AND WITHOUT RELIANCE ON THE MERCHANT BANKERS/ARRANGERS OR ON THIS PLACEMENT MEMORANDUM.

THE MERCHANT BANKERS/ARRANGERS ARE ACTING FOR THE ISSUER IN RELATION TO THE ISSUE OF THE BONDS AND NOT ON BEHALF OF THE RECIPIENTS OF THE PLACEMENT MEMORANDUM. THE RECEIPT OF THE PLACEMENT MEMORANDUM BY ANY RECIPIENT IS NOT TO BE CONSTITUTED AS THE GIVING OF INVESTMENT ADVICE BY THE MERCHANT BANKERS/ARRANGERS TO THAT RECIPIENT, NOR TO CONSTITUTE SUCH A RECIPIENT A CUSTOMER OF THE MERCHANT BANKERS/ARRANGERS. THE MERCHANT BANKERS/ARRANGERS ARE NOT RESPONSIBLE TO ANY OTHER PERSON FOR PROVIDING THE PROTECTION AFFORDED TO THE CUSTOMERS OF THE MERCHANT BANKERS/ARRANGERS OR FOR PROVIDING ADVICE IN RELATION TO THE BONDS.

EACH RECIPIENT OF THIS PLACEMENT MEMORANDUM ACKNOWLEDGES THAT EACH RECIPIENT HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST FROM THE ISSUER AND TO REVIEW AND HAS RECEIVED FROM THE ISSUER ALL ADDITIONAL INFORMATION CONSIDERED BY THE RECIPIENT TO BE NECESSARY TO VERIFY THE ACCURACY AND THE MERCHANT BANKERS/ARRANGERS SHALL NOT BE RESPONSIBLE FOR ANY INFORMATION RECEIVED BY THE RECIPIENT OF THE PLACEMENT MEMORANDUM OTHER THAN THE INFORMATION SET OUT HEREIN.

THIS PLACEMENT MEMORANDUM IS FOR GENERAL INFORMATION PURPOSE ONLY, WITHOUT REGARD TO SPECIFIC OBJECTIVES, SUITABILITY, FINANCIAL SITUATIONS AND NEEDS OF ANY PARTICULAR PERSON. THIS PLACEMENT 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 HEREIN.

THIS PLACEMENT 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 PLACEMENT 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 MERCHANT BANKERS/ARRANGERS AND THE ISSUER. THIS PLACEMENT MEMORANDUM HAS NOT BEEN APPROVED AND WILL OR MAY NOT BE APPROVED BY ANY STATUTORY OR REGULATORY AUTHORITIES IN INDIA.

PLEASE NOTE THAT:

A. K. CAPITAL SERVICES LIMITED AND TIPSONS CONSULTANCY SERVICES PRIVATE LIMITED HAVE BEEN APPOINTED AS MERCHANT BANKER/ ARRANGER TO THE ISSUE VIDE ENGAGEMENT LETTER/ LETTER OF APPOINTMENT/ WORK ORDER DATED DECEMBER 7, 2023 AND FEBRUARY 12, 2024 RESPECTIVELY AND ISSUE AGREEMENT DATED AUGUST 04, 2025. THE MERCHANT BANKERS/ ARRANGERS AND/ OR THEIR AFFILIATES MAY INVEST, PURCHASE AND HOLD THE SECURITIES OF THE ISSUER AND/ OR OTHER ENTITIES RELATED TO THE ISSUER FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNTS OF THEIR CUSTOMERS AND MAY EXERCISE RIGHTS OVER SUCH SECURITIES AS AVAILABLE UNDER THE RESPECTIVE TRANSACTION DOCUMENTS.

10. DISCLAIMER CLAUSE OF THE TRANSACTION ADVISOR

MERCHANT BANKERS HAVE BEEN APPOINTED AS THE TRANSACTION ADVISORS IN RESPECT OF THE ISSUE. THE ROLE OF THE TRANSACTION ADVISORS IS LIMITED TO ADVISING THE ISSUER IN RELATION TO MARKET SCENARIOS, CO-ORDINATION WITH EXTERNAL AGENCIES, LIAISONING WITH CREDIT RATING AGENCIES ETC., IN RESPECT OF THE DEBENTURES. IT IS THE RESPONSIBILITY OF THE ISSUER TO OBTAIN ALL NECESSARY APPROVALS FOR THE ISSUANCE OF THE DEBENTURES. THE INVESTORS SHOULD READ THE PLACEMENT MEMORANDUM AND TAKE THEIR OWN INFORMED DECISION FOR INVESTMENT IN THE DEBENTURES AND IN NO WAY IS THE TRANSACTION ADVISORS OR ANY OF ITS DIRECTORS, EMPLOYEES AND OFFICERS RESPONSIBLE FOR ANY INVESTMENT DECISION BY PROSPECTIVE INVESTORS.

11. DISCLAIMER IN RESPECT OF JURISDICTION

ISSUE OF THESE BONDS HAVE BEEN/ WILL BE MADE IN INDIA TO INVESTORS AS SPECIFIED UNDER PARAGRAPH 11(i) (ELIGIBLE INVESTORS) OF SECTION IX: ISSUE SPECIFIC INFORMATION ON PAGE NO. 71 OF THIS PLACEMENT MEMORANDUM, WHO HAVE BEEN/ SHALL BE SPECIFICALLY APPROACHED BY THE ISSUER. THE PLACEMENT MEMORANDUM IS NOT TO BE CONSTRUED OR CONSTITUTED AS AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE TO BONDS OFFERED HEREBY TO ANY PERSON TO WHOM IT IS NOT SPECIFICALLY ADDRESSED. ANY DISPUTES ARISING OUT OF THE BONDS AND THE TRANSACTION DOCUMENTS (OTHER THAN ISSUE PROCEEDS AGREEMENT) SHALL BE SUBJECT TO THE EXCLUSIVE JURISDICTION OF THE COURTS AND TRIBUNALS AT BHAVNAGAR, GUJARAT. THE ISSUE PROCEEDS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF INDIA AND THE PARTIES SUBMIT TO THE EXCLUSIVE JURISDICTION OF COURTS AND TRIBUNALS INMUMBAI.THE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE TO THE BONDS HEREIN, IN ANY OTHER JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION.

FORCE MAJEURE

THE ISSUER RESERVES THE RIGHT TO WITHDRAW THE ISSUE AT ANY TIME PRIOR TO THE ISSUE CLOSING DATE IN THE EVENT OF ANY UNFORESEEN DEVELOPMENT ADVERSELY AFFECTING THE ECONOMIC AND/ OR REGULATORY ENVIRONMENT OR OTHERWISE. IN SUCH AN EVENT, THE ISSUER WILL REFUND THE APPLICATION MONEY, IF ANY, COLLECTED IN RESPECT OF THE ISSUE AS PER APPLICABLE LAWS.

ISSUE OF DEBENTURES IN DEMATERIALISED FORM

THE DEBENTURES WILL BE ISSUED IN DEMATERIALISED FORM. THE ISSUER HAS MADE ARRANGEMENTS WITH THE DEPOSITORIES FOR THE ISSUE OF THE DEBENTURES IN DEMATERIALISED FORM. THE INVESTOR WILL HAVE THE OPTION TO HOLD THE DEBENTURES IN PHYSICAL FORM AS PER THE PROVISIONS OF THE DEPOSITORIES ACT. THE ISSUER SHALL TAKE NECESSARY STEPS TO CREDIT THE DEBENTURES ALLOTTED TO THE BENEFICIARY ACCOUNT MAINTAINED BY THE INVESTOR(S) WITH ITS DEPOSITORY PARTICIPANT. THE ISSUER WILL MAKE THE ALLOTMENT TO INVESTOR(S) ON THE DEEMED DATE OF ALLOTMENT AFTER VERIFICATION OF THE BID CUM APPLICATION FORM AND THE ACCOMPANYING DOCUMENTS.

SECTION-II: FORWARD LOOKING STATEMENTS

Certain statements in this Placement Memorandum that are not statements of historical facts constitute "forward looking statements". Readers can generally identify forward-looking statements by terminology like "aim", "anticipate", "intend", "believe", "continue", "estimate", "expect", "may", "objective", "plan", "potential", "projects", "pursue", "shall", "should", "will", "would" or other words or phrases of similar import. Similarly, statements regarding the Issuer's expected financial condition and results of operations, business, strategies, plans and prospects are also forward looking statements. However, these are not the exclusive means of identifying forward-looking statements.

These forward looking statements and any other projections contained in this Placement 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 Placement Memorandum are based on the beliefs of the Bond Issue Committee of the Issuer, as well as the assumptions made by and information available to Bond Issue Committee as at the date of this Placement 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.

SECTION-III: DEFINITIONS AND ABBREVIATIONS

This Placement Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth herein. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Placement Memorandum and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

Unless the context otherwise indicates, all references in this Placement Memorandum to "we" or "us" or "our" are to our Corporation i.e., Bhavnagar Municipal Corporation. Unless stated otherwise, all references to page numbers in this Placement Memorandum are to the page numbers of this Placement Memorandum.

The words and expressions used in this Placement Memorandum but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI (Issue And Listing of Municipal Debt Securities) Regulations, 2015, Gujarat Provincial Municipal Corporation Act, 1949, The Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations notified thereunder.

General Terms

TERM	DESCRIPTION
"BMC" or "Bhavnagar Municipal Corporation" or "Municipal Corporation of Bhavnagar" or "Issuer" or "Corporation"	Bhavnagar Municipal Corporation, constituted under Article 243Q (1)(c) of the Constitution of India, 1949 and established under the Bombay Provincial Municipal Corporation Act,1949, the then applicable Act in Gujarat (now "**GPMC Act"**) vide notification dated February 12, 1982 bearing reference no. KP-30/82/BMN-1082/2860(iii)-P. BMC was initially established as a municipality under the Gujarat Municipalities Act, 1963. *The name of the municipal corporation is mentioned as "Bhavnagar Municipal Corporation" or "Municipal Corporation of Bhavnagar" in various correspondences with the State Government and statutory documents/ approvals. As confirmed by the Issuer the names Bhavnagar Municipal Corporation (BMC) or Municipal Corporation of Bhavnagar (MCB) are being used interchangeably and the same should not be interpreted otherwise.*
"we", "us", "our"	Unless the context otherwise requires, the Corporation or BMC.

Issuer related Terms

TERM	DESCRIPTION
AMRUT	Atal Mission for Rejuvenation and Urban Transformation.
AMRUT 2.0	Atal Mission for Rejuvenation and Urban Transformation 2.0 launched by the Hon'ble Prime Minister of India on October 01, 2021 with the aim of making cities 'Aatma Nirbhar' and 'Water Secure'.
AMRUT Incentive	Pursuant to notification dated April 07, 2025, issued by the MoHUA, Government of India bearing notification no. D.O. No. K-14012/01/2022-AMRUT-IIB and any subsequent notification, urban local bodies claiming incentive for the first time, incentive amount of ₹ 13,00,00,000/- (Rupees Thirteen Crores) will be given for every ₹100,00,00,000/- (Rupees One Hundred Crores) of bonds issued subject to a maximum of ₹ 26,00,00,000 (Rupees Twenty-Six Crores) per urban local body.

TERM	DESCRIPTION
Applicable Law	It shall mean all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof.
Auditor of the Issuer/ Auditors	J Y Vora & Associates, Chartered Accountants (also being the current Auditor of the Issuer), appointed as permissible under its constitution documents.
Audited Financial Statements	Refers to audited balance sheet, the income and expenditure statement and the cash flow statement of the Corporation for the Financial Years ending March 31, 2024, March 31, 2025 and Restated Audited Financial Statements for Financial Year ending March 31, 2023 audited by J Y Vora & Associates, Chartered Accountants.
Assistant Commissioner	Assistant Commissioner, Bhavnagar Municipal Corporation, appointed in terms of the Gujarat Provincial Municipal Corporations Act, 1949, as amended from time to time.
Bond Issue Committee/Committee/ Committee Member	Committee duly formed by the Standing Committee vide its resolution no. 30 dated June 12, 2024 and approved by the General Board Resolution no. 05 dated June 29, 2024. The current members of the committee are confirmed by the Municipal Commissioner vide letters dated August 08, 2025 and October 16, 2025.
BPMC Act	Bombay Provincial Municipal Corporation Act, 1949
Commissioner/ Municipal Commissioner	Municipal Commissioner, Bhavnagar Municipal Corporation, appointed in terms of the Gujarat Provincial Municipal Corporation Act, 1949, as amended from time to time.
Deputy Commissioner	Deputy Commissioner, Bhavnagar Municipal Corporation, appointed in terms of the Gujarat Provincial Municipal Corporations Act, 1949, as amended from time to time.
Financial Statements/ Financial Information	Collectively, the Audited Financial Statements for the financial year ended 31st March 2025 & 31st March 2024 and the Restated Audited Financial Statements for the year ended 31st March 2023.
GoG	Government of Gujarat /State Government
GoI	Government of India/ Central Government.
GPMC Act	Gujarat Provincial Municipal Corporations Act, 1949, as amended from time to time which replaced the Bombay Provincial Municipal Corporation Act,1949 vide Section 3 read with Schedule (Serial No. 36) of The Gujarat Short Titles (Amendment) Act, 2011 to be renamed as The Gujarat Provincial Municipal Corporations Act, 1949.
GSTA Act	Gujarat Short Titles (Amendment) Act, 2011
Head Office	Head Office of BMC, located at Bhavnagar Mahanagar Seva Sadan, Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar, Gujarat - 364001
HRMS	Human Resources Management System.
MoHUA	Ministry of Housing and Urban Affairs.
MoUD	Ministry of Urban Development
Restated Audited Financial Statements	Refers to restated audited balance sheet, the income and expenditure statement and the cash flow statement of the Corporation for the Financial Year ending March 31, 2023 restated by the Corporation and audited by J Y Vora & Associates, Chartered Accountants.

Issue Related Terms

TERMS	DESCRIPTION
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 the Placement 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.
AY	Assessment Year

TERMS	DESCRIPTION
Banker to the Issue	ICICI Bank Limited, being the banker where the Issue Proceeds Account is to be opened for receipt of proceeds from the Issue.
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 Act, 1996).
Bid Closing Date/ Issue Closing Date	As is set out in the Issue Schedule above.
Bid Opening Date/ Issue Opening Date	As is set out in the Issue Schedule above.
Bonds/ NCDs/ Debentures	Up to 2,500 (Two Thousand Five Hundred) Rated, Listed, Taxable, Secured, Redeemable, and Non-Convertible municipal bonds in the nature of debentures, of face value of ₹ 1,00,000/- (Rupees One Lakh Only) each.
Bond Holder(s) / Debenture Holder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories.
Calendar Year	Each period of twelve (12) months commencing on January 01 and ending on December 31.
CDSL	Central Depository Services (India) Limited.
Continuous disclosures and compliances by listed entities	Continuous disclosures and compliances by listed entities in accordance with Chapter VI of the SEBI Municipal Debt Regulations, SEBI Circular dated June 19, 2017 and bearing reference no. CIR/IMD/DF1/60/2017 read with the SEBI Circular dated November 13, 2019 bearing reference No. SEBI/HO/DDHS/CIR/P/134/2019 and as amended from time to time.
Coupon/ Interest Payment Date	As mentioned in the Summary of Term Sheet.
Credit Rating Agencies/ Rating Agencies	Shall collectively mean CRISIL and India Ratings.
CRISIL	CRISIL Ratings Limited
CPHEEO	Central Public Health and Environmental Engineering Organisation
Debenture Trust Deed	Deed to be executed by and between the Debenture Trustee and the Issuer in respect of the Bonds within the time limit prescribed by applicable statutory and/or regulatory requirements, including creation of appropriate security, in favour of the Debenture Trustee for the Bond Holders.
Debenture Trustee/Bond Trustee/DT/Trustee	Trustee for the Bond Holders, in this case being SBICAP Trustee Company Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 4th Floor, Mistry Bhavan, 122, Dinshaw Vachha Road, Churchgate, Mumbai – 400 020
Debenture Trustee Agreement	Agreement dated August 04, 2025 executed by and between the Debenture Trustee and the Issuer for the purposes of appointment of the Debenture Trustee to act as the debenture trustee in connection with the issuance of the Bonds.
Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time.
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.
Deemed Date of Allotment	The date of allotment of the Bonds with effect from which all benefits under the Bonds including interest on the Bonds shall be available to the Bond holder(s). The actual allotment of Bonds i.e., approval from the General Board or a Bond Issue Committee constituted for the purpose of the Issue by the Issuer may take place on a date other than the Deemed Date of Allotment.

TERMS	DESCRIPTION
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A Depository Participant as defined under the Depositories Act.
Depository(ies)	A Depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 2018, as amended from time to time, in present case, being NSDL & CDSL.
DP	Depository Participant.
DPR	Detailed Project Report
DRR	Debenture/Bond Redemption Reserve
DSRA	Debenture Service Reserve Amount
DSRA Amount	The amounts lying in, or credited into, the Interest Payment Account from time to time towards maintenance of the Required DSRA Amount.
DSRA Amount Shortfall	The amounts utilised from the Interest Payment Account (being the whole or a portion of the Required DSRA Amount) to fund the shortfall in the Interest Payment Account for the discharge of the Coupon payable on any Coupon Payment Date.
DTAA	Double Taxation Avoidance Agreement
Due Date	Any date or dates on which the Debenture Holder(s) are entitled to any payments in relation to the Bonds, which shall include, without limitation, the Coupon Payment Date(s) and the Maturity Date.
EBP	Electronic Bidding Platform as provided by the Stock Exchange for bidding by Eligible Investors. NSE electronic book platform is being used for participating in electronic book building mechanism.
Escrow Account	A no-lien escrow account opened by the Issuer with the Escrow Bank for the deposit of, inter alia, Own Revenues/Cash Flows for onward transfer to the Interest Payment Account and the Sinking Fund Account and for servicing of the Bonds, as per the requirements of (a) the SEBI circular in relation to 'Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015' dated November 13, 2019 bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019, as amended/modified and supplemented from time to time, which account is operated in the manner and upon the terms and conditions provided for in the Escrow Agreement.
Escrow Agreement	Agreement dated October 14, 2025 executed by and between Bhavnagar Municipal Corporation, SBICAP Trustee Company Limited and ICICI Bank Limited (in its capacity as the Escrow Bank) with respect to the Escrow Account, the Interest Payment Account and the Sinking Fund Account.
Escrow Bank	ICICI Bank Limited being the bank where the Escrow Account, the Interest Payment Account and the Sinking Fund Account will be opened.
ESR	Elevated Service Reservoirs
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.
GIS	Geographic Information System
GPS	Global Positioning System
GSR	Ground Service Reservoir
GST	Goods and Service Tax
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Interest Payment Account /IPA	The bank account opened by the Issuer with the Escrow Bank which shall be (i) the account from which the interest payments on the Bonds will be serviced and (ii) the account in which the Required DSRA Amount will also be maintained, as per the requirements of (a) the SEBI circular in relation to 'Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015' dated November 13, 2019 bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019, as amended/modified and supplemented from time to time, and operated by the Debenture Trustee in the manner and upon the terms and conditions provided for in the Escrow Agreement.
India Ratings/IRRPL	India Ratings and Research Private Limited
Issue/the Offer/ Private Placement	Private Placement of up to 2,500 Rated, Listed, Taxable, Secured, Redeemable, and Non-Convertible municipal bonds in the nature of debentures, of face value of ₹

TERMS	DESCRIPTION
	1,00,000/- (Rupees One Lakh Only) each, for cash, for an amount aggregating up to ₹ 25 crores (Rupees Twenty Five Crores Only) by Bhavnagar Municipal Corporation, proposed to be listed on NSE.
Issue Agreement	Agreement dated August 04, 2025 entered between the Issuer and the Merchant Bankers to the Issue in relation to the Issue.
Issue Proceeds Account	The bank account opened by the Issuer with the Banker to the Issue for proceeds received from the Issue, in the manner and upon the terms and conditions provided for in the Issue Proceeds Agreement.
Issue Proceeds Agreement	The Agreement dated October 14, 2025 entered into amongst the Issuer, the Banker to the Issue, Registrar and the Merchant Bankers in relation to the operation of the Issue Proceeds Account.
IT	Information Technology
Majority Debenture Holders	The Debenture Holders holding an aggregate amount representing not less than 75% (Seventy Five Percent) of the value of the nominal amount of the Bonds for the time being outstanding.
Merchant Bankers/ Arrangers to the Issue	A. K. Capital Services Limited and Tipsons Consultancy Services Private Limited**.**
Minimum Balance	In any monthly period expiring on the Transfer Date, it shall mean the amount required to be transferred to the Interest Payment Account and Sinking Fund Account at the end of such month on the terms as particularly set out in the Debenture Trust Deed and Escrow Agreement.
MLD	Million Liters Per Day
O&M	Operation and Maintenance
NSDL	National Securities Depository Limited
NSE/ Stock Exchange	National Stock Exchange of India Limited
NSE EBP Guidelines	Operational guidelines for NSE Electronic Bidding Platform available on the website of NSE at www.nseindia.com/products-services/about-electronic-bidding-platform/operating-guidelines.
Objects of the Issue	The objects for which the proceeds of the Issue shall be used by the Issuer, i.e., incurring capital expenditure in respect of the Projects more particularly described in Section VII: "*Objects of the Issue*" on page no. 50 of this Placement Memorandum.
Own Revenues/ Cash flows	Shall mean the revenues/cash flows being directly levied and collected/recovered by the Issuer and not being the revenues/cash flows received from the Government in the form of grants, contributions & subsidies, assigned revenues & compensations or others. The revenues/cash flows being directly levied and collected/recovered by the Issuer include tax revenues, rental income from municipal properties, fees and user charges, sale and hire charges and such other incomes.
O&M	Operation & Maintenance
PAN	Permanent Account Number
Pay-In Date	The date on which the Bond Holders have remitted the subscription monies for the Bonds, as per the terms of this Placement Memorandum.
Permitted Investments	Shall mean: (a) With respect to the Upfront FD and the funds lying credited in the Escrow Account (to the extent of the minimum balance) & Interest Payment Account (including the DSRA Amount) can be kept in fixed deposits with any scheduled commercial bank with a dual rating of AA+ or above. However, the conditions of the fixed deposits shall not restrict premature withdrawal from the fixed deposit. The lien shall be created in favor of Debenture Trustee on all the investments made in terms hereof. The Issuer shall ensure that funds lying in the escrow accounts shall be invested in accordance with the SEBI ILMDS Regulations and SEBI circulars issued thereunder and Gujarat Provincial Municipal Corporation Act,1949 to the extent applicable; (b) With respect to the funds lying to the credit of Sinking Fund Account can be deposited in such instruments which may be permitted in terms of the SEBI Circulars and also Gujarat Provincial Municipal Corporation Act, 1949. The lien

TERMS	DESCRIPTION
	shall be created in favor of Debenture Trustee on all the investments made in terms hereof;
Placement Memorandum/ PM/ Disclosure Document	This placement memorandum dated October 16, 2025 being filed with SEBI and NSE through which this proposed Issue will be made.
PPP	Public Private Partnership
Preliminary Placement Memorandum/PPM	The preliminary placement memorandum dated August 14, 2025 filed with SEBI and NSE.
Property Tax	Property Tax shall have the meaning as prescribed under Section 2(49) of Gujarat Provincial Municipal Corporations Act, 1949
Projects	(1) Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar ("**Project I**"); and (2) Construction of Sewerage Network on Gadhechi Riverbanks and Gadhechi River Rejuvenation Works ("**Project II**")
Project Consultants	Project Consultant being Sapient Techno Consultant in relation to the Project I ("**Project Consultant for Project I**") and Infinite Civil Solutions Private Limited in relation to the Project II ("**Project Consultant for Project II**"). Project Consultant for Project I and Project Consultant for Project II collectively referred to as Project Consultants.
PAC	Polyaluminum Chloride
Record Date	The record date for payment of coupon/interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) Calendar Days prior to the date on which coupon/interest payment is due and payable, and/or in case of redemption, the relevant Redemption Date/ Maturity Date or such other date as may be determined by the Bond Issue Committee / authorised officer(s) of the Bond Issue Committee of the Corporation (as permitted under applicable law) thereof from time to time in accordance with the applicable law. In case the record date falls on a day when the Stock Exchange is having a trading holiday, the immediately preceding trading day or a date notified by the Bond Issue Committee of the Corporation to the Stock Exchange will be deemed as the record date. In case of Redemption Date/ Maturity Date, the trading in the NCDs shall remain suspended between the record date and the Maturity Date/Redemption Date.
Recovery Expense Fund	An amount which will be deployed by the Corporation with the Designated Stock Exchange, equal to 0.01% of the issue size, subject to a maximum deposit of ₹25,00,000 at the time of making the application for listing of Bonds in the manner as specified by SEBI in Chapter IV of the Master Circular for Debenture Trustee bearing no. SEBI/HO/DDHS-PoD-1/P/CIR/2025/117 dated August 13, 2025, as amended from time to time.
Registrar or R&T Agent or RTA	Registrar to the Issue, in this case being, KFin Technologies Limited, a company incorporated under the Companies Act, 2013 having registered office at 301, the Centrium, 3rd Floor 57, LBS Marg, Nav Pada, Kurla West, Mumbai-400070.
Required DSRA Amount	An amount equal to 4 (four) succeeding coupon payments (i.e. one year interest obligation) for bonds which is required to be paid by the Issuer in respect of the Bonds to be maintained throughout the tenure of the Bonds in the Interest Payment Account which also complies with the requirements of the debt service reserve amount to be maintained as per the SEBI circular in relation to 'Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015' dated November 13, 2019 bearing reference No. SEBI/HO/DDHS/CIR/P/134/2019 as amended from time to time.
Rs. / INR/ ₹	Indian National Rupee
RTGS	Real Time Gross Settlement
RCC	Reinforced Cement Concrete
RWH	Rain Water Harvesting

TERMS	DESCRIPTION
Secured Obligations	All obligations at any time due, owing or incurred by the Issuer to the Debenture Trustee and the Bond Holders in respect of the Bonds and shall include, without limitation, the obligation to redeem the Bonds in terms thereof including payment of the Coupon on the Coupon Payment Dates, the Redemption Amounts on the relevant due dates together with any Default Interest (if any), any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee and other monies payable by the Issuer in respect of the Bonds under the Transaction Documents.
Security	Shall mean security for the Bonds being issued as set out in the Summary Term Sheet.
SCORES	SEBI Complaints Redress System
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992, as amended from time to time.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI EBP Guidelines/ SEBI Electronic Book Mechanism Guidelines	The guidelines issued by SEBI and pertaining to the EBP Platform set out in Chapter VI by SEBI in its Master Circular dated October 15, 2025 bearing reference number SEBI/HO/DDHS/DDHS-PoD/P/CIR/2025/0000000137 titled Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper as may be amended, clarified or updated from time to time.
SEBI Master Circular for Debenture Trustees/ SEBI Debenture Trustee Master Circular	SEBI Master Circular for Debenture Trustees bearing reference number SEBI/HO/DDHS-PoD-1/P/CIR/2025/117 dated August 13, 2025 as may be amended, clarified or updated from time to time.
SEBI Master Circular	SEBI Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated October 15, 2025 bearing reference number SEBI/HO/DDHS/DDHS-PoD/P/CIR/2025/0000000137 as may be amended, clarified or updated from time to time.
SEBI Municipal Debt Regulations/SEBI ILMDS Regulations	Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, as amended from time to time and related circulars, notifications, guidance notes as issued by the Securities and Exchange Board of India.
Sinking Fund Account/ SFA	The bank account opened by the Issuer with the Escrow Bank and operated by the Debenture Trustee in the manner and upon the terms and conditions provided for in the Escrow Agreement.
Structured Payment Mechanism	As defined in the section titled "*Term Sheet*" on page 124
TDS	Tax Deducted at Source
Technical Consultants	Shall mean Design point, Technomen Consultant and Infinite Civil solution Pvt. Ltd, the technical consultants in relation to the projects undertaken by the Issuer.
Tenor	Tenor shall mean 5(five) years from the Deemed Date of Allotment.
Tripartite Agreements	Tripartite agreement amongst the Corporation, Registrar to the Issue, and CDSL dated August 13, 2025 and Tripartite agreement amongst the Corporation, Registrar to the Issue, and NSDL dated August 11, 2025.
Transaction Documents	The documents executed in relation to or which are relevant to the Issue including the Preliminary Placement Memorandum/Placement Memorandum, along with all annexures, Debenture Trustee Agreement, Escrow Agreement, Issue Agreement, Registrar & Transfer Agent Services Agreement, Issue Proceeds Agreement, Deed of Hypothecation, Debenture Trust Deed, Tripartite Agreements with NSDL and CDSL and any other agreement or document designated as such by the Debenture Trustee (acting on the instructions of the Majority Debenture Holders).
ULB	Urban Local Body
Working Day/Business Day	In accordance with the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Business day/Working day shall mean all days on which commercial banks in Bhavnagar are open for business. In respect of the time period between the Issue Closing Date and the listing of Bonds on the Stock Exchange and with respect to the record date, working day shall mean all trading days of the Stock Exchange for Bonds, excluding Saturdays, Sundays and bank holidays, as specified.

TERMS	DESCRIPTION
	If the date of payment of coupon/redemption of principal does not fall on a Working Day, the payment of coupon/principal shall be made in accordance with SEBI Master Circular dated October 15, 2025 bearing reference SEBI/HO/DDHS/DDHS-PoD/P/CIR/2025/0000000137, as amended from time to time. If the coupon payment date falls on a Sunday or a holiday, the coupon payment shall be made on the next Business day. However, the dates of the future payments would continue to be as per the schedule originally stipulated in the Placement Memorandum. If the redemption/maturity date of the Bonds falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. In such case, along with the redemption proceeds, the coupon accrued on such Bonds shall also be paid on the previous working day as per the cash flows provided under Annexure – V "Illustration of Bond Cash Flow" of the Placement Memorandum. If a leap year (i.e. February 29) falls during the tenor of the bonds, then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for the entire year, irrespective of whether the interest is payable annually, half yearly, quarterly or monthly. For the purpose of clarification, the payment of interest/redemption shall be made only as per the cash flows provided under Annexure - V "Illustration of Bond Cash Flow" of the Placement Memorandum.

** Note on Financial Statements*

It may be noted that, Bhavnagar Municipal Corporation had initiated the transition from a cash-based accounting system to an accrual-based double entry accounting system, in accordance with the guidelines prescribed under the National Municipal Accounting Manual ("NMAM") and accordingly prepared the restated financial statements for FY.2021-2022 and FY.2022-2023.

The Financial Statements for the financial year ended March 31, 2023 were originally prepared on a cash-based accounting basis and were audited by the Auditor pursuant to an audit report dated January 31, 2024. For the purposes of the present issuance, the Corporation has prepared & approved the Restated Financial Statements for the financial year 2022–23, which are based on the audited financial statements and incorporates requisite changes arising from the transition to an accrual-based double entry accounting system and includes adjustments aligned with the NMAM. These adjustments are undertaken to ensure consistent accounting treatment as per the accounting policies and grouping/classification to be followed, to the extent possible. The Auditor has issued a Restated Audit Report dated November 06, 2024.

Subsequently, the financial statements for the financial years ended March 31, 2024 and March 31, 2025 were prepared on accrual-based double entry accounting system, in accordance with the guidelines prescribed under the NMAM for which the Auditor has issued Audit Reports dated November 06, 2024 and June 24, 2025 respectively.

The Financial Information have been sourced from the financial statements of the Issuer audited by the Auditor pursuant to the Restated Audit Report dated November 06, 2024 on the Restated Audited Financial Statements of the Issuer for the financial year ended March 31, 2023 and Audit Reports dated November 06, 2024 and June 24, 2025 on the Audited Financial Statements of the Issuer for the financial years ended March 31, 2024 and March 31, 2025 respectively.

The Audit Reports dated June 24, 2025 and November 06, 2024 in respect of the Audited Financial Statements for the financial year ended March 31, 2025, and March 31, 2024, respectively; and the Restated Audit Report dated November 06, 2024 in respect of the Restated Financial Statements for the financial year ended March 31, 2023 are annexed as Annexure VI of this Placement Memorandum.

SECTION-IV: RISK FACTORS

An investment in the Bonds involves a certain degree of risk. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with the Issuer's operations or management or any decision to purchase, own or dispose of the Bonds. Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Placement Memorandum before making any investment decision relating to the Bonds. Additional risks and uncertainties, which are currently unknown or now deemed immaterial, if materialize, may in the future have a material adverse effect on Issuer's operations, management or cash flows. The market prices of the Bonds may decline due to such risks and the prospective investors may lose all or part of their investment.

The prospective investors should consult their own tax, financial and legal advisors about the risks associated with investment and suitability of investment in such bonds. Investment in these Bonds includes 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 debentures. For taking an investment decision, investors must rely on their own examination of the Issue, the Issuer and this Placement 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 Placement Memorandum.

This Placement Memorandum contains statements, which may be forward-looking, that involve risk and uncertainties. The Issuer's actual results could differ materially from those anticipated as a result of several factors, including the considerations described below and elsewhere in this Placement Memorandum.

Unless otherwise indicated, the financial information included herein is based on the Issuer's audited financial statements for FY 2023-2024 and FY 2024-2025 and restated audited financial statements for FY 2022-2023 included in paragraph I (Abridged Balance Sheet, Income and Expenditure and Cash Flow Statement for the last three years with major heads) of Section X: Financial Information on page no.87 of this Placement Memorandum.

Investors are advised to read the following risk factors carefully before making an investment in the Bonds offered in this Issue. The order of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Potential investors must rely on their examination of the Issuer and this Issue, including the risks and uncertainties involved.

If any of the following stated risks or other risks that are not currently known or are now deemed immaterial actually occur, the Issuer's operations, financial conditions, cash flows and implementation of projects could suffer and, therefore, the value of the Issuer's Bonds could decline and/or the Issuer's ability to meet its obligations in respect of the Bonds could be affected. Potential investors should perform their own independent investigation of the financial condition and affairs of the Issuer, and their own appraisal of the creditworthiness of the Issuer.

Please note that unless specified or quantified in the relevant risk factors, the Issuer is not in a position to quantify the financial or other implications of any risk mentioned herein below and the financial information used in this section is derived from and should be read in conjunction with the Financial Information as included in this Placement Memorandum.

INTERNAL RISK FACTORS

Project Risk and Internal Risks

1. **We intend to utilize the Issue proceeds for the proposed Projects which is subject to the risk of unanticipated delays in implementation and cost overruns. Any such unanticipated delays in implementation and cost overruns of the Projects may have an adverse impact on our operations, reputation and cash flows.**

   We intend to utilize the Issue proceeds for proposed projects, i.e., (i) Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar **("Project I")** and (ii) Construction of Sewerage Network on Gadhechi Riverbanks and Gadhechi River Rejuvenation Works ("**Project II**") (Project I and Project II are hereinafter, collectively, referred to as **"Projects"**).

   The Projects are proposed to be financed through Issue proceeds of this Issue and internal accruals of the Issuer/ grants in cash or kind received/to be received by the Corporation from the government subject to conditions mentioned in the respective schemes. In case of non-receipt of grants or any shortfall of funds, the Issuer will have to arrange for alternative sources which may impact the Projects, timelines and the cost. There can be no assurance, despite best efforts, that we will be able to complete the Projects within estimated time and cost without any cost

overruns. The work orders have already been issued for implementation of the Projects and the work is under process. The Issuer has obtained certificates from the Project Consultants dated August 14, 2025 and October 16, 2025 regarding the proposed Projects details, costs, schedule of implementation, benchmarks of the Projects etc.

The cost of the Projects may escalate or vary based on external factors which may not be in our control and could pose funding gaps and contingent budgetary risk for BMC.

Presently, there are no approvals required to be obtained by the Corporation for the implementation of the Projects at this stage, however in case of any delay in receipt of any approvals, if required at different stages, in relation to the Projects in a timely manner, occurrence of any force majeure events, etc., the proposed schedule of implementation and deployment of the Issue proceeds may be extended or may vary accordingly.

Although the Issuer is taking all reasonable steps to ensure timely execution,there can be no assurance despite best efforts of the Issuer, that the proposed Projects will be completed as planned or on schedule, and if it is not completed in a timely manner, or at all, our budgeted costs for the Projects may be insufficient to meet our proposed capital expenditure requirements towards the Projects. The grants from government are also based on conditions, in case of any non-receipt of grant, the gap will have to be contributed by BMC. We may not have sufficient revenue to fund the Projects.

There has been delay in implementation of Project I. The work order for Project I was issued on March 07, 2024. However, due to delays in site clearances & demolition of existing structures on the land proposed for construction of Project I, the project was delayed. The site clearance work was completed in February 2025 enabling the work for Project I to resume, however such delay has not resulted in any cost over-run beyond the approved cost for the Project. There is also a possibility that the implementation of the Projects might get delayed due to various factors including workforce issues, non-availability of approvals/ no objection certificates, delays because of third party contractors, etc. In case of any delay due to unforeseen circumstances that are beyond Issuer's control, the cost over-run due to such delay, shall be addressed through the Issuer's internal accruals including grants from GOI/GoG.

The proposed Schedule of Implementation of the Projects along with the timelines stated therein are indicative and the Physical Target and Financial Target for activities are as per the work order for implementation of the Projects. There can be no assurance that despite best efforts, that there shall be no further delays in the implementation of the Projects and that the proposed Projects will be completed as planned or on schedule, and if it is not completed in a timely manner, in accordance with the proposed schedule of implementation and any delay due to unforeseen circumstances that are beyond Issuer's control could have an adverse impact on our operations, reputation and cash flows.

2. **Any inability to obtain renew or maintain the statutory and regulatory permits and approvals which are required for construction and operation of the Projects may have a material adverse effect on our ability to complete the projects on a timely basis or at all. Any failure to successfully complete the Projects on a timely basis may have an adverse impact on our reputation, operations and cash flow.**

Presently, there are no pending approvals required to be obtained by the Corporation as per the certificates received from Projects Consultants dated August 14, 2025 and October 16, 2025. In the future, there may be a requirement of approvals/NOCs for the implementation of Projects and the Issuer shall take all reasonable steps to obtain the said approvals/NOCs. However, the Issuer may be unable to obtain such approvals/consents (if so required) or renew such approvals within the stipulated time due to unforeseen circumstances or reasons beyond the control of the Issuer. Additionally, any failure in future to comply with the terms and conditions of the existing regulatory or statutory approvals may cause the Issuer to lose or become unable to renew such approvals.

The Projects are also susceptible to the policies of the state and cost overruns, however, these will not affect the debt servicing of the Bonds, which are backed by the appropriate revenues of the Issuer, to be collected and remitted to the Escrow Account for payment during tenure of Bonds.

While the Issuer shall make best efforts to ensure timely implementation and progress of the Projects, there may be unforeseen circumstances beyond the control of the Issuer which may cause delay in receipt of approvals or renewing the approvals, as may be required in a timely manner, which may lead to delay in implementation of the Projects in a timely manner or cost overruns which may have impact over the cash flows and financial condition of the Issuer. Further, our capital expenditure plans remain subject to the potential problems and uncertainties that

Projects activities face including cost overruns or delays. However, all payments to the Bond Holders are backed by a Structured Payment Mechanism. For further details, please refer to Annexure – I on page A-1.

For further details in relation to the list of approvals/ permissions received in relation to the Projects, please see "Objects of the Issue –Details and status of the regulatory approvals" on pages no. 54 and 59.

3. We are involved in large number of litigations & adverse decisions in the same may impact our working and operational efficiency.

The Issuer is a party to various legal proceedings and has received notices from certain statutory authorities. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities, and if determined against the Issuer, could have impact on the operations, implementation of projects, income and the financial condition of the Issuer.

A summary of pending proceedings involving Issuer are as follows:

- **Matters related to Direct and Indirect Taxes against the Issuer**

S. No.	Nature	Number of Cases	Amount Involved (₹ In Crores)
Indirect Tax			
1	Property Tax* - Cases have been filed against the Issuer by the residents/ entities residing/ operating in Bhavnagar Municipal Corporation jurisdiction accusing Issuer of charging huge amount of property tax.	60	12.39

**Note: To the extent quantifiable excluding the interest and penalty thereon.*

1. Criminal Litigations involving the Issuer and the members of the Bond Issue Committee

The details of the criminal litigations involving the Issuer have been disclosed in the "Section-XI- Legal and Other Information" on Page No. 100 of the PM.

2. Actions by Regulatory and Statutory Authorities

The details of all the actions by Regulatory and Statutory Authorities have been disclosed in the "Section-XI-Legal and Other Information" on Page No. 100 of the PM.

3. Other Civil Litigation

The details of all the individual civil litigations above the materiality threshold have been disclosed in the "Section-XI- Legal and Other Information" on Page No. 100 of the PM.

There are certain matters disclosed under the "Section-XI-Legal and Other Information" beginning on page no. 100 of this Placement Memorandum in relation to which no claim amount is quantifiable**.**

No assurances can be given as to whether these legal proceedings will be decided in the Issuer's favour or have no adverse outcome, nor can any assurance be given that no further liability/ loss will arise out of such legal proceedings. The details of outstanding material litigations involving the Issuer which are based on the Materiality Policy of the Issuer are set out in *"Other Matters based on the Materiality Policy of the Issuer"* of *Section XI Legal and Other Information* on page no. 100 of this Placement Memorandum.

Except for the disclosures in Section titled "*Legal and Other Information*", the Issuer, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Issuer does not expect that the outcome in any of these legal proceedings, will have a material adverse effect on the Issuer's financial position or results of operations, yet litigation is inherently unpredictable. Therefore, the Issuer could incur judgments or enter into settlements of claims that could adversely affect the Issuer's operating results or cash flows in a particular period.

4. Leakage of tax collections may affect volume of collections and inflows which may have an adverse impact on the accumulation of funds for future development, and on the Issuer's future execution capabilities and revenue collections.

The tax collections are primarily dependent on the integrity of tax/ charges collection systems and any leakage in the same due to fraud or technical faults affects the Issuer's collections and inflows and may have an adverse impact on accumulation of funds for future development, resulting in reduction of the Issuer's future execution capabilities.

If the tax collection is not properly monitored, such tax leakages may reduce the Issuer's revenue. Although the Issuer has systems in place to minimise the leakages due to fraud and pilferage, yet any significant failure by the Issuer to control leakage in the collection systems due to future events, unforeseen circumstances or reasons beyond the control of the Issuer, though not quantifiable monetarily, could have a material adverse effect on the Issuer's operations and prospects. Further, any leakage in the collections resulting in avoidance of payment of taxes/ charges, may also adversely affect the Issuer's operations. Further, there may be situations where the tax/ charges collection is disrupted or halted due to public agitation which may result in lesser revenue collection by the Issuer. Any such disruption or stoppage of tax/ charges collection will adversely affect the Issuer's revenue collections.

5. Our statutory auditors have highlighted few qualifications/observations/ remarks in their audit reports relating to our audited financial statements

Our statutory auditors have highlighted few observations/remarks in the audit reports dated June 24, 2025 for F.Y. 2024-25, dated November 06, 2025 for FY 2023-24 and FY 2022-23. The auditors have also expressed qualified opinion in the abovementioned audit reports.

The key Auditor qualifications/observations in the Audit Reports for the preceding three financial years are as follows:

As per the Auditor's Report dated November 06, 2024 for F.Y. 2022-23 on the Restated Audited Financial Statement for F.Y. 2022-23, the following observations are the basis for qualified opinion:

1. **Difference in opening balances:** Since 1982, the cash basis of accounting has been followed by the Corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statements on accrual- based accounting system is ₹ 31,575.73 Lakhs for FY 2022-23, which is adjusted in Municipal General Fund of the Corporation. These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting.

2. **Fixed Assets:** Opening balances of Fixed Assets have been taken from the details available with the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data of the budget of Bhavnagar Municipal Corporation, approved by the Competent Authority which is mainly based on utilization of the grant by the Corporation. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The Corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence of those fixed assets. So, the conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.

3. **Stores and Consumables:** Difference in the value of stock in hand is ₹172.72 Lakhs, which is mainly due to the change in accounting system from cash basis into accrual basis, and, is adjust with any excess or deficit arrived at in Income and Expenditure Account of concerned Financial Period, whereas ₹ 167.83 Lakh has been adjusted in Municipal Fund Balance. The figures have been taken from the Actual Expenditure data as per the budgets for the respective year as no separate registers have been maintained in this regard.

4. **Depreciation:** Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

5. **Sundry Debtors:** The difference of ₹52,875.40 Lakh, is adjusted with any excess or deficit arrived at in Income and Expenditure Account of concerned Financial Period, whereas ₹ 48,134.26 Lakh has been adjusted in Municipal Fund Balance. The Corporation's concerned departments are having separate software from which the record of receivables at the beginning of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year.

6. **Deposits:** In absence of deposit register maintained by all concerned departments, the amount of total deposits have been arrived from the budget of the concerned year, which was prepared by the compatible department of the Corporation and also approved by the competent authority of the Corporation. Hence the same has been taken as it is from the actual data shown in the budget and the difference or creation of the deposit amounting to ₹ 7,854.29 Lakh has been adjusted in the Municipal General Fund account.

7. **Other Liabilities:** All the other liabilities including any liabilities towards creditors, employees, Government etc. have been taken based on actual data available in the budget and difference if any has been transferred to Municipal Fund Account.

8. **PF Loans to Employees:** The Corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

9. **Bank Charges:** Bank charges have not been specifically considered while preparing the Financial Statements.

10. **Municipal Fund:** All the adjustments with respect to any changes in amount due to change in Cash system to accrual system has been given effect in the account called Municipal fund which is General Fund in nature.

As per the Auditor's Report dated November 06, 2024 on Audited Financial Statement for F.Y. 2023-24, the following observations are the basis for qualified opinion:

1. **Difference in opening balances:** Since 1982, the cash basis of accounting has been followed by the Corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statements on accrual- based accounting system is ₹ 3,926.10 Lakhs for FY 2023-24, which is adjusted in Municipal General Fund of the Corporation. These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting.

2. **Fixed Assets:** Opening balances of Fixed Assets have been taken from whatever details have been provided by the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data of the budget of Bhavnagar Municipal Corporation, approved by the Competent Authority as per the actual expenditure of the grants in this behalf. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The Corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence of those fixed assets. So, the conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.

3. **Depreciation:** Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

4. **Sundry Debtors:** The Corporation's concerned departments are having separate software from which the record of receivables at the beginning of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year.

5. **Deposits:** In absence of deposit register maintained by all concerned departments, the amount of total deposits have been arrived from the budget of the concerned year, which was prepared by the compatible department of the Corporation and also approved by the competent authority of the Corporation. Hence the same has been taken as it is from the actual data shown in the budget.

6. **Other Liabilities:** All the other liabilities including any liabilities towards creditors, employees, Government etc. have been taken based on actual data available in the budget.

7. **PF Loans to Employees:** The Corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

8. **Municipal Fund:** All the adjustments with respect to any changes in amount has been given effect in the account called Municipal fund which is General Fund in nature.

As per the Auditor's Report dated June 24, 2025 on Audited Financial Statement for F.Y. 2024-25, the following observations are the basis for qualified opinion:

1. **Difference in opening balances:** Since 1982, the cash basis of accounting has been followed by the Corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statement is adjusted in Municipal General Fund of the Corporation. These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting till FY 2022-23. The current financial statements are drawn up using mixture of cash basis as well as accrual basis of accounting wherever possible to apply appropriate accounting method, decision of which was the absolute responsibility of the management of the Corporation keeping in mind the provisions of NMAM.

2. **Adjustments to opening balances:** During the course of our audit, we noted that adjustments were made to the opening balances to give effect of necessary changes in the accounting estimates and policies in accordance with applicable financial reporting standards as management thinks fit and just. The amount involved is material looking at the size of the financial statements. These estimates and policies are subject matter of decisions taken by management and we as auditor are not in a position to quantify or justify the same due to Impracticability on our part to verify each of those items.

3. **Disclosures:** The financial statements do not adequately disclose the nature, reasons, and financial effects of certain adjustments made to the opening balances as well as other adjustment entries recorded during the period.

4. Corporation generally prepares its financial statements using the accrual basis of accounting, in accordance with the applicable financial reporting framework. However, for certain transactions the Corporation has applied a cash basis of accounting. Such treatment may not fully align with the principles of accrual accounting, which require the recognition of income and expenses when they are earned or incurred, regardless of when cash transactions occur, but seems in fair conformity with what is laid in NMAM.

5. During the course of the audit, we observed discrepancies between the income/expense figures and receivable/payable balances recorded in the accounting software and those reflected in the corresponding bills and supporting documentation. As informed to us, there's a difference in amount of income as per software and as per actual bills, on inquiring upon management about this, we understood that any difference arising on account of same has been adjusted to opening balance. These differences arise due to constant changes in the demand data due to resurvey process by the concerned department of the Corporation, and due to this there will be constant variation with respect to amount mentioned in data entry, Amount of recognition, and reconciliation processes.

6. **Fixed Assets:** Opening balances of Fixed Assets have been taken from whatever details have been provided by the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data available with Bhavnagar Municipal Corporation, approved by the Competent Authority as per the actual expenditure of the grants in this behalf. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The Corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence of those fixed assets. So, the

conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.

One of the lands was not recorded in previous years, and the same was sold in current year for ₹ 44,12,45,000.00. Therefore, to record this transaction the land is recorded in current year and transferred to revaluation reserve.

7. **Depreciation:** Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

8. **Statutory Obligations:** The Corporation is discharging its statutory obligations such as TDS and GST-TDS on a cash Basis, i.e. payments are made when amounts are actually available in fund balances received from appropriate authorities. However, the related expenses and liabilities are accounted for on accrual basis in the books of accounts.

9. **Closing Stock:** No physical verification of inventory was conducted during the year, and the Corporation has not provided us with sufficient appropriate audit evidence regarding the existence and condition of these inventories. Furthermore, the basis of valuation of inventories has not been disclosed, and we were unable to obtain sufficient appropriate audit evidence to determine whether inventories are stated at the lower of cost and net realizable value.

10. **Regrouping of Previous Year Financial Items:** The previous year financial data has been regrouped wherever required to make the presentation more suitable and comparable for the better understanding keeping in mind the requirements of provisions of NMAM.

11. **Sundry Debtors:** The Corporation's concerned departments are having separate software from which the record of receivables at the end of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year. The opening data has been taken at the close of the year so as to incorporate any changes in demand data due to any resurvey conducted during the year.

12. **Unreconciled entries with bank:** There are few receipts in the bank statement amounting to ₹9,21,31,268.00, which are accounted for but could not be identified by the Corporation. So, the same has been transferred to ledger named UNRECONCILED ENTRIES WITH BANK.

13. **PF Loans to Employees:** The Corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

14. **Municipal Fund:** All the adjustments with respect to any changes in amount has been given effect in the account called Municipal fund which is General Fund in nature.

In addition to the Audit observations/qualification as provided above, there are certain additional observations in the Auditor's Report dated November 06, 2024for FY 2022-2023 and FY 2023-24 as below:

1. Additions to fixed assets were recorded based on actual expenditures incurred and paid during the year. These additions were aligned with the budgeted actual data for accurate financial tracking.

In addition to the Audit observations/qualification as above, there are certain additional observations in the Auditor's Report dated June 24, 2025 for FY 2024-25 as below:

1. Under the AMRUT-1 account the recorded balance exceeded the actual spending limit; an adjustment was made to reduce the recorded balance to ensure that, only the actual fund availability and eligible utilization are reflected in the account.

2. Initially, the entire sanction limit under AMRUT- 2.0 was recorded as grant fund. However, as per the revised accounting guidelines the previously recorded grant amount has been nullified and the account balance has been brought down to zero. Under the compliance requirement, grant recognition is now based on actual fund disbursement and utilization rather than on sanctioned limits.

3. The investment balance under the 'Investments' includes only the principal component of deposits made by the corporation. The accumulated or accrued interest on these is not included under this schedule.

4. Under 'Cash and Bank Balances' head: there are approximately 25 bank accounts where no transactions are found, out of which 2 accounts have already been closed. Additionally, there are 14 bank accounts which are Single Nodal Agency Accounts for which bank statements are not available with the corporation. The balances pertaining to these accounts have been taken from the book records.

5. The bank reconciliation statement highlights timing differences between the date on which the corporation issues or remits payments and the date on which those transactions are actually cleared or reflected in the bank account. This delay occurs because, as per the internal protocol. A formal resolution of the Corporation's concerned department is required before such receipts can be officially entered into the accounting records. This procedural requirement may result in temporary mismatches during the bank reconciliation process.

For details on all Audit Qualifications/ Observations/Remarks, please refer to the Audit Reports issued by the Auditor of the Issuer for the F.Y. 2024-25, F.Y. 2023-24 and F.Y. 2022-23 annexed as Annexure VI of this Placement Memorandum.

We have undertaken and are in the process of undertaking corrective steps, as required, to address the qualifications/observations provided in the Audit Reports for FY 2023-24 and FY 2024-25 and Restated Audit Report for FY 2022-23. The qualifications/observations shall not have a material impact on our Financial Statements and therefore, no further restatement is required

There can be no assurance that our statutory auditors will not include further similar comments in the audit reports to our audited financial statements in the future, or that such remarks will not affect our financial results in future financial years. Investors should consider the above observations while in evaluating our financial condition, results of operations and cash flows. Any such similar comments on our financial statements in the future may affect the trading price of the bonds.

6. We are dependent on grants and support in the form of budgetary allocation from Central and State Government for Central and State Government projects. Failure to obtain grants or any reduction in funding in the form of grants or budgetary allocation from the government may adversely impact such projects.

The projects undertaken by the Issuer are very capital intensive and supported by grants and the form of budgetary allocation from Central and State Government. Any reduction in budgetary allocation of capital, funding or non-receipt of grants by the GoI and GoG may materially affect projects being undertaken by the Issuer and impact the Issuer's operations, performance and asset generation capacity. Since grants are one of the main sources of revenue for the Issuer, any irregularity in release of grants may affect the projects' implementation schedules and affect the financial condition of the Issuer. Any delay in receipt of the grant may have an impact on our liquidity position. For details of grants received from the State Government please refer to Section VI: About the Issuer and Capital Structure of the Issuer on page no. 49 of this Placement Memorandum. Further, the growth plans of the Issuer are mainly determined by the amount of grants and support in the form of budgetary allocations and any adverse developments in the policy of the government in the manner in which it seeks to address the development of the infrastructure needs of India will have a material and adverse effect on the Issuer's operations. Moreover, if the funding from grants decreases or if there is any adverse change in the pattern of allocation of the tax collected by GoI or if there is a downturn in the macroeconomic environment in India or in the sectors which are directly dependent on the infrastructure projects that the Issuer undertakes/ proposes to undertake, the Issuer's operations and future performance could be materially and adversely affected.

The proposed Projects are also being financed by grants. In case of any delay in receipt of the grants, it may have an impact the timeline for implementation of the Projects.

7. The Projects for which funds are being raised have not been appraised by any bank or regulatory body or financial institution and are not insured for any losses.

The Projects for which funds are proposed to be financed through Bonds, and internal accruals of BMC, including grants from GoI/GoG have not been appraised by any bank or regulatory body or financial institution. The Projects have been approved by General Board and Standing Committee of the Issuer and the GoG. The cost of the Projects are based on the details, estimates and assumptions given in Detailed Project Reports received for the Projects and the related Project Costs approved by the Bond Issue Committee and certified by the Project Consultants vide their certificates dated August 14, 2025 and October 16, 2025. Our budgeted costs for the Projects may be insufficient to meet our proposed capital expenditure requirements. Cost of projects may vary during implementation. Any incremental cost to the projects shall be borne by Issuer. Although BMC would endeavour to complete the Projects on time and within the prescribed cost, a funding gap could develop due to cost overruns, which may pose a contingent budgetary risk for BMC.

Further, the Issuer does not have any insurance coverage for the Projects and in case of any loss caused to the Projects due to fire, earthquake, flood or any other natural calamities etc. leading to cost and time overruns. While the Issuer shall make best efforts to ensure implementation of the Projects within the estimated timelines there may be delays due to unforeseen circumstances beyond the control of the Issuer. The non-implementation of the Projects as per the schedule of implementation will affect the Issuer's performance and asset generation capacity, receipt of grants from GoI/GoG and thereby impacting the business, cashflow and financial conditions of the Issuer. The schedule of implementation has been provided under Objects of the Issue chapter on page no. 53 and 58 of this PM.

However, to mitigate any potential risk of default, the Issuer shall implement a Structured Payment Mechanism, as detailed on page 124 (Summary of term sheet) of the Placement Memorandum. This mechanism incorporates a clearly defined waterfall structure that ensures timely and prioritized payments of coupon and principal repayments.

8. We are eligible for incentive from Government of India, Ministry of Housing and Urban Affairs under Atal Mission for Rejuvenation and Urban Transmission 2.0 ("AMRUT 2.0") for raising funds from Bonds. We cannot assure that we will be able to successfully raise the Bonds and any failure to raise funds through issuance of Bonds in a timely manner may impact our ability to receive incentive from Ministry of Housing and Urban Affairs, Government of India.

The Corporation will be eligible to receive incentive as per D.O. No. K-14012/01/2022-AMRUT-IIB dated April 07, 2025 and any subsequent notification from Ministry of Housing and Urban Affairs Government of India under Atal Mission for Rejuvenation and Urban Transmission 2.0 ("AMRUT 2.0") for raising of funds through the proposed Bonds.

AMRUT 2.0 was launched with the objective of making cities 'Aatma Nirbhar' and water secure. Under the said notification for AMRUT 2.0, the first 15 urban local bodies on 'first come, first serve' basis during the mission period to issue municipal bonds by urban local bodies for raising bonds for the first time shall be eligible for incentive of ₹ 13,00,00,000/- (Rupees Thirteen Crores) for every ₹ 100,00,00,000/- (Rupees One Hundred Crores) of bonds, subject to a maximum of ₹ 26,00,00,000 (Rupees Twenty Six Crores) per urban local body.

Any failure by us to complete the Issue in a timely manner due to future events, unforeseen circumstances or reasons beyond the control of the Issuer may impact our ability to claim incentives under AMRUT 2.0 from Government of India, Ministry of Housing and Urban Affairs.

9. Considering the nature of the Issuer, recovery proceeding, if any, initiated in case of any default might take longer which may have a negative impact on the ability of the investor to recover the outstanding dues.

The NCD Holders 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 NCDs.

A minimum-security cover of 1 time will be maintained during the tenor of the Debentures. In any event of default, the Debentures Trustee shall take all steps to ensure redemption of Debentures and enforcement of Security or any other legal recourse available to the Bond Holders as per the terms of the Transaction Documents and in accordance with the Applicable Law. Given the nature of the Issuer and type of security being offered in the Issue, in case of any default by the Issuer the process to be followed for recovery of Investor’s monies might be time consuming.

Risks relating to Credit Risk

10. The credit rating assigned to Bonds may be downgraded. Any downgrading in credit rating of the Issuer and/or the Bonds may adversely impact our creditworthiness and, thus, our ability to raise further debts.

The Bonds have been rated (a) Provisional IND AA-/Stable by India Rating and Research Private Limited *vide* its letter dated January 16, 2025 and revalidated vide letter dated October 06, 2025 and a rating rationale dated January 16, 2025; and (b) Provisional Crisil AA-/Stable by CRISIL Ratings Limited vide its letter dated December 13, 2024 and revalidated vide letter dated October 03, 2025 and a rating rationale dated June 05, 2025 The above-mentioned credit ratings may not reflect the potential impact of any future uncertainties related to structure, market and/or other factors that may affect the value of the Bonds.

However, if there is a 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 due to future events, unforeseen circumstances or reasons beyond the control of the Issuer, our credit rating and 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.

Further, in terms of the rating rationale issued by India Ratings and Research Private Limited on January 16, 2025 and CRISIL Ratings Limited on June 05, 2025 and the outlook has been kept as 'Stable', considering the healthy economic base, high proportion of own tax revenues in the overall revenue profile and operating surplus scenario which is expected to continue over the near-medium term and the structured payment mechanism.

The Issuer cannot guarantee that the credit rating(s) of the Issuer or the Bonds will not be downgraded by the Rating Agencies in future. Thus, the credit rating(s) is not a recommendation to buy, sell or hold the Bonds and investors should take their own decisions. The ratings provided by the Rating Agencies may be suspended, withdrawn or revised at any time including without limitation on financial deterioration of the Issuer. 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. In such cases where the value of the Bonds decreases, potential investors may incur losses on sale of their investment in the secondary market. Please refer to Annexure II on page no. A-8 for rating letters, revalidation letters and rationales for the above ratings.

Financial Risk including Liquidity Risk

11. Collection ratios of Issuer may vary in the future that may impact the financial condition of the Issuer.

The overall collection ratios of Property Tax which is one of the main sources of own revenue for the Issuer are 37.58% in Financial Year 2024-2025, 41.94 % in Financial Year 2023-2024 and 36.90% in Financial Year 2022-2023.The overall collection of Property Tax which is one of the main sources of revenue has increased from ₹ 57.42 Crore in Financial Year 2023, to ₹ 79.16 Crore in Financial Year 2024 and to ₹ 83.37 Crore in Financial Year 2025. While the Issuer has implemented various reforms, measures and established systems to improve the collection of Property Tax, as mentioned under Section X; Financial Information on page 97 under the heading "**Property Tax Reforms"** due to unforeseen circumstances beyond the control of the Issuer, there can be no assurance that the total collection will not decrease in future, which will have an impact on the financial condition of the Issuer. The portion of property tax due but not collected is shown as receivables in our financial statements. While the Issuer takes certain measures from time to time to collect such arrears, there can be no guarantee for timely collection of such arrears. Further, the payment of interest and principal to the Bonds holders are backed by "Structured Payment Mechanism" as provided on page 124 (Summary of term sheet) of the PM.

Any shortage in collections in any period may result in a mismatch in revenue and expenditure of the Issuer and the funds may be inadequate for transfer to the Escrow Account. Such shortfall will impact the Issuer's financial condition and the Issuer's ability to meet its obligations in respect of the Bonds. For further details please refer to the "Details of Property Tax collection" of Section X: Financial Information on page no.96 of this Placement Memorandum.

12. The Bonds are secured and the Issuer's ability to pay Coupon and redeem principal in accordance with the terms of the Issue is subject to various factors affecting the Issuer's financial condition. Any adverse change in these factors may have an adverse impact on Issuer's ability to pay interest accrued on the Bonds and/ or the principal amount in timely manner as outstanding from time to time.

The Issuer's ability to pay Coupon accrued on the Bonds and/or the principal amounts outstanding from time to time in connection therewith would be subject to various factors, including inter alia the Issuer's financial

condition, profitability, revenue generation and general economic conditions prevailing in India and in the global financial markets. Any adverse change in these factors may have an adverse impact on our reputation and financial condition and our ability to pay interest accrued on the Bonds and/or the principal amount in timely manner. The Issuer shall create a structured payment mechanism through which the funds lying in account(s) in which the Own Revenues/ Cash Flows gets collected and/ or pooled by the Issuer shall be transferred to the Escrow Account for debt servicing on daily basis.

The Issuer's ability to timely 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 timely completion of the Projects, on collecting the Own Revenues/ Cash Flows and the general economic conditions prevailing in India and in the global financial markets. In the event of any default, the Bond Holders may not be able to recover, on a timely basis, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds. Though Debenture Trustee on behalf of Debenture Holders shall have exclusive first ranking charge over the receivables of own revenues/cashflows, the Escrow Account and the account(s) where the Own Revenues/ Cash flows is collected and/ or pooled by the Issuer, however, in any unforeseen circumstances or reasons beyond the control of the Issuer, there can be no guarantee for timely collection of such receivables of Own Revenues/Cash Flows and consequently the realizable value of the Security 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.

A minimum security cover of 1(one) time of the outstanding Secured Obligations will be maintained during the tenor of Debentures. In the event of any default, Debentures Trustee shall take all steps to ensure redemption of Debentures and enforcement of Security or any other legal recourse available to the Bond Holders in the courts and tribunal at Bhavnagar as per the terms of the Transaction Documents and in accordance with the Applicable Law.

Given the nature of the Issuer and the type of security being offered to secure the Issue, in case of any default by the Issuer, the process to be followed for recovery of investor's monies might be longer and time consuming.

However, the obligation towards Bonds are covered through the Structured Payment Mechanism whereby any shortfall in payments will be met through transfer as stipulated in the Transaction Documents.

Business Risk

13. The Issuer is dependent on information technology and any breach on information technology may affect the Issuer's activities.

The Issuer's operations are dependent on information technology. The Issuer has undertaken various reforms towards digitization of payment of tax and other services. A failure, inadequacy or security breach in the information technology and telecommunication systems or an inability to adapt to rapid technological changes may adversely affect the Issuer's activities, timely collection of taxes and the Issuer's financial condition.

The Issuer's ability to maintain and upgrade its information technology systems and infrastructure on a timely and cost-effective basis, including the ability to process a large number of transactions on daily basis may have an impact on the Issuer's business. The Issuer's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The Issuer has engaged various private sectors entities for enabling the digitalization. If any of these entities is unable to meet the desired objectives, these services may fail to operate adequately or become disabled as a result of events that may be beyond the Issuer's control, including a disruption of electrical or communications services. Further, despite Issuer's best efforts to ensure data security, the computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other attacks that may compromise data integrity and security and result in information or identity theft, as a consequence of which the Issuer's operations and future performance could be materially and adversely affected.

14. If we are unable to protect our trademarks, others may be able to use our trademarks and tradenames to compete more effectively. Also, we may breach third-party intellectual property rights.

Our logo  is not registered with the Trademarks Registry.

We will not be able to avail legal protections under the trademark or prevent unauthorised use of such trademarks by third parties. Our efforts to protect our intellectual property or proprietary information and the measures we take to identify potential infringement of our intellectual property may not be adequate to detect or prevent infringement, misappropriation or unauthorized use. Any such misappropriation or duplication of our name, registered/ official addresses, corporate logos or other intellectual property or proprietary information may disrupt our business, distract management and employees, reduce revenues and increase expenses. In addition, we may also become subject to infringement claims. Even if claims against us are not meritorious, any legal, arbitral or administrative proceedings that we may be required to initiate or defend in this regard may be time-consuming, costly and harmful to our reputation, and there is no assurance that such proceedings will ultimately be determined in our favor. Furthermore, the application of laws governing intellectual property rights in India is continuously evolving and there may be instances of infringement or passing-off of our brand in Indian markets. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may adversely affect our business, financial condition and results of operations.

We may be subject to claims by third-parties, both within and outside India, if we breach their intellectual property rights by using slogans, names, trademarks, or other such rights that are of a similar nature to the intellectual property these third-parties may have registered or are using. We might also be in breach of such third-party intellectual property rights due to accidental or purposeful actions by our employees where we may also be subjected to claims by such third-parties.

To the best of our knowledge, there are currently no such claims and our use of the trademark has not infringed upon any existing intellectual property rights and such usage is not in conflict with, or in violation of any Applicable Law or any binding contractual or fiduciary obligation. However, any legal proceedings that result in a finding that we have breached third-parties' intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or stop using the relevant intellectual property (including by way of temporary or permanent injunction) or make changes to our marketing strategies or to the brand names of our products, any of which may have a material adverse effect on our business, prospects, reputation, results of operations and financial condition.

15. Reliance on third-party intermediaries, contractors and service providers.

The Issuer while undertaking various projects relies on third-party intermediaries, contractors and service providers who may not perform their obligations satisfactorily or in compliance with Applicable Laws.

The Issuer enters into outsourcing arrangements/ contracts with civil contractors for undertaking various civil contracts and with third party vendors for providing various services. Any failure by the contractors or service providers to provide a specified service, develop the Projects and maintain it or a breach in security/ confidentiality or non-compliance with legal and regulatory requirements may result in financial loss, loss of reputation, delay in the Projects and have an adverse impact on the financial condition of the Issuer.

Further, if the third parties upon which the Issuer relies on cannot expand system capacity to handle increased demand, or if any of their systems otherwise fail to perform or experience interruptions, malfunctions, disruptions in service, slower response times or delays, then we could incur reputational damage, regulatory sanctions, litigation and loss of trading, any of which could materially adversely affect the Issuer's financial condition. While the Issuer shall make best efforts to ensure that sufficient measures are undertaken and clauses are built in the agreements with the contractors / service providers/ third parties to prevent such risks, these measures may not be sufficient to deter such activities in all cases, which may adversely affect our operations and profitability.

16. Labour Related Risks

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for the Issuer to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations. Additionally, some of the Issuer's employees are part of certain industry labour unions and such unions could result in labour unrest. Strikes or work stoppages or any mishaps/ accidents impacting the labour in future could have an adverse impact on the Issuer's operations. The Government of India has given its assent to enact (i) Code on Wages, 2019 (ii) Industrial Relations Code, 2020 (iii) Code on Occupational Safety, Health & Working Conditions Code, 2020 (iv) Code on Social Security, 2020 which has replaced some of the existing labour laws with the objective to simplify and modernize labour

regulations. Certain portions of the Code on Wages, 2019 and Code on Social Security, 2020, have come into force upon notification dated December 18, 2020 and May 3, 2023, respectively, by the Ministry of Labour and Employment. The remaining provisions of these codes shall become effective as and when notified by the Government of India.

The Issuer, from time to time, for certain activities, appoints independent contractors who in turn may engage on-site contract labour for performance of certain activities. The spread of the Covid-19 virus and the measures taken by the Government of India and Government of Gujarat including lockdown and curfew have had a negative impact on the movement and activities of contract labour. This has had a negative impact on the activities of execution agencies such as civil contractors and other vendors that have been engaged by the Issuer Further, the Issuer may be held responsible for any payment of wages/ compensation for any accidents or losses relating to such contracted labourers in certain cases even though such labourers are not directly engaged by the Issuer. Such an event may have an adverse impact on the Issuer's financial position and operations due to future events, unforeseen circumstances or reasons beyond the control of the Issuer.

17. We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees or third parties, which could harm our results of operations and financial position.

We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees or third parties, which could harm our results of operations and financial position. We may do cash collections to recover our dues. Such cash transactions may expose us to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees or third parties. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may turn out to be insufficient to prevent or deter such activities in all cases or due to future events, unforeseen circumstances or reasons beyond the control of the Issuer, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

18. The Issuer has certain contingent liabilities, the materialisation of which may adversely affect the Issuer's financial condition.

The Issuer, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Issuer does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on the Issuer's financial position or results of operations, yet litigation is inherently unpredictable. Therefore, the Issuer could incur judgments or enter into settlements of claims that could adversely affect the Issuer's operating results or cash flows in a particular period. As on the date of this Placement Memorandum, there are a number of ongoing civil and consumer claims against the Issuer. While for some cases, some deposits have already been done with the regulatory authorities however, there may be other cases wherein provision for contingent liabilities has not been recognized in the Issuer's financial statements. The outcomes of these cases are remote and the financial implications are not ascertainable. In the event, any of these contingent liabilities materalise, the Issuer's financial condition may be adversely affected, however the Issuer has sufficient revenue generation and resources for timely servicing and redemption of bonds, for details of the same please refer to Para VI- Sufficient revenue generation and resources for timely servicing and redemption under Section XI of Financial Information on Page no. 99. Further, the payment of interest and principal to the Bond Holders are backed by the "Structured Payment Mechanism" as provided on page 124 (Summary of term sheet) of this PM.

As per the certificate of the Auditor dated August 14, 2025 and October 16, 2025, as on the date of the latest audited financial statements there are matters pending before various courts awaiting adjudication. As these cases are still under legal consideration, the exact amount of potential liability, if any, cannot be determined.

For further details, please refer to the paragraph "Contingent Liabilities" of Section XI: Legal and Other Information on page no. 100 of this Placement Memorandum.

EXTERNAL RISK FACTORS

General Risk

19. There may be less information available about the municipal corporations listed on the Indian securities markets compared with information that would be available if we were listed on securities markets in certain other countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in India and that in the markets in the United States and certain other countries. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about a municipal corporation listed on an Indian stock exchange compared with information that would be available if that the said municipal corporation was listed on a securities market in certain other countries. As a result, investors may have access to less information about the operations, results of operations, cashflows and financial conditions than you may find in the case of municipal corporations listed on a securities market of other developed countries.

20. Political Scenario prevailing in India might risk our business.

Periodic elections and/ or rotation of the officers might pose a risk to the operations of the Issuer since a change in the government might shift the policy focus for the municipal corporation which will impact the ongoing activities of the Issuer. Though the payment of interest and principal to the Bonds holders are backed by structured payment mechanism, however, such changes in policy focus might affect the relative priority of capital expenditures for the Projects and other projects undertaken by the Issuer. For further details, please refer to Structured Payment Mechanism on page 124 of this PM.

21. Any future changes in Government Policies may affect the collection of revenue of the Issuer and may also affect the management of the expenditure.

The Issuer's operations are dependent on the policies of the government, central as well as state initiatives. Any future changes in government policies detrimental to the Issuer may affect the collection of revenue of the Issuer and may also affect the management of the expenditure of the Issuer. Further, inconsistencies in our revenue collection and any lack of support in terms of regulatory initiatives will adversely affect the Issuer's operations, as will any delayed response in policy alteration or other regulatory impediments, which will adversely affect the Issuer's operations. Additionally, policies of central and state government which mandate urban local bodies to focus on development in certain specific sectors or areas or future events, unforeseen circumstances or reasons beyond the control of the Issuer may affect the Issuer's projects and operations.

22. Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

Issuer is subject to numerous statutes, rules, regulations, and guidelines issued by central, state, and local authorities, including but not limited to those relating to municipal governance, financial management, public works, taxation, environmental norms, procurement, public health, and urban development.

Any material change in the existing regulatory environment, or the introduction of new laws or policies—whether at the central, state, or local level—may have an adverse impact on Issuer's operations, financial position, or prospects. Such changes may include, inter alia, amendments to the municipal legislation under which Issuer is constituted, changes in accounting standards applicable to government entities, modifications in guidelines relating to the issuance and servicing of municipal bonds, or revised norms governing the use of grants and public funds.

These changes could increase the cost of compliance, necessitate restructuring of existing financial arrangements, delay the execution of infrastructure or service delivery projects, or result in restrictions on the Issuer's ability to raise funds or allocate resources. Further, adverse regulatory developments may also impact Issuer's revenue generation mechanisms, including its ability to levy taxes, collect user charges, or receive grants from higher levels of government.

Any of the foregoing could impair Issuer's ability to meet its payment obligations under the instruments offered through this Placement Memorandum and may also adversely affect their financial performance.

23. External factors like natural calamities, pandemics, protest, riots, terrorism etc. may affect our operations and may delay the implementation of proposed Projects.

Any occurrence of natural calamities like storm, flash floods, any instance of pandemics, protest, riots etc. could hamper the transportation facilities, impact mobility and functioning of the city and hence the implementation of proposed Projects. Though we are scaling up our internal systems to take care of any such sudden events, in case they occur in future, these conditions may result in hampering the functioning of BMC due to additional cost burden for retrieving the city back to normalcy.

24. Decentralization with respect to Municipal Corporations.

BMC has legislative and administrative control over its operating revenues, expenditure and capital plans, as permitted under the relevant Acts. Nevertheless, changes in State and Central Government revenue sources and regulatory frameworks could have an effect on the credit profile of BMC (positive and negative), should those changes result in devolution of power, of revenues or of spending mandates.

Additionally, being a government organization, BMC is subject to regulations by Indian governmental authorities. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect BMC.

25. The Issue may not be fully subscribed to by potential investors.

In case the Issue is not fully subscribed to by potential investors, the Issuer may be unable to meet the funding requirements of the Projects from the proceeds of the Issue to the full extent. The Issuer may be required to raise additional funds to meet the shortfall in funding the Projects through other sources which may lead to a delay in the completion of the Projects. The funding gap may develop due to such shortfall in full subscription to the Issue, in which the Issuer may utilize its internal accruals or obtain funding through other means for completion of the Projects. Please refer to paragraph J (Capital structure relating to Projects for which funds are proposed to be mobilised) of Section VI *About the Issuer and Capital Structure of the Issuer* on page no. 49 of this PM.

26. There may be a delay in making refunds to applicants.

The Issuer is obligated to ensure refund of application money to applicants in case of any failure in obtaining listing or trading permission of NCDs within seven days of receipt of intimation from the Stock Exchange.

However, in case of delay in refund the Issuer will be liable to repay the entire application monies, with interest at the rate of 15% (fifteen percent) per annum till such refund is made as per provisions of the SEBI Municipal Debt Regulations.

Risk in relation to the Bonds

27. The Issuer shall do all necessary actions for listing of the bond in timely manner, however there is no assurance that the Bonds issued pursuant to this Issue will be listed on NSE 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 the Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the Stock Exchange. There could be a failure or delay in listing the Bonds on NSE for reasons unforeseen. In case of delay in listing of the Debentures beyond 3 (Three) working days from the Issue Closing Date, the Issuer shall pay penal interest of at least 1% p.a. (One percent per annum) which shall be paid over and above the Coupon Rate for the period of delay (i.e. from the date of allotment to the date of listing) as specified in Chapter VII of the SEBI Master Circular.

Further, in accordance with the SEBI Municipal Debt Regulations, in case the Issuer fails to obtain listing or trading permission from the Stock Exchange, it shall refund the entire monies received within seven days of receipt of intimation from the Stock Exchange and if any such money is not repaid after the Issuer becomes liable to repay it, the Issuer shall be liable to repay that money with interest at the rate of 15% (fifteen percent) per annum till such refund is made. Thus, there is no assurance that the Bonds issued pursuant to the Issue shall be listed on the Stock Exchange in a timely manner, or at all.

28. Changes in interest rates may affect the price of the Bonds. Any increase in rate of interest is likely to have a negative effect on the price of our 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 rate, 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 Debentures.

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 markets. 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 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, 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 bond issued due to abovementioned factors.

29. Bonds are subject to the risk of change in law.

The terms and conditions of the Bonds are based on Indian law in effect as of the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Indian law or administrative practice after the date of issue of the Bonds and any such change could materially and adversely impact the value of any Bonds affected by it.

30. There may be nil or partial allotment to investors in case of oversubscription of the Issue.

In case the Issue is oversubscribed the allotments will be made to the applicants on yield-time priority/ pro-rata basis in line with the SEBI EBP Guidelines and the NSE EBP Guidelines and the investors may not receive allotment to the full extent of their application size or any allotment at all. Accordingly, the investors may get partial allotment in case of oversubscription of the Issue, depending on their bids on the EBP Platform, in accordance with SEBI EBP Guidelines and the NSE EBP Guidelines.

31. There may be no active market for the Bonds on the platform of the Stock Exchange. As a result, the liquidity and market prices of the Bonds may fail to develop and may, accordingly, be adversely affected.

There can be no assurance that an active market for the Bonds will develop. If an active market for the Bonds fails to develop or be sustained, the liquidity and market prices of the Bonds may be adversely affected. The market price of the Bonds would depend on various factors, inter alia, including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country (ii) the market for listed debt securities, (iii) general economic conditions, and (iv)our reputation, financial performance and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which you purchase the Bonds and/or be relatively illiquid.

The Bonds may be less liquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the Bonds, it might not offer substantial liquidity. Potential investors may have to hold the Bond until redemption to realise any value.

32. The Issuer, post listing of the Bonds shall be subject to continuous listing compliances with applicable rules and regulations with respect to such listed non-convertible debentures.

The Bonds are proposed to be listed on the NSE. Subsequently, we will be required to comply with various applicable rules and regulations, including the SEBI circulars issued on continuous disclosures and compliances for our Bonds.

Despite the best efforts of the Issuer to comply with all Applicable Law post listing of the Debentures on NSE, there may be instances of delays or non-compliances in relation to continuous disclosures and filings in terms of the listed non-convertible debentures. If we fail to rectify such non-compliances or comply with such rules and regulations including any further compliance notified by NSE or relevant regulatory authorities, we may be subject to certain penal actions, imposition of which may have an adverse effect on our operations, reputation and financial condition.

SECTION-V: GENERAL INFORMATION

A. Details of the Issuer

i) Name of the Issuer: Bhavnagar Municipal Corporation

ii) Head Office of the Issuer:

Bhavnagar Mahanagar Seva Sadan,
Sir Mangal Sinhji Road, Near Kalanala,
Bhavnagar, Gujarat - 364001
Tel No: +91-9979084655
E-mail id: bmcmunibonds@gmail.com
Website: www.bmcgujarat.com

iii) Other Offices of the Issuer:

Issuer has the following Zonal Offices:

Zone Name	Address of the Zonal Office*
Bhavnagar Municipal Corporation -East Zone	Bhavnagar Mahanagar Palika Purv Zonal Office, Opp. Mantresh Complex, Varahi Society, Bhavnagar, Gujarat- 364002
Bhavnagar Municipal Corporation -West Zone	Bhavnagar Mahanagar Palika Paschim Zonal Office, Aakhlol Jakatnaka, Bhavnagar, Gujarat- 364004

**The addresses for the zonal offices of the Issuer have been certified by the Municipal Commissioner vide his letter dated August 08, 2025.*

B. Details of the registered and corporate office of the Issuer, if applicable

Not applicable, as the Issuer is a Municipal Corporation.

C. Details of Mayor/Deputy Mayor including date of appointment, etc.

Sl. No.	Particulars	Designation	Date of Appointment
1.	Shri. Bharatbhai M. Barad	Mayor	September 12, 2023
2.	Smt. Monaben Dharmendrabhai Parekh	Deputy Mayor	September 12, 2023

D. Details of Commissioner/Deputy Commissioners including date of appointment, etc.

Designation	Name of the Officer	Date of Appointment for the Designation*
Municipal Commissioner	Shri. Narander Kumar Meena	April 16, 2025
Deputy Municipal Commissioner (Admin)	Shri. Jaykumar Kirtibhai Raval	July 29, 2025
Deputy Municipal Commissioner (General)**		
Assistant Commissioner	Shri. Mahesh M. Hirpara	February 23, 2024

**Date of taking charge at the Designation*
***Assigned additional charge as Deputy Municipal Commissioner (General) w.e.f. July 29, 2025*

E. Details of the members of the Committee approving the projects/ various Standing Committees relating to Taxation / Finance /Accounts/ Audit/ Infrastructure.

The Issuer has a Standing Committee and a Bond Issue Committee.

Standing Committee

Details of the Standing Committee are given below:

The Standing Committee comprises of members appointed by the corporation from amongst themselves at its first meeting after the general elections. The term of the members shall be two and a half years from appointment and the members shall be eligible for re-appointment. Standing Committee comprises of 12 councilors. The members of the Standing Committee shall appoint one of its members to be the Chairman of the Standing Committee. The Standing Committee may from time to time by a resolution carrying votes in favour of by at least 2/3rd of the members present in meeting, delegate to any special committee (constituted under the GPMC Act) any of its powers and duties in respect of any matter in which such special committee is competent to deal. The Standing Committee may, subject to the rules, by a specific resolution, delegate any of its powers and duties to a sub-committee consisting of at least three members of the Standing Committee and every such sub-committee shall conform to any instructions that may from time to time be given to it by the Standing Committee.

Presently the constitution of the Standing Committee is as follows:

Name and Designation	Date of Appointment /Resignation	Member of the Committee since (in case of resignation)	Remarks
Chairman			
Shri Rajeshbhai Rabadiya	September 12, 2023		
Members*			
Shri Upendrasinh Chudasama	September 12, 2023		
Smt. Ushaben Gohel	September 12, 2023		
Shri Krunalbhai Shah	September 12, 2023		
Shri Pareshbhai Pandya	September 12, 2023		
Shri Maheshbhai Vaja	September 12, 2023		
Smt. Leenaben Gohel	September 12, 2023		
Smt. Hiraben Vinzuda	September 12, 2023		
Shri Gopalbhai Makwana	September 12, 2023		
Shri Dhirubhai Dhameliya	September 12, 2023		
Smt. Meenaben Makwana	September 12, 2023		

**Presently, there are 11 members due to demise of Smt. Bhavnaben Bhaveshbhai Dave on January 21, 2025 and presently her post is vacant.*

Bond Issue Committee

The Bond Issue Committee was formed by the Standing Committee vide its resolution no. 30 dated June 12, 2024 and approved by the General Board vide its Resolution No. 05 dated June 29, 2024. As per the Municipal Commissioner's letter dated August 08, 2025 and October 16, 2025, the Bond Issue Committee currently consists of the following members:

Name and Designation	Date of Appointment/ Resignation*	Member of the Committee since (in case of resignation)	Remarks
Chairman			
Shri. Narander Kumar Meena, I.A.S. **Municipal Commissioner**	April 16, 2025		
Members			
Shri. Jaykumar Kirtibhai Raval **Deputy Commissioner**	July 29, 2025		
City Engineer**	Position is vacant		
Shri. Alkeshbhai Pranjivanbhai Patel **Chief Auditor**	July 23, 2025		
Shri. Ritesh R Maheta **Chief Account Officer**	June 29, 2024		

**Date of Appointment is the date wherein the BIC members became part of the said committee.*

*** The position of the City Engineer is vacant since June 30, 2024 due to completion of contractual period of Mr. C.C Devmurari.*

F. Name, designation, address and DIN of each member of the board of directors of the issuer if the issuer is a company.

Not Applicable, as the Issuer is a Municipal Corporation.

G. Name, address, telephone number and email address of the compliance officer of the Issuer/ Official In-charge of dealing with Investor Grievances related to Municipal Bonds and also the Chief Accounts and Finance Officer or equivalent of the Issuer

Name: Shri Ritesh R Maheta
Designation: Chief Account Officer
Address: Bhavnagar Mahanagar Seva Sadan,
Sir Mangal Sinhji Road,
Near Kalanala, Bhavnagar, Gujarat - 364001
Ph. No: +91 9979084655
E-mail: cao.bmc@gmail.com
E-mail (Investor Grievance): bmcmunibonds@gmail.com

The responsibility of Shri. Ritesh R Maheta as the Compliance Officer and Officer in-charge of investor grievances shall be till he has his designation as Chief Account Officer and in case of his transfer/retirement/recuse, the responsibility of Compliance Officer and Officer in-charge of dealing with Investor Grievances shall be immediately handed over to any other official of the same cadre holding this post.

H. Arrangers

The Merchant Bankers to the Issue are also the Arrangers. The details are set out below:

A. K. CAPITAL SERVICES LIMITED,

Logo:
Address: 603, 6th floor, Windsor,
Off CST Road, Kalina,
Santacruz-(East), Mumbai- 400 098.
Tel: 022-67546500;
Fax: 022-66100594
E-mail: bhavnagarbonds@akgroup.co.in; vaibhav.jain@akgroup.co.in
Investor Grievance E-mail: investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Vaibhav Jain
Compliance Officer: Subodh More
Tel (Compliance Officer): 022-6754 4776
Email (Compliance Officer): compliance@akgroup.co.in
subodh.More@akgroup.co.in
SEBI Registration No.: INM000010411
CIN: L74899MH1993PLC274881

TIPSONS CONSULTANCY SERVICES PRIVATE LIMITED

Logo:
Address: 1st Floor, Sheraton House,
Opposite Ketav Petrol Pump,
Polytechnic Road, Ambawadi,
Ahmedabad – 380015, Gujarat
Tel: +91 79 66828064
E-mail: bmc@tipsons.com
Investor Grievance E-mail: igr@tipsons.com
Website: www.tipsons.com

Contact Person: Divyani Koshta

Compliance Officer: Divyani Koshta
Tel (Compliance Officer): +91 79 66828000
Email (Compliance Officer): divyani.koshta@tipsons.com
SEBI Registration No.: INM000011849
CIN: U74140GJ2010PTC062799

J. Debenture Trustee of the Issue

SBICAP TRUSTEE COMPANY LIMITED

Logo:
Address: 4th Floor, Mistry Bhavan,
122, Dinshaw Vachha Road,
Churchgate, Mumbai- 400020
Telephone: 022- 43025566
Fax: NA
E-mail: corporate@sbicaptrustee.com / dt@sbicaptrustee.com
Investor Grievance Email: investor.cell@sbicaptrustee.com
Website: www.sbicaptrustee.com
Contact Person: Ardhendu Mukhopadhyay
Compliance Officer: Sandeep Poddar
SEBI Registration No.: IND000000536
CIN: U65991MH2005PLC158386

K. Registrar to the Issue:

Name: KFIN TECHNOLOGIES LIMITED

Logo:
Selenium, Tower B, Plot No- 31 & 32,
Financial District, Nanakramguda,
Serilingampally Hyderabad
Rangareddi Telangana 500032, India
Tel: +91- 40-67162222/ 1800-309-4001
Fax: +91 40 2343 1551
E-mail: srinivassudheer.venkatapuram@kfintech.com
Investor Grievance E-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: Srinivas Sudheer Venkatapuram
SEBI Registration No.: INR000000221
CIN: L72400MH2017PLC444072

L. Credit Rating Agencies for the Issue:

INDIA RATINGS AND RESEARCH PRIVATE LIMITED

Logo:
Wockhardt Towers 4th Floor, West Wing,
Bandra Kurla Complex, Bandra (E), Mumbai-400 051
Tel: + 91 022-40001700
Fax: +91 022-40001701
E-mail: infogrp@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Suyash Gangwal
Compliance Officer: Arunima Basu
Tel. (Compliance Officer): 022 4035 6190
E-mail (Compliance Officer): compliance.india@indiaratings.co.in
SEBI Registration No.: IN/CRA/002/1999
CIN: U67100MH1995FTC140049

CRISIL RATING LIMITED

Logo:

Lightbridge IT Park, Saki Vihar Road,
Andheri East, Mumbai 400 072
Tel: 91-22- 6137 3000 (B)
Fax: 91-22-3342 3050
E-mail: crisilratingdesk@crisil.com
Website: www.crisilratings.com
Contact Person: Aditya Jhaver
Compliance Officer: Srilaxmi Pai
Tel (Compliance Officer): 91-022-6137300
Email (Compliance Officer): srilaxmi.pai@crisil.com
SEBI Registration No.: IN/CRA/001/1999
CIN: U67100MH2019PLC326247

M. Auditors of the Issuer:

J Y Vora & Associates, Chartered Accountants
402-Imperial Arc, Opp. University Gate,
Waghawadi Road, Bhavnagar 364002
E-mail: cajeetvora@gmail.com
Website: NA
Contact Person: CA JeetVora
Firm Registration No.: 145333W
Membership Number: 179494

N. Names, addresses, telephone numbers, contact person, website addresses and e-mail addresses of the lead manager(s), registrars to the issue, bankers to the issue, brokers to the issue and syndicate member(s); along with URL of SEBI website listing out the details of self-certified syndicate banks, registrar to the issue and depository participants, etc., if applicable.

Lead Manager	Not Applicable as the Issue is on a private placement basis.
Merchant Bankers	**A. K. CAPITAL SERVICES LIMITED,** 603, 6th floor, Windsor, Off CST Road, Kalina, Santacruz-(East), Mumbai- 400 098. **Tel:** 022-67546500; **Fax:** 022-66100594 **E-mail:** bhavnagarbonds@akgroup.co.in; vaibhav.jain@akgroup.co.in **Investor Grievance E-mail:** investor.grievance@akgroup.co.in **Website:** www.akgroup.co.in **Contact Person:** Vaibhav Jain **Compliance Officer:** Subodh More **Tel (Compliance Officer):** 022-6754 4776 **Email (Compliance Officer):** compliance@akgroup.co.in subodh.More@akgroup.co.in **SEBI Registration No.:** INM000010411 **CIN:** L74899MH1993PLC274881 **TIPSONS CONSULTANCY SERVICES PRIVATE LIMITED** 1st Floor, Sheraton House, Opposite Ketav Petrol Pump, Polytechnic Road, Ambawadi, Ahmedabad – 380015, Gujarat **Tel:** +91 79 66828064 **E-mail:** bmc@tipsons.com

	Investor Grievance E-mail: igr@tipsons.com **Website:** www.tipsons.com **Contact Person:** Ms. Divyani Koshta **Compliance Officer:** Ms. Divyani Koshta **Tel (Compliance Officer):** +91 79 66828000 **Email (Compliance Officer):** divyani.koshta@tipsons.com **SEBI Registration No.:** INM000011849 **CIN:** U74140GJ2010PTC062799
Registrar to the Issue	**KFIN TECHNOLOGIES LIMITED** Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi Telangana 500032, India **Tel:** +91- 40-67162222/1800-309-4001 **Fax:** +91 40 2343 1551 **E-mail:** srinivassudheer.venkatapuram@kfintech.com **Investor Grievance E-mail:** einward.ris@kfintech.com **Website:** www.kfintech.com **Contact Person:** Srinivas Sudheer Venkatapuram **SEBI Registration No:** INR000000221 **CIN:** L72400MH2017PLC444072
Banker to the Issue	**ICICI Bank Limited** Capital Market Division, 163 5th Floor, HT Parekh Marg Churchgate, Mumbai - 400020 **Tel:** 022- 68052182 **Fax:** 022- 22611138 **E-mail:** Ipocmg@icicibank.com **Investor Grievance e-mail:** smsipo@icicibank.com **Website:** www.icicibank.com **Contact Person:** Varun Badai **SEBI Registration Number:** INBI00000004 **CIN:** L65190GJ1994PLC021012
Escrow Bank	**ICICI Bank Limited** Plot No. 2569, Ground Floor, Ratnadeep Complex, Waghawadi Road, Bhavnagar - 364002 **Tel.:** +91 9714921818 **E-mail:** Patel.Kushang@icicibank.com **Website:** www.icicibank.com **Contact Person:** Kushang Patel **CIN:** L65190GJ1994PLC021012
Brokers to the Issue	Not applicable as the Issue is on a private placement basis.
Syndicate Members	Not applicable as the Issue is on a private placement basis.
URL of SEBI Website listing out details of recognised Intermediaries	https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes

O. Names, addresses, telephone numbers and e-mail addresses of the Company Secretary, legal advisor, underwriters and bankers to the issuer.

Company Secretary to the Issuer	Not Applicable
Legal Advisor to the Issuer	**MV Kini, Law Firm** Kini House, 6/39, Jangpura B New Delhi-110014 **Ph:** +91 11 2437 1038/39/40 **Facsimile:** +91 11 24379484 **E-mail:**corporatedelhi@mvkini.com
Underwriter to the Issuer	Not Applicable as the Issue is on a private placement basis.

Banker to the Issuer	None*

**The Issuer has not availed any facilities from any bank.*

P. Debenture Trustee to the Issue

In accordance with the provisions of Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, SBICAP Trustee Company Limited has been appointed to act as Debenture Trustee ("**Debenture Trustee**") for and on behalf of the holder(s) of the Bonds.

A copy of letter from SBICAP Trustee Company Limited conveying their consent to act as Debenture Trustee for the current issue of Bonds and in all communications sent pursuant to the Issue as **Annexure IV**.

SBICAP Trustee Company Limited hereby undertakes that the rights of the Bondholders will be protected as per the governing Act, agreement/deed executed/to be executed between SBICAP Trustee Company Limited and the Issuer. The Debenture Trustee Agreement/Deed shall contain such clauses as may be prescribed under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, and various other circulars. Further the Debenture Trustee Agreement/Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of SBICAP Trustee Company Limited 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 SBICAP Trustee Company Limited 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 SBICAP Trustee Company Limited 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 Debenture Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds.

The SBICAP Trustee Company Limited shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed on it 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 Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the SBICAP Trustee Company Limited. The SBICAP Trustee Company Limited 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, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.

Q. Investor Relations and Grievance Redressal

Arrangements have been made to redress investor grievances expeditiously as far as possible. The Issuer endeavors to resolve the investor's grievance within 21 days of its receipt or in such manner as may be specified by the Securities and Exchange Board of India. All grievances related to the issue may be addressed to the Compliance Officer at head office of the Issuer or emailed to bmcmunibonds@gmail.com. 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 and Officer In-Charge of dealing with investor grievances in relation to the municipal bonds are given at point G of this Chapter on General Information at page no. 36 in this Placement Memorandum. The Corporation is in the process of getting registered with the SCORES (SCORES ID: comb00767) platform of SEBI for the convenience of the investors for filing of any complaint.

SECTION-VI: ABOUT THE ISSUER AND CAPITAL STRUCTURE OF THE ISSUER

A. About the Issuer

The Bhavnagar Municipal Corporation (BMC) is municipal body of Bhavnagar City. Presently, Shri Bharatbhai M. Barad is the Mayor and Shri Narander Kumar Meena, I.A.S is the Municipal Commissioner of Bhavnagar Municipal Corporation.

Bhavnagar Municipal Corporation is in charge for managing the city and providing basic infrastructure facilities to people of Bhavnagar city in Gujarat state of India. The Bhavnagar Municipal Corporation is committed to enhancing its services and bridging the gap between demand and services provided to people of the city of Bhavnagar.

a. About Bhavnagar

Bhavnagar city is capital of district of Bhavnagar and is located in the Saurashtra region of Gujarat state of India. Its neighboring districts are Amreli, Botad and Ahmedabad. Bhavnagar city is now the administrative headquarter of the Bhavnagar district. Bhavnagar is situated 198 km from the state capital, Gandhinagar, and to the west of the Gulf of Khambhat.

b. Constitution of the Issuer

The Bhavnagar Municipal Corporation has been constituted under Article 243Q(1)(c) of the Constitution of India, 1949.

BMC was initially established as a municipality under the Gujarat Municipalities Act, 1963 and later was established as municipal corporation under Section 5 of the Bombay Provincial Municipal Corporation Act, 1949, then applicable Act in Gujarat (now GPMC Act) vide notification dated February 12, 1982 bearing reference no KP-30/82/BMN-1082/2860(iii)-P. The BPMC Act (now GPMC Act) has been amended vide Section 3 read with Schedule (Serial No. 36) of the Gujarat Short Titles (Amendment) Act, 2011 to be renamed as the Gujarat Provincial Municipal Corporations Act, 1949.

The Issuer, being a corporation established under the BPMC Act (now GPMC Act), which is a State Act, is a public sector company for the purposes of the Income Tax Act, 1961, which defines the term 'public sector company' under Section 2(36A) to mean any corporation established by or under any central, state or provincial act or a government company as defined in the Section 617 of the Companies Act, 1956 (currently defined under Section 2(45) of Companies Act, 2013).

c. Composition of the Issuer

In accordance with Section 4 of the GPMC Act, the municipal authorities charged with carrying out the provisions of the Act for each city are:

a) a Corporation;

b) a Standing Committee; and

c) a Municipal Commissioner

In accordance with the GPMC Act, the Corporation consists of councillors chosen by direct election and shall continue to hold office for five years. The term of the councilors shall be co-extensive with the duration of the Corporation. The Corporation shall at its first meeting after general elections and at its first meeting on expiry of succeeding two and half years elect a Mayor and a Deputy Mayor from amongst the councillors. The terms of both the Mayor and Deputy Mayor shall be two and half years. The Corporation can appoint a special committee out of its own body to carry out specific works assigned to it. The Municipal Commissioner is to be appointed by the State Government and shall hold office for such period not exceeding three years and his appointment may be renewed from time to time for a period not exceeding three years at a time.

d. Elected representative in BMC

BMC area has a head office and two zones (East Zone and West Zone) for administrative purposes. The political wing is an elected body of Municipal Councillors headed by the Mayor. BMC has 3 administrative areas and 13 election wards. Each election ward is represented by 4 councillors. Thus, the total number of Municipal Councillors is 52. The general election is held once in five years and the Mayor's tenure is maximum of two and half years.

Under the GPMC Act, 1949 (erstwhile BPMC Act), the powers are vested with three distinct statutory authorities of the elected wing, viz. the General Board, the Standing Committee and other Committees. The corporation has statutory and non-statutory functional committees for setting the obligatory and discretionary functions. The General Board under the GPMC Act also enjoys sanctioning powers. The Standing Committee has 12 members and is headed by a Chairman elected from amongst its councilors.

e. Administrative Carder in BMC

The Administrative wing of the BMC works under the command of the Commissioner who heads a team of officials comprising of the Deputy Municipal Commissioners, Assistant Municipal Commissioner, City Engineer and other officials who administer their respective domains. The Administrative wing is responsible for general administration and supervision of all the development works in the city, maintenance of infrastructure, collection of taxes, preparation of development plans and budgets, etc.

f. Roles and Responsibilities of the Issuer

Act defines the scope and extent of responsibilities of the Issuer. The Issuer is mainly responsible for providing civic services to Bhavnagar city. The Corporation undertakes several works as provided in the Act, as enumerated below. However, this list is not an exhaustive list:

(1) Erection of substantial boundary marks of such description and in such position as shall be approved by the State Government defining the limits or any alteration in the limits of the City;

(2) Watering, scavenging and cleansing of all public streets and places in the city and the removal of all sweeping therefrom;

(3) Collection, removal, treatment and disposal of sewage, offensive matter and rubbish and, if so, required by the State Government, the preparation of compost manure from such sewage, offensive matter and rubbish and solid waste management;

(4) Construction, maintenance and cleansing of drains and drainage works, and of public latrines, water-closets, urinals and similar conveniences;

(5) Entertainment of a fire-brigade equipped with suitable appliances for the extinction of fires and the protection of life and property against fire;

(6) Construction or acquisition and maintenance of public hospitals and dispensaries including hospitals for the isolation and treatment of persons suffering or suspected to be infected with a contagious or infectious disease and carrying out other measures necessary for public medical relief;

(7) Lighting of public streets, municipal markets and public buildings vested in the Corporation;

(8) The maintenance of a municipal office and of all public monuments and open spaces and other property vesting in the Corporation;

(9) Naming or numbering of streets and of public places vesting in the Corporation and the numbering of premises;

(10) Regulation and abatement of offensive and dangerous trades or practices;

(11) Maintenance, change and regulation of places for the disposal of the dead and the provision of new places for the said purpose and disposing of unclaimed dead bodies;

(12) Construction or acquisition, maintenance and regulation of public markets and slaughterhouses and tanneries and the regulation of all markets and slaughterhouses and tanneries;

(13) the construction or acquisition and maintenance of cattle-pounds and prevention of cruelty to animal;

(14) public vaccination in accordance with the provisions of the Bombay District Vaccination Act, 1892;

(15) Maintaining, aiding and suitably accommodating schools for primary education;

(16) Reclamation of unhealthy localities, the removal of noxious vegetation and generally the abatement of all nuisances;

(17) Registration of births and deaths;

(18) Construction, maintenance, alteration and improvement of public streets, bridges, sub-ways, culverts, cause-ways and the like;

(19) Removal of obstructions and projections in or upon streets, bridges and other public places;

(20) Management and maintenance of all municipal water works and the construction or acquisition of new works necessary for a sufficient supply of water for public and private purposes;

(21) Preventing and checking the spread of dangerous diseases;

(22) Securing or removal of dangerous buildings and places; Preparation of plans for economic development and social justice;

(23) the construction and maintenance of residential quarters for the municipal conservancy staff;

(23A) preparation of plans for economic development and social justice;

(23B) The performance of functions and the implementation of schemes that may be entrusted by the State Government;

(24) fulfilment of any obligation imposed by or under GPMC Act or any other law for the time being in force; and

(25) subject to adequate provision being made for the matters specified above, the provision of relief to destitute persons in the City in times of famine and scarcity and the establishment and maintenance of relief works in such times.

g. Achievements

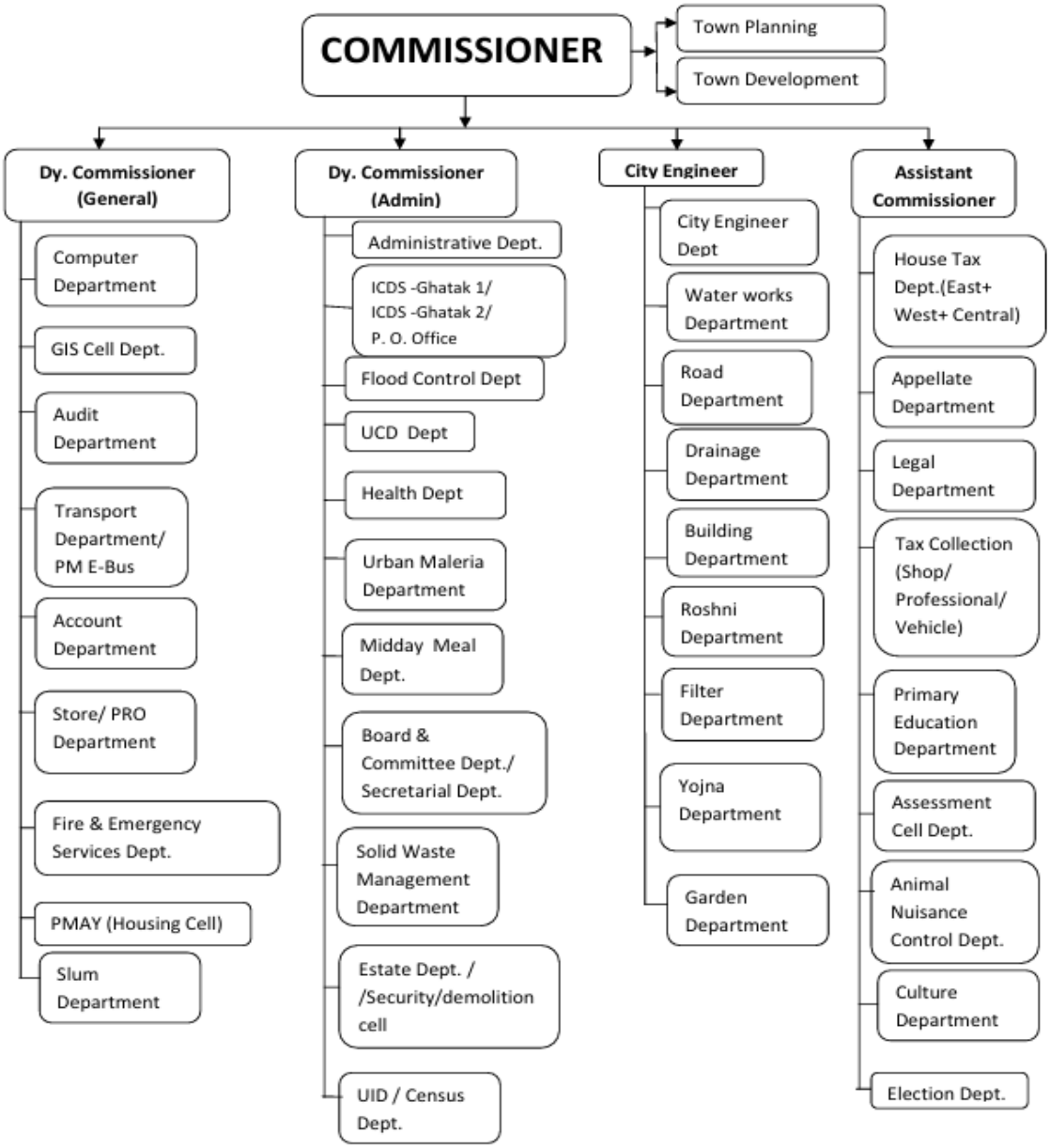
Sr. No	Name of Award / Appreciation	Purpose Achievement	Year	Name of Institution
1.	Water +	Open Defecation Free	2024	Ministry of Housing and Urban Affair Government of India
2.	Achieved National Rank 14th and State Rank 4th in Swachh Survekshan	Cleanliness	2024-25	Ministry of Housing and Urban Affair Government of India
3.	Garbage Free City	Cleanliness	2024	Urban Development and Urban Housing Department Government of Gujarat
4.	SKOCH Order of Merit	For Online Building Plan Approval System (Auto-DCR)	2018	SKOCH Group
5.	SKOCH Order of Merit	For Online Property Tax System	2018	SKOCH Group
6.	CSI Nihilent eGovernance Awards (CNeGA) 2017	Certificate of participation present to BMC for their nomination in Online Property Tax Management and Collection System	2017	Computer Society of India and Nihilent

B. Details of the capital structure of the Issuer, if applicable

The Issuer is a Municipal Corporation and as per GPMC Act, and there is no equity share capital in any municipal corporation.

C. Details of Management structure of the Issuer

The management structure of the Issuer is as set out below:



D. Shareholding pattern of the issuer along with top 10 shareholders of the issuer, if applicable

The Issuer is a Municipal Corporation and does not have any share capital or shareholders.

E. Resolution authorizing the borrowing and list of authorized signatories

Approvals of the Issue	
1.	Standing Committee Resolution No. 589 dated November 7, 2023 in relation to approval for the issuance of bonds.

2.	General Board Resolution No. 118 dated November 29, 2023 in relation to approval for the issuance of bonds.
3.	Standing Committee Resolution No. 30 dated June 12, 2024 in relation to formation of Bond Issue Committee and authorizing the Bond Issue Committee jointly and severally to do all acts of the Issue.
4.	General Board Resolution No.05 dated June 29, 2024 in relation to formation of Bond Issue Committee and authorizing the Bond Issue Committee jointly and severally to do all acts of the Issue.
5.	The Urban Development and Urban Housing Department, Government of Gujarat vide its resolution no. UDUHD/SPP/e-file/18/2025/0890/P Section, letter no. UDUHD/0827/05/2025 dated May 23, 2025 had approved bond issuance by Issuer of issuing taxable Bonds in form of debentures up to Rs. 25 crores (Rupees Twenty-Five Crores Only) under Section 109 of the GPMC Act.
6.	Letters of the Municipal Commissioner dated August 08, 2025 and October 16 2025 confirming the members of Bond Issue Committee.
7.	Resolutions of the Bond Issue Committee dated August 14, 2025 and October 16, , 2025 approving the Objects of the Issue.
8.	Resolution of the Bond Issue Committee dated August 14, 2025 approving the issuance of Bonds.
9.	Resolution of the Bond Issue Committee dated August 14, 2025 and September 23, 2025 approving the Preliminary Placement Memorandum and Updated Preliminary Placement Memorandum respectively.
10.	Resolution of Bond Issue Committee dated October 16, 2025 approving this Placement Memorandum.
11.	Resolution of the Bond Issue Committee dated August 14, 2025 approving the Term Sheet and Resolution dated October 16, 2025 approving the updated Term Sheet and cash flow

F. Details of necessary Resolution(s) for the allotment of Municipal Debt Securities

The resolution for allotment of Bonds shall be passed after the bidding on EBP Platform of NSE.

G. Memorandum and Articles of Association in case the issuer is a body corporate incorporated under Companies Act, 2013

The Issuer is a Municipal Corporation constituted under GPMC Act (erstwhile BPMC Act) and hence does not have any Memorandum and Articles of Association.

H. Details of any Reorganization or Reconstruction of management in the last 1 year of the Issuer.

Save and except routine transfer of officials of the Issuer, the Issuer has not undergone any reorganization or reconstruction of management in the last 1 (one) year.

I. Details of all projects undertaken or proposed in terms of cost and means of financing

The Issuer is presently engaged in undertaking various projects. Following are the key projects undertaken by the Issuer as certified by the Technical Consultants vide their letter dated August 14, 2025 and October 16, 2025;

1. **Construction of sewerage network on Kansara Riverbank Phase -2 and constructing Kansara river rejuvenation work including storm water guiding bank, drop structure, rain water harvesting structure, service road & pipe railing for BMC, Bhavnagar including O&M under five years including defect liability**

   BMC is undertaking construction of the sewerage network on Kansara River Bank & undertaking kansara river rejuvenation works in order to reduce floods and pollution issues in the area. The project's major goal is to prevent dumping of untreated sewage and solid garbage straight into the river.

2. **15 MLD Water Treatment Plant, 10ML capacity underground sump, pump room, rising main & other works at sidsar.**

   BMC is undertaking water treatment plant with a capacity of 15 MLD and sump with a capacity of 10 MLD project in the Sidsar area. The project intends to improve the city's water supply infrastructure. This project includes a 10 MLD capacity underground sump, pump room, and rising main to ensure a dependable water distribution system. The project addresses the water needs of inhabitants of Sidsar area

by providing safe drinking water and promoting public health. Once completed, it will provide clean water to the city's population, meeting their daily needs and boosting overall well-being.

3. **Construction of 35 MLD water treatment plant, 1.5 ML Elevated Service Reservoir, 10ML UG Sump, Pump room, Rising main, Gravity main, pumping machinery Electro mechanical work, Plot development, High mast tower light, CC Road, Compound wall, Laboratory Equipment including 2 years of O&M at Tarsamiya.**

   BMC is undertaking construction of 35 MLD Water Treatment Plant (WTP) in Tarsamiya, Bhavnagar, to improve the city's water supply infrastructure. This complete project consists of a 1.5 ML Elevated Service Reservoir (ESR), a 10 ML Underground Clear Water Tank (UGC), a pump room, a rising main, a gravity main, and other critical components. The project would offer safe drinking water to inhabitants of Tarsamiya area of Bhavnagar.

4. **Providing, lowering, laying jointing testing and commissioning of sewer collection network, designing, constructing, testing & commissioning and defect liability period for 3 years of (1) Providing Laying sewer line Network at Dhobi Society to Jawahar Nagar Railway Colony area (2) Providing Laying Sewer pipe line at from Hill park Bridge to Tilaknagar Bridge.**

   BMC is undertaking development of the sewage network in Bhavnagar. The project aims to improve sanitation and hygiene in various town planning scheme areas. The project involves laying sewer lines in Dhobi Society to Jawahar Nagar Railway Colony area and Hill Park Bridge to Tilaknagar Bridge area, ensuring efficient waste management. With 3 years of defect liability, the project provides a sustainable solution for sewage disposal, reducing health risks and environmental pollution. This initiative will significantly enhance the quality of life for Bhavnagar's residents.

5. **Construction of Sewerage Network at Different Town Planning Scheme (TPS) Areas with 5 Years O & M in Bhavnagar (Laying of sewer line at Adhewada Gamtal area & Tarsamiya TPS+ Laying of sewer line at Adhewada outer area+ Laying of sewer line at Sidsar TP Area)**

   BMC is undertaking construction of sewage network different town planning schemes (TPS) in Bhavnagar. The project aims to improve sanitation and hygiene in the city. The project involves laying of drainage network in Adhewada Gamtal area, Tarsamiya TPS, Adhewada outer area, and Sidsar TP area of Bhavnagar ensuring efficient waste management. This initiative will significantly enhance the quality of life for Bhavnagar's residents.

A summary of capital cost and sources of funds for the above projects are presented in table below:

(Rs in Crores)

S. No.	Project Name	Estimated Cost of Project#	Project Cost share (Rs. in Crores)			Grants Received		
			GoI	GoG	BMC Share	GoI	GoG	Total
1.	Construction of sewerage network on Kansara Riverbank phase -2and constructing Kansara river rejuvenation work including storm water guiding bank, drop structure, Rainwater harvesting structure, service road & pipe railing for BMC, Bhavnagar including O&M under Five years under AMRUT Grant including defect liability.	46.62	11.55	19.95	15.12	2.31	3.99	6.30
2.	15 MLD Water Treatment Plant, 10ML capacity underground sump, pump room, rising main & other works at Sidsar.	12.77	3.30	5.70	3.77	1.06	1.83	2.89
3.	Construction of 35 MLD water treatment plant, 1.5 ML Elevated Service Reservoir, 10ML UG Sump, Pump room, Rising main, Gravity main, pumping machinery Electromechanical work, Plot development, High mast tower light, CC Road, Compound wall, Laboratory Equipment including 2 years of O&M at Tarsamiya.	19.68	5.98	10.33	3.37	3.23	5.57	8.80
4.	Providing, lowering, laying jointing testing and commissioning of sewer collection network, designing, constructing, testing & commissioning and defect liability period for 3 years of (1) Providing Laying sewer line Network at Dhobi Society to Jawahar Nagar Railway Colony area (2) Providing Laying Sewer pipe line at from Hill park Bridge to Tilaknagar Bridge.	6.78	2.24	3.86	0.68	0.72	1.24	1.96
5.	Construction of Sewerage Network at Different Town Planning Scheme (TPS) Areas with 5 Years O & M in Bhavnagar (Laying of sewer line at Adhewada Gamtal area & Tarsamiya TPS+ Laying of sewer line at Adhewada outer area+ Laying of sewer line at Sidsar TP Area).	53.03	16.79	29.01	7.23	8.85	15.29	24.15

Note: # The amount is inclusive of GST and O&M charges.

A. *The amount of grant approved / received from GoI & GoG is as per the Auditor certificates dated August 14, 2025 and October 16, 2025, 2025,certificates from Technical Consultants dated August 14, 2025 and October 16, 2025, GO No. GUDM/....AMRUT 2.0/Projects Fund Disbursement /2023-24/905/1340 dated May 19, 2023, GO No. GUDM/....AMRUT 2.0/ Projects Fund Disbursement /2022-23/2132 dated August 23, 2022, and GUDM/....AMRUT 2.0/SWAP-I/1257 dated May 16, 2022.*

B. *As per the AMRUT guidelines letter 'GUDM No./1741/AMRUT2.0/Power Delegation/ Delegation of Powers for approving DPRS-DTPs Tenders by various implementing agencies under AMRUT 2.0 Mission dated July 08, 2022, the grant under AMRUT 2.0 Scheme shall be disbursed to the BMC based on the Approved cost, which will be lower of appraised cost [Appraised Cost = Minimum of three: (1) DPR cost (Excl. O&M Cost); (2) Work Order Amount (Excl. O&M Cost & Tender Premium); (3) Respective SWAP Allocation of respective sector & project] of respective and contract award cost (excluding O&M). No tender premium will be allotted/disbursed to the BMC. BMC have to bear the cost of Tender Premium (cost above than the estimated amount put to tender) and O&M cost for 5 years.*

J. CAPITAL STRUCTURE RELATING TO PROJECTS FOR WHICH FUNDS ARE PROPOSED TO BE MOBILIZED:

The proceeds of the Issue are proposed to be utilized for the following Projects:

Sr. No	Projects Name	Utilization from Issue Proceeds (Rs. in crores)
1	Project I - Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar	4.75
2	Project II - Construction of Sewerage Network on Gadhechi River banks and Gadhechi River Rejuvenation Works	20.25
Total		**25.00**

A summary of capital cost and sources of funds for the Projects are presented in the table below:

Project I – Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar

S. No.	Description	Total Amount (Rs. in Crores)
1.	BMC Contribution (including GoI/GoG grants and internal accruals)	10.80
2.	External Borrowing (Bonds)	4.75
	Total Project Cost	**15.55**

Notes:

** The cost for Project I is as approved by the resolution of the Standing Committee dated March 06, 2024, resolution of Bond Issue Committee dated August 14, 2025 and October 16, 2025 , tender issued & work order awarded. Cost of project may vary during implementation. Any incremental cost shall be borne by BMC.*

***BMC Contribution (Internal accruals/Grant of GoI/GoG) is based on approval received from Gujarat Urban Development Mission vide letter no. G.U.D.M/AMRUT2.0/Projects Fund Disbursement/2022-23/2132 dated 23rd August 2022.*

As per letter 'GUDM No./1741/AMRUT 2.0/Power Delegation/ Delegation of Powers for approving DPRS-DTPs-Tenders by various implementing agencies under AMRUT 2.0 Mission dated July 08th, 2022, the grant under AMRUT 2.0 Scheme shall be disbursed to the BMC based on the Approved cost, which will be lower of appraised cost [Appraised Cost = Minimum of three: (1) DPR cost (Excl. O&M Cost); (2) Work Order Amount (Excl. O&M Cost & Tender Premium); (3) Respective SWAP Allocation of respective sector & project] of respective and contract award cost (excluding O&M). No tender premium will be allotted/disbursed to the BMC. BMC have to bear the cost of Tender Premium (cost above than the estimated amount put to tender) and O&M cost for 2 years.

Project II - Construction of Sewerage Network on Gadhechi river banks and Gadhechi river rejuvenation works

S. No.	Description	Total Amount (Rs. in Crores)
1.	BMC Contribution (including GoI/GoG grants and internal accruals)	49.31
2.	External Borrowing (Bonds)	20.25
	Total Project Cost	**69.56**

Notes:

** The cost for Project II is as approved by the Standing Committee dated November 28, 2024 resolution of Bond Issue Committee dated August 14, 2025 and October 16, 2025, tender issued & work order awarded. Cost of project may vary during implementation. Any incremental cost shall be borne by BMC.*

***BMC Contribution (Internal accruals/Grant of GoI/GoG) is based on approval received from Gujarat Urban Development Mission vide letter no. G.U.D.M/AMRUT2.0/Projects Fund Disbursement/2023-24/905/1340 dated 19th May 2023.*

As per letter 'GUDM No./1741/AMRUT 2.0/Power Delegation/ Delegation of Powers for approving DPRS-DTPs-Tenders by various implementing agencies under AMRUT 2.0 Mission dated July 08th, 2022, the grant under AMRUT 2.0 Scheme shall be disbursed to the BMC based on the Approved cost, which will be lower of appraised cost [Appraised Cost = Minimum of three: (1) DPR cost (Excl. O&M Cost); (2) Work Order Amount (Excl. O&M Cost & Tender Premium); (3) Respective SWAP Allocation of respective sector & project] of respective and contract award cost (excluding O&M). No tender premium will be allotted/disbursed to the BMC. BMC have to bear the cost of Tender Premium (cost above than the estimated amount put to tender) and O&M cost for 5 years.

K. CAPITAL GRANT FOR THE PROPOSED PROJECTS AND AMOUNT RECEIVED IN THIS REGARD:

(Rs in Crore)

Name of the Project	GoI Grant	GoG Grant	Total
Project-I: Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar	3.96	6.84	10.80
Project-II: Construction of Sewerage network on Gadhechi Riverbanks and Gadhechi River Rejuvenation Works	16.50	28.50	45.00

Notes: The above information is based on the Gujarat Urban Development Mission letter no. GO No. G.U.D.M /AMRUT 2.0/Projects Fund Disbursement/2022-23/2132 dated August 23, 2022 & GO No. G.U.D.M /AMRUT 2.0/Projects Fund Disbursement/2023-24/905/1340 dated May 19, 2023.

Gujarat Urban Development Mission vide letter no GO No. G.U.D.M /AMRUT 2.0/ Projects Fund Disbursement /2022-23/2132 dated August 23, 2022 & GO No. G.U.D.M /AMRUT 2.0/Projects Fund Disbursement/2023-24/905/1340 dated May 19, 2023 has released first instalment (i.e., 20% of the approved GoI grant & 20% of approved GoG grant) under operational guidelines of AMRUT 2.0 Mission to Bhavnagar Municipal Corporation.

Amount of grants received for the Projects:

(Rs in Crore)

Name of the Project	GoI Grant	GoG Grant	Total
Project-I: Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar	0.83	1.44	2.27
Project-II: Construction of Sewerage network on Gadhechi riverbanks and Gadhechi river rejuvenation works	3.30	5.70	9.00

L. DETAILS OF STATE FINANCE COMMISSION GRANT RECEIVED ON ANNUAL BASIS:

There are no State finance commission grants received by the issuer in the last three financial years, i.e., FY 2022-23, FY 2023-24 & FY 2024-25.

Though the Issuer has not received State Finance Commission Grants, however, the Issuer has received revenue grants in the last three Financial Years. The following are the revenue grants received and spent during the last three Financial Years by the Issuer:

Particulars	Audited Financial Year (Rs. in Crores)		
	2022-2023	2023-2024	2024-2025
Revenue Grant Received	91.39	0.13[#]	0.08
Revenue Grant Spent	81.55*	1.08[#]	0.10

** Includes the expenditure against the primary education grant which has been classified under Administrative Expenses in the Audited Financial Statements for the financial year 2022-23.*

[#]The PMAY 1506 grant received by BMC was grouped under Revenue grants spent in the financial statements for FY 2023-24 as negative figure/balance. However, in the above table, this PMAY 1506 grant has been shown under revenue grant received instead of negative figure/balance under revenue grant spent.

SECTION-VII: OBJECTS OF THE ISSUE

PROJECT I: Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar

The details of Project I based on the Detailed Project Report dated May 04, 2023 ("**DPR for Project I**") prepared by Sapient Techno Consultants, the project consultant for Project I ("**Project Consultant for Project I**"), Tender document published dated December 29, 2023 ("**Tender Document for Project I**") and certificates dated August 14, 2025 and October 16, 2025 from the Project Consultant for Project I, are listed below:

A. The proceeds of the proposed issue shall be clearly earmarked for a defined project or a set of projects along with the location of the project and plant and machinery, technology, process, etc.:

The Bhavnagar Municipal Corporation (BMC) is implementing project for construction of a water treatment plant of capacity 30 MLD at, Takhteshwar filter plant, situated in Bhavnagar, under Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0 Scheme. This Project I includes:

a) Design, Procuring, Providing, Constructing, Installing & Commissioning of Water Treatment Plant of 30 MLD capacity at Bhavnagar near Takhteshwar Filter Plant, Bhavnagar along with all related Mechanical and Electrical equipment and accessories, Instrumentation, etc. and

b) Operation and maintenance of the entire proposed water treatment facilities at site for two years.

Normally, raw water contains impurities that are not suitable for human consumption. Therefore, the conceptual approach to the present water treatment has been considered on the basis of the removal of impurities such as settled suspended particulate materials, fine suspended and colloids, dissolved inorganic matters and the destruction of algae and other pathogenic organisms so that the water becomes palatable and safe for human consumption after treatment.

Treated water from the WTP shall be supplied to existing clear water reservoir and shall be distributed to Bhavnagar city by BMC. The sludge from clarifier and filter backwash water shall be taken to existing recycling sump.

Location	**Takhteshwar filter premises, Bhavnagar, Gujarat**
Plant & Machinery/ Components	The construction of Elevated Service Reservoirs (ESR) and Ground Service Reservoirs (GSR) involves the utilization of a diverse range of plants and machinery to ensure efficient and precise execution. Here is a list of machinery used in the construction of ESR and GSR: **1. Excavators:** These machines are essential for digging and excavating the foundation and trenches required for the reservoirs. **2. Concrete Batching Plants:** These plants are used to produce large quantities of concrete with specified mix designs, ensuring the structural integrity of the reservoirs. 3.**Tower Cranes:** Tower cranes are employed for lifting and placing heavy components such as precast concrete panels and reinforcing steel. 4. **Concrete Pump Trucks**: Used to pump and place concrete in hard-to-reach areas, ensuring proper filling and consolidation. 5. **Formwork Systems:** To mould and shape the concrete during construction, formwork systems are employed for creating walls, slabs, and other structural elements. 6. **Rebar Cutters and Benders:** Essential for cutting and bending reinforcing steel bars to the required specifications for structural reinforcement. 7**. Compactors:** Vibratory compactors help in achieving proper compaction of soil and backfill materials around the foundation of the reservoirs. 8. **Tower Crane Climbing Systems**: Necessary for adjusting the height of tower cranes as construction progresses upward. 9. **Concrete Mixers:** Used to mix concrete batches on-site, ensuring a consistent and quality mix for construction. 10. **Earthmoving Equipment (Bulldozers, Loaders):** Used for moving and levelling earth during site preparation and construction. 11. **Cranes:** Mobile and crawler cranes are employed for lifting and placing heavy components during various stages of construction.

	12. **Surveying Instruments:** Precision instruments such as total stations and GPS systems are used for accurate layout and alignment of the reservoir structures. 13. **Concrete Vibrators**: Ensure proper consolidation of concrete to eliminate air voids and enhance structural strength. 14. **Batching and Mixing Plants**: For the preparation of various construction materials and ensuring consistency in the mix. 15. **Water Pumps:** Used for dewatering and managing water levels during construction. The use of these plants and machinery in a coordinated manner is crucial for the successful and timely completion of Project I.
Process and Technology	Water treatment process includes the removal of suspended solids by flocculation with addition of coagulant to raw water to obtain desired quality of water at final unit of WTP. **a. Inlet chambers -** The raw water shall be transferred up to the inlet chamber for water treatment plant. The raw water flow shall be pre-chlorinated by normal dosing rate of 3.0 - 5.0 mg /L by injecting the chlorine solution through bottom mounted diffuser disks or pipes. Two chlorinators and two chlorine booster pumps shall be provided for Pre-Chlorination at the inlet chamber. The water from inlet chamber shall go to flash mixer where alum will be mixed. Bypass arrangement from flash mixer to filter inlet is provided. **b. Flash Mixer -** There shall be one no. of RCC flash mixer that shall receive the total flow of 30 MLD plus losses from the inlet chamber for quick mixing of coagulant (Alum) added to enhance the formation of flocs of suspended solids. The mixer shall be equipped with an impeller type, high speed mixer. The outlet of the mixer shall lead directly to Flocculator. Maximum 50 mg /L dose of alum solution (10 % solution strength) shall be fed to the inlet of the flash mixer. Two nos. (1W +1S) of alum dosing tank and pumps, having capacity for 8 hours dosage requirement and each tank shall be provided with slow speed paddle agitator. c. **Clariflocculator** - After mixing the raw water with Alum/PAC, it shall be taken to the clariflocculator for removal of Turbidity due to suspended solids. The sludge from the clarifier shall be drawn off periodically through sludge draw off pipe, as per process requirement. The clarifier sludge withdrawal / drain arrangement shall be provided for each clarifier by means of D.I. Pipeline / valves to withdraw sludge / drain the clarifier. The clarified water from Clariflocculator overflows into outlet launder and led to filter inlet channel. The clarified water from Clariflocculator shall be taken to the rapid gravity sand filters. **d. Rapid Gravity Sand Filter -** The clarified water flow from the lamella clarifier shall be taken to rapid gravity sand filters through an inlet channel to remove the residual solids by filtration. Proposed filter house for 30 MLD capacity shall contain 5 nos. (4W + 1S) filters with twin section. The back washing shall be done for one twin bed at a time. The treated water shall be collected to post chlorination sump and sent to the existing reservoir tank. Filtration rate shall be 6 $m^3/m^2/hr$. A Filter Gallery of adequate width shall be provided along the entire length of filters which shall contain the pipelines, valves, and filter controls fixtures, etc. The gallery floor shall be sloped towards a drainage sump. The filter sand shall consist of hard, durable grains of silica, having specific gravity of not less than 2.5 and having average size of 0.45 mm to 0.7 mm resting on the filter under drain system suitable for washing the filtration media with air and water backwash. Each filter shall have central and lateral wash water troughs for equal withdrawal of the wash water during back-washing the filter. Each filter shall be back washed first by introducing the air at a rate of 36 m^3 / m^2/hr by air blower for 5 to 8 minutes and then by wash water at a rate of 24 m^3 / m^2/hr for 8 to 10 minutes. 2 numbers, (1w +1s) of air blowers shall be provided for the same. The filter back wash water shall ultimately be discharged to the dirty water sump nearby. The water for back-wash and service water shall be drawn from post chlorination sump. The quantity of water required for backwashing at 24 m^3/ m^2/hr for 10 minutes will be available from post chlorination sump. The

	filtered water pipe of each filter shall be collected in treated water channel which further, shall lead directly to the post chlorination chamber. The dirty backwash water outlet shall be led to existing dirty water sump. The successful construction of Project I involves the integration of these processes and technologies.

B. Where the issuer proposes to undertake more than one activity or project, such as diversification, modernization, or expansion, etc., the total project cost activity-wise or project wise as the case may be.

The activity-wise project cost for the Project I is given below:

(Rs. in Crores)

Sr. No.	Item Description	Total Cost*
1.	Civil (Including campus development)	5.26
2.	Mechanical	3.38
3.	Electrical	0.84
4.	Instrumentation	1.06
5.	Piping, valves & Fittings	1.51
6.	Sub Total **(A)**	12.05
7.	Trial run, Testing & Commissioning **(B)**	0.09
8.	**Operation & Maintenance (C)**	
	1st year	0.15
	2nd Year	0.15
	Total O&M	**0.30**
	Total (D)=(A+B+C)	**12.44**
	Add Tender premium 5.94% **(E)**	0.74
	Estimated total of work with tender premium **F=(D+E)**	13.18
	Add GST 18% **(G)**	2.37
	Total Project cost inclusive of 18% GST H=(F+G)	**15.55**

**The activity-wise cost for Project I is as per the DPR for Project I, Work Order dated March 07, 2024, resolution of Bond Issue Committee dated August 14, 2025 and October 16, 2025 & certificate dated August 14, 2025 and October 16, 2025 from Project Consultant for Project I.*

C. Issuer is implementing the project in a phased manner, the cost of each phase, including the phase, if any, which has already been implemented, shall be separately given.

Not Applicable, as the Project I will be executed in a single phase only.

D. An investment plan for the project components as well as phases thereof as well as financing thereof as approved by the local authority or the agency as the case may be.

A summary of capital cost and sources of funds for the proposed Project I is presented in the table below: -

(Rs. in Crores)

Name of the Project	Approved project cost*	Means of the finance of the capital cost	
		BMC Contribution (internal accruals)/ Grant of GoI/GoG**	External Borrowing (proposed bonds)
Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar	15.55	10.80	4.75
Total	**15.55**	**10.80**	**4.75**

Notes:
** The cost for Project I is as approved by the resolution of the Standing Committee dated March 06, 2024, resolution of Bond Issue Committee dated August 14, 2025 & October 16, 2025, tender issued & work order awarded. Cost of project is inclusive of GST and may vary during implementation. Any incremental cost shall be borne by BMC.*
***BMC Contribution (Internal accruals/Grant of GoI/GoG) is based on approval received from Gujarat Urban Development Mission vide letter no. G.U.D.M/AMRUT2.0/Projects Fund Disbursement/2022-23/2132 dated 23rd August 2022.*

As per letter 'GUDM No./1741/AMRUT 2.0/Power Delegation/ Delegation of Powers for approving DPRS-DTPs-Tenders dated July 08, 2022 by various implementing agencies under AMRUT 2.0 Mission the grant under AMRUT 2.0 Scheme shall be disbursed to the BMC based on the Approved cost, which will be lower of appraised cost [Appraised Cost = Minimum of three: (1) DPR cost (Excl. O&M Cost); (2) Work Order Amount (Excl. O&M Cost &Tender Premium); (3) Respective SWAP Allocation of respective sector & project] of respective and contract award cost (excluding O&M). No tender premium will be allotted/disbursed to the BMC. BMC have to bear the cost of Tender Premium (cost above than the estimated amount put to tender) and O&M cost for 2 years.

The Issuer confirms that its contribution for the Issue shall not be less than 20% (Twenty percent) of the cost of the Project I, which shall be contributed from its internal resources or grants that may be in cash or kind.

E. Schedule of implementation of the Project

The following is the proposed schedule of implementation for Project I:

Activity	Indicative Period (Days)		Physical Target (%)	Financial Target (%)
A. Construction Phase (30 MLD WTP)				
Civil Works	T*	T+370	66.00%	66.00%
Inter-connecting Piping Works	T+100	T+420	73.00%	73.00%
Mechanical Works	T+120	T+420	86.00%	86.00%
Electrical Works	T+120	T+480	94.00%	94.00%
Instrumentation works	T+150	T+545	96.00%	96.00%
B. Construction Phase (Campus Development)	T+250	T+545	100.00%	97.72%
C. O&M Year 1 (Post completion of the project)	365 Days		100.00%	98.86%
D. O&M Year 2 (Post completion of the project)	365 Days		100.00%	100.00%

Note: The above timelines, the Physical Target and Financial Target are indicative. The details above are based on the certificates dated August 14, 2025 and October 16, 2025 from Project Consultant for Project I.

**T stands for the start date of the Project I i.e. February 17, 2025.*

The work order for Project was issued on March 07, 2024. However, due to delays in site clearances & demolition of existing structures on the land proposed for construction of Project, the project is delayed. The site clearance work was completed in February 2025 accordingly the work could resume since then. As per the work order issued, the completion of the work was scheduled in 18 months (excluding monsoon period) from the date of award of work order, however the due to delay in site clearances work the Project is expected to be completed by August 30, 2026. The appointed contractor may apply for extension of the work agreement accordingly.

F. Benchmarks for commencement and completion of the Project including milestone dates for all components of the Project:

Based on the similar projects completed by the Corporation in past, the indicative milestone dates for the completion of activities of proposed Project I are as below:

Activity	Duration (in days)	Start Date	Completion Date
A. Construction Phase (30 MLD WTP)			
Civil Works	370	T*	T+370
Inter-connecting Piping Works	320	T+100	T+420
Mechanical Works	300	T+120	T+420
Electrical Works	360	T+120	T+480
Instrumentation works	395	T+150	T+545
B. Construction Phase (Campus Development)	295	T+250	T+545
C. O&M Year 1 (Post completion of the project)	365	T+545	T+910

D. O&M Year 2 (Post completion of the project)	365	T+910	T+1275

Note: The above timelines are based on the certificates dated August 14, 2025 and October 16, 2025 from Project consultant of Project I & is exclusive of monsoon period.

**T stands for the start date of Project I i.e., February 17, 2025.*

The work order for Project was issued on March 07, 2024. However, due to delays in site clearances & demolition of existing structures on the land proposed for construction of Project, the project is delayed. The site clearance work was completed in February 2025 accordingly the work could resume since then. As per the work order issued, the completion of the work was scheduled in 18 months (excluding monsoon period) from the date of award of work order, however the due to delay in site clearances work the Project is expected to be completed by August 30, 2026. The appointed contractor may apply for extension of the work agreement accordingly.

Current Status of Project:

Tendering process has been completed and work order has been awarded for Project I and the work is under progress. The current completion status of Project I as per certificates dated August 14, 2025 and October 16, 2025 from Project Consultant for Project I is as follows:

	Physical Target Achieved (%)	Financial Target Achieved (%)
Project Construction	25.30%	16.21 %

G. Details and status of the regulatory approval (if required):

Project I has been approved by GoG vide letter from Gujarat Urban Development Mission vide letter no. G.U.D.M/AMRUT2.0/Projects Fund Disbursement/2022-23/2132 dated August 23, 2022.

Based on the certificates dated August 14, 2025 and October 16, 2025 from the Project Consultant for Project I, other than the approval mentioned herein above, there are no other statutory or regulatory approvals/permissions/ licenses/NoCs required to be obtained by the Corporation for implementation of the Project I.

PROJECT-II: Construction of Sewerage Network on Gadhechi Riverbanks and Gadhechi River Rejuvenation Works

The details of Project II based on the detailed project report dated June 14, 2024 ("**DPR for Project II**") prepared by Infinite Civil Solutions Private Limited, the project consultant for Project II ("**Project Consultant for Project II**"), Tender document dated August 29, 2024 ("**Tender Document for Project II**) and certificates dated August 14, 2025 and October 16, 2025 from the Project Consultant for Project II are listed below:

A. The proceeds of the proposed issue shall be clearly earmarked for a defined project or a set of projects along with the location of the project and plant and machinery, technology, process, etc.:

Due to development and urbanization of Bhavnagar, it is found that sewage is directly disposed into the Gadhechi River. Such direct disposal is polluting the environment and aesthetic looks of surrounding area. Further, during monsoon, some areas are being flooded and it causes unhygienic environment along the banks.

Bhavnagar City has prepared different plans for improving services to nullify gap between services and demands. As part of its on-going efforts, Bhavnagar Municipal Corporation intends to develop the Gadhechi river in Ward No. 2,3,8,9 in order to avoid flooding and pollution problems etc.

The primary objective of the project is to stop the direct disposal of sewage into the river and strengthening of their banks to protect against flood. Following is the need of the Project II;

a. To control the environmental pollution in and around the Gadhechi river.
b. To provide a good hygienic condition.
c. To avoid direct disposal of sewage.
d. To prevent flooding condition.
e. To provide infrastructure to the city.

The scope under the Project II covers;

(i) To pass safely the storm water from the under-section area to final disposal location along the catchment area coming through the length of river.
(ii) To convert Gadhechi river as pollution free Water River of adequate capacity to function as a natural drainage system.
(iii) To provide sewer network wherever required along the Gadhechi river to avoid direct disposal of sewage into the river i.e. sewerage facility is not available / illegal disposal in the river.
(iv) To provide better hygienic condition & beautification of city.

Post completion of the Project II the following impacts are foreseen;

- The project area will have flood protection;
- Direct disposal of sewage will be eliminated, which is the main cause of water pollution;
- The dread for water borne disease will be diminished up to great level;
- Sewerage systems will prevent water accumulation that can lead to flooding;
- Ground water recharge after construction of rainwater harvesting structures;
- Construction of service road will facilitate in improving traffic condition;
- Reduction in pollution in the River;
- Sanitation scenario will be improved in the surrounding of project area;
- Improvement in aesthetic look of the city.

Location	**Gadhechi riverbank, Bhavnagar, Gujarat**
Plant & Machinery/ Components	The development of a comprehensive drainage network involves various plant and machinery to ensure the efficient construction, operation, and maintenance of the system. Here's a list of essential plant and machinery commonly required: • **Excavators:** For digging trenches, excavating embankment etc. • **Tippers:** for transferring soil, etc. • **Vibratory Compactors:** Used for compacting backfilled soil around sewer pipes to prevent settling.

	• **RMC Plant:** Prepare concrete for constructing RCC canal lining, drop structure and RCC Road. • **Transit mixer:** Transfer and place concrete at construction sites. • **Surveying Equipment:** Total Stations: Measure angles and distances for accurate alignment and grading. • **GPS Equipment:** Aids in geospatial positioning and mapping. • **Manhole Formwork Systems:** Used to create the structure of manholes during construction. • **Tanker:** for curing and supply of water. • **Compaction Equipment:** Plate Compactors: Compact soil around sewer pipes. Roller Compactors: Larger machines for extensive compaction needs. • **Grouting Equipment: Grout Pumps:** Inject grout into the soil to stabilize and seal around sewer structures. • **Dewatering Equipment: Dewatering Pumps**: Remove excess water from construction sites, particularly during trenching. • **Safety Equipment:** Trench Boxes/Shields: Ensure worker safety in excavations and trenches. The use of these plants and machinery in a coordinated manner is crucial for the successful and timely completion of Project II
Process and Technology	Entire project area has been divided into different sub catchment area as per the contour map. With the help of various sub catchment areas, rainfall data, topographic condition & existing structure study, detailed design work is carried out. After detailed survey and the hydraulic requirements for the required section for the design discharge; it is necessary that the longitudinal profile of the channels has to be modified and accordingly the cross section has been designed. After going through the present required section, it is tried to adopt the same slope as per existing one by considering the limitation of velocity and bed level of existing structure. It also improves the flow conditions in a defined manner and protects the flow area. After proper channelization; the land would be available for further development. If the profile of the channels is not changed and channelized, there are chances of flooding in the nearby areas. To develop the design section as per existing site condition and land use map, RCC lining work (with gabion mattress bed lining) section is finalised. Following are the main features of RCC type lining work for proposed trapezoidal section; **<u>RCC type lining trapezoidal section with Gabion Mattress bed lining</u>** By the lining of river, it is meant that the earthen surface of the channel is lined with a stable lining surface such as concrete, and gabion mattress. There are various type of surface linings, however, as per site condition and long term O & M point of view, out of various hard surface lining, it is recommended to adopt concrete lining due to following reason: a. Hand placing by plastering on sides b. Using forms and pouring alternate panels c. Using prefabricated concrete elements **Following components are proposed to be undertaken in Project II;** • Sewer main Trunk Line work on Both side of Gadhechi River • RCC Lining work in Trepezoidal Canal section on Gadhechi River • Box Culvert work on Gadhechi River • Check Dam cum Fall Structure on Gadhechi River • Service Road Proposal & Maintenance Path; • Drops; • Rain water harvesting (RWH) structure;

	• Laying of Gabion Mattress; • Chain link fencing along the proposed drain; • Street Lighting arrangement on roads; The Sewage network on Gadhechi River is designed taking into consideration Central Public Health and Environmental Engineering Organisation (CPHEEO) norms.

B. Where the issuer proposes to undertake more than one activity or project, such as diversification, modernization, or expansion, etc., the total project cost activity-wise or project wise as the case may be.

The activity-wise project cost for the Project is given below:

(Rs in Crores)

Sr. No.	Item Description	Total Cost*
1.	Sewer main Trunk Line work on Both side of Gadhechi River	9.81
2.	RCC Lining work in Trapezoidal Canal section on Gadhechi River	24.00
3.	Box Culvert work on Gadhechi River	0.46
4.	Check Dam cum Fall Structure on Gadhechi River	4.35
5.	Railing on Canal bank of both side on Gadhechi River	3.22
6.	Service RCC Road with outer side Parapet wall and MS Railing on Gadhechi River	13.45
7.	Streetlight on Service Road alongside of Gadhechi River	1.79
8.	Rainwater harvesting structure for water table recharge on Gadhechi river	0.17
9.	O&M For 5 Years of Gadhechi River Project	1.70
	Cost of Project **(A)**	58.95
	GST 18% (**B**)	10.61
	Total amount inclusive of 18% GST C=(A+B)	**69.56**

**The activity-wise cost for Project II is as per the DPR for Project II, Work Order dated January 21, 2025, resolution of Bond Issue Committee dated August 14, 2025 and October 16, 2025 & certificates dated August 14, 2025 and October 16, 2025 from Project Consultant for Project II.*

C. Issuer is implementing the project in a phased manner, the cost of each phase, including the phase, if any, which has already been implemented, shall be separately given.

Not Applicable, as the Project II will be executed in a single phase only.

D. An investment plan for the project components as well as phases thereof as well as financing thereof as approved by the local authority or the agency as the case may be.

A summary of capital cost and sources of funds for the proposed Project are presented in the table below:

Name of the Project	Approved project cost (Rs. in Crore)*	Means of the finance of the capital cost (Rs. in Crore)	
		ULB Contribution (internal accruals)/ Grant of GoI/GoG**	External Borrowing (proposed bonds)
Construction of Sewerage network on Gadhechi river banks and Gadhechi river rejuvenation works.	69.56	49.31	20.25
Total	**69.56**	49.31	**20.25**

Notes:

** The cost for Project II is as approved by the Standing Committee dated November 28 2024, resolution of Bond Issue Committee dated August 14, 2025 and October 16, 2025, tender issued & work order awarded. Cost of project is inclusive of GST and may vary during implementation. Any incremental cost shall be borne by BMC.*

***BMC Contribution (Internal accruals/Grant of GoI/GoG) is based on approval received from Gujarat Urban Development Mission vide letter no. G.U.D.M/AMRUT2.0/Projects Fund Disbursement/2023-24/905/1340 dated 19th May 2023.*

As per letter 'GUDM No./1741/AMRUT 2.0/Power Delegation/ Delegation of Powers for approving DPRS-DTPs-Tenders dated July 08th, 2022 by various implementing agencies under AMRUT 2.0 Mission the grant under AMRUT 2.0 Scheme shall be disbursed to the BMC based on the Approved cost, which will be lower of appraised cost [Appraised Cost = Minimum of three: (1) DPR cost (Excl. O&M Cost); (2) Work Order Amount (Excl. O&M Cost &Tender Premium); (3) Respective SWAP Allocation of respective sector & project] of respective and contract award cost (excluding O&M). No tender premium will be allotted/disbursed to the BMC. BMC have to bear the cost of Tender Premium (cost above than the estimated amount put to tender) and O&M cost for 5 years.

The Issuer confirms that its contribution for the Issue shall not be less than 20% (Twenty percent) of the cost of the Project II, which shall be contributed from its internal resources or grants that may be in cash or kind.

E. Schedule of implementation of the Project

Sr. No.	Activity	Indicative Period		Physical Target (%)	Financial Target (%)
1.	Sewer main trunk line work	T*	T+320	16.63%	16.63%
2.	RCC Lining work in Trapezoidal Canal section	T+150	T+510	62.62%	62.62%
3.	Box Culvert work	T+180	T+510	63.4%	63.4%
4.	Check Dam cum Fall Structure	T+210	T+510	71.12%	71.12%
5.	Chain link fencing on Canal bank	T+420	T+510	75.98%	75.98%
6.	Service RCC Road with outer side parapet wall and MS Railing	T+360	T+510	97.1%	95.00%
7.	Streetlight on service road	T+390	T+570	99.80%	96.80%
8.	Rainwater harvesting structure	T+330	T+550	100%	97.12%
9.	Operation & Maintenance for 5 Years	T + 551	T+ 2376	100%	100%

**T stands for the work order date of the Project II i.e. January 21, 2025.*

Note: The above timelines the Physical Target and Financial Target are indicative. The details above are based on the certificate dated August 14, 2025 and October 16, 2025 from Project Consultant for Project II.

F. Benchmarks for commencement and completion of the Project including milestone dates for all components of the Project:

Based on the similar projects completed by the Corporation in past, the indicative milestone dates for the completion of activities of proposed Project II are as below:

Sr. No.	Activity	Duration (in Days)	Start Date	Completion Date
1.	Sewer main trunk line work	320	T*	T+320
2.	RCC Lining work in Trapezoidal Canal section	360	T+150	T+510
3.	Box Culvert work	330	T+180	T+510
4.	Check Dam cum Fall Structure	300	T+210	T+510
5.	Chain link fencing on Canal bank	90	T+420	T+510
6.	Service RCC Road with outer side parapet wall and MS Railing	150	T+360	T+510
7.	Streetlight on service road	180	T+390	T+570
8.	Rainwater harvesting structure for water table recharge	220	T+330	T+550
9.	Operation & Maintenance for 5 Years	1825	T + 551	T+ 2376

Note: The above timelines are based on the certificates dated August 14, 2025 and October 16, 2025 from Project Consultant of Project II & is exclusive of monsoon period.
**T stands for the work order date of the Project II i.e. January 21, 2025.*

Current Status of Project II:

Tendering process has been completed & work order has been awarded for Project II and the work is under progress. The current completion status of Project II as per certificates dated August 14, 2025 and October 16, 2025 from Project Consultant for Project II is as follows:

	Physical Target Achieved (%)	Financial Target Achieved (%)
Project Construction	9.50 %	00.00%

G. Details and status of the regulatory approval (if required):

Project II has been approved by GoG vide letter from Gujarat Urban Development Mission vide letter no. G.U.D.M/AMRUT2.0/Projects Fund Disbursement/2023-24/905/1340 dated 19th May 2023.

Based on the certificates dated August 14, 2025 and October 16, 2025 from the Project Consultant for Project II, other than the approval mentioned herein, there are no other statutory or regulatory approvals/permissions/ licenses/ NoCs required to be obtained by the Corporation for implementation of the Project II.

Expenses of the Issue

Expenses Head	Amount (in Rs.) (Excluding Taxes) *	Percentage of total issue expenses	Percentage of total issue size
Fees to Merchant Banker(s) (including commissions, if any)	2.00	0.00%	0.0000%
Brokerage, selling commission and upload fees	-	0.00%	0.0000%
Fees to the Registrar to the Issue	71,000.00	5.35%	0.0284%
Fees to the Legal Advisor to the Issue	300,000.00	22.62%	0.1200%
Advertising and marketing expenses	150,000.00	11.31%	0.0600%
Regulators including stock exchange	5,000.00	0.38%	0.0020%
Printing and distribution of issue stationery	50,000.00	3.78%	0.0200%
Others, if any (fees of Rating Agencies, Debenture Trustee, Depositories etc.)	750,000.00	56.56%	0.3000%
Total (exclusive of taxes)	1,326,002.00	100.00%	0.5304%

**Indicative amounts*

The Issuer has not and any person who is connected with the Issue shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application in the Issue, except for fees or commission for services rendered in relation to the Issue. The expenses in relation to the Issue are not being paid out of the proceeds of the Issue. The expenses in relation to the Issue are being met through the internal accruals of the Issuer.

SECTION-VIII: TAX BENEFITS

Any special tax benefits (under direct and indirect tax laws) for the issuer and its investors:

To,
BHAVNAGAR MUNICIPAL CORPORATION,
Bhavnagar Mahanagar Seva Sadan,
Sir Mangal Sinhji Road, Near Kalanala
Bhavnagar, Gujarat - 364001

Dear Sirs,

Re: STATEMENT OF SPECIAL TAX BENEFITS (UNDER DIRECT AND INDIRECT TAX LAWS) AVAILABLE TO BHAVNAGAR MUNICIPAL CORPORATION (THE "CORPORATION"/ "ISSUER"/ "BMC") AND ITS INVESTORS PREPARED IN ACCORDANCE WITH THE REQUIREMENTS UNDER SCHEDULE I (6) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF MUNICIPAL DEBT SECURITIES) REGULATIONS, 2015 AS AMENDED (SEBI ILMDS REGULATIONS) FOR THE PROPOSED ISSUE BY BHAVNAGAR MUNICIPAL CORPORATION OF 2,500 (TWO THOUSAND AND FIVE HUNDERED) SECURED,NON-CONVERTIBLE, LISTED, RATED, REDEEMABLE, TAXABLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"/ "DEBENTURES"/ "NCDS") OF FACE VALUE OF RS. 1 LAKH (RUPEES ONE LAKH ONLY) EACH AT PAR AMOUNTING TO RS. 25 CRORES (RUPEES TWENTY FIVE CRORES ONLY) ON A PRIVATE PLACEMENT BASIS ("ISSUE") UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF MUNICIPAL DEBT SECURITIES) REGULATIONS, 2015 AS AMENDED FROM TIME TO TIME.

1. We, M/s. J Y Vora & Associates, Chartered Accountants, refer to the proposed Issue by Bhavnagar Municipal Corporation (the "**Issuer**") and enclose the statement of special tax benefits available to the Issuer and Investors under the Income Tax Act, 1961 (the "**Statement**") showing the special tax benefits on issue of Bonds applicable to the Issuer and Investors as per the provisions of the Income Tax Act, 1961 (the "**Act**") and Income Tax Rules, 1962 including amendments made by Finance Act, 2025 and Taxation Laws (Amendment) Act, 2021 as applicable for the financial year 2025-2026, for inclusion in the Placement Memorandum which is proposed to be filed by the Issuer with the Stock Exchanges, the Securities and Exchange Board of India and any other regulatory authority in connection with the Issue. Several of these benefits are dependent on the Investors fulfilling the conditions prescribed under the relevant provisions of the Act. Hence the ability of the Investors to derive these tax benefits is dependent upon their fulfilling such conditions.

2. The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Statement are based on the information and explanations obtained from the Issuer. This statement is only intended to provide general information to the Investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each debenture holder is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor are we advising the Investors to invest money based on this statement. We do not express any opinion or provide any assurance as to whether:

   • the Issuer or the Investors will continue to obtain these benefits in similar manner in future;
   • the conditions prescribed for availing the benefits have been / would be met with; and
   • the revenue authorities/courts will concur with the views expressed herein.

3. We hereby give our consent to include the Statement in the Preliminary Placement Memorandum and Placement Memorandum in connection with the Issue to be filed by the Issuer with the Stock Exchange(s), the Securities and Exchange Board of India and any other regulatory authority in relation to the Issue and such other documents as may be prepared in connection with the Issue.

4. Limitations
   Our views expressed in the Statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views

are based on the existing provisions of law and its reasonable interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

5. This Statement is addressed to you solely for the use of the Issuer in relation to the Issue and, except with our prior written consent, is not to be transmitted or disclosed to, or used or relied upon by any other person or used or relied upon by you for any other purpose, save that you may disclose this Statement to **AK Capital Services Limited and Tipsons Consultancy Services Private Limited** (the "**Permitted Recipients**"). We further consent to the above details being included for the records to be maintained by the Merchant Bankers in connection with the Issue and in accordance with the provisions of the applicable laws.

For M/s. J Y Vora & Associates

Chartered Accountants
Firm's Registration No. 145333W

Name: CA Jeet Vora
Designation: Proprietor
Membership No.: 179494
UDIN:25179494BMIBGA8591

Place: Bhavnagar
Date: October 16, 2025

STATEMENT OF SPECIAL TAX BENEFITS

Under the existing provisions of law, the following special tax benefits, *inter alia*, will be available to the Issuer and Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto.

The information given below lists out the special tax benefits available to the Issuer and Debenture Holder(s), in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Debentures. The Debenture Holders are advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting its tax advisor as alternate views are possible. We are not liable to the Debenture Holders in any manner for placing reliance upon the contents of this statement of special tax benefits.

We have also perused the relevant provisions of Income Tax Act,1961, Central Goods and Service Tax Act (CGST), State Goods and Service Tax Act (SGST) and Integrated Goods and Service Tax Act (IGST) along with the notifications issued by the revenue authorities from time to time.

On the basis of such perusal/examination of the provisions and on the discussions held with the officials of Issuer, we are of the opinion that the following special tax benefits are available to the Issuer and the Debenture Holders:

DIRECT TAXES

IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ("*IT Act*")

We have perused various provisions of tax exemption / tax rebates specified under Chapter III and Chapter VI A of the IT Act. From the perusal of the said Chapters, our opinion is as under:

In accordance with the amendments under the Finance Act, 2025, Surcharge and Health & Education Cess shall be added to rate of tax deduction, wherever applicable.

Benefits to the Issuer

The Income of the Issuer from specified sources are exempted under Section 10(20) of the IT Act. The provisions under Section 10(20) of the IT Act are as under:

> "*the income of a local authority which is chargeable under the head "Income from house property", "Capital gains" or "Income from other sources" or from a trade or business carried on by it which accrues or arises from the supply of a commodity or service (not being water or electricity) within its own jurisdictional area or from the supply of water or electricity within or outside its own jurisdictional area.*
>
> *Explanation. —For the purposes of this clause, the expression "local authority" means—*
>
> *(i) Panchayat as referred to in clause (d) of article 243 of the Constitution; or*
>
> *(ii) Municipality as referred to in clause (e) of article 243P of the Constitution; or*
>
> *(iii) Municipal Committee and District Board, legally entitled to, or entrusted by the Government with, the control or management of a Municipal or local fund; or*
>
> *(iv) Cantonment Board as defined in section 3 of the Cantonments Act, 1924 (2 of 1924);*"

As per the provisions of Section 10(20) of the IT Act read with the other relevant provisions of the IT Act and the Income Tax Rules, 1962 and as per the information and explanations given to us, any income arising to the Issuer on the issuance of the Debentures shall be assessed as "Income From Other Sources" which is exempted under Section 10(20) of the IT Act.

Apart from the above, there are no special tax benefits available under the IT Act.

Benefits to the Debenture holder(s)

The interest income earned on investment made in municipal bonds are not exempt under the provisions of Chapter III of the IT Act. Also, there are no special tax benefits available under any other provisions of the IT Act.

Also, the capital gains arising on transfer of municipal bond are not exempt under Chapter IV of IT Act.

Tax at source shall be deducted on interest as per the rate applicable under the IT Act.

Tax deduction at source concession to the Foreign Portfolio Investors ("*FPIs*")

As per provisions of Section 194LD of the IT Act, it is proposed that foreign portfolio investors shall be eligible for concessional rate of tax deduction at source on the interest on bonds at 5%. Section 194LD of the IT Act reads as under:
"*(1) Any person who is responsible for paying to a person being a Foreign Institutional Investor or a Qualified Foreign Investor, any income by way of interest referred to in sub-section (2), shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.*

(2) The income by way of interest referred to in sub-section (1) shall be the interest payable in respect of investment made by the payee in—

(i) a rupee-denominated bond of an Indian company; or

(ii) Government security:

Provided that the rate of interest in respect of bond referred to in clause, (i) shall not exceed the rate as may be notified by the Central Government in this behalf.

Explained: –

a) 'Foreign Institutional Investor' is a registered institution that invests in a country other than its own.

b) 'Qualified Foreign Investor' is a subcategory of FII who is a foreign individual, group or association restricted from those countries, which are the members of FATF.

c) 'Rupee-denominated bond' is a bond issued by an Indian entity in a foreign market where the buying, selling and repayment are expressed in rupees.

d) 'Government security' is a Government issued bond, which is of low risk"

A foreign institutional investor or a qualified foreign investor consider investing in securities to be gainful and thus, make investments claiming a security interest on the collateral. The interest payable by the Indian concern or entity to a foreign entity is deducted at 5% tax at source and disbursed in terms of rupees.

Deduction of Tax at Source on interest on NCDs

a) Income Tax is deductible at source at the rate of 10% (no surcharge or health education cess) on interest on NCDs held by resident Indians in accordance with Section 193 of the IT Act. In cases where interest is to be paid to an Individual or hindu undivided family ("HUF") (being the NCD Holder) is less than Rs. 10,000 and interest is to be paid by way of account payee cheque then the relevant NCD Holder may seek non deduction of tax at source on the interest on NCDs by submitting the prescribed declaration/certificates with the Issuer and the RTA at the aforesaid address on or prior to the relevant Record Date.

b) In case of NCD Holder who is a resident Individual or resident HUF claiming non-deduction or lower deduction of tax at source under section 193 of the IT Act, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by Individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all Debenture Holders (other than companies and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all Debenture Holders (including companies and firms) by making an application in the prescribed form i.e. Form No. 13.

c) Debenture Holders may seek/ may be granted, as the case may be, non-deduction or lower deduction of tax at source in following instances under the IT Act:

1. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed by the NCD Holder with the Company before the Record Date for payment of interest;

2. When the resident Debenture Holder with Permanent Account Number ("PAN") (not being a company or a firm) submits a declaration as per the provisions of section 197A (1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

3. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the IT Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be NIL;

4. All mutual funds registered under Securities and Exchange Board of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10 (23D) of the IT Act in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the IT Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the IT Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it;

5. For any NCDs held by Foreign Institutional Investors/ Foreign Portfolio Investors/ Qualified Foreign Investors, interest on NCDs may be eligible for concessional tax rate of 5% (plus applicable surcharge and health and education cess) for interest referred under Section 194LD applicable in respect of rupee denominated bonds of an Indian Company between June 1, 2013 and July 1, 2023 provided such rate does not exceed the rate as may be notified by the Government. Further, in case where section 194LD is not applicable, the interest income earned by FIIs/FPIs should be chargeable to tax at the rate of 20% under section 115AD of the IT Act. Tax shall be deducted u/s. 196D of the IT Act on such income at 20%. Where DTAA is applicable to the payee, the rate of tax deduction shall be lower of rate as per DTAA or 20%, subject to the conditions prescribed therein;

6. Interest payable to Life Insurance Corporation, General Insurance Corporation and any other insurers are exempted from deductions of tax at source under Section 193 of the IT Act;

7. Interest payable to entities falling under the list of entities exempted from TDS by the circular no. 18/2017 by Central Board of Direct Taxes (whose income is unconditionally exempt under Section 10 of the IT Act and who are also statutorily not required to tile return of income as per Section 139 of the IT Act);

8. Any other specific exemption available to any other category of investors under the IT Act.

9. In case(s) where the NCD Holder(s) do not submit the declaration/ certificates as per format prescribed under applicable laws with the Issuer and the RTA at the specified address on or prior to the relevant Record Date for payment of interest on the NCDs, the Issuer shall not be liable to refund the applicable amount of tax deducted at source and the NCD Holders would be required to directly take up with the tax authorities for refund, if any.

10. Documents required in cases of lower/ non-deduction of TDS due to exemption available

Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

1. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Issuer before the prescribed date of closure of books for payment of debenture interest;
2. When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;
3. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be NIL; and

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. Please find below the class of resident investors and respective documents that would be required for granting TDS exemption, unless specified otherwise hereinabove:

S. No.	Class of Investors	Relevant Section which grants TDS exemption	Documents to be taken on record from Investors
1	Resident Individual or resident HUF	Claiming non-deduction or lower deduction of tax at source under section 193 of the IT Act,	Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Issuer. However, in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either a declaration (in duplicate) in the prescribed form i.e. Form 15H which can be given by individuals who are of the age of 60 years or more Form 15G which can be given by all applicants (other than companies, and firms), or a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.
2	Non-residents- (Other than FIIs/FPIs)	For Non-deduction or lower deduction of tax at source u/s 195 of the IT Act	A certificate under section 197 of the IT Act from the Indian Assessing Officer for nil / lower deduction of tax at source by making an application in the prescribed form (i.e. Form No.13.)
3	Life insurance Corporation of India	Clause vi of Proviso to Section 193	Copy of Registration certificate
4	General Insurance Corporation of India, companies formed under section 16(1) of General Insurance Business Act, 1972 and any company in which GIC has full beneficial interest (100% shareholding)	Clause vii of Proviso to Section 193	Copy of Registration certificate Copy of shareholding pattern

S. No.	Class of Investors	Relevant Section which grants TDS exemption	Documents to be taken on record from Investors
5	Any Insurer (like SBI Life Insurance, Max Life Insurance etc.)	Clause viii of Proviso to Section 193	Copy of Registration certificate issued by IRDA
6	Mutual Funds	Section 196(iv) read with Section 10(23D)	Copy of Registration certificate issued by SEBI / RBI and notification issued by Central Government
7	Government, RBI and corporation established under Central / State Act whose income is exempt from tax	Section 196(i),(ii) and (iii)	In case of Corporation, Declaration that their income is exempt from tax with applicable provisions
8	Recognized Provident Funds, Recognized Gratuity Funds, Approved Superannuation Funds, Employees' State Insurance Fund etc.	Section 10(25) and 10(25A) and CBDT Circular - 18/2017	Copy of Registration and Recognition certificate issued by relevant statutory authorities and income-tax authorities and Declaration from the funds that their income is exempt u/s 10(25) and 10(25A)
9	New Pension System Trust	Section 10(44) read with Section 196(iii) and CBDT Circular - 18/2017	Relevant Registration certificate issued to NPS Trust under section Indian Trusts Act, 1882
10	Other entities like Local authority, Regimental Funds, IRDA etc.	Section 10(20) etc. read with CBDT Circular - 18/2017	Declaration that they fall within the relevant income-tax section and eligible for income-tax exemption on their income
11	Alternative Investment Funds (Category I and II)	Section 197A(1F)	Copy of Registration certificate issued by SEBI

INDIRECT TAXES

Benefits to the Issuer

The Issuer is exempted from provisions of goods and service tax only on municipal services. There are no special tax benefits on the issuance of municipal bonds.

Benefits to the Debenture holder(s)

No special indirect tax benefits are available on issue of municipal bonds to the investors.

No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.

SECTION-IX: ISSUE SPECIFIC INFORMATION

1. **Issue/instrument specific regulations**

The Bonds are proposed to be issued in accordance with SEBI Municipal Debt Regulations and relevant circulars of SEBI, as amended from time to time.

The GPMC Act provides borrowing powers to BMC. The proposed issue is being made pursuant to Section 109 and Section 118 of the GPMC Act and is subject to the provisions of the GPMC Act, the terms of this Placement Memorandum and other terms and conditions as may be incorporated in the Transaction Documents. The Issuer has obtained approval for the Issue of bonds as mentioned under section titled "*About the Issuer and Capital Structure of the Issuer*" on page no. 41.

Section 109(1) of the GPMC Act provides that the Corporation may with the previous sanction of the State Government, from time to time, borrow or re-borrow and take up at interest by the issue of debentures or otherwise on the security of any immovable property vested in the Corporation on or proposed to be acquired by it under this Act or of all the taxes or of any tax which it is authorised to levy for the purposes of this Act or the Transport Undertaking, or of all or any of those securities any sum necessary for the purpose of:

a. defraying any costs, charges or expenses, incurred or to be incurred by it in the execution of this Act;

b. for discharging any loan contracted under this Act or any other loan or debt for the repayment of which the Corporation is liable; and

c. generally for carrying out the purposes of this Act, including the advance of loans authorized thereunder.

Further in accordance with Section 111 of the GPMC Act, "Every loan raised by the Corporation under Section 109 of the GPMC Act shall be repaid within the time approved under proviso (ii) to sub-section (1) of the said section and by such of the following methods as may be approved under the said proviso, namely, -

a. by payment from a sinking fund established under Section 112 of the GPMC Act in respect of the loan;

b. by equal payments of principal and interest;

c. by equal payments of principal;

d. in the case of a loan borrowed before the appointed day by annual drawings if such method was in operation for the repayment of such loan immediately before such day;

e. from any sum borrowed for the purpose under Section 109 (1) (b) of the GPMC Act; or

f. partly from a sinking fund established in respect of the loan and partly from money borrowed for the purpose under Section 109(1) (b) of the GPMC Act.

2. **Rating and detailed Rating Rationale.**

The Bonds proposed to be issued pursuant to this Issue have been rated by CRISIL Ratings Limited and India Ratings and Research Private Limited (collectively the "**Credit Rating Agencies**").

CRISIL Ratings Limited has assigned a rating of Provisional CRISIL AA-/Stable vide its letter dated December 13, 2024, and revalidated vide its letter dated October 03, 2025 and has issued a rating rationale dated June 05, 2025, and India Ratings and Research Private Limited has assigned rating of Provisional IND AA-/Stable vide its letter dated January 16, 2025 and revalidated vide its letter dated October 06, 2025, and has issued a rating rationale dated January 16, 2025.

The ratings provided by the Credit Rating Agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. In case of any change in credit ratings till the listing of Bonds, our Company will inform the investors. These ratings are not a

recommendation to buy, sell or hold securities and investors should take their own decisions. For details regarding rating letter and rationale for the aforementioned rating, see "Annexure II" beginning on page no. A-8. There are no other ratings for the Issue of Debentures (including unaccepted ratings) other than as specified in this Placement Memorandum.

3. **Other Confirmations**

   a. The Issuer is eligible to raise funds under its constitution documents and in terms of the GPMC Act;

   b. The accounts of the Issuer are prepared in accordance with the National Municipal Accounting Manual;

   c. The Issuer has no outstanding loans or borrowings as of the date of filing this Placement Memorandum and the Issuer has not defaulted in the repayment of loans obtained from banks or financial institutions during the preceding three hundred and sixty five days;

   d. No order or direction of restraint, prohibition or debarment by Securities and Exchange Board of India, ("SEBI") is in force against the Issuer or members of the Bond Issue Committee from accessing the securities markets;

   e. The Issuer or members of the Bond Issue Committee are not named in the list of the willful defaulters;

   f. None of the members of the Bond Issue Committee have been declared as a fugitive economic offender(s);

4. **Credit Enhancement Mechanisms, if any.**

   Please refer to **Annexure-I** for Structured Payment Mechanism.

5. **Stock exchanges where the debt securities are proposed to be listed**

   The Bonds are proposed to be listed on National Stock Exchange of India Limited. National Stock Exchange of India Limited shall be the designated stock exchange. The in-principle approval of the NSE bearing reference no. NSE/LIST/9435 dated August 20, 2025 has been obtained in this regard.

6. **Additional interest to be paid, above the Coupon Rate, in case of default (including delay) 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.

7. **Penal interest payable by the Corporation in case of delay in listing of Bonds from Deemed date of Allotment**

   The default interest rate of 1% per annum over the Coupon Rate will be payable by the Issuer for the period of delay between the Deemed Date of Allotment and the date of listing, in accordance with the provisions of Chapter VII of the SEBI Master Circular.

   As per provisions of the SEBI Municipal Debt Regulations, in case the Issuer fails to obtain listing or trading permission from the Stock Exchange, it shall refund the entire monies received within seven days of receipt of intimation from the Stock Exchange and if any such money is not repaid after the Issuer becomes liable to repay it, the Issuer shall be liable to repay that money with interest at the rate of 15% (fifteen percent) per annum till such refund is made.

8. **DRR/Sinking Fund**

   As per SEBI Municipal Debt Regulations and the requirements of the SEBI circular in relation to 'Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 dated November 13, 2019 bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019 and GPMC Act, each as amended, modified and/or supplemented from time to time the Issuer is required to create

Sinking Fund for due repayment of principal. Accordingly, the Issuer shall create Sinking Fund as mentioned in the Structured Payment Mechanism for redemption of the Bonds. For further details of Structured Payment Mechanism, please refer to Annexure-I on page no. A-1 of this Placement Memorandum.

9. **Mechanism adopted in compliance with Regulation 13 of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992**

i. We would like to disclose to all the stakeholders including but not limited to potential investors that, BMC has appointed Merchant Banker viz. A. K. Capital Services Limited vide Work Order dated December 7, 2023 and Issue Agreement dated August 04, 2025, and Tipsons Consultancy Services Private Limited vide Work Order dated February 12, 2024 and Issue Agreement dated August 04, 2025.

ii. We further would like to disclose that Merchant Banker/ Arranger either directly or through its affiliates or it associates or its subsidiaries may invest in the proposed issue through EBP mechanism in transparent manner; and accordingly, confirm that there is no conflict of interest between the Merchant Bankers and the Issuer in accordance with the applicable regulations; and

iii. EBP mechanism is adopted to ensure fair, objective, and unbiased opportunity to all investors.

10. **Deduction of Tax at Source on interest on NCDs**

a. Interest on NCDs issued pursuant to this Issue is subject to deduction of income tax under the provisions of the Income Tax Act, 1961 **("IT Act")** or any other statutory modification or re-enactment thereof, as applicable. NCD Holders desirous of claiming non-deduction or lower deduction of tax at source under applicable laws, as the case may be, shall be required to submit the declaration/ certificates as per format prescribed under applicable laws with the Issuer and the RTA at the below mentioned address at least 15 (Fifteen) calendar days prior to the relevant Record Date for payment of interest on the NCDs:

Particulars	Contact Details of the Issuer	Contact Details of the RTA
Name	Bhavnagar Municipal Corporation	KFIN Technologies Limited
Correspondence Address	Bhavnagar Mahanagar Seva Sadan, Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar, Gujarat - 364001	Selenium, Tower B, Plot No.31 &32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi, Telangana-500032
Contact Person	Ritesh R Maheta	Srinivas Sudheer Venkatapuram
Designation	Chief Account Officer	Vice President
E-mail ID	cao.bmc@gmail.com	srinivassudheer.venkatapuram@kfintech.com
Tel. No.	+91-0278-2439292	+91-40-67162222 / 1800-309-4001
Fax No.	NA	+ 91 40 2343 1551
Link for online submission	-	https://ris.kfintech.com/form15/forms.aspx?q=0

b. In case of non-receipt of such prescribed declaration/ certificate from the NCD Holders claiming non-deduction or lower deduction of tax at source under applicable laws, on or prior to the relevant Record Date, the Issuer shall make TDS deductions in accordance with the prescribed rates prior to credit of interest on NCDs.

c. Income Tax is deductible at source at the rate of 10% on interest on NCDs held by resident Indians in accordance with Section 193 of the IT Act. In cases where interest is to be paid to an Individual or Hindu Undivided Family (**"HUF"**) (being the NCD Holder) is less than ₹ 10,000 and interest is to be paid by way of account payee cheque then the relevant NCD Holder may seek non deduction of tax at source on the interest on NCDs by submitting the prescribed declaration/certificates with the Issuer and the RTA at the aforesaid address on or prior to the relevant Record Date.

d. In case of NCD Holder who is a resident Individual or resident HUF claiming non-deduction or lower deduction of tax at source under section 193 of the IT Act, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by Individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all Debenture

Holders (other than companies and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all Debenture Holders (including companies and firms) by making an application in the prescribed form i.e. Form No. 13.

e. Debenture Holders may seek/ may be granted, as the case may be, non-deduction or lower deduction of tax at source in following instances under the IT Act:

i. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed by the NCD Holder with the Company before the Record Date for payment of interest;

ii. When the resident Debenture Holder with Permanent Account Number ("PAN") (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the Financial Year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the Financial Year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

iii. Senior citizens, who are 60 or more years of age at any time during the Financial Year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the IT Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be NIL;

iv. All mutual funds registered under Securities and Exchange Board of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10 (23D) of the IT Act in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the IT Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the IT Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it;

v. For any NCDs held by Foreign Institutional Investors/ Foreign Portfolio Investors/ Qualified Foreign Investors, interest on NCDs may be eligible for concessional tax rate of 5% (plus applicable surcharge and health and education cess) for interest referred under Section 194LD applicable in respect of rupee denominated bonds of an Indian Company between June 1, 2013 and July 1, 2023 provided such rate does not exceed the rate as may be notified by the Government. Further, in case where section 194LD is not applicable, the interest income earned by FIIs/FPIs should be chargeable to tax at the rate of 20% under section 115AD of the IT Act. Tax shall be deducted u/s. 196D of the IT Act on such income at 20%. Where DTAA is applicable to the payee, the rate of tax deduction shall be lower of rate as per DTAA or 20%, subject to the conditions prescribed therein;

vi. Interest payable to Life Insurance Corporation, General Insurance Corporation and any other insurers are exempted from deductions of tax at source under Section 193 of the IT Act;

vii. Interest payable to entities falling under the list of entities exempted from TDS by the circular no. 18/2017 by Central Board of Direct Taxes (whose income is unconditionally exempt under Section 10 of the IT Act and who are also statutorily not required to tile return of income as per Section 139 of the IT Act);

viii. Any other specific exemption available to any other category of investors under the IT Act; and

ix. In case(s) where the NCD Holder(s) do not submit the declaration/ certificates as per format prescribed under applicable laws with the Issuer and the RTA at the specified address on or prior to the relevant Record Date for payment of interest on the NCDs, the Issuer shall not be liable to refund the applicable

amount of tax deducted at source and the NCD Holders would be required to directly take up with the tax authorities for refund, if any.

11. **Issue Procedure**

i. **Eligible Investors**

The following categories of investors, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

a. All QIBs and / or;

b. any non-QIB Investors specifically mapped by the Issuer on NSE EBP Platform;

Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the NSE EBP Guidelines and SEBI EBP Guidelines) specifically mapped by the Issuer on the NSE EBP Platform are also eligible to bid/apply/invest for this Issue.

All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures and the Issuer, is not in any way, directly or indirectly, responsible for any statutory or regulatory breach by any investor, nor shall the Issuer be required to check or confirm the same.

The Placement Memorandum will be issued to the Eligible Investors, who are required to complete and submit the Application Form to the Issuer in order to accept the offer of Debentures. No person other than the Eligible Investors to whom the Placement Memorandum has been issued by the Issuer may apply for the Issue through the Application Forms received by them. Any application from a person other than those specifically addressed will be invalid.

Hosting of the PPM/PM on the websites of the NSE and SEBI should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the same has been hosted only as it is stipulated under the SEBI ILMDS Regulations read with the NSE EBP Guidelines.

ii. **Application Process**

Only Eligible Investors as mentioned hereinabove may apply for the Debentures. The minimum number of Bonds that can be applied for and the multiples thereof shall be as set out in this Placement Memorandum. No application can be made for a fraction of a Bond.

The Issue set up shall be done by the Issuer in accordance with the NSE EBP Guidelines and SEBI EBP Guidelines.

Eligible Investors are required to register on the EBP, the link for which shall be available at https://www.nse-ebp.com/ebp/rest/login. All the registered Eligible Investors are required to update the necessary bank account details and demat details before participating in the bidding process on the NSE EBP Platform.

In order to be able to bid under the NSE EBP Platform, Eligible Investors must have provided the requisite documents (including but not limited to the documentation related to 'know your customer') in accordance with the SEBI EBP Guidelines and NSE EBP Guidelines. Eligible Investors should refer the operating guidelines for issuance of debt securities on private placement basis through an electronic book mechanism as available on the website of NSE. The details of the Issue shall be entered on the NSE EBP Platform by the Issuer at least 3 (three) Working Days prior to the Issue Opening Date, in accordance with the SEBI EBP 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 EBP Platform, at least 1 (one) Working Day before the start of the Issue Opening Date.

The Issue will open on the 'Issue Opening Date' and close on the 'Issue Closing Date' as stated herein ("Issue Period"). The subscription to the Bonds shall be made by the Eligible Investors through the electronic book mechanism by placing bids on the NSE EBP Platform as prescribed by SEBI during the Issue Period. Bids need to be submitted by issue closing time or such extended time as decided by the Issuer on the NSE

EBP Platform. Some of the key parameters in terms of the extant SEBI EBP Guidelines on issuance of debt securities on private placement basis through an electronic book mechanism are as follows:

Details of size of the Issue and green shoe portion, if any	Private Placement of up to 2,500 (Two Thousand Five Hundred) Rated, Listed, Taxable, Secured, Redeemable, Non-Convertible Municipal Bonds in the Nature Of Debentures ("**Bonds"/ "NCDS"/ "Debentures**"), of Face Value of ₹ 1,00,000/- (Rupees One Lakh Only) each, for cash, for an amount of up to ₹25 crores (Rupees Twenty Five Crores) ("Issue") by the BMC
Interest rate parameter	Fixed Coupon
Issue Opening Date	October 27, 2025
Issue Closing Date	October 27, 2025
Minimum Bid Lot	10 Debentures aggregating to Rs. 10,00,000 (Rupees Ten Lakhs)
Manner of bidding in the Issue	Closed bidding on the NSE EBP Platform in line with the NSE EBP Guidelines
Manner of allotment in the Issue	Uniform yield basis in line with the NSE EBP Guidelines
Manner of settlement in the Issue	Settlement of the Issue will be done through the clearing corporation of NSE being National Securities Clearing Corporation Limited and the account details are given in the section on 'Allocation and Settlement' of the Placement Memorandum
Settlement Cycle	The process of pay-in of funds by investors and pay-out to Issuer will be done on T+1 day, where T is the Issue Closing Date

iii. **Bids by the Arrangers**

Only the Arrangers mapped by the Issuer on the NSE EBP Platform shall be entitled to bid on behalf of Eligible Investors in the capacity of an arranger. An arranger can bid, on behalf of multiple participants, subject to the limits for each participant in accordance with SEBI Master Circular.

The Arrangers are allowed to bid on a proprietary, client and consolidated basis. At the time of bidding, the Arrangers are required to disclose the following details to the NSE EBP Platform:

Whether the bid is proprietary bid or is being entered on behalf of an Eligible Investor or is a consolidated bid, i.e., an aggregate bid consisting of proprietary bid and bid(s) on behalf of Eligible Investors.

For consolidated bids, the Arrangers shall disclose breakup between proprietary bid and bid(s) made on behalf of Eligible Investors.

For bids entered on behalf of Eligible Investors, the Arrangers shall disclose the following:

a. Names of such Eligible Investors;

b. Category of the Eligible Investors (i.e. QIB or non-QIB); and

c. Quantum of bid of each Eligible Investor

Provided that the Arrangers shall not be allowed to bid on behalf of any Eligible Investor if the bid amount for a series of the Debentures exceeds 5% (five percent) of base issue size of the Debentures or ₹ 100 Crores, whichever is lower (or such revised limits as may be specified in the SEBI EBP Guidelines from time to time).

iv. **Modification or cancellation of the bids**

Modification or cancellation of the bids shall be allowed i.e. bidder can cancel or modify the bids made in an issue, subject to the following:

a. such cancellation/ modification in the bids can be made only during the bidding period;

b. no cancellation of bids shall be permitted in the last 10 minutes of the bidding period; and

c. in the last 10 minutes of the bidding period, only revision allowed would be for:

i. downward revision of coupon/ spread or upward modification of price; and/ or

ii. Upward revision in terms of the bid size.

NSE reserves the right to cancel any bids placed by the Bidder or any transaction, if found in contravention of applicable law, or when requested/directed by any competent legal authority(ies), or if found that occurrence of material events have bearing on the performance/operations of the Issuer or an informed appraisal of the status/position of the Issuer by Bidder/it's client.

After the end of the bidding window, the Issuer has the option to:

a. Withdraw the Issue; or

b. Accept the Issue

In case the Issuer does not accept or withdraws the issue before the specified deadline, then the issue will be withdrawn by the system as per the NSE EBP guidelines.

v. **Allocation and Settlement:**

The allotment of valid applications received on the latest by the time of close of bidding window shall be done on 'uniform yield allotment' basis in the following manner:

a. all bids shall be arranged in accordance with "yield time priority" basis and the allotment shall be done at the cut-off rate determined in the bidding process. The allotment and settlement value shall be based on the face value.

b. where two or more bids have the same yield coupon and time, then allotment shall be done on "pro-rata" basis.

Post completion of the bidding process and closure of the Issue, the Issuer will accept and upload the provisional allocation on the NSE-EBP Platform. Post receipt of investor details, the Issuer may freeze the allocation on the NSE EBP Platform.

Eligible Investors whose bids have been accepted by the Issuer ("Successful Bidders") shall make pay-in of subscription monies in respect of the Bonds towards the allocation made to them, into the bank account of NSE Clearing Limited, on the Pay-In Date and before the pay-in cut-off time in accordance with the NSE and SEBI EBP Guidelines, the details of which will be displayed on NSE EBP Platform.

The fund pay-in by the successful bidders will be made only from the bank account(s), which have been provided/updated on the NSE EBP Platform. All transfers/RTGS must be made payable to the designated bank accounts of NSE Clearing Limited, details of which accounts are as set out below:

Beneficiary Name	NSE Clearing Limited
Clearing House Bank	HDFC Bank Ltd
IFSC	HDFC0000060
Bank account number	Will be available on NSE EBP Platform post bidding and will be shared on mail post allocation for making the payment

It may be noted that payment by any other means shall not be accepted. The Issuer assumes no responsibility for any delayed receipts / non-receipt of RTGS payments or any applications lost in mail or in transit or any failure of electronic fund transfer.

Any amount received from third party accounts or from accounts not specified in the EBP may lead to cancellation of bid and no allotment will be made against such payments and the funds shall be refunded. Further, pay-in received from any other bank account may consequently lead to debarment of the bidder from accessing the NSE EBP Platform for 30 (thirty) days or as may be provided under NSE EBP Guidelines.

Upon the transfer of funds into the aforesaid account of NSE Clearing Limited by the Successful Bidders, the Issuer shall confirm its decision to proceed with the allotment of the Bonds in favour of the Successful Bidders to the clearing corporation(s), Depository(ies), Registrar and the NSE EBP Platform. The Issuer shall initiate the requisite corporate action for allotment of Debentures and credit of allocated Debentures into the relevant demats account of the Successful Bidders through the Registrar. The Registrar shall provide corporate action file along with all requisite documents to the Depositories and intimate the NSE EBP of the aforesaid actions.

Upon the Depositories confirming the allotment of the Bonds and the credit of allocated Debentures into the demat account of the Successful Bidders to NSE EBP, the subscription monies in respect of the Bonds from the aforesaid account of the clearing corporation shall be released into the Issue Proceeds Account, as intimated by the Issuer to NSE EBP in accordance with applicable regulations/notifications and guidelines issued by SEBI from time to time. The details of the Issuer's Issue Proceeds Account are as provided herein below:

Beneficiary Name	BHAVNAGAR MUNICIPAL CORPORATION 2025-ISSUE PROCEED ACCOUNT
Bank Account No.	000405164655
IFSC Code	ICIC0000004
Bank Name	ICICI Bank Limited
Branch Address	Capital Market Division, 163, 5th Floor, HT Parekh Marg, Churchgate, Maharashtra, Mumbai, India – 400020

It must be noted that all pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties may be applicable as specified by the NSE and SEBI EBP Guidelines.

Upon final allocation by the Issuer, the Issuer shall disclose the Issue Size, price quoted during bidding, ISIN, number of successful bidders, category of the successful bidder(s), etc., in accordance with the SEBI Master Circular and SEBI & NSE EBP Guidelines. The NSE EBP platform shall upload such data, as provided by the Issuer, on its website to make it available to the eligible participants.

All benefits relating to Debentures will be available to the Investors from the Deemed Date of Allotment. The actual allotment of Debentures may take place on a date other than the Deemed Date of Allotment. In case if the issue closing date of Debentures is changed (preponed/ postponed), the Deemed Date of Allotment of Debentures may also be changed (preponed/ postponed) by the Issuer

vi. **Application Forms**

Applications for the Bonds must be made in the Application Form and must be completed in block letters in English by the Eligible Investors. Application Forms must be accompanied by payment details. The full amount of the Face Value/ Issue Price allotted has to be paid along with the delivery of the fully completed and executed Application Form together with other applicable documents described below. Application Forms should be duly completed in all respects. The name of the Applicant's bank, type of account and account number must be duly filled by the Applicant. All Application Forms duly completed should be scanned clearly and emailed to the Issuer along with all the relevant documents on or before the Pay-In Date and forthwith followed by the original Application Form shall be submitted at the Head Office of the Issuer which is located at Bhavnagar Mahanagar Seva Sadan, Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar, Gujarat – 364001 but no later than 10 (ten) days from the Issue Closing Date. The Issuer will not be responsible in any manner for any delayed receipts / non-receipt of Application Forms for any reason whatsoever.

Documents to be provided by successful bidders:

Investors need to submit the certified true copies of the following documents, along-with the application form, as applicable:

a. Articles and Memorandum of Association/ Constitution/ Bye-laws;

b. Board Resolution authorizing the investment and containing operating instructions;

c. Power of Attorney/ relevant resolution/authority to make application;

d. Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority; and

e. Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department.

vii. **Withdrawal of Issue**

The Issuer may, at its discretion, withdraw the issue process on the conditions set out under the NSE EBP Guidelines; provided that the Issuer shall accept or withdraw the issue on the NSE EBP Platform in accordance with NSE EBP Guidelines as prevailing on the date of the bid. If the Issuer has withdrawn the Issue, and the cut-off yield of the Issue is higher than the estimated cut-off yield disclosed to the NSE EBP Platform, the estimated cut-off yield shall be mandatorily disclosed by the NSE EBP Platform to the Eligible Investors. The expression 'estimated cut off yield' means yield so estimated by the Issuer, prior to opening of issue on the NSE EBP Platform. The disclosure of estimated cut off yield by NSE EBP Platform to the Eligible Investors, pursuant to closure of the Issue, shall be at the discretion of the Issuer.

viii. **Continuous Listing Conditions**

The Issuer shall comply with the conditions of listing specified in Schedule V of the SEBI Municipal Debt Regulations including continuous disclosure and other requirements as specified by SEBI from time to time, including the SEBI Circular dated June 19, 2017 and bearing reference no. CIR/MD/DF1/60/2017 read with the SEBI Circular date November 13, 2019 bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019 and as amended from time to time, the applicable provisions of the SEBI Master Circular, SEBI Debenture Trustee Master Circular.

The Issuer shall comply with the provisions of Chapter VI of the SEBI Municipal Debt Regulations including the provisions in relation to continuous listing conditions; accounting and audit; and trading and reporting of municipal debt securities.

ix. **Trading and reporting of municipal debt securities**

The information in respect of the Issue such as Issuer details, Bond details, Ratings, rating migration, coupon, buyback etc. shall be reported to a common database as may be required and specified by SEBI.

x. **Fictitious Application**

Any person who makes, in fictitious name, any application to the Issuer for acquiring, or subscribing to, the Bonds, or otherwise induces the Issuer to allot, register any transfer of Bonds therein to him or any other person in a fictitious name, shall be punishable as per provisions of extant laws.

xi. **Procedure for Applying for Dematerialised Facility**

a. The applicant must have at least one beneficiary account with any of the DP's of NSDL/ CDSL prior to making the application.

b. The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".

c. Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s)

with the DP.

d. For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

e. If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

f. For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

g. The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as at the end of the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

xii. **Depository Arrangements**

The Issuer has appointed KFIN Technologies Limited as the Registrar to the present Bond Issue. The Issuer has entered 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 there under. In this context, the Issuer has entered two tripartite agreements as under:

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

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

The NCDs under this Issue will be allotted and transferred in dematerialized form only. However, as per the provisions of the Depositories Act, Investors have an option to hold the Bonds in physical form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

xiii. **List of Beneficiaries**

The Issuer shall request the Depository(ies) to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

xiv. **Application 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 authorised signatories of the investor and the tax exemption certificate/document of the investor, 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 its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with the memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures

of all the authorised signatories must also be lodged along with the submission of the completed Application Form.

xv. **Procedure for application by Mutual Funds and Multiple Applications**

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The application forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

i. SEBI registration certificate;

ii. Resolution authorising investment and containing operating instructions; and

iii. Specimen signature of authorised signatories.

xvi. **Applications to be accompanied with Bank Account Details**

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s).

xvii. **Mode of Payment**

Applicants shall make remittance of application money by way of electronic transfer of funds through RTGS/electronic fund mechanism for credit by the pay-in time in the bank account of the National Securities Clearing Corporation Limited appearing on the EBP platform of NSE in accordance with the timelines set out in the NSE EBP Guidelines and the relevant rules and regulations specified by SEBI in this regard.

xviii. **Credit of Bonds**

The allotment of Bonds will be in terms of the timelines stipulated under SEBI Master Circular No. SEBI/HO/DDHS/DDHS-PoD/P/CIR/2025/0000000137 dated October 15, 2025. The Bonds will be credited in dematerialized form within 2 (two) Working Days from the Issue closure.

xix. **Refunds**

As per the provisions of the SEBI Municipal Debt Regulations, in case the Issuer fails to obtain listing or trading permission from NSE where the Bonds are proposed to be listed, it shall refund the entire monies received within seven days of receipt of intimation from NSE rejecting the application for listing of Bonds, and if any such money is not repaid after the Issuer becomes liable to repay it, the Issuer shall be liable to repay that money with interest at the rate of 15% (fifteen percent) per annum till such refund is made.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the registrar shall upon receiving instructions in relation to the same from the Issuer repay the monies to the extent of such excess, if any.

xx. **PAN Number**

Every applicant should mention its Permanent Account Number ("**PAN**") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

xxi. **Alterations to the Issue**

The Issuer reserves its sole and absolute right to modify the Issue Opening Date, Issue Closing Date, Pay-In Date and Deemed Date of Allotment in accordance with the regulatory provisions and EBP Guidelines. In the event of any change in the Issue Schedule including the Deemed Date of Allotment, the Issuer shall

notify the Stock Exchange about such change. In such a case, recipients of this Disclosure Document shall be intimated the revised time schedule by the Issuer. In case the Issue Closing Date/ Pay-In Date is/ are changed, the Deemed Date of Allotment and the Redemption Schedule may also be changed by the Issuer in accordance with the tenure of the Debentures at its sole and absolute discretion in accordance with the regulatory provisions and EBP Guidelines.

xxii. **Applications complete in all respects must be submitted before the last date indicated in the issue timetable.**

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 applicant's 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.

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 139A (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.

xxiii. **Issue of Bond Certificate(s)**

The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, rules notified by NSDL/ CDSL from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in dematerialized form only.

xxiv. **Market Lot**

The market lot for the purpose of bidding on the NSE EBP platform 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.

xxv. **Trading of Bonds**

The marketable lot for the purpose of trading of Bonds shall be 1(one) Bond. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs.1 Lakh and such trades shall be cleared and settled in recognized stock exchange 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.

xxvi. **Mode of Transfer/Transmission of Debentures**

The Debentures shall be transferable freely. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. Attention of the investors is drawn to para 11 (a) "*Eligible Investors"* of this Section on page no. 71 of this Placement Memorandum. The NCDs under this Issue will be allotted and transferred in dematerialized form only. However, as per the provisions of the Depositories Act, investors have an option to hold the Bonds in physical form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time. The Debentures held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or the transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the R&T

Agent as at the end of the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

xxvii. **Debentures held in Dematerialised Form**

The NCDs under this Issue will be allotted and transferred in dematerialized form only. However, as per the provisions of the Depositories Act, investors shall have an option to hold the Bonds in physical form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time. For the Debentures held in dematerialised form, no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/ ECS/ NEFT/ fund transfer/ RTGS to those Debenture Holder(s) whose names appear on the register of debenture holders maintained by the R&T Agent as at the end of the Record Date. All such Debentures will be simultaneously redeemed through appropriate debit corporate action. If permitted, the Issuer may transfer payments required to be made in any relation by electronic fund transfer/ RTGS to the bank account of the Debenture Holder(s) for redemption payments.

xxviii. **Sharing of Information**

The Issuer may use, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, its affiliates, and other banks, financial institutions, credit bureaus, agencies with statutory bodies, regulators, etc., as may be required without prejudice to the interests of the Bond Holders and subject to Applicable Law.

xxix. **Modification of Debentures**

Any amendment to the terms and conditions of the Debentures or the Transaction Documents will require the consent of the Debenture Trustee and Majority Debenture Holders, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders in accordance with applicable SEBI regulations.

xxx. **Right to accept or reject applications**

The Issuer reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof, in accordance with the regulatory provisions and EBP Guidelines. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. No interest shall be payable on any application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

a. Number of debt security applied for is less than the minimum application size;

b. Bank account details not given;

c. Details for issue of Debt Securities in electronic/ dematerialized form not given;

d. PAN/GIR and IT Circle/Ward/District not given;

e. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted; and

f. In the event, if any Debt Securities applied for are not allotted in full, the excess application monies of such Debt Securities will be refunded, as may be permitted.

xxxi. **Trustee for the Debentures**

The Issuer has appointed SBICAP Trustee Company Limited to act as the trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intend to enter into the debenture trust deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things

in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to timely payment of Coupon and repayment of principal and they will take necessary action, subject to and in accordance with the debenture trust teed, at the cost of the Issuer. The Issuer shall not utilize the proceeds of the Issue till the debenture trust deed is executed. The Debenture Trust Deed shall more specifically set out rights and remedies of the Debenture Holders and the manner of enforcement thereof. The Debenture Trustee shall carry out its duties and perform its functions in terms of the SEBI Debt Listing Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trust Deed and the PPM/PM, with due care, diligence and loyalty. The debenture trustee shall monitor the Escrow Account and shall ensure disclosure of all material events on an ongoing basis. The Debenture Trustee shall supervise the implementation of the obligations cast in terms of provisions of the SEBI Debt Listing Regulations.

xxxii. **Interest on Application Money**

Not Applicable.

xxxiii. **Interest on the Bonds**

The face value of the Bonds outstanding shall carry interest at the coupon rate from Deemed 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-enactment thereof, 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 Depositories to the Registrar as on the record date fixed by Issuer in the 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 cheque/DDs on the due date. 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 Registrar as on the Record Date.

xxxiv. **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 (leap year), interest shall be computed on 366 days-a-year basis, on the face value amount of Bonds outstanding.

xxxv. **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.

xxxvi. **Put & Call Option**

Neither the Bondholder(s) shall have any right to exercise Put Option nor the Issuer shall have right to exercise Call Option to redeem the Bonds, in whole or in part, prior to the respective Redemption Date.

xxxvii. **Redemption**

The face value of the Bonds shall be redeemed at par, on the respective Redemption Date. The Bonds will not carry any obligation, for interest or otherwise, after the Redemption. The Bonds shall be taken as discharged on payment of the redemption amount by the Issuer to the registered Bondholders whose name appears 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, in accordance with the provisions of Chapter III of the SEBI Master Circular.

xxxviii. **Roll-Over of Bonds issued:**

Roll-Over of Municipal Bonds issued - If any, will be made only in accordance with the provisions of Regulation 21 of the SEBI Municipal Debt Regulations.

xxxix. **Buy-back**

The Issuer may provide an option to buy-back the Bonds from the Bondholders, in the manner as may be specified by SEBI from time to time, at a value which shall not be less than the face value of the Bonds.

xl. **Settlement/ Payment on redemption**

Payment of interest and repayment of principal shall be made by way of cheque(s)/ warrant(s)/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 to the list of Beneficial Owners as provided by NSDL/CDSL 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 shall be adjusted.

The Issuer's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished after the redemption of Bonds, except in case of delay or non-credit of funds into the accounts of the Beneficial Owners. Further the Issuer will not be liable to pay any interest or compensation from after the Redemption of Bonds. On the Issuer's crediting the amount to the Beneficiary(ies) in respect of the Bonds, the liability of the Issuer shall stand extinguished, except in case of delay or non-credit of funds into the accounts of the Beneficial Owners.

xli. **Succession**

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, where it thinks fit or take into consideration any other documentary evidence for this purpose, in accordance with the Applicable Law.

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

a) 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.
b) Proof that the NRI is an Indian National or is of Indian origin.
c) Such holding by the NRI will be on a non-repatriation basis.

xlii. **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 in accordance with the regulatory provisions and EBP Guidelines.

xliii. **Acknowledgements**

Merchant Banker/Arranger to the Issue receiving the duly completed Application Form will acknowledge receipt of the application. No separate receipts will be issued for the application money.

xliv. **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.

xlv. **Nomination Facility**

Nomination facility will be provided to the Bondholders if provided under applicable law and in a manner provided under the applicable law.

xlvi. **Right of Bondholder(s)**

Though the Corporation does not have any shareholders, it is clarified that at any point of time a 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 Bondholders only, and in case of Joint holders, to the one whose name stands first. Besides, the Bonds shall be subject to the terms of this PM and other terms and conditions as may be incorporated in the Transaction Documents that may be executed in respect of these Bonds.

xlvii. **Modification of Rights**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated in accordance with Applicable Law and with the consent, in writing, of the Debenture Trustee and also the consent 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.

xlviii. **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 registered post/speed or through email or other electronic media to the of Bondholders or as allowed under the applicable law.

xlix. **Joint-Holders**

Notwithstanding anything in Section 45 of the Indian Contract Act, 1872, when any debenture issued under the 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 Contract Act, 1872, when two or more persons are joint holders of any debenture issued under the 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.

l. **Disputes & Governing Law**

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of the competent courts of Bhavnagar, Gujarat India. However, in relation to the Issue Proceeds Agreement the parties shall submit to the exclusive jurisdiction of Courts and Tribunals in Mumbai.

li. **Procedure for deciding and adjusting payment dates.**

If the date of payment of coupon/redemption of principal does not fall on a Working Day, the payment of coupon/principal shall be made in accordance with SEBI Master Circular dated October 15, 2025 bearing reference SEBI/HO/DDHS/DDHS-PoD/P/CIR/2025/0000000137, as amended from time to time and detailed in the Term Sheet on page 115 of this PM .

If the coupon payment date falls on a Sunday or a holiday, the coupon payment shall be made on the next Business day. The dates of the future payments would continue to be as per the schedule originally stipulated in the Placement Memorandum/ Term Sheet in line with applicable guidelines/ regulations/ circulars as issued by SEBI from time to time.

If the redemption/maturity date of the Bonds falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. In such case, along with the redemption proceeds, the coupon accrued

on such Bonds shall also be paid on the previous working day as per the cash flows provided under Annexure – V "Illustration of Bond Cash Flow" of Placement Memorandum.

If a leap year (i.e. February 29) falls during the tenor of the bonds, then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for the entire year, irrespective of whether the interest is payable annually, half yearly, quarterly or monthly.

For the purpose of clarification, the payment of interest/redemption shall be made only as per the cash flows provided under Annexure – V "Illustration of Bond Cash Flow" of the Placement Memorandum.

In the event the Record Date falls on a day which is not a Business Day, the immediately preceding Business Day will be considered as the Record Date. The interest/redemption payments shall be made only on the days when the commercial banks are open for business in Bhavnagar, Gujarat.

lii. **Details of change in terms and conditions of municipal debt securities issued in past 5 years (i.e., Change in coupon, maturity, call/put option etc.)**

NIL, as the Issuer has not issued any municipal debt securities in past 5 years.

liii. **Terms of payments and procedure and time schedule for allotment and issue certificates/demat credit**

The allocation to the applicants and/or rejections of the applications shall be made in compliance with the provisions prescribed by SEBI and NSE being electronic book provider (EBP) platform. However, in case of successful accepted applications the Deemed Date of Allotment would be the Pay-In Date itself.

liv. **Details of Escrow Payment Mechanism for the repayment of the Interest/Principal.**

The Bonds are backed by a structured payment mechanism to ensure timely payment of interest and principal. Please refer to Annexure I Structured Payment Mechanism on page no. A-1 of this PM.

lv. **Permission to use Issuer Details**

The Online Bond Platform Providers registered with the stock exchanges ("OBPPs" only for offering NCDs in the secondary markets), shall be permitted to use the Issuer's name, logo, and relevant Issue details in advertisements, or promotional and marketing materials for the purpose of marketing and promoting the NCDs on their websites, mobile applications, or other digital platforms. It is the responsibility of Issuer to ensure compliance with Applicable Laws and further ensure that the same does not constitute an offer to the public.

12. **Disclosures in accordance with SEBI Master Circular for Debenture Trustees bearing reference number SEBI/HO/DDHS-PoD-1/P/CIR/2025/117 dated August 13, 2025**

Terms and Conditions of Debenture Trustee Agreement

i. Fees charged by Debenture Trustee

The Debenture Trustee has agreed for an acceptance fee amounting to ₹50,000, annual fee amounting to ₹30,000, CERSAI (if applicable) amounting to ₹2,000, out of pocket expenses on actual basis and to be incurred only after prior approval of BMC (taxes as applicable) for the services as agreed in terms of the offer.

ii. Terms of carrying out Due Diligence

a. As per the SEBI Debenture Trustee Master Circular, as amended and/ or supplemented from time to time, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which the Issuer has consented to.

b. The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all

permissions or consents (if any) as may be required to create the security as stipulated in the placement memorandum and other applicable laws has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Issuer and to have the Issuer's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

c. The Issuer shall provide all assistance to the Debenture Trustee to enable verification from any authority as may be relevant, where the assets and/or encumbrances in relation to the assets of the Issuer or any third-party security provider are registered / disclosed.

d. Without prejudice to the aforesaid, the Issuer shall ensure that it provides and procures all information, representations, confirmations, and disclosures as may be required at the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Relevant Laws.

e. In addition to the above terms of carrying out the due diligence, the Debenture Trustee Agreement provides for, inter alia, the following terms and conditions:

   i. The Issuer undertakes to promptly furnish all and any information as may be required by the Debenture Trustee in terms of the SEBI ILMDS Regulations and the Debenture Trust Deed on a regular basis, including without limitation the documents, as may be applicable;

   ii. The Debenture Trustee does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by investors for the Bonds.

f. The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out-of-pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Issuer.

g. The Debenture Trustee shall obtain following certificates from an empaneled agency as a part of due diligence:

   a) Security Cover Certificate; and

   b) Any other document as may be required for concluding the due diligence.

h. The Debentures shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the Debenture Trustee.

i. Pursuant to the Regulation 13 of the SEBI Debenture Trustee Regulations and other applicable rules and regulations, the Issuer undertakes to comply with all regulations, guidelines of other regulatory authorities in respect of allotment of debentures/bonds till redemption. The time limit within which the Security for debentures/bonds shall be created or the agreement shall be executed in accordance with provisions as prescribed by any regulatory authority as applicable.

j. The Debenture Trustee shall perform its duties and obligations with due care, diligence and in the best interest of the Debenture holders, and exercise its rights and discretions in accordance with the prior written instructions / directions from the Debenture Holders in accordance with the terms of the Debenture Trust Deed, and shall further conduct itself and comply with the provisions of all applicable law (including without limitation, the Debenture Trustee Regulations, SEBI ILMDS Regulations).

k. Without prejudice to the aforesaid, the Issuer shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

iii. Events of Default (including manner of voting/conditions of joining Inter Creditor Agreements)

a. Subject to the terms of the Debenture Trust Deed, the Debenture Trustee, at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a special resolution, passed at a meeting of the Debenture Holders, (subject to being indemnified and/or secured by the Debenture Holders to its satisfaction), give notice to the Issuer specifying that the Bonds and/or any particular options of Bonds, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deed:

b. In accordance with the Chapter X: Breach of Covenants, Default and Remedies of master circular for debenture trustees numbering SEBI/HO/DDHS/DDHS-PoD/P/CIR/2025/0000000137 dated October 15, 2025 for post the occurrence of a "default", the consent of the Debenture Holders for entering into an inter-creditor agreement (the "ICA")/ shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the Bond Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level.

c. SEBI Master Circular for Debenture Trustees, defines 'default' as non-payment of interest or principal amount in full on the pre-agreed date which shall be recognized at the first instance of delay in the servicing of any interest or principal on debt.

d. It is hereby confirmed, in case of an occurrence of a "default", the Debenture Trustee shall abide and comply with the procedures mentioned in the abovementioned circular (SEBI/HO/DDHS-PoD-1/P/CIR/2025/117) dated August 13, 2025 issued by SEBI.

iv. Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per SEBI (Debenture Trustees) Regulations, 1993, SEBI ILMDS Regulations, the SEBI Debenture Trustee Master Circular and circulars issued by SEBI from time to time.

v. Other Information

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI Debenture Trustee Master Circular.

SBICAP TRUTSEE COMPANY LIMITED HAS FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED OCTOBER 16, 2025 AS PER THE FORMAT SPECIFIED IN THE SEBI DEBENTURE TRUSTEE MASTER CIRCULAR WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED DOCUMENTS PERTAINING TO THE SAID ISSUE AND OTHER SUCH RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.

2. ON THE BASIS OF SUCH EXAMINATION AND OF THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND ON INDEPENDENT VERIFICATION OF THE VARIOUS RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS:

WE CONFIRM THAT:

1. THE ISSUER HAS MADE ADEQUATE PROVISIONS FOR AND/OR HAS TAKEN STEPS TO PROVIDE FOR ADEQUATE SECURITY FOR THE DEBT SECURITIES TO BE ISSUED AND LISTED.

2. THE ISSUER HAS OBTAINED THE PERMISSIONS / CONSENTS NECESSARY FOR CREATING SECURITY ON THE SAID PROPERTY(IES).

3. THE ISSUER HAS MADE ALL THE RELEVANT DISCLOSURES ABOUT THE SECURITY AND ALSO ITS CONTINUED OBLIGATIONS TOWARDS THE HOLDERS OF DEBT SECURITIES.

4. ISSUER HAS ADEQUATELY DISCLOSED ALL CONSENTS/ PERMISSIONS REQUIRED FOR CREATION OF FURTHER CHARGE ON ASSETS IN PLACEMENT MEMORANDUM AND ALL DISCLOSURES MADE IN THIS PLACEMENT MEMORANDUM WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.

5. ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.), IN PLACEMENT MEMORANDUM.

6. ISSUER HAS GIVEN AN UNDERTAKING THAT CHARGE SHALL BE CREATED IN FAVOUR OF DEBENTURE TRUSTEE AS PER TERMS OF ISSUE BEFORE FILING OF LISTING APPLICATION.

WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES.

SECTION-X: FINANCIAL INFORMATION

A. Following details as per the financial statements for past 3 years in tabular format:

EXAMINATION REPORT ON FINANCIAL INFORMATION

To,

BHAVNAGAR MUNICIPAL CORPORATION,
Bhavnagar Mahanagar Seva Sadan,
Sir Mangal Sinhji Road, Near Kalanala
Bhavnagar, Gujarat - 364001

Dear Sirs,

We have examined the Financial Information comprising the Abridged Balance Sheet, Income and Expenditure Statements and Cash Flow Statements for the year ended March 31, 2025, March 31, 2024 and March 31, 2023 (collectively, the "**Financial Information**") of Bhavnagar Municipal Corporation (the "**Issuer**") as annexed to this report for the purpose of inclusion in the Placement Memorandum to be filed by the Issuer with the Securities and Exchange Board of India **("SEBI")** and the stock exchange(s) where the Debentures are proposed to be listed ("**Stock Exchange**") for private placement by the Issuer of up to 2,500 (Two Thousand and Five Hundred) secured, non-convertible, listed, rated, redeemable, taxable municipal bonds in the nature of debentures of face value of ₹1,00,000/- (Rupees One Lakh) each("**Bonds**"/ "**NCDs**"/ "**Debentures**"), for an amount aggregating up to Rs. 25 Crores (Rupees Twenty-Five Crores) on private placement basis("**Issue**") under Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, as amended from time to time.

The Financial Information comprising of Abridged Balance Sheets, Income & Expenditure Statements and Cash Flow Statements for the year ended March 31, 2023, March 31, 2024 and March 31, 2025 (collectively, the **'Financial Information')** has been prepared by us in terms of the requirements of the proposed Issue and prepared in accordance with:

a) Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, as amended from time to time ("**Regulations**");
b) The National Municipal Accounts Manual(NMAM);
c) The Gujarat Provincial Municipal Corporations Act, 1949("**Act**") and the rules framed thereunder;
d) The guidance notes issued from time to time by the Institute of Chartered Accountants of India **("ICAI"),** as amended from time to time (the "**Guidance Notes**").

It may be noted that, Bhavnagar Municipal Corporation initiated the transition from a cash-based accounting system to an accrual-based double entry accounting system, in accordance with the guidelines prescribed under the National Municipal Accounting Manual ("**NMAM**").

The Financial Statements for the financial year ended March 31, 2023 were originally prepared on a cash-based accounting system and were audited by us and issued an audit report dated January 31, 2024. For the purposes of the present Issuance, the Corporation has prepared & approved the Restated Financial Statements for the financial year ended March 31, 2023, based on the audited financial statements of the year and incorporates requisite changes arising from the transition to an accrual-based double entry accounting system and includes adjustments aligned with the NMAM. These adjustments are undertaken to ensure consistent accounting treatment as per the accounting policies and grouping/classification to be followed, to the extent possible. For the Restated Financial Statements for the year ended March 31, 2023, we have issued a Restated Audit Report dated November 06, 2024.

Subsequently, the financial statements for the financial years ended March 31, 2024 and March 31, 2025 were prepared on accrual-based double entry accounting system, in accordance with the guidelines prescribed under the NMAM for which the Auditor has issued Audit Report dated November 06, 2024 and June 24, 2025 respectively.

The Financial Information have been sourced from the financial statements of the Issuer comprising of Balance Sheets, Income & Expenditure Statements and Cash Flow Statements for the year ended March 31, 2023, March 31, 2024, March 31, 2025,audited by us pursuant to the Audit Report issued by us dated November 06, 2024, on the restated financial statement of the Issuer for the financial year ended March 31, 2023 and Audit Report issued by us dated November 06,

2024 and June 24, 2025 on the financial statements of the Issuer for the financial year ended March 31, 2024 and March 31, 2025 respectively.

Management Responsibility

2. The management of the Issuer is responsible for the preparation of the financial statements that gives a true and fair view of the financial position and financial performance of the Issuer. This responsibility includes the design, implementation, and maintenance of the internal control relevant to the preparation and presentations of the financial statements that gives a true and fair view and are free from material mis-statements, whether due to fraud or error.

Auditors Responsibility

3. We have examined such Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated January 10, 2025 and June 10, 2025 in connection with the proposed Issue of the Debentures by the Issuer;
   b) The Guidance Notes. We are required to comply with the ethical requirements of the code of ethics issued by the ICAI;
   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Financial Information; and
   d) Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Regulations and the Guidance Notes in connection with the proposed Issue of Debentures.

Opinion

4. Based on our examination and according to the above-mentioned regulations of National Municipal Accounts Manual and the Regulations, we report that:

   The Financial Information have been sourced from the financial statements of the Issuer comprising of Balance Sheets, Income & Expenditure Statements and Cash Flow Statements for the year ended March 31, 2023, March 31, 2024, March 31, 2025, audited by us pursuant to the Audit Report issued by us dated November 06, 2024, on the restated financial statement of the Issuer for the financial year ended March 31, 2023 and Audit Report issued by us dated November 06, 2024 and June 24, 2025 on the financial statements of the Issuer for the financial year ended March 31, 2024 and March 31, 2025 respectively.

5. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

6. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

7. Our report is intended solely for use of the purpose set out in first paragraph and in connection with the proposed issue of Bonds. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. We hereby provide our consent for sharing of our report with SEBI, the stock exchanges or any other statutory/ regulatory authority, as may be required, and AK Capital Services Limited (being the Merchant Banker to the Issue) and Tipsons Consultancy Services Private Limited (being the Joint Merchant Banker to the Issue).

For M/s. J Y Vora & Associates

Chartered Accountants
(Firm's Registration No. 145333W)

_____
Name: CA Jeet Vora
Designation: Proprietor
Membership No.: 179494
UDIN: 25179494BMIBFZ5479

Place: Bhavnagar
Date: October 16, 2025

i. **Abridged Balance Sheet**

(Rs in Crores)

Particulars	Financial Year		
	2022-23	2023-24	2024-25
	Re-stated Audited	Audited	Audited
LIABILITIES			
Reserves & Surplus			
Municipal (General) Fund[1]	438.80	516.86	460.77
Reserves	477.56	480.56	622.54[2]
Total	**916.36**	**997.42**	**1083.31**
Grants, Contributions for specific purposes	**386.56**	**426.86**	**486.75**
Loans			
Secured Loans	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00
Total Loans	0.00	0.00	0.00
Current Liabilities and Provisions			
Deposits Received	94.80	135.48	128.41
Deposit works	0.00	1.18	0.61
Other Liabilities	0.50	69.87[3]	70.08
Provisions	0.006	0.003	0.003
Total Current Liabilities and Provisions	**95.30**	**206.53**	**199.10**
TOTAL LIABILITIES	**1398.22**	**1630.81**	**1769.16**
ASSETS			
Fixed Assets			
Gross Block	779.80	781.46	812.38
Less: Accumulated Depreciation	135.99	181.57	216.44
Net Block	**643.81**	**599.89**	**595.94**
Capital Work-in-Progress	0.00	0.00	42.07
Total Fixed Assets	**643.81**	**599.89**	**638.01**
Investments			
Investment – General Fund	0.00	0.00	0.00
Investments – Other Funds[4]	98.27	255.56	419.24
Total Investments	**98.27**	**255.56**	**419.24**

Particulars	Financial Year		
	2022-23	2023-24	2024-25
	Re-stated Audited	Audited	Audited
Current Assets, Loans and Advances			
Stores and Consumables / Stock in Hand (Inventories)	1.73	1.73	1.73
Sundry Debtors (Receivables)	528.57	529.23	459.55[(5)]
Prepaid Expenses	0.00	0.00	0.0003
Cash and Bank Balances	125.84	242.70[(6)]	247.62
Loans, advances and deposits	0.00	1.70	3.01
Total Current Assets, Loans & Advances	**656.14**	**775.36**	**711.91**
TOTAL ASSETS	**1398.22**	**1630.81**	**1769.16**

Notes:

[(1)]General fund: The variations in the General fund pertain to the adjustments made to the opening balances based on corrections and clarifications pertaining to previous years. These adjustments are undertaken to ensure that the opening balance accurately reflects the true financial position in the books of accounts.
In the FY 2024-25, the total adjustments amounting to INR 103.30crore were made. These include the correction of the opening balance of the Pension Fund Reserve and the nullification or reduction of certain grants, such as those related to AMRUT 2.0. Initially, the entire sanctioned limit under AMRUT 2.0 was recorded as a grant fund in the books of accounts. However, as per the revised accounting guidelines, this treatment has been corrected. The previously recorded grant amount has been nullified, and the account balance has been brought down to zero to align with revised grant recognition practices. Grant recognition is now based on actual fund disbursement and utilization, as per the demand data received from the respective departments, rather than on sanctioned limits. This adjustment ensures compliance with updated norms and accurate presentation of grant liabilities and entitlements.
[(2)]The increase in the reserves in FY 2024-25 is pertaining to (a) the accounting of revaluation reserve was created in FY 2024-25 to account for the land amounting to Rs. 44.12 Crores, (b) the pension fund reserve was updated in FY 2024-25 to reflect the correct balance (c) Increase in the capital contribution pertaining to assets created during the year.
[(3)]Other Liabilities: Amount payable to employees towards General provident fund, Contributory provident fund and State provident fund incorporated in the books during the financial year 2023-24 onwards, which was not included in the accounts till FY 2022-23.
[(4)]Investments: An increase in investments is on account of the investments made out of the unspent grants received during FY 2023-24 & FY 2024-25.
[(5)]Sundry Debtors (Receivables): The receivables of Rs 167.91 crores pertaining to dues under old taxation system outstanding for more than 5 years has been written off in the FY 2024-25 as per NMAM which resulted in decline in the balance of sundry debtors compared to the past years.
[(6)]Cash& Bank Balance: The increase in cash & bank balances in FY2023-24 as compared to FY2022-23 is primarily due to the accounting of amounts payable to employees towards GPF, CPF and SPF from FY2023-24 onwards, which were not recorded in FY2022-23 and the receipt of NGT grant in February 2024 that remained unspent in the year FY2023-24.

ii. **Income and Expenditure Statement** **(Rs. In Crores)**

Major Head of Accounts	Financial Year		
Particulars	**2022-23**	**2023-24**	**2024-25**
	Re-stated Audited	**Audited**	**Audited**
INCOME			
Tax Revenue	145.33	172.36	196.44
Assigned Revenues & Compensation	40.97	56.60	57.80
Rental Income from Municipal Properties	6.96	3.78	3.35
Fees & User Charges	25.49	90.20[(1)]	73.19
Sale & Hire Charges	0.98	1.82	2.40
Revenue Grants, Contributions & Subsidies[(2)]	91.39	0.11	0.08
Income from Investments	11.18	15.71	26.99
Interest Earned[(3)]	44.42	2.74	2.43
Prior Period Income	0.00	0.00	0.00
Other Income[(4)]	42.15	3.10	5.00
Stores & Consumables	0.05	0.00	0.00
A-Total – INCOME	**408.92**	**346.42**	**367.68**
EXPENDITURE			
Establishment Expenses	167.05	162.32	178.30
Administrative Expenses[(2)]	137.73	21.14	25.51
Operations & Maintenance	67.08	75.62	89.46
Interest & Finance Expenses	0.00	0.03	0.00
Programme Expenses	0.00	0.10	0.13
Revenue Grants, Contributions & subsidies[(2)]	0.17	27.67	29.84
Miscellaneous Expenses	0.00	0.07	1.05
Depreciation	45.48	45.58	34.87
B-Total – EXPENDITURE	**417.52**	**332.54**	**359.16**
(A-B) Gross surplus/ (deficit) of income over expenditure before Prior Period Items	(8.60)	13.88	8.52
Net balance being surplus/ (deficit) carried over to Municipal Fund	**(8.60)**	**13.88**	**8.52**

Notes:

[(1)]Fees & User Charges: The increase in fees & user charges in FY 2023-24 majorly is on account of increased service /administrative charges & other fees charged by BMC.

[(2)]Revenue Grants, contribution& subsidies: In the year 2022-23, primary education Grant given by Government of Gujarat was recorded under Revenue Grants, contribution & subsidies as income in the income and expenditure statement and then subsequently recorded as expense under Administrative Expenses in the same financial year. However, from the

FY 2023-24 onwards, the treatment was revised and such grant was adjusted and nullified as the grant was not received directly in the bank accounts of BMC. This change was made to ensure correct and fair presentation of the financials. Further due to change in accounting treatment the primary education expenditure incurred by BMC which was accounted under Administrative Expenses in FY 2022-23 was regrouped & has been accounted as expense under Revenue Grants, Contributions & subsidies resulting in increase in the same during FY 2023-24 & FY 2024-25.

(3)Interest Earned: The variation arising in the interest earned in FY2023-24 as compared to FY2022-23 is due to regrouping of Interest related to property tax from the year 2023-24 onwards. The interest related to property tax is grouped under the head Tax revenues – property tax from FY2023-24 onwards for better financial presentation.

(4)Other Income: The variation arising in the other income in FY 2023-24 is due to regrouping of some items from other income to Fees and User charges from the year FY 2023-24 onwards.

iii. CASH FLOW STATEMENT

(Rs. In Crore)

Particulars	Financial Year		
	2022-23	2023-24	2024-25
	Re-stated Audited	Audited	Audited
Cash flows from Operating Activities: (A)			
Gross surplus/(deficit)over expenditure	(8.60)	13.88	8.52
Add:			
Depreciation	45.48	45.58	34.87
Interest & finance expenses	-	-	-
Less:			
Investment income	(11.18)	(15.71)	(26.99)
Interest income received	(44.42)	(2.74)	(2.43)
Adjusted income over expenditure before effecting changes in current assets and current liabilities and extra-ordinary items.	**(18.72)**	**41.01**	**13.97**
Changes in current assets and current liabilities			
(Increase)/decrease in Sundry debtors	(47.59)	(0.66)	69.68
(Increase)/decrease in Stock in Hand	(0.05)	-	-
Increase in grant, contribution for specific purposes	215.74	40.29	59.89
(Decrease)/increase in current liabilities & provisions	(3.62)	111.24	(7.43)
Net cash generated from/(used in) operating activities (A)	**145.76**	**191.88**	**136.11**
B. Cash flows from Investing Activities			
(Purchase) of fixed assets & CWIP	(5.90)	(1.66)	(72.99)
Sale/(Purchase) of Investments	(60.21)	(157.29)	(163.68)
Add:			
Investment income received	11.18	2.74	26.99
Interest income received	44.42	15.71	2.43
Net cash generated from/ (used in) investing activities (B)	**(10.51)**	**(140.50)**	**(207.25)**
C. Cash flows from Financing Activities			
Add:			
Change in Municipal Fund	(185.41)	64.17	(56.09)
Change in Reserves	32.57	3.00	133.46
Less:			
Increase in Loans & Advances	-	(1.70)	(1.30)

Particulars	Financial Year		
	2022-23	2023-24	2024-25
	Re-stated Audited	Audited	Audited
Net cash generated from/ (used in) financing activities (C)	**(152.84)**	**65.47**	**76.07**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(17.59)	116.85	4.93
Cash and cash equivalents at beginning of the period	143.43	125.84	242.69
Cash and cash equivalents at end of the period	125.84	242.69	247.62

B. LINK TO THE WEB PAGE FOR ACCESSING FINANCIALS OF THE MUNICIPAL BODY

The financial information regarding the Corporation can be obtained from the following links:

https://bmcgujarat.com/en/information/financial-information/financial-statement/

C. COPY OF BUDGET DOCUMENTS FOR PREVIOUS THREE YEARS

The summary of budget of the Issuer for previous three financial years (FY 2022-2023, FY 2023-2024 and FY 2024-25) and for the current FY 2025-2026 are annexed herewith as Annexure VII.

For complete budget documents for previous three financial years (FY 2022-2023, FY 2023-2024 and FY 2024-2025) and for the current FY 2025-2026 please refer to the link below:

https://bmcgujarat.com/en/information/financial-information/budget/

D. FINANCIAL PARAMETERS

(Rs. in Crores)

Key Financial Figures	Financial Year		
	2022-23	2023-24	2024-25
	Restated Audited	Audited	Audited
Revenue Income	408.92	346.42	367.68
Revenue expenditure (Excl. Interest)	417.52	332.54	359.16
Operating revenue Surplus	8.60	13.88	8.52
Interest expense	0.00	0.00	0.00
Principal repayment (outside sinking Fund)	-	-	-
Contribution to Sinking fund	-	-	-
Revenue Surplus	8.60	13.88	8.52
Capital Income	50.69	232.59	138.34
Capital Expense	66.11	160.65	237.98
Capital Surplus	(15.42)	71.94	(99.63)
Overall Surplus	(6.82)	85.82	(91.11)
Deposits and Advances (net)	(94.79)	(133.77)	(125.39)
Initial Cash/Bank balance	143.42	125.85	242.70
Change in Cash/Bank balance	(17.57)	116.85	4.92
Final Cash / Bank Balance	125.85	242.70	247.62
Loan repayment from sinking fund	-	-	-
Initial Sinking fund Balance	-	-	-
Change in sinking fund	-	-	-
Final sinking fund balance	-	-	-
Total Debt	-	-	-
Total Expenditure	483.63	493.19	597.14
Total Revenue	459.61	579.01	506.02
Ratio of Total Expenditure/Total Revenue	1.05	0.85	1.18
Cash Surplus / Total Revenue	(0.04)	0.20	0.01
Ratio of Debt Service / Total Revenue	NA	NA	NA

I. Details of top 5 revenue sources for the previous three years

The details of the top 5 revenue sources for Financial Year 2022-2023, Financial Year 2023-2024 and Financial Year 2024-2025 are as under:

(Rs. in Crores)

Revenue Receipts Type	Financial Year
	2022-23
Tax Revenue	145.33

Revenue Grants, Contributions & Subsidies	91.39
Interest Earned	44.42
Other Income	42.15
Assigned Revenue & Compensation	40.97

(Rs. in Crores)

Revenue Receipts Type	Financial Year 2023-24
Tax Revenue	172.36
Fees & User Charges	90.20
Assigned Revenue & Compensation	56.60
Income from Investments	15.71
Rental Income from properties	3.78

(Rs. in Crores)

Revenue Receipts Type	Financial Year 2024-25
Tax Revenue	196.44
Fees & User Charges	73.19
Assigned Revenue & Compensation	57.80
Income from Investment	26.99
Other Income	5.00

II. **Details of property tax collection**

As per the certificate from the Auditor for the Issue dated August 14, 2025 and October 16, 2025, the details of the property tax collection for Financial Year 2022-2023, Financial Year 2023-2024 and Financial Year 2024-2025 based on the Audited Financial Statements, are as below:

(₹ in crore)

Particulars	Demand Raised			Collection			Overall Collection Ratio(%)	Current Collection Ratio(%)
	Arrears *	Current	Total	Arrears	Current	Total		
2024-2025	125.23	96.60	**221.83**	16.72	66.65	**83.37**	37.58%	69.00%
2023-2024	99.02	89.71	**188.73**	19.81	59.35	**79.16**	41.94%	66.16%
2022-2023	93.67	61.96	**155.63**	18.34	39.08	**57.42**	36.90%	63.07%

** Arrears include the amounts arising from differences identified pursuant to the reassessment of demand data. The amounts of arrears have been taken directly from the records of the concerned department of the Corporation which may not have direct bearing with the numbers in the financial statements.*

III. **Status of reforms with respect to e-governance, cost recovery on water supply & Solid Waste Management (SWM), property tax, double entry accounting and others, as specified by MoUD and authorities concerned**

Status of reforms with respect to e-governance, water supply & Solid Waste Management (SWM), property tax, double entry accounting and others, as per guidelines laid by MoUD and authorities concerned:-

a. **Reforms on E-Governance:**

- BMC has launched a Complaint Redressal & Monitoring System to enhance security and transparency. This system uses OTP verification and features multiple complaint registration channels, automated escalation protocols, feedback mechanisms and multiple-channel communication.

- The Issuer has introduced a Mobile App titled as "Bhavnagar Municipal Corporation" for the citizens through which they can make property, vehicle and professional tax payments; download birth/death certificates, fire NOCs, marriage licenses; have access to tender notices, recruitment updates, emergency contacts; get latest update son news and events, etc.

- BMC has implemented a Work & Expense Monitoring System (WEMS) to streamline the internal processing and tracking of bills. The system enables digital, department-wise bill entries, ensuring systematic handling of

financial documentation. Once a bill is uploaded, its status is updated by the Accounts Department, and if forwarded for audit, the Audit Department continues the status updates. Functioning as a digital abstract register, WEMS enables real-time monitoring and promotes greater transparency and accountability.

- The Issuer has introduced eOlakh, an online system for efficient tracking and management of birth and death certificates. The platform enables the concerned department to monitor active records in real time, ensuring timely processing and accuracy of data.

- BMC offers an online Swimming Pool Management System, providing citizens with a convenient platform to access various services such as learner program applications, swimmer card registrations, and online fee payments. This system ensures a transparent, user-friendly, and efficient process, encouraging greater public participation and ease of service.

- The Issuer has introduced an online facility for shops and establishments, providing access to eNagar portal for application of licenses, grievance redressal, and tax payments, thereby streamlining regulatory compliance.

- BMC uses an online Hoarding Board Permit System which allows for digital application for new hoarding permits, renewals, cancellations, etc. It eliminates the need for in-person visits, encourages greater transparency and accountability.

b. **Solid waste management (SWM) Reforms:**

- BMC's Legacy Waste Project is focused on the processing of 1,15,000 MT legacy waste using bio-mining and processing of daily generated fresh waste using Trommel screen at Bhavnagar. This supports the local environment, public health, improves the management of waste and ultimately promotes sustainability.

- The Issuer has implemented a door-to-door waste collection system in the city. This promotes the efficient collection and transportation of waste from individual households or businesses directly to designated waste disposal sites. This system ensures that the waste is handled in a controlled and environmentally friendly manner.

- The Issuer has introduced a waste collecting vehicle tracking facility on its website, which enables tracking of vehicle locations, monitoring coverage areas and verifying the stops taken. This initiative enhances transparency, operational oversight and accountability.

- BMC has introduced an online payment facility for user charges applicable to small vendors, such as lorry vendors, hawkers and others responsible for generating waste on public roads. To streamline the process and promote ease of compliance, such payments can be made through BMC’s official website under the “Admin - User Charge Collection System” available in the E-Services section.

c. **Property Tax Reforms:**

With the efforts made by the BMC, the total collection of property tax, which is one of the main sources of revenue, has been Rs. 57.42 crores in FY 2022-2023 to Rs. 79.16 crores in FY 2023-2024 and to Rs. 83.37 in FY 2024-2025.

The various initiatives taken by the Issuer to increase the property tax are as under:

- Property tax payments: BMC offers an easy and convenient online facility for payment of Property Tax through its official website. Assessees can also generate their tax bills online, enabling faster access to payment details. To promote digital transactions and reduce manual processing, BMC provides a rebate to taxpayers who opt for online payment. This incentive aims to encourage more citizens to use online platform, enhancing transparency, efficiency and user convenience.

- The Issuer offers incentives to encourage prompt payments for property tax where a rebate was provided for timely payment. Additionally, a 2% rebate is provided for payments made through online channels.

- BMC sends text message alerts to citizens with a direct link to pay property tax online, making the process quicker and more accessible.

- Digital New Assessment: The Issuer has outsourced the assessment of new properties for property tax. The initiative aims to improve accuracy and expand overall coverage of new properties being built in Bhavnagar city along with streamlining processes and boosting revenue collections.

- One-time instalment scheme: The implementation of a one-time instalment scheme for property tax payments is a proactive measure by the BMC to improve tax recovery rates. Under this scheme, the assessee can make payment of their dues till registration day in five annual instalments along with current year's dues. This shall facilitate flexible payment options, improve recovery rates, increase compliance as well as public goodwill. This initiative shall help streamlining the financial health of the corporation in the long run. In 2023-24, 3413 property owners benefited from this scheme, showcasing its widespread success. Building on this achievement, the BMC has introduced OITS 2.0 for the year 2024-25 to deliver even greater value.

d. **Double Entry Accounting Reforms:**

The following steps have been implemented towards double entry accounting system by way of improvements in the back-office system**:**

- The National Municipal Accounting Manual has been followed by the Issuer with a view to providing better financial management, improved governance, accountability and transparency of management.

- BMC utilizes Tally Software for accounting which eliminates manual errors, speeds reconciliation, and ensures accurate reporting.

e. **Reforms on Water Supply**

- The Issuer collects water tax through its online portal, ensuring transparency through cashless transactions, in turn minimizing delays.
- BMC has initiated a pilot project to meter all household water connections in the Kaliyabid - D area of Bhavnagar. This metering system is designed to provide all year around water supply to the household domestic connections. The experience gained from this pilot project shall help BMC to replicate the same in other areas in future

IV. DETAILS OF ISSUER'S OUTSTANDING BORROWING

a. **Details of borrowings of the Issuer, as on the latest quarter end as on September 30, 2025**

As on September 30, 2025, the Issuer does not have any borrowings.

b. **Details of Secured Loan Facilities:**

As on September 30, 2025, the Issuer does not have any secured borrowings.

c. **Details of Unsecured Loan Facilities:**

As on September 30, 2025, the Issuer does not have any unsecured borrowings.

d. **Details of NCDs/Bonds:**

The Issuer has not issued any debentures or bonds prior to this proposed Issue.

e. **List of Top 10 Debenture Holders**

Not Applicable

f**. Details of Commercial Paper**

Nil

g**. Details of Rest of Borrowings**

Nil

h. **Details of any outstanding borrowings and 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

VI. Sufficient revenue generation and resources for timely servicing and redemption

The Bonds are proposed for servicing through a Structured Payment Mechanism. Under the structured payment mechanism, Own revenue/ Cash Flows gets collected/pooled by the issuer shall be transferred to a separate no-lien Escrow Account for debt servicing on daily basis.

In order to ensure timely servicing and redemption, the Issuer shall establish 2 (Two) accounts solely for the purpose of servicing the debt. The Interest Payment Account shall be established with a deposit such that at any point of time the Interest Payment Account holds an amount equivalent to 4 (Four) succeeding Coupon payments and the Issuer shall deposit an amount every month for the payment of the Coupon. To ensure adequacy of funds for redemption of the Bonds, a Sinking Fund Account shall be opened where amounts shall be deposited for redemption of the principal amounts of the Debentures. There is sufficient revenue generation/collection for timely servicing and redemption of Debentures from Own revenue/ Cash Flows, deposited in the account(s) for timely servicing and redemption. The total Revenue from own revenue sources during the last 3 (Three) Financial Years is approximately Rs. 317.01 Crores (Financial Year 2024-2025), Rs. 295.02 Crores (Financial Year 2023-2024) & Rs. 276.51 Crores (Financial Year 2022-2023).

VII. Issue Estimated Scenarios of Asset Liability Mismatches

As there is sufficient collection, there does not seem to be any scenario of asset liability mismatch. The Issuer has sufficient revenue from its Own Revenues/ Cash flows. With respect to the repayment of bonds, the Debentures are to be paid from Own Revenues/ Cash flows of the BMC. The current collections are sufficient to ensure the timely servicing/redemption of the Debentures. The structured payment mechanism as provided in this Placement Memorandum shall ensure that the funds deposited over period will be sufficient to service the Debentures. Further tax collections are estimated to remain sufficient; therefore, we do not foresee any scenario of Asset Liability mismatch in future as well. Further, any shortfall towards payments to be made in respect of the Debentures will be transferred in terms of the Transaction Documents.

SECTION-XI: LEGAL AND OTHER INFORMATION

The Bond Issue Committee in its meeting held on August 14, 2025 has adopted a materiality policy for disclosure of litigation in relation to the Issuer according to which other litigation involving the Issuer and the members of the Bond Issue Committee which may have an adverse impact on the position of the Issuer, the operations of the Issuer and the Projects which are being funded by the proceeds of the Debentures, have been disclosed hereinbelow.

Except as stated in this section, there are no:*(i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) disciplinary action including penalty imposed by SEBI or stock exchanges against the Issuer or the members of the Bond Issue Committee in the last five financial years including outstanding action; (iv) claims relating to direct and indirect taxes; or (v) Material Litigation (as mentioned below), involving the Issuer or the members of the Bond Issue Committee.*

For the purpose of (v) above, the Issuer has considered and adopted a policy of materiality for identification of material litigation in terms of the SEBI Municipal Debt Regulations, as amended, for disclosure of all pending litigation involving the Issuer and members of the Bond Issue Committee where:

a. *the potential financial liability/monetary claim by or against Municipal Corporation or the members of the Bond Issue Committee, in any such pending matter(s) is in excess of 0.03% of total income as per the audited financial statements of the Issuer for the FY 2024-25, i.e., Rs. 0.11 crores;*
b. *any such litigation wherein the monetary liability is not quantifiable which is and/or which may have a material adverse effect from the perspective of the(i) operations of the Corporation, (ii) the financial position, income and cash flows of our Corporation; (iii) the Projects proposed to be funded out of the proceeds of the Issue; (iv) the Issue; or the investor's decision to invest/continue to invest in the Bonds;*
c. *It is hereby clarified that Notices received from third parties (excluding statutory/regulatory/tax authorities or notices threatening criminal action) shall, not be evaluated for materiality until such time that the Issuer or any of the any of the members of the Bond Issue Committee of the Municipal Corporation is impleaded as defendants in litigation proceedings before any judicial forum.*

Further, the Issuer has a policy for identification of material outstanding dues to creditors ("Material Dues") for creditors where outstanding due to any one of them is in excess of 0.03% of total income as per the audited financial statements of the Issuer for the FY 2024-25, i.e., Rs 0.11 crores.

A. CONTINGENT LIABILITIES OF THE ISSUER

As per the certificate of the Auditor of the Issuer dated August 14, 2025 and October 16, 2025 the number of pending legal cases against the Bhavnagar Municipal Corporation (BMC) as on March 31, 2025, is summarized below:

Authority/Court	No. of cases*
District Court	272**
High Court	356
Supreme Court	2

**The matters are currently pending before various courts and are awaiting adjudication. As these cases are still under legal consideration, the exact amount of potential liability, if any, cannot be determined at this stage.*
***There a total of 40 pending appeals related to property tax that have been included among the cases filed in the District Court.*

BMC is monitoring the abovementioned cases and appropriate accounting treatment will be undertaken once a clear outcome is established or a reliable estimate of the liability becomes available.

LITIGATIONS INVOLVING THE ISSUER

B. LITIGATIONS AGAINST THE ISSUER

a. CRIMINAL LITIGATIONS

Sr. No.	Name of Parties	Case No.	Authority	Brief Facts of the Case	Amount Involved (Rs. in Crore)	Case Status
1.	Krupaba Mohitsinh Gohil V Hiteshbhai Sondhabhai Chaudhary, Assistant Town Development Officer, BMC and State of Gujarat	CR.MA/505/2022	The High Court of Gujarat at Ahmedabad	An FIR was lodged by Hiteshbhai Sondhabhai Chaudhary, Assistant Town Development Officer, BMC (the "**Complainant**") at Nilambaug Police station, Bhavnagar, alleging offences under Sections 420, 465, 468, 471and 120B of the Indian Penal Code, 1860. The complainant alleged that Krupaba Mohitsinh Gohil (hereinafter the "**Applicant**"), obtained a loan from SBI bank's Nilambaug Branch by using forged development permission. Aggrieved by the same, the Applicant approached the Hon'ble High Court of Gujarat at Ahmedabad (the "**Hon'ble Court**") seeking quashing of the FIR, stating that the forged permission was supplied to her by another person, that she was unaware of its falsity before the FIR, and that upon learning of it, she repaid the loan in full, for which a 'No Due Certificate' has been issued by the bank. Since the Complainant did not allege that the Applicant had herself created the forged document, the Hon'ble Court granted interim protection to her from coercive action while allowing the investigating agency to continue with the investigation. The case is currently pending in the Hon'ble Court.	-	Pending

i. WILLFUL DEFAULTER

The Issuer has not been declared as a wilful defaulter.

ii. ACTIONS BY REGULATORY OR STATUTORY AUTHORITIES

- **Employees Provident Fund Organisation**

Sr. No.	Name of Parties	Case No.	Authority	Brief Facts of the Case	Amount Involved (Rs. in Crore)	Case Status
1.	BMC V Regional Provident Commissioner-	EPF Appeal (CGITA) No. 23/2021	Employees Provident Fund Appellate Tribunal, Ahmedabad	An enquiry was conducted against BMC by the Employees' Provident Fund Organisation ("**EPFO**") in accordance with Section 7A of the Employees Provident Fund and Miscellaneous Provisions Act,	2.85	Pending

	II EPFO, Ahmedabad		(the "**Tribunal**")	1952 for non-payment of provident fund ("**PF**") to contractual employees for the period spanning between January 2011 to March 2016. Despite being issued multiple notices and extension of time being granted, BMC failed to provide full wages and attendance records for contractual workers engaged through contractors. Thereafter, the BMC was held responsible for PF contributions of contractual employees under the Employee Provident Fund Scheme and was ordered to clear a due amount of Rs. 2,85,77,664/- outstanding as payable by the employer. An appeal was filed by BMC before the Tribunal against the order. The appeal is still pending before the Tribunal.		

iii. DISCIPLINARY ACTIONS INCLUDING PENALTY IMPOSED BY SEBI OR STOCK EXCHANGE(S)DURING THE PAST 5 (FIVE) FINANCIAL YEARS INCLUDING OUTSTANDING ACTION

Nil

iv. DIRECT AND INDIRECT TAX

- **Direct Tax Related Litigation**

  Nil[#]

  [#]*Source: https://eportal.incometax.gov.in/iec/foservices/#/login?language-code=en. Status as on October 16, 2025.*

- **Indirect Tax Related Litigation**

S. No.	Nature	Number of Cases	Amount Involved (Rs. in Crores)
Property Tax			
1)	Property Tax* - Cases have been filed against the Issuer by the residents/ entities residing/ operating in Bhavnagar Municipal Corporation on jurisdiction accusing Issuer of charging huge amount of property tax.	60	12.39

** To the extent quantifiable excluding interest and penalty thereon.*

v. OTHER MATTERS BASED ON MATERIALITY POLICY OF THE ISSUER:

S. No.	Name of the Parties	Case Number	Authority	Brief facts of the Case	Amount Involved (in Crore)	Case Status
1.	Om Construction Co. V BMC and Anr.	Civil Application No. 09/2025 in Arb. Ref. No. 21/2025	The Gujarat Public Works Contracts Disputes Arbitration Tribunal at Ahmedabad (the **Tribunal**")	An application was filed by Om Construction Co. ("**Appellant**"), who was awarded a contract for construction of a road, against BMC for the termination of abovementioned contract, forfeiture of security deposit and barring of contractor from tendering without seeking any explanation from BMC. The Appellant claimed that they were unable to continue road construction work because of the lack of essential data and lack of clear work site by BMC. Initially the Appellant filed a Special Civil Application before the Gujarat High Court to restrain BMC from encashing the bank guarantee. Although interim relief was granted, it was later withdrawn by the Appellant to approach the Gujarat Public Works Contracts Disputes Arbitration Tribunal to seek relief. The Applicant is claiming damages worth Rs. 3,85,35,090/- and are alleging that they are not in breach of the contract. The said matter is currently pending before the Tribunal.	3.85	Pending
2.	Om Infrastructure Company V BMC and Ors.	Arbitration Reference No. 33 of 2025	The Hon'ble Gujarat Public Works Contracts Disputes Arbitration Tribunal at Ahmedabad	Om Infrastructure Company (the "**Petitioner**") filed a petition before the Hon'ble Gujarat Public Works Contracts Disputes Arbitration Tribunal, Ahmedabad (the "**Tribunal**") against BMC seeking interim relief to restrain them from encashing their bank guarantee of Rs. 23,63,490 and Fixed Deposit Receipt ("**FDR**") of Rs. 11,81,750. The Petitioner was awarded a contract for the construction of an R.C.C. Box for the storm water drainage network, including 5 years of O&M to be completed by April 06, 2025. Alleging slow progress of the work, BMC issued notices to the Petitioner warning it of blacklisting as well as forfeiture of their security deposit. The Petitioner alleged that the delays were solely due to BMC,	0.35	Pending

				including late allotment of site alignment, stoppage of excavation due to R&B Department Road work, and belated supply of four approved and one unapproved drawing, while only one site alignment was given. The Petitioner offered to complete the work if granted a 30% rate enhancement and extension without penalties, warning that otherwise recovery would be sought for security deposits. In the petition filed before the Tribunal, the Petitioner prayed for a stay on encashment of their Bank Guarantee and FDR, pending adjudication of the dispute. The case is currently pending before the Tribunal.		
3.	Manav Garima V BMC and Ors.	WPPIL/225/2016	The High Court of Gujarat at Ahmedabad	Manav Garima (hereinafter the "**Petitioner**"), a registered trust working for the welfare of manual scavengers (the Valmiki community) had filed a Public Interest Litigation before the Hon'ble High Court of Gujarat at Ahmedabad (the "**Hon'ble Court**") against BMC and others seeking enforcement of the Hon'ble Supreme Court's judgment dated 27.03.2014 in W.P. (C) No. 583/2003, between *"Safai Karamchari Andolan and ors. Vs U.O.I and ors"* which mandated identification of all families of persons who died in sewerage work (manholes/septic tanks) since 1993 and payment of Rs. 0.10 Crores compensation to each, along with strict compliance under the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013. The present Petition, filed in the interest of 152 such families in Gujarat, alleged that despite repeated representations to concerned state authorities, no action had been taken, and deaths continue due to unsafe conditions without compensation or accountability. The Petitioner prayed for directions to disburse compensation within two months, identification of all persons	3.00	Pending

				who have died in sewerage work since 1993, the deposit of Rs. 3.00 crores with a nationalized bank, and appointment of a nodal agency for record-keeping and safety compliance, and compensation in case of death. The matter is currently pending before the Hon'ble Court.		
4.	Amrutbhai Prabhudas Patel & Kailashben Amrutbhai patel, Heirs of deceased Ravibhai Amrutbhai Patel V BMC and Ors. (the Defendants)	SPCS/24/2023	The Court of Ld. Principal Senior Civil Judge, Bhavnagar	A civil suit was filed before the Court of Ld. Principal Senior Civil Judge, Bhavnagar (the "**Hon'ble Court**") by Amrutbhai Prabhudas Patel and Kailashben Amrutbhai Patel (the "**Plaintiffs**"), parents of Ravibhai Amrutbhai Patel (the "**deceased**"), against BMC and others. The Plaintiffs alleged that their son died when a stray cow hit his motorcycle, which they claimed was due to negligence of the Defendants, who were responsible for catching and caging stray animals in order to prevent them from causing any harm to public. They asserted that the deceased was their sole breadwinner and calculated pecuniary loss based on his income, future prospects, damages for their pain and suffering, funeral expenses, and other heads, all aggregating to a total claim of Rs. 0.60 Crores as compensation. The case is currently pending before the Hon'ble Court.	0.60	Pending
5.	Hanubhai Maganbhai Mer Legal Heir of Decd. Sureshbhai Hanubhai Mer V BMC and Ors.	MACP/226/2024	The Motor Accidents Claims Tribunal, Bhavnagar	A claim was filed by the parents, widow and two minor children (the "**Petitioners**") of Sureshbhai Humabhai Mer (the "**deceased**") before the Motor Accidents Claims Tribunal, Bhavnagar (the "**Tribunal**"), against BMC and others, seeking Rs. 1.00 Crores and 18% interest till the date of payment alleging that the deceased was driving his motorcycle when the BMC tanker, driven negligently, collided with him causing his death. The Petitioners asserted that the deceased was healthy, skilled and the sole breadwinner for their entire family. They further stated they have suffered irreparable loss of dependency, consortium, estate,	1.00	Pending

				companionship, and had also incurred expenses for funeral rites. The case is currently pending before the Tribunal.		
6.	Tejuben Devendrabhai Parmar & Anilbhai Devendrabhai Parmar, Heirs of Decd. Devendrabhai Mulajibhai Parmar V BMC & Ors	CMA SC/3/2024	The Court of Ld. Principal Senior Civil Judge, Bhavnagar	An application was filed before the Court of Ld. Principal Senior Civil Judge, Bhavnagar (the "**Hon'ble Court**") against BMC & others (the "**Defendants**") by Tejuben Devendrabhai Parmar and Anilbhai Devendrabhai Parmar, wife and son, respectively (the "**Plaintiffs**"), and the lineal legal heirs and dependants of late Devendrabhai Muljibhai Parmar (the "**deceased**") seeking Rs. 0.40 Crores as compensation. The Plaintiffs contended that the deceased's death, which was caused by grave injuries sustained after being hit by a stray cow, had resulted from the negligence of the Defendants. The Plaintiffs stated that they have incurred considerable medical expenses during the treatment of the deceased before his death and are presently in severe financial distress. The case is currently pending before the Hon'ble Court.	0.40	Pending
7.	Bhavnaben Nareshbhai Chauhan V BMC and Ors.	MACP/198/2024	The Motor Accidents Claims Tribunal, Bhavnagar	Bhavnaben Nareshbhai Chauhan, a diamond polishing worker (the "**Applicant**"), has filed the present claim petition under Section 166 of the Motor Vehicles Act, 1988 before the Ld. Motor Accident Claims Tribunal, Bhavnagar (the "**Tribunal**"), against BMC and others, seeking compensation of Rs. 0.25 Crores with 12% interest until recovery for grievous injuries sustained in a road accident after being hit by BMC's tanker. She alleged that the tanker was being driven negligently and that she suffered multiple serious injuries resulting in her permanent disability. The Applicant has stated in the claim that her entire savings were spent on medical treatment and currently she has no source of income and, prays for an award of Rs. 0.25 Crores with interest at 12% per annum until recovery, costs, and other suitable reliefs, along with permission to	0.25	Pending

				proceed without paying the court fee. The case is currently pending before the Tribunal.		
8.	L/H of D/H Mepabhai Khodabhai (1) Manjuben Mepabhai Baraiya & Ors. V BMC and Anr.	MACP/10/2025	The Motor Accidents Claims Tribunal, Rajkot	Manjuben Mepabhai Baraiya, the wife along with the two sons (the "**Applicants**") of Mepabhai Khodabhai Baraiya (the "**deceased**") filed an application under Section 166 of the Motor Vehicles Act, 1988 before the Ld. Motor Accident Claims Tribunal, District Rajkot (the "**Tribunal**"), against BMC and others, seeking a compensation of Rs. 0.20 Crores for death of the deceased in a road accident. They alleged that while walking on a public road, the deceased was hit by a BMC truck which was being negligently driven, causing him fatal injuries. The Petitioners stated that they have suffered grave financial loss and incurred expenses for religious rites and loss of consortium. The case is currently pending before the Tribunal.	0.20	Pending

C. LITIGATIONS BY THE ISSUER

i. CRIMINAL LITIGATIONS

S. No.	Name of the Parties	Case Number	Authority	Brief Facts of the Case	Amount Involved (Rs.)	Present Status
1.	BMC V Afzal Rafikbhai Jethwa	CC/3902/2024	The Court Of Ld. Chief Judicial Magistrate, Bhavnagar ("**Hon'ble Court**")	BMC filed a criminal complaint under Section 138 of the Negotiable Instruments Act, 1881 against Afzal Rafikbhai Jethwa (the "**Respondent**") for issuing a cheque for Rs. 15,000 towards payment of property tax to the Complainant. The cheque was dishonoured due to lack of sufficient funds. The Complainant issued a notice regarding the same but the Respondent neither paid his dues nor responded. Thereafter, the Complainant initiated legal proceedings against the Respondent. The case is currently pending before the Hon'ble Court.	15,000/-	Pending
2.	BMC	CC/12518/2023	The Court Of Ld. Chief	BMC filed a criminal complaint under Section 138 of the Negotiable	75,000/-	Pending

	V Sandipkumar P. Sopariya		Judicial Magistrate, Bhavnagar ("**Hon'ble Court**")	Instruments Act, 1881 against Sandipkumar P. Sopariya (the "**Respondent**") for issuing a cheque for Rs. 75,000 towards payment of property tax to the Complainant. The cheque was dishonoured due to lack of sufficient funds. The Complainant issued a notice regarding the same but the Respondent neither paid his dues nor responded. Thereafter, the Complainant initiated legal proceedings against the Respondent. The case is currently pending before the Hon'ble Court.		
3.	BMC V Sandipkumar P. Sopariya	CC/11962/2023	The Court Of Ld. Chief Judicial Magistrate, Bhavnagar ("**Hon'ble Court**")	BMC filed a criminal complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sandipkumar P. Sopariya (the "**Respondent**") for issuing a cheque for Rs. 75,000 towards payment of property tax to the Complainant. The cheque was dishonoured due to lack of sufficient funds. The Complainant issued a notice regarding the same but the Respondent neither paid his dues nor responded. Thereafter, the Complainant initiated legal proceedings against the Respondent. The case is currently pending before the Hon'ble Court.	75,000/-	Pending
4.	BMC V Tirupati Ice Parlour	CC/4033/2025	The Court Of Ld. Chief Judicial Magistrate, Bhavnagar ("**Hon'ble Court**")	BMC filed a criminal complaint under Section 138 of the Negotiable Instruments Act, 1881 against the Tirupati Ice Parlour ("**Respondent**") for issuing a cheque for Rs. 4,673/- towards payment of property tax to it. The cheque was dishonoured due to lack of sufficient funds. The Complainant issued notice dated 09.04.2025 regarding the same but the Respondent neither paid his dues nor responded. Thereafter, Complainant initiated legal proceedings against the Respondent. The case is currently pending before the Hon'ble Court.	4,673/-	Pending
5.	BMC V Dharmraj Asharmbhai Solanki	CC/5375/2024	The Court Of Ld. Chief Judicial Magistrate, Bhavnagar ("**Hon'ble Court**")	BMC filed a criminal complaint under Section 138 of the Negotiable Instruments Act, 1881 against Dharmraj Asharmbhai Solanki ("**Respondent**") for issuing a cheque for Rs. 1,37,969/- towards payment of property tax to the Complainant. The cheque was dishonoured due to lack of sufficient funds. The Complainant issued a notice regarding the same but the Respondent neither paid his dues nor responded.	1,37,969/-	Pending

				Thereafter, the Complainant initiated legal proceedings against the Respondent. The case is currently pending before the Hon'ble Court.		

ii. OTHER MATTERS BASED ON MATERIALITY POLICY OF THE ISSUER

S. No.	Name of the Parties	Case Number	Authority	Brief facts of the Case	Amount Involved (Rs. in Crore)	Present Status
1.	BMC V Ranjit Buidcon Ltd.	Arbitration Application No. 0212023 of 2017	Commercial Court at Rajkot District Bhavnagar	BMC had awarded Ranjit Buidcon Ltd. ("**Respondent**") a contract for a water supply project. Conflicts arose when the Respondent raised 12 claims totaling to Rs. 11,19,10,275/- crore for additional work, delay in payment, incorrect deductions, and extension of service obligations. BMC raised an objection over non-fulfilment of major obligations by the Respondent. The Respondent filed a petition under Section 11 of the Arbitration and Conciliation Act, 1996 ("**Act**") against BMC for the appointment of an arbitrator by the Hon'ble Gujarat High Court to settle their claims. The arbitrator partially allowed the Respondent's claims and rejected counterclaims filed by BMC for ₹49.23 lakh. Challenging the award, BMC made an application under Section 34 of the Act claiming that the award was arbitrary. The matter is currently pending.	11.19	Pending

S. No.	Name of the Parties	Case Number (SLP Diary No.)	Authority	Brief facts of the Case	Amount Involved (Rs. in Crore)	Present Status
1.	Surubha Jorubha Gohil	39301	Hon'ble Supreme Court of India	The present 21 (twenty-five) Special Leave Petitions ("SLPs") filed by BMC before Hon'ble Supreme Court of India challenging the common order dated April 25, 2025 in R/Misc Civil Application No. 1128 of 2025 and judgement and order dated September 09, 2024 in Letter Patent Appeal No. 56 of 2023 of the Hon'ble High Court of Gujarat that had directed the grant of	Not Quantifiable*	Pending
2.	Jamnadas Ramjibhai Soni	38137				
3.	Sukhubha Ravubha Zala	38128				
4.	Vinodrai Dayaram Maheta	37131				
5.	Ismailbhai Yakubbhai Qureshi	38738				
6.	Somajibhai Popatbhai Makwana	39311				
7.	Nathabhai Rukhadbhai Parmar	39316				
8.	Pravinchandra Shantilal Joshi	38743				
9.	Legal Heirs And Representatives Of Deceased Rustambhai Jivabhai Chauhan	39327				
10.	Natubhai Lakhabhai Kalotara	39334				

11.	Ibrahim Noorbhai Qureshi	39338		pension benefits to former employees of the State Transport Department, who were originally covered under the Contributory Provident Fund ("CPF") scheme. BMC was contributor to CPF scheme however the benefit of such scheme were not provide to Transport department employee. Thereafter on October 04, 1992 draft rules were sanctioned which allowed for only limited inclusion of employees those who were transferred from Bus Traffic or Bus Garage Department before April 01, 1992 after depositing part of their provident fund. It was contented by BMC that Respondents remained under CPF scheme until retirement and sought pension benefits only in 2017. Aggrieved by the decision of the Hon'ble High Court of Gujarat, BMC has filed the present SLPs, contending that the Hon'ble High Court of Gujarat ignored statutory inclusions, long delay, and acceptance of CPF without protest, and the financial burden on BMC. The said case currently pending		
12.	Girishbhai Keshavjibhai Maheta	38764				
13.	Harshadrai Pranlal Vora	38121				
14.	Mohanbhai Karmanbhai Chohla	37122				
15.	Rugdevsinh Mahobbatsinh Gohil	39347				
16.	Ranjitsinh Boghabhai Barad	39349				
17.	Madhubhai Nanubhai Vakani	39542				
18.	Vinodbhai Amrabhai Gohel	39547				
19.	Jibhai Dajibhai Chudasma	39401				
20.	Gulabsinh Dilubha Sarvaiya	39525				
21.	Ramdevsinh Mulubha Gohil	39359				

**Though individually each case's liability will not exceed the materiality threshold set by the Issuer, however, Hon'ble High Court of Gujarat gave a common order and the aggregate liability imposed by Hon'ble High Court of Gujarat exceeded the materiality threshold.*

D. LITIGATIONS INVOLVING THE MEMBERS OF THE BOND ISSUE COMMITTEE

LITIGATIONS AGAINST THE MEMBERS OF THE BOND ISSUE COMMITTEE

There are no cases pending against the members of the Bond Issue Committee which may have an adverse impact on the position of the Issuer, the operations of the Issuer and the Projects which are being funded by the proceeds of the Debentures.

LITIGATIONS BY THE MEMBERS OF THE BOND ISSUE COMMITTEE

There are no cases pending by the members of the Bond Issue Committee which may have an adverse impact on the position of the Issuer, the operations of the Issuer and the Projects which are being funded by the proceeds of the Debentures.

E. OUTSTANDING DUES TO CREDITORS

Based on Materiality Policy of the Issuer, as on September 30, 2025, BMC had a total 22 material creditors. Further the Issuer does not categorize its creditors as SSU/MSME and the creditors also do not submit their SSU/MSME registrations and hence the dues to SSU/MSME are not disclosed in this Placement Memorandum.

Details of outstanding dues to creditors is given below:

(₹ in Crores)

Particulars	Outstanding Dues
Total Outstanding dues to Material Creditors	15.46
Total Outstanding dues creditors other than Material Creditors	2.11
Grand Total	**17.57**

For complete details about the outstanding dues to the Material Creditors of Issuer, please see website at the following link: https://bmcgujarat.com/media/2bmh2zyz/list-of-creditors_30092025.pdf

F. MATERIAL DEVELOPMENTS SINCE DATE OF THE LAST AUDITED BALANCE SHEET

As per the certificate of the Auditor dated August 14, 2025 and October 16, 2025, the Issuer has not undergone any material development since date of the last audited balance sheet except routine transfer of officials of the Issuer including change in Municipal Commissioner and routine reallocation of duty of supervision/controlling of various departments.

G. MATERIAL AGREEMENTS AND CONTRACTS:

Except for the agreements entered into by the Issuer in the normal course of business, the details of the Material Agreements Contracts are as provided in the section titled "Material Contracts and Documents" on page no. 134 of this Placement Memorandum.

H. ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER, RESULTING IN MATERIAL LIABILITIES, RESTRUCTURING EVENT, ETC,) AT THE TIME OF THE ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTORS' DECISION TO INVEST/ CONTINUE TO INVEST IN THE MUNICIPAL DEBT SECURITIES.

The Issuer hereby confirms that, except as disclosed in this Placement Memorandum, there has been no material event, development or change having implications on the financial condition or credit quality of the Issuer which may affect the issue of the Bonds or an investors' decision to invest or continue to invest in the Bonds to be issued by the Issuer.

I. DETAILS OF NON-PAYMENT OF STATUTORY DUES

As per the certificate dated August 14, 2025 and October 16 2025 received from the Auditor of the Issuer, there are no instances of non-payment of statutory dues by the Corporation.

J. 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

I. DISCIPLINARY ACTION, IF ANY, TAKEN BY SEBI OR ANY FINANCIAL SECTOR REGULATORY AUTHORITY AGAINST THE ISSUER, MERCHANT BANKER, DEBENTURE TRUSTEE ETC., DURING THE LAST 5 (FIVE) YEARS

i. Against the Issuer

Nil

ii. Against the Debenture Trustee

Nil

iii. Against the Merchant Bankers

Sr. No.	Name of the Merchant Banker	SEBI/Regulatory Authority	Details of disciplinary action similar to any enforcement action/ adjudication taken by SEBI/ Regulatory Authority
1.	Tipsons Consultancy Services Private Limited	SEBI	1. SEBI has issued an Adjudication Order dated 22.04.2024 in the matter of UGRO Capital Limited under Section 15HB of SEBI Act, 1992 and imposed penalty an amount of Rs. 3,00,000/- (Rupees Three Lakh Only) and the same was paid to the SEBI and the matter is settled and closed. 2. SEBI has issued Summary Settlement order dated 14.06.2024 in the matter of Nido Home Finance Limited under Section 15HB of the SEBI Act, 1992 and imposed penalty an amount of Rs. 7,18,750/- (Rupees Seven Lakh Eighteen Thousand Seven Hundred Fifty Only) and the same was paid to the SEBI and the matter is settled and closed.

iv. Against the Credit Rating Agencies

Sr. No.	Name of the Merchant Banker	SEBI/Regulatory Authority	Details of disciplinary action similar to any enforcement action/ adjudication taken by SEBI/ Regulatory Authority
1.	India Ratings and Research Private Limited	SEBI	1. The Securities Exchange Board of India (SEBI) had passed an adjudication order dated December 26, 2019, imposing a penalty of Rs 25 lacs on India Ratings in respect of assigning ratings to Infrastructure Leasing & Financial Services Limited. India Ratings has filed an appeal to Securities Appellate Tribunal (SAT) on February 10, 2020, against the SEBI order imposing a penalty of Rs. 25 lacs on India Ratings. On September 22, 2020, the penalty was enhanced to Rs 1 crore. India Ratings has filed an appeal to SAT on November 6, 2020, against the SEBI order dated September 22, 2020 which enhanced the penalty to Rs. 1 crore. SAT at its hearing on September 11, 2025, directed the Appeals to be listed for hearing next on November 17-19, 2025 2. SEBI imposed a fine of Rs 3 lakhs on India Ratings vide its Order dated November 30, 2023, in respect of the delay in recognition of default by M/s Altico Capital India and the delay in recognition of material event in case of M/s Hindustan Clean energy Limited. The payment towards the same was done by India Ratings on December 18, 2023 and the matter stands closed.

v. Against the Registrar

Nil

SECTION-XII: GOVERNMENT APPROVALS

The Issuer is a municipal corporation incorporated under the under the Bombay Provincial Municipal Corporation Act,1949, (then applicable act in Gujarat) and have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for its operations and except as mentioned below, no further approvals are required for carrying on our present operations.

It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Placement Memorandum.

1. **Investment approvals, letter of intent or industrial license from GoI, RBI, etc., as applicable and declaration of the Central Government, Reserve Bank of India or any regulatory authority about the non-responsibility for financial soundness or correctness of the statements:**

   As the Issuer is a municipal corporation, no such investment approvals, letter of intent or industrial license from GoI, RBI, etc. are required to be obtained by the Issuer.

2. **All Government and other approvals which are material and necessary for carrying on the business and operations of the issuer and material subsidiaries:**

   There are no specific approvals which are material and necessary for carrying on the business of the Issuer. The Issuer has required registrations as listed below:

Sr. No.	Description	Registration No	Authority	Date of Issue	Date of Expiry
1.	Permanent Account Number ("PAN")*	AAALM1064C	Income Tax Department	February 14, 1982	One Time Registration
2.	GST Registration Certificate ("GST")*	24AAALM1064C1ZN	Government of India	August 31, 2017	One Time Registration
3.	Tax deduction Account Number ("TAN")*	AHMM06653D	Income Tax Department	July 11, 2023	One Time Registration
4.	Employee State Insurance ("ESI")*	37001534890000999	Employees State Insurance Corporation, Ahmedabad	September 22, 2023	One Time Registration
5.	Employee Provident Fund	GJAHD0057511000	Ministry Of Labour & Employment, Government Of India	January 08, 2011	One Time Registration

** The name of the municipal corporation is mentioned as Municipal Corporation of Bhavnagar. As confirmed by the Issuer vide its letter dated August 08, 2025, the names "Bhavnagar Municipal Corporation" or "Municipal Corporation of Bhavnagar" are being used interchangeably.*

The Issuer does not have any subsidiary.

The details of the approvals obtained/ required to be obtained by the Issuer for undertaking the proposed Projects are set out in paragraph G "Details and status of the regulatory approval (if required)" of Section Objects of the Issue on page no. 54 and 59 of this Placement Memorandum.

SECTION-XIII: UNDERTAKINGS BY THE ISSUER

BHAVNAGAR MUNICIPAL CORPORATION

Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar

UNDERTAKINGS BY THE ISSUER

Bhavnagar Municipal Corporation (the **"Issuer"**) hereby agrees and undertakes:

1. That it shall submit the documents disclosed in the Placement Memorandum to the Debenture Trustee in electronic form (soft copy).
2. That the complaints received in respect of the Issue shall be attended by the Issuer expeditiously and satisfactorily.
3. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed would be taken within the period specified by the Board.
4. That the Placement Memorandum contains true, fair and adequate information to enable investors to make well informed decision regarding their investment in proposed Issue and a declaration to this effect issued by the Mayor and by the Commissioner has been annexed to the Placement Memorandum.
5. That the Placement Memorandum or term sheet or any advertisement issued by the Issuer in connection with the issue of Debt Securities shall not contain any false or misleading statements.
6. That all monies received out of the Issue shall be transferred to a separate bank account.
7. That the Issuer has not issued any securities by way of public issues in the past.
8. That it has complied and shall comply with all the applicable laws including but not limited to the Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015.

For Bhavnagar Municipal Corporation

Name: Narsander Kumar Meena (I.A.S.)
Designation: Municipal Commissioner

Place: Bhavnagar
Date: October 16, 2025

SECTION-XIV: TERM SHEET

SUMMARY OF OFFER

1. **Primary business of the Issuer:**

The Bhavnagar Municipal Corporation has been constituted under Article 243Q(1)(c) of the Constitution of India, 1949 and established under the Bombay Provincial Municipal Corporation Act, 1949, the then applicable Act in Gujarat (now GPMC Act) vide notification dated February 12, 1982 bearing reference no. KP-30/82/BMN-1082/2860(iii)-P.

Bhavnagar Municipal Corporation is in charge for managing the city and providing basic infrastructure facilities to people of Bhavnagar city in Gujarat state of India. The Bhavnagar Municipal Corporation is committed to enhancing its services and bridging the gap between demand and services provided to people of the city of Bhavnagar.

Size of the Issue:

Rated, Listed, Taxable, Secured, Redeemable, Non-Convertible Municipal Bonds in the nature of Debentures of face Value of Rs. 1,00,000/- (Rupees One Lakh Only) each ("**Bonds**"/"**NCDs**"/ "**Debentures**") for an amount aggregating upto Rs. 25 crores (Rupees Twenty Five Crores).

2. **Object of the Issue:**

The proceeds of the Issue are to be deployed in the below mentioned Projects and the total project cost is provided herein below:

(₹ in Crores)

Objects	Total Project Cost	Amount to be funded from the proceeds of the Issue
Project I – Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar	15.55	4.55
Project II - Construction of Sewerage Network on Gadhechi Riverbanks and Gadhechi River Rejuvenation Works	69.56	20.25
Total	**85.11**	**25.00**

3. **Audit Qualifications along with the financial statements:**

The Auditor has issued Qualified Opinion in its audit report on restated financial statements for FY 2022-23 dated November 06, 2024, audit report on financial statements for FY 2023-24 dated November 06, 2024 and audit report on financial statements for FY 2024-25 dated June 24, 2025.

As per the Auditor's Report dated November 06, 2024 on Restated Financial Statement for F.Y. 2022-2, the following observations are the basis for qualified opinion*:*

1. **Difference in opening balances:** Since 1982, the cash basis of accounting has been followed by the Corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statements on accrual- based accounting system is ₹ 31,575.73 Lakhs for FY 2022-23, which is adjusted in Municipal General Fund of the Corporation. These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting.

2. **Fixed Assets:** Opening balances of Fixed Assets have been taken from the details available with the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data of the budget of Bhavnagar Municipal Corporation, approved by the Competent Authority which is mainly based on utilization of the grant by the Corporation. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The Corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence

of those fixed assets. So, the conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.

3. **Stores and Consumables:** Difference in the value of stock in hand is ₹172.72 Lakhs, which is mainly due to the change in accounting system from cash basis into accrual basis, and, is adjust with any excess or deficit arrived at in Income and Expenditure Account of concerned Financial Period, whereas ₹ 167.83 Lakh has been adjusted in Municipal Fund Balance. The figures have been taken from the Actual Expenditure data as per the budgets for the respective year as no separate registers have been maintained in this regard.

4. **Depreciation:** Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

5. **Sundry Debtors:** The difference of ₹52,875.40 Lakh, is adjusted with any excess or deficit arrived at in Income and Expenditure Account of concerned Financial Period, whereas ₹48,134.26 Lakh has been adjusted in Municipal Fund Balance. The Corporation's concerned departments are having separate software from which the record of receivables at the beginning of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year.

6. **Deposits:** In absence of deposit register maintained by all concerned departments, the amount of total deposits have been arrived from the budget of the concerned year, which was prepared by the compatible department of the Corporation and also approved by the competent authority of the Corporation. Hence the same has been taken as it is from the actual data shown in the budget and the difference or creation of the deposit amounting to ₹ 7,854.29 Lakh has been adjusted in the Municipal General Fund account.

7. **Other Liabilities:** All the other liabilities including any liabilities towards creditors, employees, Government etc. have been taken based on actual data available in the budget and difference if any has been transferred to Municipal Fund Account.

8. **PF Loans to Employees:** The Corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

9. **Bank Charges:** Bank charges have not been specifically considered while preparing the Financial Statements.

10. **Municipal Fund:** All the adjustments with respect to any changes in amount due to change in Cash system to accrual system has been given effect in the account called Municipal fund which is General Fund in nature.

As per the Auditor's Report dated November 06, 2024 on Audited Financial Statement for F.Y. 2023-24, the following observations are the basis for qualified opinion:

1. **Difference in opening balances:** Since 1982, the cash basis of accounting has been followed by the Corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statements on accrual- based accounting system is ₹ 3,926.10 Lakhs for FY 2023-24, which is adjusted in Municipal General Fund of the Corporation. These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting.

2. **Fixed Assets:** Opening balances of Fixed Assets have been taken from whatever details have been provided by the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data of the budget of Bhavnagar Municipal Corporation, approved by the Competent Authority as per

the actual expenditure of the grants in this behalf. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The Corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence of those fixed assets. So, the conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.

3. **Depreciation:** Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

4. **Sundry Debtors:** The Corporation's concerned departments are having separate software from which the record of receivables at the beginning of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year.

5. **Deposits:** In absence of deposit register maintained by all concerned departments, the amount of total deposits have been arrived from the budget of the concerned year, which was prepared by the compatible department of the Corporation and also approved by the competent authority of the Corporation. Hence the same has been taken as it is from the actual data shown in the budget.

6. **Other Liabilities:** All the other liabilities including any liabilities towards creditors, employees, Government etc. have been taken based on actual data available in the budget.

7. **PF Loans to Employees:** The Corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

8. **Municipal Fund:** All the adjustments with respect to any changes in amount has been given effect in the account called Municipal fund which is General Fund in nature.

As per the Auditor's Report dated June 24, 2025 on Audited Financial Statement for F.Y. 2024-25, the following observations are the basis for qualified opinion:

1. **Difference in opening balances:** Since 1982, the cash basis of accounting has been followed by the Corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statement is adjusted in Municipal General Fund of the Corporation. These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting till FY 2022-23. The current financial statements are drawn up using mixture of cash basis as well as accrual basis of accounting wherever possible to apply appropriate accounting method, decision of which was the absolute responsibility of the management of the Corporation keeping in mind the provisions of NMAM.

2. **Adjustments to opening balances:** During the course of our audit, we noted that adjustments were made to the opening balances to give effect of necessary changes in the accounting estimates and policies in accordance with applicable financial reporting standards as management thinks fit and just. The amount involved is material looking at the size of the financial statements. These estimates and policies are subject matter of decisions taken by management and we as auditor are not in a position to quantify or justify the same due to Impracticability on our part to verify each of those items.

3. **Disclosures:** The financial statements do not adequately disclose the nature, reasons, and financial effects of certain adjustments made to the opening balances as well as other adjustment entries recorded during the period.

4. Corporation generally prepares its financial statements using the accrual basis of accounting, in accordance with the applicable financial reporting framework. However, for certain transactions the

Corporation has applied a cash basis of accounting. Such treatment may not fully align with the principles of accrual accounting, which require the recognition of income and expenses when they are earned or incurred, regardless of when cash transactions occur, but seems in fair conformity with what is laid in NMAM.

5. During the course of the audit, we observed discrepancies between the income/expense figures and receivable/payable balances recorded in the accounting software and those reflected in the corresponding bills and supporting documentation. As informed to us, there's a difference in amount of income as per software and as per actual bills, on inquiring upon management about this, we understood that any difference arising on account of same has been adjusted to opening balance. These differences arise due to constant changes in the demand data due to resurvey process by the concerned department of the Corporation, and due to this there will be constant variation with respect to amount mentioned in data entry, Amount of recognition, and reconciliation processes.

6. **Fixed Assets:** Opening balances of Fixed Assets have been taken from whatever details have been provided by the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data available with Bhavnagar Municipal Corporation, approved by the Competent Authority as per the actual expenditure of the grants in this behalf. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The Corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence of those fixed assets. So, the conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.

   As per explanation provided to us, one of the lands was not recorded in previous years, and the same was sold in current year for ₹ 44,12,45,000.00. Therefore, to record this transaction the land is recorded in current year and transferred to revaluation reserve.

7. **Depreciation:** Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

8. **Statutory Obligations:** The Corporation is discharging its statutory obligations such as TDS and GST-TDS on a cash Basis, i.e. payments are made when amounts are actually available in fund balances received from appropriate authorities. However, the related expenses and liabilities are accounted for on accrual basis in the books of accounts.

9. **Closing Stock:** No physical verification of inventory was conducted during the year, and the Corporation has not provided us with sufficient appropriate audit evidence regarding the existence and condition of these inventories. Furthermore, the basis of valuation of inventories has not been disclosed, and we were unable to obtain sufficient appropriate audit evidence to determine whether inventories are stated at the lower of cost and net realizable value.

10. **Regrouping of Previous Year Financial Items:** The previous year financial data has been regrouped wherever required to make the presentation more suitable and comparable for the better understanding keeping in mind the requirements of provisions of NMAM.

11. **Sundry Debtors:** The Corporation's concerned departments are having separate software from which the record of receivables at the end of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year. The opening data has been taken at the close of the year so as to incorporate any changes in demand data due to any resurvey conducted during the year.

12. **Unreconciled entries with bank:** There are few receipts in the bank statement amounting to ₹9,21,31,268.00, which are accounted for but could not be identified by the Corporation. So, the same has been transferred to ledger named UNRECONCILED ENTRIES WITH BANK.

13. **PF Loans to Employees:** The Corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

14. **Municipal Fund:** All the adjustments with respect to any changes in amount has been given effect in the account called Municipal fund which is General Fund in nature.

In addition to the Audit observations/qualification as provided above, there are certain additional observations in the Auditor's Report dated November 06, 2024for FY 2022-2023 and FY 2023-24 as below:

1. Additions to fixed assets were recorded based on actual expenditures incurred and paid during the year. These additions were aligned with the budgeted actual data for accurate financial tracking.

In addition to the Audit observations/qualification as provided above, there are certain additional observations in the Auditor's Report dated June 24, 2025 for FY 2024-25 as below:

1. Under the AMRUT-1 account the recorded balance exceeded the actual spending limit; an adjustment was made to reduce the recorded balance to ensure that, only the actual fund availability and eligible utilization are reflected in the account.
2. Initially, the entire sanction limit under AMRUT- 2.0 was recorded as grant fund. However, as per the revised accounting guidelines the previously recorded grant amount has been nullified and the account balance has been brought down to zero. Under the compliance requirement, grant recognition is now based on actual fund disbursement and utilization rather than on sanctioned limits.
3. The investment balance under the 'Investments' includes only the principal component of deposits made by the corporation. The accumulated or accrued interest on these is not included under this schedule.
4. Under 'Cash and Bank Balances' head: there are approximately 25 bank accounts where no transactions are found, out of which 2 accounts have already been closed. Additionally, there are 14 bank accounts which are Single Nodal Agency Accounts for which bank statements are not available with the corporation. The balances pertaining to these accounts have been taken from the book records.
5. The bank reconciliation statement highlights timing differences between the date on which the corporation issues or remits payments and the date on which those transactions are actually cleared or reflected in the bank account. This delay occurs because, as per the internal protocol. A formal resolution of the corporation's concerned department is required before such receipts can be officially entered into the accounting records. This procedural requirement may result in temporary mismatches during the bank reconciliation process.

For details on all Audit Qualifications/ Observations, please refer to the Audit Reports issued by the Auditor of the Issuer for the F.Y. 2024-25, F.Y. 2023-24 and F.Y. 2022-23 annexed as Annexure VI of this Placement Memorandum.

4. **Summary table of pending litigation:**

a. **Matters related to Direct and Indirect Taxes against the Issuer:**

S. No.	Nature	Number of Cases	Amount Involved (₹ In Crores)
Indirect Tax			
1)	Property Tax* - Cases have been filed against the Issuer by the residents/ entities residing/ operating in Bhavnagar Municipal Corporation jurisdiction accusing Issuer of charging huge amount of property tax.	60	12.39

**Note: To the extent quantifiable excluding the interest and penalty thereon.*

b. **Criminal Litigations involving the Issuer and the members of Bond Issue Committee**
The total number of cases involving pending cases against the Issuer and filed by the Issuer have been disclosed in the section Legal and Other Information. Since the nature of the case is criminal, there is no amount involved.

c. **Actions by Regulatory and Statutory Authorities**
The details of all the actions by Regulatory and Statutory Authorities have been disclosed in the "Section-IX- Legal and Other Information" on Page No. 100 of the PM.

d. **Other Civil Litigation**
The details of all the individual civil litigations above the materiality threshold have been disclosed in the "Section-IX- Legal and Other Information" on Page No. 100 of the PM.

For the details of litigation proceedings, please refer the Section titled Litigation and Other Information on page no. 100 of this Placement Memorandum.

5. **Risk Factors:**

For Risk Factors please refer to section titled "*Risk Factors*" on page no. 18 of this Placement Memorandum.

6. **Summary of Contingent Liabilities:**

For details of Contingent Liabilities please refer to Section-XI titled Legal and Other Information beginning on page no. 100 of this PM.

7. **Summary of Related Party Transactions:**

The Issuer is a Municipal Corporation and has no related party transactions.

8. **Escrow payment mechanism for the repayment of the interest/principal:**

Please refer to the row titled 'Structured Payment Mechanism' under Summary of Term Sheet of Section XIV (Term Sheet) on page no. 124 of this PM.

SUMMARY OF TERM SHEET

Security Name	_____% BMC Bonds 2030
Issuer	Bhavnagar Municipal Corporation ("BMC"/ "Corporation"/ "Issuer")
Type of Instrument	Rated, listed, taxable, secured, redeemable, non-convertible municipal bonds in the nature of debentures (hereinafter referred to as "Bonds"/ "Debentures"/ "NCDs")
Seniority	Senior (to clarify, the claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements)
Mode of Issue	Private placement of municipal bonds under Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, as amended from time to time.
Eligible Investors	(i) All QIBs and (ii) any non-QIB Investors specifically mapped by the Issuer on the NSE – 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.
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	The NCDs are proposed to be listed on National Stock Exchange of India Limited (NSE). The NCDs shall be listed within 3 (Three) Working Days from the Issue Closing Date.
Rating of the Instrument	India Ratings and Research Private Limited has vide its letter dated January 16, 2025, assigned a rating of Provisional IND AA-/Stable, revalidated vide its letter dated October 06, 2025 and has issued a rating rationale dated January 16, 2025; and CRISIL Ratings Limited has vide its letter dated December 13, 2024 assigned a rating of Provisional Crisil AA-/ Stable, revalidated vide its letter dated October 03, 2025 and has issued a rating rationale dated June 05, 2025.
Base Issue Size	Rs. 25 Crores
Option to retain over subscription	Not Applicable
Total Issue Size	Rs. 25 Crores
Objects of the Issue	The proceeds of the bonds will be utilized for funding the capital expenditure to be incurred towards: (a) Construction of 30 MLD Water Treatment Plant at Takhteshwar, Bhavnagar ("Project I"); and (b) Construction of Sewerage Network on Gadhechi Riverbanks and Gadhechi River Rejuvenation Works ("Project II").
Details of the utilization of the proceeds	The proceeds of the Issue shall be utilized for the Projects. The details of the Projects along with the details/ status of any prior requisite approvals required, if any, for such Projects have been detailed in the Section titled "Objects of the Issue" of the PM.
Coupon rate	To be finalized subsequent to bidding on electronic bidding platform of NSE
Taxable/Tax free	Taxable
Step up/step down coupon rate	Not applicable
Coupon payment frequency	On a Quarterly Basis
Coupon payment dates	The dates on which interest/coupon on the NCDs shall fall due for payment, as indicated in the Annexure – V "Illustration of Bond Cash Flow" of the Placement Memorandum
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	Not applicable
Day Count Basis	Actual/ Actual
Interest on Application Money	The Pay-in Date shall be the Deemed Date of Allotment; hence interest on application money shall not be applicable.
Tenor	5 (Five) years from the Deemed Date of Allotment
Redemption Date/ Maturity Date	Bullet Repayment at the end of the 5th anniversary of the Deemed Date of Allotment
Redemption Amount	Aggregate principal amount of ₹ 25 crores (Rupees Twenty Five Crores) to be repaid at the end of the 5th anniversary of the Deemed Date of Allotment

	The NCD(s) will be redeemed at face value on the Redemption Date. Together with the principal amount as set out hereinabove, the Issuer shall also be required to make payment of accrued Coupon and all other costs, charges and expenses which are due and payable in terms of the Transaction Documents.
Redemption Premium /Discount	Not applicable
Issue Price	Face Value of Rs. 1,00,000/- (Rupees One lakh only) per NCD
Discount at which security is issued and the effective yield as a result of such discount	Not applicable
Put Option Date	Not applicable
Call Option Date	Not applicable
Call Option Price	Not applicable
Put Option Price	Not applicable
Put Notification Time	Not applicable
Call Notification Time	Not applicable
Face Value	Each NCD has a face value of ₹ 1,00,000 (Rupees One Lakh only).
Minimum Application size and in multiples of NCDs thereof	The minimum subscription amount per investor shall be 10 bonds of face value of ₹ 1,00,000 each aggregating to ₹ 10,00,000 and in multiples of 1 (one) NCD i.e. ₹ 1,00,000 (Rupees One Lakh) thereafter.
Issue Timing **1. Issue opening date;** **2. Issue closing date; **** **3. Pay-in date;** **4. Deemed date of allotment;**	1. Issue opening date: October 27, 2025 2. Issue closing date: October 27, 2025 3. Pay-in date: October 28, 2025 4. Deemed date of allotment: October 28, 2025
Issuance mode of the Instrument	Dematerialized form only
Trading mode of the Instrument	Dematerialized form only
Settlement mode of the Instrument	Through the Clearing Corporation of NSE being National Securities Clearing Corporation Limited (NSCCL)
Depository	NSDL and CDSL
Business/Working Day Convention	In accordance with the SEBI (Issue and Listing of Non- Convertible Securities) Regulations, 2021, Business day/Working day shall mean all days on which commercial banks in Bhavnagar are open for business. In respect of the time period between the Issue Closing Date and the listing of Bonds on the Stock Exchange and with respect to the record date, working day shall mean all trading days of the Stock Exchange for Bonds, excluding Saturdays, Sundays and bank holidays, as specified. If the date of payment of coupon/redemption of principal does not fall on a Working Day, the payment of coupon/principal shall be made in accordance with SEBI Master Circular dated October 15, 2025 bearing reference SEBI/HO/DDHS/DDHS-PoD/P/CIR/2025/0000000137, as amended from time to time. If the coupon payment date falls on a Sunday or a holiday, the coupon payment shall be made on the next Business day. However, the dates of the future payments would continue to be as per the schedule originally stipulated in the Placement Memorandum. If the redemption/maturity date of the Bonds falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. In such case, along with the redemption proceeds, the coupon accrued on such Bonds shall also be paid on the previous working day as per the cash flows provided under Annexure – V "Illustration of Bond Cash Flow" of the Placement Memorandum. If a leap year (i.e. February 29) falls during the tenor of the bonds, then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for the entire year, irrespective of whether the interest is payable annually, half yearly, quarterly or monthly.

	For the purpose of clarification, the payment of interest/redemption shall be made only as per the cash flows provided under Annexure - V "Illustration of Bond Cash Flow" of the Placement Memorandum.
Record Date	The record date for payment of coupon/interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) calendar days prior to the date on which coupon/interest payment is due and payable, and/or in case of redemption, the relevant Redemption Date/ Maturity Date for NCD or such other date as may be determined by the Bond Issue Committee/ authorised officer(s) of the Bond Issue Committee of the Corporation (as permitted under applicable law) thereof from time to time in accordance with the applicable law. In case the record date falls on a day when the Stock Exchange is having a trading holiday, the immediately preceding trading day or a date notified by the Bond Issue Committee of the Corporation to the Stock Exchange, will be deemed as the record date. In case of Redemption Date/ Maturity Date of NCDs, the trading in the NCDs shall remain suspended between the record date and the Redemption Date/ Maturity Date.
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security).	The principal amount of the NCDs together with all the interest/coupon due and payable on the NCDs, as well as costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect there of shall be secured by way of: (a) Exclusive first ranking floating charge over present and future receivables pertaining to entire Own Revenues/Cash flows with minimum security cover of 1 (One) time of the total outstanding Secured Obligations ("Minimum Security Cover"); 'Own Revenues/Cash flows' here shall mean the revenues/cash flows being directly levied and collected/recovered by the Issuer and not being the revenues/cash flows received from the Government in the form of Grants, contributions & subsidies, assigned revenues & compensations or others. The revenues/cash flows being directly levied and collected/recovered by the Issuer include tax revenues, rental income from municipal properties, fees and user charges, sale and hire charges and such other Incomes. (a) First and exclusive charge over the Escrow Account and the account(s) where the own revenues gets collected and/ or pooled by BMC in each case to the extent of the own revenues gets collected and/ or pooled in each of such accounts; (b) First and exclusive charge over the Interest Payment Account (including the DSRA Amount), Sinking Fund Account, and Upfront FD being opened for the Issue, the funds lying in each such account and any investment(s) made from these account(s); (c) First and exclusive charge over the investments made in terms of paragraph 10 and paragraph 11 under the head of term 'Structured Payment Mechanism' below ("Permitted Investment(s)"). Secured Obligations refers to all obligations at any time due, owing or incurred by the Issuer to the Debenture Trustee and the Bond Holders in respect of the Bonds and shall include, without limitation, the obligation to redeem the Bonds in terms thereof including payment of the Coupon on the Coupon Payment Dates, the Redemption Amounts on the relevant due dates together with any Default Interest (if any), any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee and other

	monies payable by the Issuer in respect of the Bonds under the Transaction Documents. The security interest/security documents stipulated above shall be collectively referred to as the "Security". The creation of such security by the Issuer shall be sufficient compliance of the Issuer's obligation to create security. Security Creation Timelines (a) The Security shall be created prior to making the listing application for the NCDs with the Stock Exchange(s). (b) In the event the above stipulated Security is not created and/or perfected within the timelines as mentioned above the NCDs shall carry additional interest, over and above the Coupon Rate, at the rate of 2.0% (two percent) per annum, if any, on the NCDs, computed from the date falling after the expiry of the time period provided above, till creation and perfection of the relevant Security and/or till the execution of the relevant Security Documents. The Issuer shall, till any of the Debentures are outstanding, maintain the Minimum Security Cover.
Required DSRA Amount	For ensuring maintenance of the Required DSRA Amount, the Interest Payment Account shall be funded 1 (One) day prior to the Pay-In Date with an amount equal to the 4 (Four) succeeding coupon payments (i.e. one year interest obligation) required to be paid by the Issuer in respect of the Debentures ("Required DSRA Amount"). The amounts lying in, or credited into, the Interest Payment Account from time to time towards maintenance of the Required DSRA Amount, shall be hereinafter referred to as the "DSRA Amount". In the event of any utilisation from the DSRA Amount, the Issuer shall be obliged to replenish the same as per the Interest Payment Mechanism below. Further, as the interest liability would progressively come down after the peak, the Issuer would be permitted to take out the excess DSRA progressively under intimation to the Debenture Trustee, subject to: (i) no unresolved breach of any covenant or event of default, (ii) no shortfall in any of the Interest Payment Account (including the Required DSRA Amount) or the Sinking Fund Account or Upfront FD.
Cash Collateral (Upfront Fixed Deposit)	The Issuer shall, 1 (One) day prior to the Pay-in Date, create upfront Fixed Deposit in terms of the Transaction Documents for an amount equivalent to 10% (Ten percent) of the total bond issue size ("Upfront Fixed Deposit" or "Upfront FD"). The Upfront FD shall be utilized in accordance with the Principle Repayment (Sinking Fund) mechanism defined in the structured payment mechanism below and at the end of 54 months from the deemed date of allotment, the said fixed deposit amount shall be transferred to the Sinking Fund Account. The Issuer hereby agrees and undertakes that it shall, at all times maintain the Upfront Fixed Deposit with scheduled commercial bank with a dual rating of AA+ or above and the same shall always be lien marked to the debenture trustee in terms of the Transaction Documents until the amount gets transferred to the Sinking Fund Account at the end of 54 months from the deemed date of allotment.
Structured Payment Mechanism	1. The Issuer shall open the following accounts for servicing the Coupon and principal amount of the Debentures for the exclusive benefit of the Debenture Holders: (a) Escrow Account (b) Interest Payment Account

(c) Sinking Fund Account

2. The Issuer shall set up the separate no-lien Escrow Account and the funds lying in account(s) in which the Issuer's Own revenues get collected and/ or pooled by the Issuer shall be transferred to the Escrow Account for debt servicing on daily basis. Debenture Holders/ Debenture Trustee on behalf of Debenture Holders shall have first and exclusive charge over the Escrow Account and the account(s) where own revenues gets collected and/ or pooled by the Issuer.

'Own revenues/Cash flows' here shall mean the revenues/cash flows being directly levied and collected/recovered by the Issuer and not being the revenues/cash flows received from the Government in the form of Grants, contributions & subsidies, assigned revenues & compensations or others. The revenues/cash flows being directly levied and collected/recovered by the Issuer include tax revenues, rental income from municipal properties, fees and user charges, sale and hire charges and such other Incomes.

3. The Interest Payment Account is an account from which the interest payments on the Debentures will be serviced and the Required DSRA Amount (as hereinafter defined) will also be maintained as per the requirements of the SEBI circular in relation to 'Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015' dated November 13, 2019 bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019.

4. The Sinking Fund Account is an account from which the principal redemptions of NCDs will be made.

5. The funds lying in the Escrow Account shall be used in the following priority:

(a) The funds should be first utilized to fund any shortfall in required DSRA amount (in case of utilization of the DSRA amount), Interest payment account, the sinking fund account and Upfront FD (in case of utilization of the amount deposited in the Upfront FD) as per the interest payment and sinking fund mechanism defined below;

(b) Thereafter, the funds should be utilized to accumulate the Minimum Balance in Escrow Account. The Minimum Balance to be maintained in any monthly period expiring on the Transfer Date (Transfer date here means last date of any monthly period) shall be the amount to be transferred to the Interest Payment Account and Sinking Fund Account on the Transfer Date;

(c) The Minimum Balance shall not be used for any purpose other than transfer to the Interest Payment Account and Sinking Fund Account;

(d) The surplus funds, if any, after first accumulating the Minimum Balance can thereafter be transferred to the general fund account(s) in accordance with a one-time written instruction providing for such transfer is given by the Debenture Trustee for such monthly period provided however that, in case of a shortfall in any of the Interest Payment Account (including towards maintenance of the Required DSRA Amount) or Sinking Fund Account or Upfront Fixed Deposit, no transfer to the general fund account(s) shall be effected and the surplus funds shall first be utilised towards funding the relevant account in which there is a shortfall.

(e) In case of any shortfall in the Escrow Account to the tune of Minimum Balance, the Issuer shall make good the shortfall from the funds from other account(s) to Escrow Account as per the terms of

	the transaction documents. On a monthly basis, on each Transfer Date, the Minimum Balance maintained as indicated above shall be transferred to the Interest Payment Account and Sinking Fund Account. The Issuer, with the prior written consent of the Debenture Trustee, can transfer the Minimum Balance maintained in Escrow Account to the Interest Payment Account and the Sinking Fund Account on any day prior to the Transfer Date. It is hereby clarified that, notwithstanding the appropriation of any amount from the Escrow Account to fund the shortfall in Interest Payment Account (including the required DSRA amount), Sinking Fund Account and Upfront FD (in case of utilization of the amount deposited in the Upfront FD), the obligation of the Issuer to fund the Minimum Balance before the last date of any monthly period shall continue until the Final Settlement Date. 6. The following amounts will be required to be transferred to the Interest Payment Account and the Sinking Fund Account from the Escrow Account as mentioned above each year (Each year here means each period of 12 months from the Deemed Date of Allotment until the Maturity Date and is also referred to as '12 month block') on first priority basis: Interest payment Account (IPA) – Quarterly interest payable amount shall be divided into two equal parts and each part shall be transferred to IPA every month for 2 months. Accordingly, 50% of the Quarterly coupon payment (along with any further interest payable (by whatsoever name called) as per the terms of the issuance and any shortfall in earlier contribution) shall be transferred to IPA each month within first 8 months of each 12 month block in the following manner:- For Interest payable in 1st Quarter - in 1st & 2nd Month For Interest payable in 2nd Quarter- in 3rd & 4th Month For Interest payable in 3rd Quarter- in 5th & 6th Month For Interest payable in 4th Quarter- in 7th & 8th Month Sinking Fund Account (SFA) – Total issue size of the Debentures (Rs 25 Crore) shall be divided into 5 equal parts and each part (Rs. 5 Crore) shall be transferred to SFA in each year from the 1st to 5th year. 1st to 4th year Further, this one part to be transferred to SFA in each of the first Four years shall be sub-divided into 10 sub-parts and each sub-part (Rs. 0.50 Crore) (along with any shortfall in earlier contribution) shall be transferred to SFA each month for first 10 months. Accordingly, 20% of total issue size shall be transferred each year for the first 4 years out of which 2 % each month for first 10 months of each year. 5th year The remaining Rs 5 Crore (20% of the total issue size) shall be transferred in the 5th year, out of which: (i) Rs 2.5 Crore shall be sub-divided into 5 equal sub-parts and each sub-part (Rs. 0.50 Crore) (along with any shortfall in earlier contribution) shall be transferred to SFA each month for the first 5 months. (ii) Remaining Rs 2.5 Crore shall be transferred to the Sinking Fund Account in lump sum from Upfront Fixed Deposit at the end of 54th month from deemed date of allotment

Once the sinking fund account gets completely built up equivalent to the 100% of the total issue size i.e. Rs 25 Crore at the end of 54th month from the deemed date of allotment, there shall be no further fund transfers to the Sinking Fund Account from the Escrow Account.

7. The funds lying in the above-mentioned account(s) shall be utilised in the following manner:

(a) The funds lying in the Interest Payment Account (apart from the DSRA Amount) will be first utilized for meeting the Coupon payment to the Debenture Holders. In the event that the balance in the Interest Payment Account (apart from the DSRA Amount) is not sufficient for this purpose, the DSRA Amount can be utilized for meeting such shortfall in the Interest Payment Account for making the Coupon payment to the Debenture Holders.

(b) The DSRA Amount lying in the Interest Payment Account, can be used to meet (i) any shortfall in the Interest Payment Account for the Coupon payment to be made on any Coupon Payment Date; and thereafter (ii) can be used to meet any shortfall at the time of redemption of NCD (up to the excess DSRA amount) on the Redemption Date. However, the DSRA Amount cannot be utilized for any other purpose, including (a) to meet any shortfall in contribution to Sinking Fund Account except at the time of Redemption; and (b) to meet any shortfall in the amounts to be transferred to the Interest Payment Account except at the time of actual payment of Coupon on the Debentures.

(c) Any surplus amounts available in the Interest Payment Account after making the Coupon payment to Debenture Holders (which is over and above the Required DSRA Amount) should be used to make good any shortfall in contribution to Sinking Fund Account to the extent required for redemption on the Redemption Date.

(d) The funds lying in the Sinking Fund Account shall be used to redeem the Debentures.

(e) Upfront FD can be used (i) to meet any shortfall in the Sinking Fund Account prior to the end of each 12 month block and (ii) to transfer the entire amount in lump sum to Sinking Fund Account at the end of 54th month from deemed date of allotment.

(f) Any funds lying in the above account(s) can be used for making Permitted Investments. However, the funds (including investment(s)) shall not, without the approval of the Debenture Trustees, be utilised for any purpose other than as mentioned in paragraph (a) to (e) above.

(g) Any surplus funds lying in the above account(s) after the Debentures have been redeemed in full and all dues to the Debenture Holders have been paid can be transferred to the Escrow Account on the written instructions of the Debenture Trustee (acting on the instructions of the Issuer).

8. The Debenture Trustee, on behalf of the Debenture Holders shall have an exclusive first ranking charge over the Escrow Account and the account(s) where the 'Own revenues/Cash flows' that are being collected/pooled by the Issuer, the Interest Payment Account (including the DSRA Amount), Sinking Fund Account and Upfront Fixed Deposit.

9. The Debenture Trustee, on behalf of the Debenture Holder(s), shall have an exclusive first charge on the Escrow Account, Interest Payment Account

	(including the DSRA Amount), Sinking Fund Account and Upfront Fixed Deposit and any Permitted Investment(s) made from these account(s) for the exclusive benefit of the Debenture Holders(s). The amount deposited in the Interest Payment Account (including the DSRA Amount), Sinking Fund Account and Upfront Fixed Deposit shall be used solely for meeting the dues of the Debenture Holders. Any surplus in the above account(s) after the Debentures have been redeemed in full and all the dues to the Debenture Holders have been paid can be transferred to the Escrow Account after obtaining written consent of the Debenture Trustee. No amount can be withdrawn from these account(s) without the approval of Debenture Trustee. PERMITTED INVESTMENT 10. The Upfront FD and funds lying credited in the Escrow Account (to the extent of the minimum balance) & Interest Payment Account (including the DSRA Amount) can be kept in fixed deposits with any scheduled commercial bank with a dual rating of AA+ or above. However, the conditions of the fixed deposits shall not restrict premature withdrawal from the fixed deposit. The lien shall be created in favor of Debenture Trustee on all the investments made in terms hereof. The Issuer shall ensure that funds lying in the escrow accounts shall be invested in accordance with the SEBI ILMDS Regulations and SEBI circulars issued thereunder and Gujarat Provincial Municipal Corporation Act, 1949, to the extent applicable. 11. The funds lying to the credit of Sinking Fund Account can be deposited in such instruments which may be permitted both in terms of the SEBI Circulars and also Gujarat Provincial Municipal Corporation Act, 1949. The lien shall be created in favor of Debenture Trustee on all the investments made in terms hereof. 12. Any actual interest income earned and received on the Permitted Investment(s) shall be utilizable by the Issuer, in accordance with the terms set out in the Transaction Documents, only: (a) with the prior approval of the Debenture Trustee; and (b) if there is no shortfall in any of the Interest Payment Account (including the Required DSRA Amount) or the Sinking Fund Account or Upfront Fixed Deposit. 13. The Escrow Account, Interest Payment Account (including the Required DSRA Amount), Sinking Fund Account and Upfront Fixed Deposit shall be maintained with a scheduled commercial bank rated at least AA+ by two rating agencies throughout the tenor of the Debentures ("Bank"). In case, at any point of time, the rating of senior debt of the Bank falls below AA+ by any rating agency the Issuer shall, with the written consent of Debenture Trustee, move the funds to any other bank satisfying the rating criteria. 14. The Bank shall share statement(s) of these account(s) with Debenture Trustee and the Issuer for such period as may be specified by the Debenture Trustee but not greater than 12 (Twelve) months in any case till such time as the Debentures are redeemed. The Issuer shall share copies of all such reports with the Rating Agencies. The Issuer and Debenture Trustee shall keep the Rating Agencies informed in case of change in the Bank. Interest Payment Mechanism The Debenture Trustee shall check the amount lying to the credit of Interest Payment Account (which is over and above the Required DSRA Amount) at 25 (Twenty-Five) days prior to the Coupon Payment Date (T-25 days). In case of any shortfall in the amount required to make payment of Coupon on the Coupon Payment Date in the Interest Payment Account (calculated on the basis of the amounts available in addition to the Required DSRA Amount), the Debenture

	Trustee shall intimate the Issuer of the shortfall and the Issuer shall make good the short fall in the Interest Payment Account prior to the date falling 10 (Ten) days prior to the Coupon Payment Date (T-10 days). Further, the amounts lying or credited in the escrow account shall flow into the interest payment account for funding the shortfall and shall not be transferred by the Issuer to the general fund account(s) till the time the shortfall is funded. In case of shortfall in the amount required to make payment of Coupon on the Coupon Payment Date in the Interest Payment Account (calculated on the basis of the amounts available in addition to the Required DSRA Amount) at 9 (Nine) days prior to the Coupon Payment Date (T-9 days), the Debenture Trustee shall trigger the payment mechanism and shall instruct the Bank to utilise the DSRA Amount to the extent of the shortfall in the amount required to make payment of the Coupon on the Coupon Payment Date on or prior to the date falling 8 (Eight) days prior to the Interest Payment Date (T-8 days). The Coupon shall be paid by the Issuer on the Coupon Payment Date (T). In case the DSRA Amount (or part thereof) is utilized to fund the shortfall in the amount required to make payment of the Coupon in respect of any Coupon Payment Date, immediately after the Debenture Trustee shall instructed the Bank to utilise the DSRA Amount as above and in any event 7 (Seven) days prior to the relevant Coupon Payment Date (T-7), the Debenture Trustee would issue a final notice in writing to the Issuer. On the issuance of such notice, the Issuer shall make good the DSRA Amount Shortfall within next 15 (Fifteen) days (T+8). Further, immediately after the DSRA utilization, the amounts lying or credited in the escrow account shall flow into the interest payment account for DSRA replenishment and shall not be transferred by the Issuer to the general fund account(s) till the time the required DSRA amount is replenished. It is hereby clarified that, notwithstanding the appropriation of any amount from the Escrow Account to fund the shortfall in interest payment account (including the required DSRA amount), the obligation of the Issuer to fund the interest payment account and sinking fund account to the extent of the minimum balance not later than the monthly Transfer Date shall continue until the Final Settlement Date. Further, such notice(s) would continue to get served if required, as per the same timelines for subsequent and future servicing's. If any over dues on account of past servicing's from the DSRA Amount continues to remain and the Required DSRA Amount continues to remain un-replenished, then such overdue amount would be added in the subsequent notice. In any of the milestone days mentioned in the T-Structure above (except the Coupon Payment Dates) happens to not be a Business Day, the deemed date for execution of the relevant action shall be the previous Working Day. Principal Repayment (Sinking Fund) Mechanism The Debenture Trustee shall check the balance in the Sinking Fund Account prior to the end of each 12 month block - and in case of any Sinking Fund mismatch it shall be replenished as per the following mechanism:- The Debenture Trustee shall check the amount lying to the credit of Sinking Fund Account at 45 (Forty-Five) days prior to the end of each 12 months block (T). In case of any Sinking Fund mismatch, the Debenture Trustee shall intimate Issuer of the shortfall and Issuer shall make good the Sinking Fund mismatch 15 (Fifteen) days prior to the end of each 12 month block (T-15 days). Further, in case of shortfall on T-45 days, the amounts lying or credited in the escrow account shall flow into the sinking fund account for funding the shortfall and shall not be transferred by the Issuer to the general fund account(s) till the

	time the shortfall is funded. In case of shortfall still persists in the Sinking Fund Account at 14 (Fourteen) days prior to the end of each 12 month block (T-14 days), the Debenture Trustee shall trigger the payment mechanism and shall instruct the Bank to utilise the Upfront FD to the extent of the shortfall in the Sinking Fund Account on or prior to the date falling 13 (Thirteen) days prior to the end of each 12 month block (T-13 days). In case the Upfront FD (or part thereof) is utilized to fund the shortfall in the amount in sinking fund account prior to the end of each 12 month block, immediately after the Debenture Trustee has instructed the Bank to utilise the Upfront FD as above and in any event prior to 12 (Twelve) days prior to the end of each 12 month block (T-12), the Debenture Trustee would issue a final notice in writing to the Issuer. On the issuance of such notice, the Issuer shall replenish the Upfront FD within next 12 (Twelve) days (T). Further, immediately after the utilization of Upfront FD, the amounts lying or credited in the escrow account shall be utilized for replenishment of Upfront FD and shall not be transferred by the Issuer to the general fund account(s) till the time Upfront FD is fully replenished. It is hereby clarified that, notwithstanding the appropriation of any amount from the Escrow Account to fund the shortfall in sinking fund account or upfront FD, the obligation of the Issuer to fund the interest payment account and sinking fund account to the extent of the minimum balance no later than the monthly Transfer Date shall continue until the Final Settlement Date. The redemption shall be made by the Issuer on the relevant Redemption Date. If the redemption/maturity date of the Bonds falls on a non-business day, the redemption proceeds shall be paid on the previous working day. In such case, along with the redemption proceeds, the coupon accrued on such Bonds shall also be paid on the previous working day. The Debenture Trustee shall keep the Rating Agencies informed of any shortfall in the Interest Payment Account (including in the Required DSRA Amount), Sinking Fund Account.
Financial Covenants	1. The Issuer shall, at all times till the Debentures are outstanding, ensure that the total amounts collected in the Escrow Account in any financial year shall be at least 2 (Two) times of the Annual Payments Amount. For the purpose of this term sheet, the term 'Annual Payments' shall, in respect of any financial year, mean the aggregate of: (a) the Coupon payable in such year (in relation to the present bond issue and any further borrowings); and (b) the portion of principal amount of the Debentures which are required to be deposited by the Issuer into the Sinking Fund Account in such financial year (in relation to the present bond issue and any further borrowings), in terms hereof. 2. Debt Service Coverage Ratio (DSCR) shall mean the ratio of operating surplus to total debt servicing, which shall not be less than 1.50 times of operating surplus calculated as on 31st March for each year financial year (starting from 31st March 2026 till the time bonds are outstanding) as below: DSCR = operating surplus / total debt service (i) Operating surplus calculated as the below: Operating Surplus = Total Income - Adjusted Expenditure Total income = Total income of the corporation as per the audited Income and

	Expenditure statement. Adjusted Expenditure = Total expenditure as per the audited Income and Expenditure statement - Depreciation - Finance charges - Provisions and Write offs - other non-cash expenditures (ii)Total debt service = interest payment of loans and bonds + transfers made to the sinking fund account towards principal repayment / redemption + principal repayment / redemption (Excluding those made out of the sinking fund account). So long as the Eligibility Conditions are met, the Issuer shall be entitled to raise further financial indebtedness based on its cash flows including the cash flows through the Escrow Account, provided that it is clarified that nothing in this provision should be construed to permit the creation of any encumbrance over the hypothecated property without the express prior written consent of the debenture trustee. For the purpose of this term sheet, the term 'Eligibility Conditions' shall mean the following conditions: (a) the Annual Payments Ratio is maintained by the Issuer; (b) the DSCR is maintained by the Issuer (c) there is no shortfall in the contribution to the Escrow Account, the Interest Payment Account (including towards maintenance of the Required DSRA Amount), the Sinking Fund Account and the Upfront FD which has not been made good by the Issuer in terms of the Transaction Documents; (d) no Event of Default has occurred. 3. Other financial covenants as defined in the Transaction Documents
Affirmative, Informative and Negative Covenants	As indicated in Annexure VIII and more specifically set out in Debenture Trust Deed
Transaction Documents	The Preliminary Placement Memorandum, Placement Memorandum, the Issue Proceeds Agreement, the Issue Agreement, the Registrar Agreement, the Debenture Trustee Agreement, the Debenture Trust Deed, the Deed of Hypothecation, the Escrow Agreement and any other agreement or document designated as such by the Debenture Trustee (acting on the instructions of the Majority Debenture Holders).
Conditions Precedent to Disbursement	Other than the conditions precedent set out in the Debenture Trust Deed and as specified in the SEBI ILDMS Regulations, there are no conditions precedent to the Issue.
Conditions Subsequent to Disbursement	Other than the conditions subsequent set out in the Debenture Trust Deed and as specified in the SEBI ILDMS Regulations, there are no conditions precedent to the Issue.
Events of Default	The following shall constitute an Event of Default under the Transaction Documents: 1. Any payments due in respect of the Debentures have not been paid on the relevant Due Date; 2. The Issuer breaches any representation or warranty provided by the Issuer in terms of the Transaction Documents or fails duly to perform any other obligation arising from the Debentures and such breach or failure continues for more than 30 (Thirty) days after the Issuer has received a notice thereof from the Debenture Trustee; 3. The Issuer commits a breach of Financial Covenants as provided above; 4. Any change in the constitution of the Issuer which results in change in status of the Issuer; 5. Failure of the Issuer to replenish the required DSRA Amount and to fund the Sinking Fund Mismatch as per the timelines set out under the Transaction Documents; 6. The credit rating assigned to the Debentures by credit rating agencies falls below the rating assigned by them at the time of the Issuance of the debentures; 7. Failure of the Issuer to list the Debentures on NSE within a period of 3 (Three)

	working days from the Issue Closing date; 8. Failure of the Issuer to deposit the amounts into Payment Accounts in terms of the Transaction Documents; 9. Failure of the Issuer to create and/or perfect the Security in the manner and within the time period prescribed therefor; 10. It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents or if the Transaction Documents or any part thereof ceases, for any reason whatsoever, to be valid and binding or in full force and effect; 11. If the Issuer repudiates this Deed or any of the other Transaction Documents, to which it is a party; 12. If any regulatory or statutory approval, permit, license or other certificate required by the Issuer under Applicable Law, is withdrawn or not granted or not renewed; 13. Any step is taken by Government Authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or (in the opinion of the Debenture Trustee) a material part of the assets of the Issuer; 14. Execution of distress being enforced or levied by against whole or substantial part of the assets of the Issuer and any order relating thereto is not discharged or stayed within a period of 30 (thirty) days from the date of enforcement or levy; 15. If the Issuer fails to make payment of any Financial Indebtedness when due or otherwise commits any breach of the provisions of any agreement entered into in respect of any Financial Indebtedness availed of by it (in respect of which breach either no cure period is available or where a cure period is available fails to cure such breach within the available cure period); 16. The Issuer has admitted in writing that the Issuer is unable to pay its debts as they fall due and/ or the Issuer stops, suspends or threatens to stop payment of all or any of its Financial Indebtedness or proposes or makes an arrangement for the deferral, re-scheduling or other re-adjustment of all or any of its Financial Indebtedness or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such Financial Indebtedness or a moratorium is agreed or declared in respect of or affecting all or any parts of the Financial Indebtedness of the Issuer; 17. In the event that any legal proceedings or governmental proceedings are initiated against the Issuer or claims are made against the Issuer, which, in the opinion of the Debenture Trustee, may impair the Issuer's ability to perform its obligations undertaken in terms of the Transaction Documents; 18. Any information given by the Issuer is misleading or incorrect in any respect; 19. The occurrence of any event which constitutes a Material Adverse Change; 20. If in the opinion of the Debenture Trustee, the Security is in jeopardy; 21. If the Issuer voluntarily creates or attempts to create any encumbrance on the Hypothecated Property or any part thereof, other than as expressly permitted under the transaction documents; 22. In the event that the Security Cover falls below the minimum security cover and the issuer fails to provide additional assets to ensure maintenance of such security cover requirements within the timelines and in the manner stipulated under the Transaction Documents; 23. If the Security (or any part thereof) becomes unenforceable, illegal or invalid or any restriction, imposition, attachment or any similar event has been levied on the Hypothecated Property; and 24. If the Issuer ceases with/without the consent of the Debenture Holder(s), or threatens to cease to carry on its business or gives notice of its intention to do so. 25. Other events as may be set out in the Debenture Trust Deed.
Creation of Recovery Expense Fund	The Issuer will transfer the required amount towards recovery expense fund in the manner as specified by SEBI in Chapter IV of the Master Circular for Debenture Trustee bearing no. SEBI/HO/DDHS-PoD-1/P/CIR/2025/117 dated August 13, 2025 as amended from time to time with the Stock Exchange and will inform the Debenture Trustee regarding transfer of amount toward such fund.

Provisions related to Cross Default Clause	As stated under Event of Defaults above and as per the Debenture Trust Deed to be executed in accordance with applicable law
Default Interest	(a) All monies due in respect of the Debentures shall, in case the same be not paid on the respective due dates, carry further interest at the rate of 2% (Two Percent) per annum, which shall be paid over and above the Coupon Rate for the period during which such default continues; (b) In case of delay in execution of the Debenture Trust Deed and security documents, BMC will refund the subscription with the agreed rate of interest or will pay penal interest of at least 2% p.a. (Two percent per annum), which shall be paid over and above the Coupon Rate for the period during which such default continues; (c) In case of delay in listing of the Debentures beyond 3 (Three) days from the Issue Closing Date, the Issuer shall pay penal interest of at least 1% p.a. (One percent per annum) which shall be paid over and above the Coupon Rate for the period of delay (i.e. from the date of allotment to the date of listing). (d) Other provisions as set out in the Transaction Documents.
Manner of Bidding	Closed bidding
Manner of Allotment	Uniform yield allotment
Settlement Cycle	The process of pay-in of funds by investors and pay-out to Issuer will be done on T+1 day, where T is the Issue Closing Date
Role and Responsibilities of Debenture Trustee	As per SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015, and the Debenture Trust Deed.
Governing Law and Jurisdiction	The Debentures and the Transaction Documents (other than the Issue Proceeds Agreement) shall be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of courts and tribunals in Bhavnagar. The Issue Proceeds Agreement shall be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of courts and tribunals in Mumbai.

SECTION XV: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to herein below (not being contracts entered into in the ordinary course of the business carried out by the Issuer) which are or may be deemed to be material, have been entered into by the Issuer. Copies of these contracts together with the copies of the documents may be inspected at the Head Office of the Issuer between 10.00 a.m. and 2.00 p.m. on any working day until the Issue Closing Date.

A. Material Contracts

1. Copy of Tripartite Agreement dated August 13, 2025 between CDSL, the Issuer and the Registrar to the Issue.
2. Copy of Tripartite Agreement dated August 11, 2025 between NSDL, the Issuer and the Registrar to the Issue.
3. Debenture Trustee Agreement dated August 04, 2025 between the Issuer and the Debenture Trustee;
4. Issue Agreement dated August 04, 2025 between the Issuer and the Merchant Bankers/Arrangers to the Issue.
5. Registrar Agreement dated August 04, 2025 between the Issuer and the Registrar to the Issue.
6. Debenture Trust Deed dated [●] between the Issuer and the Debenture Trustee.
7. Escrow Agreement dated October 14, 2025 between the Issuer, the Debenture Trustee and the Banker to the Issue.
8. Issue Proceeds Agreement dated October 14, 2025 between the Issuer, the Merchant Bankers/Arrangers, Registrar and the Banker to the Issue.
9. Deed of Hypothecation dated [●] executed by the Issuer in favour of Debenture Trustee.

The Issuer hereby undertakes to ensure execution of the balance Transaction Documents in accordance with applicable law.

B. Material Documents

1. Copy of notification dated February 12, 1982 bearing reference no. KP-30/82/BMN-1082/2860(iii)-P issued under Bombay Provincial Municipal Corporation Act,1949, the then applicable Act in Gujarat (now GPMC Act)
2. Copy of Gujarat Provincial Municipal Corporations Act, 1949
3. Standing Committee Resolution No. 589 dated November 07, 2023 and General Board Resolution No. 118 dated November 29, 2023 for approval for the issuance of municipal bonds.
4. Standing Committee Resolution No. 30 dated June 12, 2024, and General Board Resolution No. 05 dated June 29, 2024, in relation to approval for the issuance of bonds and formation of Bond Issue Committee and authorizing the Bond Issue Committee to do all acts of the Issue.
5. Copy of Letters of the Municipal Commissioner dated August 08, 2025 and October 16, 2025 certifying the list of members of the Bond Issue Committee.
6. Approval of Urban Development and Urban Housing Department, Government of Gujarat dated May 23, 2025 approving the proposal of BMC or issuing Taxable Municipal Bonds amounting to ₹25 Crores (Twenty-Five Crores Only).
7. Copy of the resolution of the Bond Issue Committee dated August 14, 2025 approving the issuance of Bonds.
8. Copy of the resolution of Bond Issue Committee dated August 04, 2025 appointing the Shri. Ritesh R Maheta as Compliance Officer and Officer In-Charge of dealing with Investor Grievances.
9. Copy of the resolutions of the Bond Issue Committee dated August 14, 2025 and October 16, 2025 approving the Objects of the Issue.
10. Copy of the resolution of the Bond Issue Committee dated August 14, 2025 approving the Materiality Policy and the Term Sheet.
11. Copy of the resolution of the Bond Issue Committee dated August 14, 2025 approving the Term Sheet and resolution dated October 16, 2025 approving the updated Term Sheet and cash flow.
12. Consents and appointment letters of the Merchant Bankers / Arrangers / Transactions advisors, Debenture Trustee, Rating Agencies, Registrar to the Issue, Legal Advisor, Auditors, members of the Bond Issue Committee Escrow Bank and Banker to the Issue to include their names in the Preliminary Placement Memorandum and this Placement Memorandum.
13. Examination report dated August 14, 2025 and October 16, 2025 issued by the Auditor of the Issuer.
14. Statement of tax benefits dated August 14, 2025 and October 16, 2025 issued by the Auditor of the Issuer.

15. Certificates dated August 14, 2025 and October 16, 2025 issued by Sapient Techno Consultant and Infinite Civil Solutions Private Limited, the Project Consultants.
16. Copy of the resolution of the Bond Issue Committee dated August 14, 2025 approving the Preliminary Placement Memorandum.
17. Copy of resolution of the Bond Issue Committee dated September 23, 2025 approving the updated Preliminary Placement Memorandum filed with SEBI after incorporating changes and updates as per SEBI observation letter.
18. Copy of resolution of the Bond Issue Committee dated October 16, 2025 approving this Placement Memorandum.
19. Rating letter dated January 16, 2025 and revalidated vide letter dated July 23, 2025, September 15, 2025 and October 06, 2025 and rating rationale dated January 16, 2025 issued by India Ratings for credit rating of the Issue.
20. Rating letter dated December 13, 2024 and revalidated vide letter dated July 16, 2025, September 15, 2025 and October 03, 2025 and rating rationale dated June 05, 2025 issued by CRISIL for credit rating of the Issue.
21. Notification no. D.O. No. K-14012/01/2022-AMRUT-IIB dated April 07, 2025 in relation to AMRUT Incentive issued by Ministry of Housing and Urban Affairs.
22. Due diligence certificate dated August 14, 2025 and October 16, 2025 filed by the Merchant Bankers with SEBI in relation to the Preliminary Placement Memorandum and Placement Memorandum, respectively.
23. Due Diligence Certificate dated August 14, 2025 and October 16, 2025 from the Debenture Trustee in relation to the Issue.
24. In-principle approval received from National Stock Exchange of India Limited having reference no. NSE/LIST/9435 dated August 20, 2025.
25. Observation Letter from SEBI bearing reference no. SEBI/HO/DDHS-RAC-1/P/OW/2025/0000024311/1 dated September 11, 2025.

SECTION-XVI: DECLARATION

Bharatbhai M. Barad
Mayor
BHAVNAGAR MUNICIPAL CORPORATION

ભરતભાઈ એમ. બારડ
મેયર
ભાવનગર મહાનગરપાલિકા

Ph.: (0278) 2511600, 2429492 Fax : 2428628 E-mail : mayorbmc79@gmail.com Website : www.bmcgujarat.com

Resi.: Mallvalo Khacho, Vadva Washing Ghat Chowk
Bhavnagar-364 001. (Gujarat) M. 97262 30720

નિવાસ : માળીયાનો ખાચો, વડવા ધોબીઘાટ ચોક,
ભાવનગર-૩૬૪ ૦૦૧. (ગુજરાત) મો. ૯૭૨૬૨ ૩૦૭૨૦

Declaration

I, Bharatbhai Manilal Barad, Mayor of Bhavnagar Municipal Corporation (the "**Issuer**") hereby declare and confirm that:

1. The Placement Memorandum contains true, fair, correct and adequate information to enable investors to make a well-informed decision regarding their investment in the proposed Issue.
2. The Placement Memorandum contains full disclosures in accordance with the Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, issued vide No. SEBI/LAD-NRO/GN/2015-16/006 dated 15th July 2015, as amended and other applicable SEBI circulars.
3. The Placement Memorandum is in conformity with the documents, material and papers which are material to the issue.
4. The Placement 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 Placement Memorandum also does not contain any false or misleading statement.
5. That no responsibility for the statements made otherwise than in the Placement Memorandum or in any other material issued by or at the instance of the Issuer shall be accepted by the Issuer, and that anyone placing reliance on any other source of information would be doing so at his own risk.

For Bhavnagar Municipal Corporation

B.M.Barad

Name: Bharatbhai Manilal Barad
Designation: Mayor
Date: October 16, 2025

Bhavnagar Municipal Corporation BMC

Dr. Narander Kumar Meena I.A.S.
Commissioner

BHAVNAGAR MUNICIPAL CORPORATION
BHAVNAGAR
E-mail : comm-bmc@gujarat.gov.in
Ph. : (0278) 2510532 / 2439900
Fax: 2428628 Res. : 2518141

Declaration

I, **Narander Kumar Meena (I.A.S.), Municipal Commissioner** of Bhavnagar Municipal Corporation (the "Issuer") hereby declare and confirm that:

1. The Placement Memorandum contains true, fair, correct and adequate information to enable investors to make a well-informed decision regarding their investment in the proposed Issue.
2. The Placement Memorandum contains full disclosures in accordance with the Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, issued vide No. SEBI/LAD-NRO/GN/2015-16/006 dated 15th July 2015, as amended and other applicable SEBI circulars.
3. The Placement Memorandum is in conformity with the documents, material and papers which are material to the Issue.
4. The Placement 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 Placement Memorandum also does not contain any false or misleading statement.
5. That no responsibility for the statements made otherwise than in the Placement Memorandum or in any other material issued by or at the instance of the Issuer shall be accepted by the Issuer, and that anyone placing reliance on any other source of information would be doing so at his own risk.

For **Bhavnagar Municipal Corporation**

Name: Narander Kumar Meena (I.A.S.)
Designation: Municipal Commissioner
Date: October 16, 2025

Bhavnagar Municipal Corporation BMC

ANNEXURE I

Structured Payment Mechanism

Structured Payment Mechanism

1. The Issuer shall open the following accounts for servicing the Coupon and principal amount of the Debentures for the exclusive benefit of the Debenture Holders:
   (a) Escrow Account
   (b) Interest Payment Account
   (c) Sinking Fund Account

2. The Issuer shall set up the separate no-lien Escrow Account and the funds lying in account(s) in which the Issuer's **Own revenues** get collected and/ or pooled by the Issuer shall be transferred to the Escrow Account for debt servicing on daily basis. Debenture Holders/ Debenture Trustee on behalf of Debenture Holders shall have first and exclusive charge over the Escrow Account and the account(s) where own revenues gets collected and/ or pooled by the Issuer.

   'Own revenues/Cash flows' here shall mean the revenues/cash flows being directly levied and collected/recovered by the Issuer and not being the revenues/cash flows received from the Government in the form of Grants, contributions & subsidies, assigned revenues & compensations or others. The revenues/cash flows being directly levied and collected/recovered by the Issuer include tax revenues, rental income from municipal properties, fees and user charges, sale and hire charges and such other Incomes.

3. The Interest Payment Account is an account from which the interest payments on the Debentures will be serviced and the Required DSRA Amount (as hereinafter defined) will also be maintained as per the requirements of the SEBI circular in relation to 'Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015' dated November 13, 2019 bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019.

   For ensuring maintenance of the Required DSRA Amount, the Interest Payment Account shall be funded 1 (One) day prior to the Pay-In Date with an amount equal to the 4 (Four) succeeding coupon payments (i.e. one year interest obligation) required to be paid by the Issuer in respect of the Debentures ("**Required DSRA Amount**"). The amounts lying in, or credited into, the Interest Payment Account from time to time towards maintenance of the Required DSRA Amount, shall be hereinafter referred to as the "DSRA Amount". In the event of any utilisation from the DSRA Amount, the Issuer shall be obliged to replenish the same as per the Interest Payment Mechanism below.

   Further, as the interest liability would progressively come down after the peak, the Issuer would be permitted to take out the excess DSRA progressively under intimation to the Debenture Trustee, subject to: (i) no unresolved breach of any covenant or event of default, (ii) no shortfall in any of the Interest Payment Account (including the Required DSRA Amount) or the Sinking Fund Account or Upfront FD.

4. The Sinking Fund Account is an account from which the principal redemptions of NCDs will be made.

   The Issuer shall, 1 (One) day prior to the Pay-in Date, create upfront Fixed Deposit in terms of the Transaction Documents for an amount equivalent to 10% (Ten percent) of the total bond issue size (**"Upfront Fixed Deposit" or "Upfront FD"**).

   The Upfront FD shall be utilized in accordance with the Principle Repayment (Sinking Fund) mechanism defined in the structured payment mechanism below and at the end of 54 months from the deemed date of allotment, the said fixed deposit amount shall be transferred to the Sinking Fund Account.

   The Issuer hereby agrees and undertakes that it shall, at all times maintain the Upfront Fixed Deposit with scheduled commercial bank with a dual rating of AA+ or above and the same shall always be lien marked to the debenture trustee in terms of the Transaction Documents until the amount gets transferred to the Sinking Fund Account at the end of 54 months from the deemed date of allotment.

5. The funds lying in the Escrow Account shall be used in the following priority:

   (a) The funds should be first utilized to fund any shortfall in required DSRA amount (in case of utilization of the DSRA amount), Interest payment account, the sinking fund account and Upfront FD (in case of utilization of the amount deposited in the Upfront FD) as per the interest payment and sinking fund mechanism defined below;

   (b) Thereafter, the funds should be utilized to accumulate the Minimum Balance in Escrow Account. The Minimum Balance to be maintained in any monthly period expiring on the Transfer Date (Transfer date here means last date of any monthly period) shall be the amount to be transferred to the Interest Payment Account and Sinking Fund Account on the Transfer Date;

   (c) The Minimum Balance shall not be used for any purpose other than transfer to the Interest Payment Account and Sinking Fund Account;

   (d) The surplus funds, if any, after first accumulating the Minimum Balance can thereafter be transferred to the general fund account(s) in accordance with a one-time written instruction providing for such transfer is given by the Debenture Trustee for such monthly period provided however that, in case of a shortfall in any of the Interest Payment Account (including towards maintenance of the Required DSRA Amount) or Sinking Fund Account or Upfront Fixed Deposit, no transfer to the general fund account(s) shall be effected and the surplus funds shall first be utilised towards funding the relevant account in which there is a shortfall.

   (e) In case of any shortfall in the Escrow Account to the tune of Minimum Balance, the Issuer shall make good the shortfall from the funds from other account(s) to Escrow Account as per the terms of the transaction documents.

   On a monthly basis, on each Transfer Date, the Minimum Balance maintained as indicated above shall be transferred to the Interest Payment Account and Sinking Fund Account. The Issuer, with the prior written consent of the Debenture Trustee, can transfer the Minimum Balance maintained in Escrow Account to the Interest Payment Account and the Sinking Fund Account on any day prior to the Transfer Date.

   It is hereby clarified that, notwithstanding the appropriation of any amount from the Escrow Account to fund the shortfall in Interest Payment Account (including the required DSRA amount), Sinking Fund Account and Upfront FD (in case of utilization of the amount deposited in the Upfront FD), the obligation of the Issuer to fund the Minimum Balance before the last date of any monthly period shall continue until the Final Settlement Date.

6. The following amounts will be required to be transferred to the Interest Payment Account and the Sinking Fund Account from the Escrow Account as mentioned above each year (Each year here means each period of 12 months from the Deemed Date of Allotment until the Maturity Date and is also referred to as '12 month block') on first priority basis:

   Interest payment Account (IPA) – Quarterly interest payable amount shall be divided into two equal parts and each part shall be transferred to IPA every month for 2 months. Accordingly, 50% of the Quarterly coupon payment (along with any further interest payable (by whatsoever name called) as per the terms of the issuance and any shortfall in earlier contribution) shall be transferred to IPA each month within first 8 months of each 12 month block in the following manner:-

   For Interest payable in 1st Quarter - in 1st & 2nd Month
   For Interest payable in 2nd Quarter- in 3rd & 4th Month
   For Interest payable in 3rd Quarter- in 5th & 6th Month
   For Interest payable in 4th Quarter- in 7th & 8th Month

   Sinking Fund Account (SFA) – Total issue size of the Debentures (Rs 25 Crore) shall be divided into 5 equal parts and each part (Rs. 5 Crore) shall be transferred to SFA in each year from the 1st to 5th year.

1st to 4th year

Further, this one part to be transferred to SFA in each of the first Four years shall be sub-divided into 10 sub-parts and each sub-part (Rs. 0.50 Crore) (along with any shortfall in earlier contribution) shall be transferred to SFA each month for first 10 months. Accordingly, 20% of total issue size shall be transferred each year for the first 4 years out of which 2 % each month for first 10 months of each year.

5th year

The remaining Rs 5 Crore (20% of the total issue size) shall be transferred in the 5th year, out of which:

(i) Rs 2.5 Crore shall be sub-divided into 5 equal sub-parts and each sub-part (Rs. 0.50 Crore) (along with any shortfall in earlier contribution) shall be transferred to SFA each month for the first 5 months.

(ii) Remaining Rs 2.5 Crore shall be transferred to the Sinking Fund Account in lump sum from Upfront Fixed Deposit at the end of 54th month from deemed date of allotment

Once the sinking fund account gets completely built up equivalent to the 100% of the total issue size i.e. Rs 25 Crore at the end of 54th month from the deemed date of allotment, there shall be no further fund transfers to the Sinking Fund Account from the Escrow Account.

7. The funds lying in the above-mentioned account(s) shall be utilised in the following manner:

(a) The funds lying in the Interest Payment Account (apart from the DSRA Amount) will be first utilized for meeting the Coupon payment to the Debenture Holders. In the event that the balance in the Interest Payment Account (apart from the DSRA Amount) is not sufficient for this purpose, the DSRA Amount can be utilized for meeting such shortfall in the Interest Payment Account for making the Coupon payment to the Debenture Holders.

(b) The DSRA Amount lying in the Interest Payment Account, can be used to meet (i) any shortfall in the Interest Payment Account for the Coupon payment to be made on any Coupon Payment Date; and thereafter (ii) can be used to meet any shortfall at the time of redemption of NCD (up to the excess DSRA amount) on the Redemption Date. However, the DSRA Amount cannot be utilized for any other purpose, including (a) to meet any shortfall in contribution to Sinking Fund Account except at the time of Redemption; and (b) to meet any shortfall in the amounts to be transferred to the Interest Payment Account except at the time of actual payment of Coupon on the Debentures.

(c) Any surplus amounts available in the Interest Payment Account after making the Coupon payment to Debenture Holders (which is over and above the Required DSRA Amount) should be used to make good any shortfall in contribution to Sinking Fund Account to the extent required for redemption on the Redemption Date.

(d) The funds lying in the Sinking Fund Account shall be used to redeem the Debentures.

(e) Upfront FD can be used (i) to meet any shortfall in the Sinking Fund Account prior to the end of each 12 month block and (ii) to transfer the entire amount in lump sum to Sinking Fund Account at the end of 54th month from deemed date of allotment.

(f) Any funds lying in the above account(s) can be used for making Permitted Investments. However, the funds (including investment(s)) shall not, without the approval of the Debenture Trustees, be utilised for any purpose other than as mentioned in paragraph (a) to (e) above.

(g) Any surplus funds lying in the above account(s) after the Debentures have been redeemed in full and all dues to the Debenture Holders have been paid can be transferred to the Escrow Account on the written instructions of the Debenture Trustee (acting on the instructions of the Issuer).

8. The Debenture Trustee, on behalf of the Debenture Holders shall have an exclusive first ranking charge over the Escrow Account and the account(s) where the '**Own revenues/Cash flows'** that are being collected/pooled by the Issuer, the Interest Payment Account (including the DSRA Amount), Sinking Fund Account and Upfront Fixed Deposit.

9. The Debenture Trustee, on behalf of the Debenture Holder(s), shall have an exclusive first charge on the Escrow Account, Interest Payment Account (including the DSRA Amount), Sinking Fund Account and Upfront Fixed Deposit and any Permitted Investment(s) made from these account(s) for the exclusive benefit of the Debenture Holders(s). The amount deposited in the Interest Payment Account (including the DSRA Amount), Sinking Fund Account and Upfront Fixed Deposit shall be used solely for meeting the dues of the Debenture Holders. Any surplus in the above account(s) after the Debentures have been redeemed in full and all the dues to the Debenture Holders have been paid can be transferred to the Escrow Account after obtaining written consent of the Debenture Trustee. No amount can be withdrawn from these account(s) without the approval of Debenture Trustee.

PERMITTED INVESTMENT

10. The Upfront FD and funds lying credited in the Escrow Account (to the extent of the minimum balance) & Interest Payment Account (including the DSRA Amount) can be kept in fixed deposits with any scheduled commercial bank with a dual rating of AA+ or above. However, the conditions of the fixed deposits shall not restrict premature withdrawal from the fixed deposit. The lien shall be created in favor of Debenture Trustee on all the investments made in terms hereof. The Issuer shall ensure that funds lying in the escrow accounts shall be invested in accordance with the SEBI ILMDS Regulations and SEBI circulars issued thereunder and Gujarat Provincial Municipal Corporation Act, 1949, to the extent applicable.

11. The funds lying to the credit of Sinking Fund Account can be deposited in such instruments which may be permitted both in terms of the SEBI Circulars and also Gujarat Provincial Municipal Corporation Act, 1949. The lien shall be created in favor of Debenture Trustee on all the investments made in terms hereof.

12. Any actual interest income earned and received on the Permitted Investment(s) shall be utilizable by the Issuer, in accordance with the terms set out in the Transaction Documents, only: (a) with the prior approval of the Debenture Trustee; and (b) if there is no shortfall in any of the Interest Payment Account (including the Required DSRA Amount) or the Sinking Fund Account or Upfront Fixed Deposit.

13. The Escrow Account, Interest Payment Account (including the Required DSRA Amount), Sinking Fund Account and Upfront Fixed Deposit shall be maintained with a scheduled commercial bank rated at least AA+ by two rating agencies throughout the tenor of the Debentures ("Bank"). In case, at any point of time, the rating of senior debt of the Bank falls below AA+ by any rating agency the Issuer shall, with the written consent of Debenture Trustee, move the funds to any other bank satisfying the rating criteria.

14. The Bank shall share statement(s) of these account(s) with Debenture Trustee and the Issuer for such period as may be specified by the Debenture Trustee but not greater than 12 (Twelve) months in any case till such time as the Debentures are redeemed. The Issuer shall share copies of all such reports with the Rating Agencies. The Issuer and Debenture Trustee shall keep the Rating Agencies informed in case of change in the Bank.

Interest Payment Mechanism

The Debenture Trustee shall check the amount lying to the credit of Interest Payment Account (which is over and above the Required DSRA Amount) at 25 (Twenty-Five) days prior to the Coupon Payment Date (T-25 days). In case of any shortfall in the amount required to make payment of Coupon on the Coupon Payment Date in the Interest Payment Account (calculated on the basis of the amounts available in addition to the Required DSRA Amount), the Debenture Trustee shall intimate the Issuer of the shortfall and the Issuer shall make good the short fall in the Interest Payment Account prior to the date falling 10 (Ten) days prior to the Coupon Payment Date (T-10 days). Further, the amounts lying or credited in the escrow account shall flow into the interest payment account for funding the shortfall and shall not be transferred by the Issuer to the general fund account(s) till the time the shortfall is funded. In case of shortfall in the amount required to make payment of Coupon on the Coupon Payment Date in the Interest Payment Account (calculated on the basis of the amounts available in addition to the Required DSRA Amount) at 9 (Nine) days prior to the Coupon Payment Date (T-9 days), the Debenture Trustee shall trigger the payment mechanism and shall instruct the Bank to utilise the DSRA Amount to the extent of the shortfall in the amount required to make

payment of the Coupon on the Coupon Payment Date on or prior to the date falling 8 (Eight) days prior to the Interest Payment Date (T-8 days). The Coupon shall be paid by the Issuer on the Coupon Payment Date (T).

In case the DSRA Amount (or part thereof) is utilized to fund the shortfall in the amount required to make payment of the Coupon in respect of any Coupon Payment Date, immediately after the Debenture Trustee shall instructed the Bank to utilise the DSRA Amount as above and in any event 7 (Seven) days prior to the relevant Coupon Payment Date (T-7), the Debenture Trustee would issue a final notice in writing to the Issuer. On the issuance of such notice, the Issuer shall make good the DSRA Amount Shortfall within next 15 (Fifteen) days (T+8). Further, immediately after the DSRA utilization, the amounts lying or credited in the escrow account shall flow into the interest payment account for DSRA replenishment and shall not be transferred by the Issuer to the general fund account(s) till the time the required DSRA amount is replenished.

It is hereby clarified that, notwithstanding the appropriation of any amount from the Escrow Account to fund the shortfall in interest payment account (including the required DSRA amount), the obligation of the Issuer to fund the interest payment account and sinking fund account to the extent of the minimum balance not later than the monthly Transfer Date shall continue until the Final Settlement Date.

Further, such notice(s) would continue to get served if required, as per the same timelines for subsequent and future servicing's. If any over dues on account of past servicing's from the DSRA Amount continues to remain and the Required DSRA Amount continues to remain un-replenished, then such overdue amount would be added in the subsequent notice.

In any of the milestone days mentioned in the T-Structure (except the Coupon Payment Dates) above happens to not be a Business Day, the deemed date for execution of the relevant action shall be the previous Working Day.

Principal Repayment (Sinking Fund) Mechanism

The Debenture Trustee shall check the balance in the Sinking Fund Account prior to the end of each 12 month block - and in case of any Sinking Fund mismatch it shall be replenished as per the following mechanism:-

The Debenture Trustee shall check the amount lying to the credit of Sinking Fund Account at 45 (Forty-Five) days prior to the end of each 12 months block (T). In case of any Sinking Fund mismatch, the Debenture Trustee shall intimate Issuer of the shortfall and Issuer shall make good the Sinking Fund mismatch 15 (Fifteen) days prior to the end of each 12 month block (T-15 days).

Further, in case of shortfall on T-45 days, the amounts lying or credited in the escrow account shall flow into the sinking fund account for funding the shortfall and shall not be transferred by the Issuer to the general fund account(s) till the time the shortfall is funded.

In case of shortfall still persists in the Sinking Fund Account at 14 (Fourteen) days prior to the end of each 12 month block (T-14 days), the Debenture Trustee shall trigger the payment mechanism and shall instruct the Bank to utilise the Upfront FD to the extent of the shortfall in the Sinking Fund Account on or prior to the date falling 13 (Thirteen) days prior to the end of each 12 month block (T-13 days).

In case the Upfront FD (or part thereof) is utilized to fund the shortfall in the amount in sinking fund account prior to the end of each 12 month block, immediately after the Debenture Trustee has instructed the Bank to utilise the Upfront FD as above and in any event prior to 12 (Twelve) days prior to the end of each 12 month block (T-12), the Debenture Trustee would issue a final notice in writing to the Issuer. On the issuance of such notice, the Issuer shall replenish the Upfront FD within next 12 (Twelve) days (T). Further, immediately after the utilization of Upfront FD, the amounts lying or credited in the escrow account shall be utilized for replenishment of Upfront FD and shall not be transferred by the Issuer to the general fund account(s) till the time Upfront FD is fully replenished.

It is hereby clarified that, notwithstanding the appropriation of any amount from the Escrow Account to fund the shortfall in sinking fund account or upfront FD, the obligation of the Issuer to fund the interest payment

account and sinking fund account to the extent of the minimum balance no later than the monthly Transfer Date shall continue until the Final Settlement Date.

The redemption shall be made by the Issuer on the relevant Redemption Date. If the redemption/maturity date of the Bonds falls on a non-business day, the redemption proceeds shall be paid on the previous working day. In such case, along with the redemption proceeds, the coupon accrued on such Bonds shall also be paid on the previous working day.

The Debenture Trustee shall keep the Rating Agencies informed of any shortfall in the Interest Payment Account (including in the Required DSRA Amount), Sinking Fund Account.

ANNEXURE - II
Rating Letters and Rationale

CONFIDENTIAL

RL/BHAVMUNCP/369532/BOND/1025/130673/168549913
October 03, 2025

Mr. Ritesh Mehta
Chief Accounts & Finance Officer
Municipal Corporation of Bhavnagar
Mangalsinghji Road, Nawa Para
Bhavnagar - 364001
9979084655

Dear Mr. Ritesh Mehta,

Re: Crisil Rating on the Rs.25 Crore Bond[&] of Municipal Corporation of Bhavnagar

All ratings assigned by Crisil Ratings are kept under continuous surveillance and review.

Please refer to our rating letter dated September 15, 2025 bearing Ref. no: RL/BHAVMUNCP/369532/BOND/0925/129019/168549913

Rating outstanding on the captioned debt instruments is "Provisional Crisil AA-/Stable" (pronounced as "Provisional Crisil double A minus rating" with Stable outlook). Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.

Kindly note that the provisional rating will be converted to final rating after Crisil Ratings receives following transaction documents duly executed and/or confirmations on completion of the following pending steps within 90 days from the date of issuance of the instrument, to the satisfaction of Crisil Ratings.

- Debenture trust deed
- Debenture trustee appointment agreement
- Escrow agreements
- Final representation and warranties letter
- Final debenture trustee consent letter
- Final debenture trustee awareness letter
- Final term sheet

The final rating assigned after end of 90 days (or following an extension of upto 90 days, if any, granted by the rating committee of Crisil Ratings after considering case specific considerations) shall be consistent with the available documents or completed steps, as applicable. Crisil Ratings will issue a final rating letter on receipt of documents as mentioned above.

Please note that, in arriving at the ratings, Crisil Ratings has assumed that the representations made by BMC are true and that the structure, shall work and operate as represented by BMC. Crisil Ratings does not guarantee the accuracy, adequacy, or completeness of the representations made by you to Crisil Ratings and/or the representations made in the transaction documents. Crisil Ratings is not responsible for any acts of commission or omission of the BMC and/or the Trustee.

As per our Rating Agreement, Crisil Ratings would disseminate the ratings, along with the outlook, through its publications and other media, and keep the ratings, along with the outlook, under surveillance over the life of the instrument/facility. Crisil Ratings reserves the right to withdraw, or revise the ratings, along with the outlook, at any time, on the basis of new information, or unavailability of information, or other circumstances which Crisil Ratings believes may have an impact on the ratings. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (ref. no.: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. Further, SEBI circular dated June 30, 2017 (ref. no. SEBI/ HO/ MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71), requires you to inform Crisil Ratings with the details of Securities as per the format precribed, refer Annexure A, immediately but not later than seven (7) days from the date of placing the debt security. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable Crisil Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Aditya Jhaver

Nivedita Shibu

Disclaimer: A rating by Crisil Ratings reflects Crisil Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by Crisil Ratings. Our ratings are based on information provided by the issuer or obtained by Crisil Ratings from sources it considers reliable. Crisil Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by Crisil Ratings 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. Crisil Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. Crisil Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. Crisil Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. Crisil Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by Crisil Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at Crisilratingdesk@crisil.com or at 1800-267-3850

Director - Crisil Ratings

Director - Crisil Ratings

& A prefix of 'Provisional' indicates that the rating centrally factors in the strength of specific structures and is contingent upon occurrence of certain steps or execution of certain documents by the issuer, as applicable, without which the rating would either have been different or not assigned ab initio. This is in compliance with a May 6, 2015 directive 'Standardizing the term, rating symbol, and manner of disclosure with regards to conditional/ provisional/ in-principle ratings assigned by credit rating agencies' by Securities and Exchange Board of India (SEBI) and April 27, 2021 circular 'Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments' by SEBI

Disclaimer: *A rating by Crisil Ratings reflects Crisil Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by Crisil Ratings. Our ratings are based on information provided by the issuer or obtained by Crisil Ratings from sources it considers reliable. Crisil Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by Crisil Ratings 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. Crisil Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. Crisil Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. Crisil Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. Crisil Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by Crisil Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at Crisilratingdesk@crisil.com or at 1800-267-3850*

CONFIDENTIAL

RL/BHAVMUNCP/341228/BOND/1224/104775/168549913
December 13, 2024

Mr. Ritesh Maheta
Chief Accounts & Finance Officer
Municipal Corporation of Bhavnagar
Mangalsinghji Road,
Nawa Para
Bhavnagar - 364001

Dear Mr. Ritesh Maheta,

Re: CRISIL Rating on the Rs.25 Crore Bond& of Municipal Corporation of Bhavnagar (BMC)

We refer to your request for a rating for the captioned Debt instrument.

CRISIL Ratings has, after due consideration, assigned a Provisional CRISIL AA-/Stable (pronounced as Provisional CRISIL double A minus rating with Stable outlook) rating to the captioned Debt instrument. Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.

Kindly note that the provisional rating will be converted to final rating after CRISIL Ratings receives following transaction documents duly executed and/or confirmations on completion of the following pending steps, within 90 days from the date of issuance of the instrument and to the satisfaction of CRISIL Ratings.

- Debenture trust deed
- Debenture trustee appointment agreement
- Escrow agreements
- Final representation and warranties letter
- Final debenture trustee consent letter
- Final debenture trustee awareness letter
- Final term sheet

The final rating assigned after end of 90 days (or following an extension of upto 90 days, if any, granted by the rating committee of CRISIL Ratings after considering case specific considerations) shall be consistent with the available documents or completed steps, as applicable. CRISIL Ratings will issue a final rating letter on receipt of documents as mentioned above.

Please note that, in arriving at the ratings, CRISIL Ratings has assumed that the representations made by BMC are true and that the structure, shall work and operate as represented by BMC. CRISIL Ratings does not guarantee the accuracy, adequacy, or completeness of the representations made by you to CRISIL Ratings and/or the representations made in the transaction documents. CRISIL Ratings is not responsible for any acts of commission or omission of the BMC and/or the Trustee.

As per our Rating Agreement, CRISIL Ratings would disseminate the ratings, along with the outlook, through its publications and other media, and keep the ratings, along with the outlook, under surveillance over the life of the instrument/facility. CRISIL Ratings reserves the right to withdraw, or revise the ratings, along with the outlook, at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the ratings. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (ref. no.: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. Further, SEBI circular dated June 30, 2017 (ref. no. SEBI/ HO/ MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71), requires you to inform CRISIL Ratings with the details of Securities as per the format precribed, refer Annexure A, immediately but not later than seven (7) days from the date of placing the debt security. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Rabindra Man Verma

Nivedita Shibu

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& A prefix of 'Provisional' indicates that the rating centrally factors in the strength of specific structures and is contingent upon occurrence of certain steps or execution of certain documents by the issuer, as applicable, without which the rating would either have been different or not assigned ab initio. This is in compliance with a May 6, 2015 directive 'Standardizing the term, rating symbol, and manner of disclosure with regards to conditional/ provisional/ in-principle ratings assigned by credit rating agencies' by Securities and Exchange Board of India (SEBI) and April 27, 2021 circular 'Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments' by SEBI

Annexure A: Details of the Rs.25 Crore Bond of Municipal Corporation of Bhavnagar

	1st tranche		***2nd tranche***		***3rd tranche***	
Instrument Series:						
Amount Placed:						
Maturity Period:						
Put or Call Options (if any):						
Coupon Rate:						
Interest Payment Dates:						
Principal Repayment Details:	Date	Amount	Date	Amount	Date	Amount
Investors:						
Trustees:						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

Disclaimer: *A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings 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. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301*

A - 13

Rating Rationale

June 05, 2025 | Mumbai

Municipal Corporation of Bhavnagar

Rating reaffirmed at 'Provisional Crisil AA-/Stable'

Rating Action

Rs.25 Crore Bond&	**Provisional Crisil AA-/Stable (Reaffirmed)**

& A prefix of 'Provisional' indicates that the rating centrally factors in the strength of specific structures and is contingent upon occurrence of certain steps or execution of certain documents by the issuer, as applicable, without which the rating would either have been different or not assigned ab initio. This is in compliance with a May 6, 2015 directive 'Standardizing the term, rating symbol, and manner of disclosure with regards to conditional/ provisional/ in-principle ratings assigned by credit rating agencies' by Securities and Exchange Board of India (SEBI) and April 27, 2021 circular 'Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments' by SEBI
Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Provisional Crisil AA-/Stable' rating on the Rs 25 crore proposed bond programme of Municipal Corporation of Bhavnagar (BMC).

The rating continues to reflect the healthy business risk profile of the corporation, driven by a healthy economic base, high proportion of own tax revenue in the overall revenue profile, and the operating surplus scenario which is expected to continue in the near-to-medium term. The rating also reflects the moderate financial risk profile and comfortable liquidity, marked by nil debt as on March 31, 2025, and comfortable liquidity.

The rating derives comfort from the strength of the proposed, trustee-administered, escrow and payment mechanism and payment mechanism which incorporates upfront creation of liquidity (Rs 2.5 crore in the form of a fixed deposit (FD) for servicing the principal amount) and debt service reserve account (DSRA) amounting to 12 months of interest obligation as outlined in the draft term sheet. The rating also factors the strength of structured payment mechanism, and the presence of the sinking fund account (SFA) is expected to create liquidity for principal servicing well before the due date (six months before the due date).

These strengths are partially offset by the modest scale of operations, low-cost recovery for services provided, and an average (but improving) collection efficiency.

Analytical Approach

Crisil Ratings has applied its criteria on future flow securitisation.

Key Rating Drivers & Detailed Description

Strengths:

Robust escrow mechanism: The escrow and bond payment mechanism provides adequate strength to the bond issuance. Own revenue escrowed at collection, the trustee-managed escrow mechanism, and payment structure with recourse to the originator, should ensure timely payments to investors. Linkage of the inflows to the performance of BMC is low as the inflows are dependent on taxes collected by BMC. Creation of an upfront liquidity of 10% of the issue amount (Rs 2.5 crore) as a FD and creation of a DSRA equivalent to annual interest payment before pay-in and its maintenance throughout the tenure further enhances the strength of the structure.

The DSCR is also expected to be high through the tenure of the instrument. Additionally, the principal amount, coupon payment and other charges will be secured through an exclusive first ranking floating charge over present and future receivables pertaining to its own revenue. Non-adherence to the payment structure mechanism will be a key rating sensitivity factor.

Moderate financial risk profile: While the revenue receipt has increased to Rs 360 crore in fiscal 2024 (from Rs 280 crore in fiscal 2023), with the corporation posting operating surplus of Rs 48 crore (vs being operating deficit in past). BMC has the ability to generate adequate revenue from its own sources to fund its revenue expenditure. The corporation has a share of its own revenue contributing over 80% of revenue receipts. Apart from own revenue, BMC receives octroi compensation and other revenue grants. As of March 2025, BMC had no debt on its book. Liquidity was adequate at Rs 62 crore as on March 31, 2025, of unencumbered balance in the form of cash and bank balance and investment in FDs.

Adequate economic base: Bhavnagar stands second in the diamond cutting and polishing industry after Surat. BMC has sound civic infrastructure and delivery systems, with good solid waste management practices, strong coverage of service deliveries and adequate treatment capacities. The population coverage for water supply is ~almost 100% and that for

sewerage systems is around 92%. Solid waste management services are sound, as reflected in 100% door-to-door collection and waste disposal.

Weaknesses:

Modest scale of operations and collection efficiency: Owing to the low industrial base, the revenue base is relatively lower when compared to other corporations in the state. Revenue income was Rs 360 crore in fiscal 2024 and is expected to grow moderately over the medium term. Current collection efficiency of property taxes, which is a major source of revenue, was ~79% in fiscal 2025 (against overall collection efficiency of 44%). Initiatives by BMC to expand citizen outreach through various mediums (including social media) and discount schemes are expected to further improve collection efficiency over the medium term. Furthermore, cost recovery for maintenance of water supply is 55%. The implementation of new projects is expected to drive improvement in service-level arrangements and result in increased collection of taxes and charges.

High dependence on the state government for capital expenditure: The corporation is expected to undertake capital expenditure (capex) of Rs 400-500 crore annually under various schemes such as Atal Mission for Rejuvenation and Urban Transformation and Pradhan Mantri Awas Yojana; the capex is expected to be funded largely through grants, in line with the past. However, with relatively low operating surplus, ability of the corporation to execute capital projects remains limited and depends largely on receipt of grants. Furthermore, after abolishment of octroi in fiscal 2008, the state government has been compensating the corporation for loss of revenue. The compensation in lieu of Octroi contributed to around 12% of the total revenue receipts in fiscal 2024.

Liquidity: Strong

Total unencumbered cash and bank balance available with the corporation was Rs 62 crore as on March 31, 2025. BMC is likely to maintain healthy liquidity, which will be sufficient to fund a portion of the capex. It has a limited revenue surplus against nil debt obligation (apart from obligations pertaining to the bond issuance).

Outlook: Stable

BMC will continue to benefit from the strong escrow mechanism and its moderate financial risk profile and adequate economic base.

Rating sensitivity factors

Upward factors

- Growth in size of the corporation, with sustained revenue surplus of over 15% of revenue receipts
- Improvement in collection efficiency and cost recovery of services

Downward factors

- Steady reduction in own revenue due to dip in property tax collection efficiency, leading to revenue deficit of over 5% of revenue receipts
- Irregularity or decline in receipt of grants from the state government
- Any adverse change in the payment structure mechanism or non-adherence to the same

Additional disclosures for the provisional rating

The 'provisional' rating will be converted into a 'final' rating, on receipt of the following documents duly executed:

- Debenture trust deed
- Debenture trustee appointment agreement
- Escrow agreements
- Final representation and warranties letter
- Final debenture trustee consent letter
- Final debenture trustee awareness letter
- Final term sheet

Additional documents, if any, executed for the transaction will also have to be provided. A rating rationale/report indicating conversion of the 'provisional' rating into a 'final' rating will be published on the Crisil Ratings website on receipt of the required documents.

The provisional rating shall be converted into a final rating after receipt of transaction documents duly executed within 90 days from the date of issuance of the instrument.

The final rating assigned, following the conversion, shall be consistent with available documents. In case of non-receipt of the duly executed transaction documents within the above-mentioned timelines, the rating committee of Crisil Ratings may grant an extension of up to another 90 days, in line with its policy on provisional ratings.

Rating that would have been assigned in the absence of the pending documentation

In the absence of the pending documentation considered while assigning the provisional rating, Crisil Ratings would have assigned its ‘Crisil A-’ rating.

Risks associated with the provisional rating:

The 'Provisional' prefix indicates that the rating is contingent on occurrence of certain steps or execution of certain documents by the issuer, as applicable. If the documents received and/or completion of steps deviate significantly from the expectations, Crisil Ratings may take an appropriate action, including placing the rating on watch or changing the rating/outlook, depending on the status of progress on a case to case basis. In the absence of the pending steps / documentation, the rating on the instrument would not have been assigned ab initio.

About the corporation

BMC is the local civic body entrusted with administration and development of Bhavnagar in Gujarat. It is governed by the Gujarat Provincial Municipal Corporations Act, 1949, as amended by the Government of Gujarat. Set up in 2010, BMC oversees 108 sq km and population of 6,43,365, as per the report released by Census India 2011.

The corporation provides basic civic services such as water supply, sewerage management and solid waste management. It has an elected body, with the municipal commissioner as the administrative head.

Key Financial Indicators (Crisil Ratings-adjusted figures)

As on/for the period ended March 31	Units	2024	2023
Revenue receipts	Rs crore	360	280
Revenue surplus	Rs crore	48	-11
Revenue surplus/revenue receipts	%	13	-4

(Source: BMC)

Any other information:

Annexure

Broad contours of the escrow structure pertaining to the proposed Rs 25 crore bond:

- All funds, as own revenue/cash flow (own revenue/cash flow here), shall mean the revenue/cash flow being directly levied and collected/recovered by the issuer and not the revenue/cash flow received from the government, in the form of grants, contributions and subsidies, assigned revenue and compensations or others. Revenue/cash flow being directly levied and collected/recovered by the issuer include tax revenue, rental income from municipal properties, fees and user charges, sale and hire charges). Collection accounts(s) shall be transferred to a separate no-lien escrow account for debt servicing. This transfer is done on a daily basis.
- Eligible bond holders and lenders shall have first and pari passu charge over escrow account collections.
- Funds lying in the escrow account shall be used to meet the minimum balance required in the account. Surplus funds, after meeting the minimum balance, can be transferred to BMC on a daily basis. The funds should be first utilised to accumulate the minimum balance in the escrow account. The surplus funds, after meeting the minimum balance, can be transferred to general fund account.
- Monthly contribution to be transferred from the escrow account to IPA (interest payment account) shall be calculated separately for each bond/non-convertible debenture/loan facility, as per terms of the said issuance/facility.
- BMC shall open the following accounts for servicing the interest and principal of the proposed bonds, for the exclusive benefit of bond holders:
- Escrow account
- IPA – Series I (“IPA - I”)
- SFA – Series I (“SFA - I”)
- The IPA – I shall be funded one day before the pay-in date with an amount equal to annual interest payments for bonds referred to as DSRA amount.
- At the end of every month, the funds lying/deposited in the escrow account shall be used in the following priority:
    - Firstly, to transfer funds to respective accounts created for servicing of each loan/bonds
    - Secondly, an amount equal to interest payment for one month to be transferred to the IPA along with any further interest payable (by whatsoever name called) as per the terms of the issuance and any shortfall in earlier contribution shall be transferred to the IPA
- At the end of each month, an amount equal to one month equivalent of the redemption amount to be transferred to SFA, and any shortfall in earlier contribution shall be transferred to the SFA.
- Any shortfall in the above account(s) shall be made good by BMC by transfer from other account(s) of BMC.
- The amount deposited in IPA and SFA shall be used solely for meeting the dues to the bondholders.
- No amount can be withdrawn from these accounts without the approval of the trustees to the bond holders.
- BMC shall, one day prior to the pay-in date, create an upfront FD, in terms of the transaction documents, for an amount equivalent to 10% of the total bond issue size (upfront FD). The upfront FD shall be utilised in accordance with the principal repayment (sinking fund) mechanism, as defined in the structured payment mechanism below, and at the end of 54 months from the deemed date of allotment, the said FD amount shall be transferred to the SFA.
- The principal amount of debentures to be issued with all coupon due, as well as cost, charges, fees, remuneration of the debenture trustee and expenses payable in respect thereof, have been secured by way of exclusive first-ranking floating charge over present and future receivables pertaining to its own revenue/cash flow.

Interest payment mechanism

T – Interest payment date

Day	
T-25	The trustees shall check the amount lying in the credit of IPA. In case of any shortfall, the trustees shall intimate BMC of the same
T-10	BMC shall make good the shortfall in the IPA, if applicable. Further, the amount lying or credited in the escrow account, shall flow into the IPA to meet the shortfall and shall not be transferred by the issuer to the general fund account(s) till the time the shortfall is funded.
T-9	In case of a shortfall, the trustee shall trigger the payment mechanism and instruct the bank to transfer the amount
T-8	Bank shall transfer the shortfall amount from IPA, if applicable
T	Interest payment is done

DSRA

Day	
T-7	The DSRA amount will be used to make the coupon payment, in case of a shortfall

-	The issuer shall make good the DSRA amount shortfall within the next 15 days (T+8). Further, immediately after utilisation of the DSRA, the amount lying or credited in the escrow account shall flow into the IPA for DSRA replenishment, and shall not be transferred by the issuer to the general fund account(s) till the time the required DSRA amount is replenished.

Redemption mechanism

T – Redemption date

Day	
	The debenture trustee shall check the balance in the SFA, prior to the end of each 12-month block - and in case of any SFA mismatch, it shall be replenished, as per the following mechanism:-
T-45	The trustees shall check the amount lying to the credit of SFA. In case of any shortfall in amount, the trustees shall intimate BMC of the same. Further, in case of a shortfall on T-45 days, the amounts lying or credited in the escrow account shall flow into the SFA for funding the shortfall and shall not be transferred by the issuer to the general fund account(s) till the time the shortfall is funded.
T-15	BMC shall make good the shortfall in the SFA
T-14	The debenture trustee shall trigger the payment mechanism and shall instruct the bank to utilise the sinking fund FD to the extent of the shortfall in the SFA on or prior to the date falling 13 days prior to the end of each 12-month block (T-13 days).
T-12	After the debenture trustee has instructed the bank to utilise the sinking fund FD, as above and in any event 12 days prior to the end of each 12-month block (T-12), the debenture trustee would issue a final notice in writing to the issuer. On the issuance of such notice, the issuer shall replenish the sinking fund FD within next 12 days (T).
T	Redemption payment in done

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bond#	NA	NA	NA	25.00	Simple	Provisional Crisil AA-/Stable

Yet to be issued

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Bond	LT	25.0	Provisional Crisil AA-/Stable		--	12-12-24	Provisional Crisil AA-/Stable		--		--	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for future flow transactions
Criteria for Public Finance (including approach for financial ratios)
Criteria for Infrastructure sectors (including approach for financial ratios)

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India Ratings & Research
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To,
Shree Riteshbhai R Mehta
Chief Account Officer
Municipal Corporation of Bhavnagar
Bhavnagar Mahanagar Seva Sadan, Sir Mangal Sinhji Road,
Near Kalanala, Bhavnagar, Gujarat - 364001

October 06, 2025

Dear Sir/Madam,

Re: Rating Letter for NCD of Municipal Corporation of Bhavnagar

This is in reference to the rating action commentary released on 16 January 2025.

India Ratings and Research (Ind-Ra) is pleased to communicate the following ratings of Municipal Corporation of Bhavnagar:

Instrument Description	Size of Issue (million)	Rating Assigned along with Outlook/Watch
Proposed municipal bonds (NCDs)*#	INR250	Provisional IND AA-/Stable

*The rating is provisional and contingent upon execution of certain documents and/occurrence of certain steps.

#Frequency of interest payment is quarterly

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings



Dr Devendra Pant
Senior Director

India Ratings & Research
A Fitch Group Company

FitchGroup

To,
Shree Riteshbhai R Mehta
Chief Account Officer
Municipal Corporation of Bhavnagar
Bhavnagar Mahanagar Seva Sadan, Sir Mangal Sinhji Road,
Near Kalanala, Bhavnagar, Gujarat - 364001

January 16, 2025

Dear Sir/Madam,

Re: Rating Letter for NCD of Municipal Corporation of Bhavnagar

India Ratings and Research (Ind-Ra) has rated Municipal Corporation of Bhavnagar's (BMC) proposed municipal bonds as follows:

Instrument Description	**Size of Issue (million)**	**Rating Assigned along with Outlook/Watch**	**Rating Action**
Proposed municipal bonds (NCDs)*#	INR250	Provisional IND AA-/Stable	Assigned

*The rating is provisional and contingent upon execution of certain documents and/occurrence of certain steps.
#Frequency of interest payment is quarterly

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

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India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the

general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

Dr Devendra Pant
Senior Director

India Ratings Assigns Municipal Corporation of Bhavnagar's Proposed Municipal Bonds 'Provisional 'IND AA-'; Outlook Stable

Jan 16, 2025 | Urban Local Bodies

India Ratings and Research (Ind-Ra) has rated Municipal Corporation of Bhavnagar's (BMC) proposed municipal bonds as follows:

Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Proposed municipal bonds (NCDs)*#	-	-	-	INR250	Provisional IND AA-/Stable	Assigned

*The rating is provisional and contingent upon execution of certain documents and/occurrence of certain steps. Please refer to the section, DISCLOSURES FOR PROVISIONAL RATING, for additional details as per the Securities and Exchange Board of India's (SEBI) Master Circular dated 6 July 2023.
#Frequency of interest payment is quarterly

Analytical Approach

Ind-Ra has taken a standalone view of BMC for the rating assignment.

Detailed Rationale of the Rating Action

The rating reflects the operational and financial profile of BMC, performance of the escrowed assets (the whole of own revenue) and the enforceable nature of these collections by the corporation. The rating also factors in legal foundation and custodial arrangement of the structured payment mechanism, which will be monitored and controlled by the debenture trustee (DT).

The structured payment mechanism is backed by an interest payment account (IPA) and a sinking fund account (SFA). The IPA will be pre-funded with one annual interest instalment, which is the required debt service reserve (DSR) amount, instead of creating a separate debt service reserve account to meet the requirements of the Securities and Exchange Board of India's circular in relation to the 'Continuous disclosures and compliances by the listed entities under the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015' dated 13 November 2019. As per the draft term sheet, the NCDs would be issued at a fixed rate of interest, which mitigates the interest rate risk.

The rating also benefits from BMC's healthy coverage of debt servicing obligations (interest payment plus proportionate principal deposited in the SFA or instalment of principal redemption) during the tenor of the proposed NCDs.

List of Key Rating Drivers

Strengths

- Adequacy of escrowed revenue stream
- Structured debt servicing mechanism
- Trustee monitored payment mechanism
- Dependence on own revenue sources
- Moderate collection efficiency of property tax

Weaknesses

- Low operating margin
- Further improvement required in civic services delivery

Detailed Description of Key Rating Drivers

Adequacy of Escrowed Revenue Stream: Ind-Ra expects the escrowed tax receivables to provide an adequate cover for BMC's debt obligations during the tenure of the NCDs. BMC depends on own sources of revenue income, primarily property taxes, water and conservancy taxes, professional taxes and non-tax revenue such as fees and user charges. Under the structure, receivables from entire own revenue would be escrowed for the servicing of debt repayment obligations. The escrowed collections will be first utilised for meeting the minimum balance required to be transferred to the IPA and SFA. The own revenue receipts (proposed to be escrowed) increased to INR3,030.45 million in FY24 (FY23: INR2,877.40 million).

Structured Debt Servicing Mechanism: Ind-Ra believes that structured payment mechanism will provide adequate protection to investor interest. BMC will create an upfront liquidity buffer of 10% of the issue amount as a fixed deposit (FD), which will be known as sinking fund FD. It will be utilised for the repayment of the principal as per structured payment mechanism.

Under the structure, an amount equivalent to the annual instalment of interest payment will be maintained in the IPA at all times as the DSR amount. BMC will also create an escrow mechanism; wherein the whole of own revenue shall be transferred to an escrow account (EA) on a daily basis. On a monthly basis, the minimum balance, an aggregate of monthly fund required to service debt, will be transferred to servicing accounts from the EA.

The funds in the EA shall be used in the following order of priority:

a) to fund any shortfall in the required DSR amount (in case of utilisation of the DSR amount), IPA, SFA and upfront FD as per the interest payment and sinking fund mechanism;

b) to accumulate the minimum balance in the EA. The minimum balance shall not be used for any purpose other than transfer to the IPA and SFA. The issuer with a prior written consent of the DT can transfer surplus funds after accumulating minimum balance to general funds, provided there is no shortfall in the IPA or SFA

The DT will verify the availability of the requisite funds for interest servicing T-25 days before the due date. In case of a shortfall, the trustee will intimate BMC to cover up the shortfall by T-10 days. In case of a shortfall in the IPA at T-9 days prior to the interest payment date, the trustee shall trigger the payment mechanism and instruct the escrow bank to utilise the DSR amount lying in the IPA to the extent of the shortfall in the amount required for making payment on the due date. The DT shall also check the balance in the SFA at the end of the year, and in case of any shortfall, BMC shall replenish the account to that extent. The trustee shall also check the amount lying to the credit of the SFA at T-45 days prior to the redemption date. In case of any shortfall in the amount, the trustees shall intimate BMC of the shortfall and BMC shall make good the shortfall by T-15 days prior to the redemption date. In case shortfall in any amount still persists in the SFA at T-14, the trustee shall trigger the payment mechanism and shall instruct the bank to utilise the sinking fund FD to the extent of the shortfall in the SFA on or prior to T-13 days. In case the sinking fund FD is utilised to fund the shortfall, BMC shall replenish the sinking fund FD before T.

Refer to the annexure for the structure's detailed trustee monitoring mechanism.

Trustee Monitored Payment Mechanism: All accounts will be monitored by the DT. The amount deposited in the IPA and SFA shall be used solely for meeting the dues to the bondholders. Any surplus funds available in the EA can be transferred to the account of BMC with the approval of the trustee.

Dependence on Own Revenue Sources: Ind-Ra expects BMC's reliance on its own revenue to sustain in the medium term. BMC has the ability to generate adequate revenue from its own sources to fund its revenue expenditure. Tax and non-tax revenue constituted 41.37% and 14.63%, on an average, of the total revenue income over FY22-FY24, respectively. The share of assigned revenue and grants in the total revenue income averaged around 25% during FY22-FY24, indicating a moderate dependence on grants and a higher dependence on own income sources to meet its revenue expenditure requirements.

Moderate Collection Efficiency of Property Tax: The property tax collection efficiency in terms of current demand stood at 68%-75% during FY20-FY24 (FY24:72.6%; FY23: 70.00%). The overall tax collection efficiency was hampered over FY20-FY24, due to low collection of accumulated arrears. The corporation expects to improve its house tax collection efficiency to over 80% in the medium term.

Low Operating Margin: BMC reported a low revenue surplus before depreciation over FY22-FY24 (FY24: INR594.61 million; FY23: INR480.63 million). The operating margin remained positive but averaged around 13.70% during the period. However, Ind-Ra expects the operating margin to improve over the medium term, supported by tax revenue, non-tax revenue and grants.

BMC currently is debt-free and thus has no debt servicing obligations. Ind-Ra expects BMC's DSCR to remain comfortable over the medium-term factoring in the proposed issuance of INR250 million of NCDs. Ind-Ra will closely monitor the coverage adequacy during the entire tenure of the NCDs.

Further Improvement Required in Civic Services Delivery: BMC's service delivery levels for water supply (99%), sewerage coverage (96.1%) and solid waste collection (100%) remained comfortable in FY24, against the benchmark levels of 100% for each of the services set by the ministry of housing and urban affairs. The per capita supply of water stood at 205 litres per capita per day in FY24, much above the benchmark of 135 litres per capita per day. However, BMC's performance was less than adequate in areas such as continuity of water supply (FY24: 45 minutes against benchmark of 24 hours per day).

BMC has undertaken and completed several works in the areas of water supply, sanitation and sewerage under the Atal Mission for Rejuvenation and Urban Transformation Scheme, which Ind-Ra believes would improve civic services delivery in the medium term. BMC undertook these capital works from its own revenue sources combined with grants from both state and central government. The proposed municipal bonds would further help in improvement of the services delivery.

Liquidity

Adequate: Ind-Ra expects BMC to maintain a healthy liquidity profile in the medium term by generating operating surplus and accumulated cash buffers. BMC's liquidity position is supported by sustained operating surpluses, capital grants to fund capex, sizeable cash and bank balances, and unencumbered investments in FDs. The debt servicing requirement on the NCDs would be backed by way of escrow of the whole of own revenue. As per the management, the corporation always maintains liquidity equivalent to two months of expenses as buffer. BMC's cash and bank balances and investments stood at INR5,021.57 million as on 31 October 2024 (FYE24: INR4,982.59 million).

Rating Sensitivities

Positive: Events that may collectively lead to a positive rating action are:

- property tax current collection efficiency increasing to or exceeding 80%, on a sustained basis;

- a sustained improvement in the civic service deliverables such as hours of water supply and coverage of sewerage network in line with the corresponding benchmark levels.

Negative: Events that may, individually or collectively, lead to a negative rating action are:

- a breach of financial covenants and a deviation from the structured payment mechanism,
- an unanticipated increase in the debt levels resulting in the DSCR remaining below 2.0x for two consecutive years,
- a higher dependence on grants and/or deterioration in the revenue on a sustained basis,
- the property tax current collection efficiency falling below 55% on a sustained basis,
- a failure or breach to comply with the SEBI listing requirements with regard to timely disclosure on a sustained basis.

Disclosures for Provisional Rating

1). RATING THAT WOULD HAVE BEEN ASSIGNED IN ABSENCE OF THE PENDING STEPS/ DOCUMENTATION

Ind-Ra would have assigned 'IND A-'in the absence of the pending steps/documentation.

2). **PENDING STEPS/ DOCUMENTATION CONSIDERED WHILE ASSIGNING PROVISIONAL RATING AND RISKS ASSOCIATED WITH THE PROVISIONAL NATURE OF THE CREDIT RATING:**

Sr. No.	Pending documentation/steps considered while assigning provisional rating	Risks associated with the provisional nature of the credit rating in the absence of completed documentation/steps
1.	Debenture trust deed	Weaker structure and monitoring; risks to timeliness of payment; lower protection to investors
2.	Escrow agreement	
3.	Final term sheet	
4.	Final information memorandum	
5.	Statement of interest payment account showing required debt service reserve amount (one annual interest instalment) one day prior to the pay-in date	Pending funding of debt service reserve amount would increase vulnerability to cashflow mismatches and a risk of timely debt servicing

* Additionally, any other relevant documents executed for the transaction should be provided to the agency.

3) VALIDITY PERIOD

The final rating, upon the receipt of executed documents consistent with the draft documents, shall be assigned within 90 days from the date of issuance of the instrument. The provisional rating may be extended by another 90 days, subject to Ind-Ra's policy, if the execution of the documents is pending.

Any Other Information

FINANCIAL COVENANTS

BMC shall, at all times till the debentures are outstanding, ensure that the total amounts collected in the EA in any financial year shall be at least 2 (Two) times of the annual payments amount. As per the draft term sheet, the term 'annual payments' shall, in respect of any financial year, mean the aggregate of: (a) the coupon payable in such year (in relation to the present bond issue and any further borrowings); and (b) the portion of principal amount of the debentures which are required to be deposited by the Issuer into the SFA in such financial year (in relation to the present bond issue and any further borrowings), in terms hereof.

So long as the eligibility conditions are met, BMC shall be entitled to raise further financial indebtedness based on its

cash flows including the cash flows through the EA, provided that it is clarified that nothing in this provision should be construed to permit the creation of any encumbrance over the hypothecated property without the express prior written consent of the debenture trustee.

As per draft term sheet, the term 'eligibility conditions' shall mean the following conditions: (a) the annual payments ratio is maintained by the issuer; (b) there is no shortfall in the contribution to the EA, the IPA (including towards maintenance of the required DSR amount), the SFA and/or the upfront FD which has not been made good by the issuer in terms of the transaction documents; (c) no event of default has occurred.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on BMC, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

BMC is one of the oldest municipal corporations in Gujarat. It was established on 14 February 1982 under the Gujarat Provincial Municipal Corporations Act, 1949, as amended by the government of Gujarat (Erstwhile, Bombay Provincial Municipal Corporations Act, 1949). As of the 2011 census, population of 6,43,365 was reported and currently the city limits are around 119 Sq.km. The corporation is responsible for certain obligatory and discretionary services such as supply of portable water, sewerage, solid waste management, primary education services, health and medical services, street lighting, city centres across the city to facilitate delivery of municipal services to its citizens.

Key Financial Indicators

Particulars	FY23	FY24
Revenue Income (INR million)	4,200.98	3,464.23
Revenue expenditure (INR million)	4,175.17	3,325.38
Revenue surplus before depreciation (INR million)	480.63	594.61
Debt service coverage ratio* (x)	Not meaningful	Not meaningful
Debt payment /Revenue income* (%)	Not meaningful	Not meaningful
*No outstanding debt; Source: BMC, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating
Proposed municipal bonds	Long-term	INR250	Provisional IND AA-/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator

Proposed municipal bonds (NCDs)	Moderate

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

Annexure

Interest Payment Mechanism

Interest payment date (T)	
Trigger Date	**Action Points**
T-25	The trustees shall check the amount lying to the credit of IPA. In case of any shortfall in amount, the trustees shall intimate BMC
T-10	BMC shall make good the shortfall in the IPA, if applicable
T-9	In case of shortfall, trustees shall trigger the payment mechanism and instruct the bank to utilise the shortfall amount from the DSRA to the IPA
T-8	The bank shall transfer the shortfall amount, if applicable*
T	Interest payment is done
Source: BMC	
*Any amount drawn from the DSRA should be deposited back in the account before T+8 (15 days post DSRA utilisation)	

DSRA

Trigger Date	
T-7	DSR amount will be used to make the coupon payment in case of shortfall
-	The issuer shall make good the DSR amount shortfall within next 15 days (T+8). Furthermore, immediately after the DSRA utilisation, the amount lying or credited in the EA shall flow into the IPA for DSRA replenishment and shall not be transferred by the issuer to the general fund account(s) till the time the required DSR amount is replenished
Source: BMC	
Redemption mechanism	
T – Redemption date	
Trigger Date	**Action Points**
T-45	The trustees shall check the amount lying to the credit of the SFA. In case of any shortfall in amount, the trustees shall intimate BMC of the shortfall and BMC shall make good the shortfall in the SFA at T-15
T-15	In case of shortfall in any amount still persists in the SFA at T-14, the trustees shall trigger the payment mechanism and shall instruct the bank to utilise the sinking fund FD to the extent of the shortfall in the SFA on or prior to T-13 days. In case the sinking fund FD is utilised to fund the shortfall, BMC shall replenish the sinking fund FD before T.
T	Redemption payment is done
Source: BMC	

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

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

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APPLICABLE CRITERIA AND POLICIES

Local and State Government Rating Criteria

Evaluating Corporate Governance

Policy on Provisional Ratings

The Rating Process

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ANNEXURE - III

Resolutions and Approvals

BHAVNAGAR MUNICIPAL CORPORATION

SECRETARIAL DEPARTMENT

Standing Committee Resolution No. 589

RESOLUTION:-

Consultant B-Line personally contacted on 07.10.2023 at Ahmedabad as instructed to initiate procedure for issuance of bond by the Bhavnagar Municipal Corporation as per proposal received by the Commissioner vide Account OW No. 1225, dated 12.10.2023 and he has been provided audit reports of Bhavnagar Municipal Corporation and he stated to inform within one week after reviewing it. Approval of the State Government shall have to obtain U/s. 109 of GPMC Act for development work of basic structural facilities of water, road, drainage, bridge, solid waste management and light as a part of financial planning for the budget of commencing financial year 2023-24 to issue bond to the value of Rs.25.00 Crores for future proposed work under Amrut 2.0 Bond Project. The Central Government informed vide communication No. D.O. No. K-14012/01/2022-AMRUT-IIB, dated 04.05.2022 preferred by Ministry of Housing and Urban Affairs, Government of India to grant Rs.10.00 Crore to Rs.13.00 Crore incentive, for issuance of taxable bond per Rs.100.00 Crore (Maximum Rs.20.00 Crore incentive to first 20 ULBs (Urban Local Bodies) on First come, First Served basis under Amrut 2.0 Projects. It shall be attempted to get pro-rata benefit of incentive for the bond upto Rs.25.00 Crore subject to coordination and guidance. Considering it, committee approved to delegate powers to the Municipal Commissioner obtain permission of the State Government U/s. 109 of GPMC Act to issue Municipal Bond (Taxable) under future proposed bond by the Bhavnagar Municipal Corporation upto Rs.25.00 Crore under Amrut 2.0 considering it, it is opined to empower Municipal Commissioner to execute signature in memorandum of information and bond issue letter according to guidelines of SEBI and to appoint agency / institution as legal advisor, registrar etc. pursuant to credit rating agency, banker to

issue Lead Manager, Trustee to the Bond Holder and bond issue and to initiate entire procedure with regard to listing with NSE/BSE if required and to Deputy Commissioner (Admin) Chief Account Officer regarding investor grievances and to the Municipal Commissioner to follow entire subsequent procedure with regard to issuance of bond and to make provision for issuance of bond upto Rs. 25.00 Crore in the budget of the financial year 2023-24.

Subject matter shall have to be submitted by the Hon'ble Mayor before entire Board and to obtain approval of Board.

07.11.2023
M.E. No. 990
Dt. 08.11.23

(Sign) Rajeshbhai P Rabdiya
Chairman
Standing Committee
Bhavnagar Municipal Corporation

TRUE COPY

Secretary
Municipal Corporation
Bhavnagar.

Chief Account Officer,
Municipal Corporation
BHAVNAGAR.

BHAVNAGAR MUNICIPAL CORPORATION

SECRETARIAL DEPARTMENT

General Board Resolution No. 118

Date: 29.11.2023

Agenda No. 9/2023-24

Agenda-9

Sub:- With regard to issue Municipal Bond (Taxable) under Amrut-2.0 and to empower Municipal Commissioner to perform subsequent procedure including appointment of all parties and to grant approval to make provision in the budget for the Financial Year 2023-24.

Above mentioned issue submitted in common general meeting dated 29.11.2023 and following resolution has been passed.

"Consultant B-Line personally contacted on 07.10.2023 at Ahmedabad as instructed to initiate procedure for issuance of bond by the Bhavnagar Municipal Corporation as per proposal received by Standing Committee Resolution No. 589, dated 07.11.2023 and he has been provided audit reports of Bhavnagar Municipal Corporation and he stated to inform within one week after reviewing it. Approval of the State Government shall have to obtain U/s. 109 of GPMC Act for development work of basic structural facilities of water, road, drainage, bridge, solid waste management and light as a part

of financial planning for the budget of commencing financial year 2023-24 to issue bond to the value of Rs.25.00 Crores for future proposed work under Amrut 2.0 Bond Project. The Central Government informed vide communication No. D.O No. K-14012/01/2022-AMRUT-IIB, dated 04.05.2022 preferred by Ministry of Housing and Urban Affairs, Government of India to grant Rs.10.00 Crore to Rs.13.00 Crore incentive, for issuance of taxable bond per Rs.100.00 Crore (Maximum Rs.20.00 Crore incentive to first 20 ULBs (Urban Local Bodies) on First come, First Served basis under Amrut 2.0 Projects. It shall be attempted to get pro-rata benefit of incentive for the bond upto Rs.25.00 Crore subject to coordination and guidance. Considering it, committee approved to delegate powers to the Municipal Commissioner obtain permission of the State Government U/s. 109 of GPMC Act issue Municipal Bond (Taxable) under future proposed bond by the Bhavnagar Municipal Corporation upto Rs.25.00 Crore under Amrut 2.0 and to execute signature in memorandum of information and bond issue letter according to guidelines of SEBI and to appoint agency / institution as legal advisor, registrar etc. pursuant to credit rating agency, banker to issue Lead Manager, Trustee to the Bond Holder and bond issue and to initiate entire procedure with regard to listing with NSE/BSE if required and to Deputy Commissioner (Admin) Chief Account Officer regarding investor grievances

A - 38

and to the Municipal Commissioner to follow entire subsequent procedure with regard to issuance of bond and to make provision for issuance of bond upto Rs.25.00 Crore in the budget of the financial year 2023-24.

Forwarded to the Commissioner for implementation.

29.11.2023

Sd/-Illegible

(B.M. Bharwad)

Bhavnagar Municipal Corporation

Commi. Office A. Commi. No.

Inward No. 1719

Date: 02.12.2023

Account Inward No. 4571

Date: 04.12.2022

Chief Account Officer,
Municipal Corporation
BHAVNAGAR.

TRUE COPY

Secretary
Municipal Corporation
Bhavnagar.

BHAVNAGAR MUNICIPAL CORPORATION LOGO

No. Secretary

Department

Standing Committee
Resolution No. 30

Resolution

Approval has been granted vide Standing Committee Resolution No. 589, dtd. 07.11.2023 and General Board Resolution No. 118, dtd. 29.11.2023 to issue Municipal Bond by the Bhavnagar Municipal Corporation as per proposal vide No. Acc. O.W. No. 54, dtd. 12.04.2024 preferred by the Commissioner. Bond Issue Committee has to be formed for work of Municipal Bond. Committee has opined to grant approval to constitute Bond Issue Committee as under and to delegate necessary powers to Bond Issue Committee as per Annexure (No. 1, 2(i to xxvi)

No.	Designation of Officer	Designation in Bond Issue Committee
1	Hon'ble Commissioner	Chairperson
2	Hon'ble Deputy Commissioner	Member
3	City Engineer	Member
4	Chief Auditor	Member
5	Chief Account Officer	Member

Before the Hon'ble Mayor to submit issue before the General Board to obtain approval of Board.

Date- 12.06.2024 (Sign) Shri Rajeshbhai Rabadiya

M.E. No. 157 Chairman

14.06.24 Standing Committee

Municipal Corporation, Bhavnagar.

considered. To submit before the Entire Board.

CHIEF ACCOUNT OFFICER
BHAVNAGAR MUNICIPAL CORPORATION
BHAVNAGAR

Annexure A

Delegation of powers to BOND ISSUE COMMITTEE for proposed issuance of Municipal Bond by Bhavnagar Municipal Corporation for an amount of Rs 25 crores

1. The Bond Issue Committee be, and is hereby jointly and severally authorized to decide the terms of the bond issue including quantum, time and nature of bonds, mode of issuance, ratification of already appointed and appointment of any/ all agencies and intermediaries including but not limited to merchant banker, credit rating agencies, registrar to the issue, trustee, legal advisors, depositories, stock exchange(s), escrow banks, consortium members, debenture trustee, etc. and also to decide matters like minimum subscription, retention of oversubscription, extension of the issue and/or early closure of the Issue, etc.

2. The Bonds Issue Committee is hereby jointly and severally authorized to take all further actions, do all necessary acts/deeds, sign all necessary documents /contracts /undertakings/ agreements/deeds/instruments/applications and writings incidental thereto as it may, at its discretion, deem necessary and desirable. Amongst other things, the Bond Issue Committee shall be authorized to do the following:

i. finalize and approve appointment and ratification of already appointed agencies/intermediaries including but not limited to merchant banker, credit rating agencies, trustee, registrar, legal counsel, depositories, stock exchange(s), bankers to the issue, escrow bank, etc. to be involved in such offerings of Bonds and to remunerate all such persons/agencies including payment of fees, commissions, brokerage etc. as may be decided mutually, on such terms and conditions as mentioned in their individual appointment letters.

ii. to approve the projects for which funds are being raised, if they are not approved.

iii. negotiate, modify and approve the terms of the Issue including the actual size, timing, pricing, coupon payment frequency, coupon type, minimum subscription if any, etc, and to accept any amendments, modifications, variations or alterations thereto;

iv. draw-up, finalize and sign, the Financial Statements/ Abridged Balance Sheet, Income and Expenditure and Receipts and Payments Accounts, Preliminary Placement Memorandum/ Placement Memorandum and other documents/agreements for the Issue and file the same with SEBI and Stock Exchanges, in the manner and as may be required and execute all other necessary documents/ agreements/ contracts/ deeds/ MoU's/ certificates/affidavits/declarations/undertaking, etc. and to do all such acts, deeds, matters and things, and to comply with all formalities as may be required in connection with or incidental to or related to the issue and allotment of Bonds with due compliances of the SEBI/Stock Exchange/s or any other applicable Acts or rules for the issue of said Bonds;

v. approve the financial statements/re-formatted financial statements in accordance with the National Municipal Accounts Manual or in accordance with similar Municipal Accounts Manual adopted by the State Government and the rules made thereunder, as applicable, Accounting standards/policies, applicable to Issuer, as specified in their constitution document to be incorporated in the Preliminary Placement Memorandum/ Placement Memorandum for the issue of Bonds;

vi. approve the materiality policy for the litigations, material creditors and material contracts to be disclosed in the Preliminary Placement Memorandum and Placement Memorandum.

TRUE COPY

Secretary
Municipal Corporation
Bhavnagar

authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time, in relation to the Issue;

(viii) seeking, if required, any approval, consent or waiver from the Issuer's lenders, and/or parties with whom the Issuer has entered into various agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the Issue, offer and allotment of the Bonds;

(ix) granting of powers of attorney / authority, if required, to such officers / employees of the Issuer or any other concerned persons, as it may deem necessary, to do such acts, deeds and things as such attorney in his / her / its absolute discretion may deem necessary or desirable in connection with the Issue of the Bonds;

(x) appointing the debenture trustee and execution of the trust deed and other transaction documents in connection with the Issue, in accordance with the provisions of the SEBI Municipal Debt Regulations;

(xi) authorization of the maintenance of a register of holders of the Bonds;

(xii) open such banks accounts, demat accounts, escrow accounts including sub-accounts with scheduled commercial banks, institutions or agencies as may be required for the Issue;

(xiii) finalization of the date of allotment and to approve and to issue and allot the Bonds and to approve all other matters relating to the Issue including acceptance and appropriation of the proceeds of the Issue, issuing debenture certificates/ allotment advice cum intimation, credit the Bonds to the beneficiary accounts and do all such acts, deeds, matters and things in relation to the allotment of the Bonds;

(xiv) make all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard;

(xv) to appoint independent Chartered Accountant(s), Statutory Auditors to issue and to obtain such certificates, reports including financial reports/statements for the purpose of Issue;

(xvi) to apply and follow-up to seek all required approvals from the concerned authorities/regulatory bodies/agencies such as execution and submission of listing application and listing agreement with the Stock Exchanges for listing of the Bonds, appointment of and execution of agreement(s) with the Registrar, National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**") for dematerialization of Bonds, and execute other necessary document(s)/agreement(s) on behalf of the Issuer/ Municipal Commissioner in relation to the issue of Bonds as required by any statutory authority;

(xvii) to designate and appoint one or more banker(s) for collection of application monies against subscription for the bonds;

(xviii) finalize the term sheet, structure of bonds, as well as structured payment mechanism/escrow mechanism/waterfall mechanism/sinking fund mechanism/interest payment mechanism/DSRA mechanism or any other terms/mechanism as may be required for structuring of bonds and timely servicing of bond obligations.

TRUE COPY

Municipal Commissioner

xiv. to open one or more no-lien Escrow Accounts with banks for the Issue and operate the same for remittance of the Issue proceeds received from investors in the issuance of Bonds as well as for the operation of structured payment mechanism/escrow mechanism/waterfall mechanism/Sinking Fund mechanism/Interest payment mechanism (including DSRA) or any other terms/mechanism as may be required for timely repayment of Bond obligations

xv. to prepare, sign, file and execute the Master Creation Form, Corporate Action Form and other necessary documents/agreements with NSDL and CDSL and the Registrar for dematerialization of Bonds, ISIN creation and credit of Bonds;

xvi. to designate a Compliance Officer for compliance with related regulatory/statutory issues and for redressal of any pre-issue/post-issue investor problems/grievances including unblocking of funds, noncredit of Bonds in Demat Account, non-receipt of letters of allotment/bond certificates in the DEMAT account, non-receipt of refund orders, interest warrants, etc.

xvii. to allot Bonds under DEMAT facilities and to provide DEMAT facilities by entering into necessary agreement with NSDL/CDSL, Registrar and Transfer Agents in this regard.

xviii. to affix the stamp of the Issuer as may be required for the proposed issue of Bonds, dematerialization, and listing thereof;

xix. delegate all or some of the powers vested in them by the Municipal Commissioner to any executive of the Issuer as may be deemed necessary;

xx. to pay stamp duty as per the applicable Acts, laws and regulations;

xxi. to take decisions on any other matter(s) relating to the proposed issue(s) of Bonds by the Issuer and to generally do any other act or deed incidental to the proposed Issue.

Chief Account Officer,
Municipal Corporation
BHAVNAGAR.

TRUE COPY

Secretary
Municipal Corporation
Bhavnagar

BHAVNAGAR MUNICIPAL CORPORATION LOGO

No. Secretary

Department

General Board Resolution No. 05

Date- 29.06.2024

Agenda No. 3/2024-2025

Work/ Item -05

Sub.:- To grant approval to constitute Bond Issue Committee and to delegate necessary powers to Bond Issue Committee as per Annexure (No. 1, 2(i to xxvi)

Following resolution has been passed upon submitting above issue before the General Board Meeting dtd. 29.06.2024.

Approval has been granted vide Standing Committee Resolution No. 589, dtd. 07.11.2023 and General Board Resolution No. 118, dtd. 29.11.2023 to issue Municipal Bond by the Bhavnagar Municipal Corporation as per proposal received vide Standing Committee Resolution No. 30, DTD. 12.06.2024. Bond Issue Committee has to be formed to issue Municipal Bond. Committee has opined to grant approval to constitute Bond Issue Committee as under and to delegate necessary powers to Bond Issue Committee as per Annexure (No. 1, 2(i to xxvi)

No.	Designation of Officer	Designation in Bond Issue Committee
1	Hon'ble Commissioner	Chairperson
2	Hon'ble Deputy Commissioner	Member
3	City Engineer	Member
4	Chief Auditor	Member
5	Chief Account Officer	Member

(Sign)
B.M. Barad
Mayor
Municipal Corporation, Bhavanagar.

To,
The Commissioner for compliance.
Date- 29.06.2024
Commi. Office, Asst. Commi. No.
Inward No. 518
Date- 04.07.24
Acc. Inward No. 2338

Retesy
CHIEF ACCOUNT OFFICER
BHAVNAGAR MUNICIPAL CORPORATION
BHAVNAGAR

Annexure A

Delegation of powers to BOND ISSUE COMMITTEE for proposed issuance of Municipal Bond by Bhavnagar Municipal Corporation for an amount of Rs 25 crores

1. The Bond Issue Committee be, and is hereby jointly and severally authorized to decide the terms of the bond issue including quantum, time and nature of bonds, mode of issuance, ratification of already appointed and appointment of any/ all agencies and intermediaries including but not limited to merchant banker, credit rating agencies, registrar to the issue, trustee, legal advisors, depositories, stock exchange(s), escrow banks, consortium members, debenture trustee, etc. and also to decide matters like minimum subscription, retention of oversubscription, extension of the issue and/or early closure of the Issue, etc.

2. The Bonds Issue Committee is hereby jointly and severally authorized to take all further actions, do all necessary acts/deeds, sign all necessary documents /contracts /undertakings/ agreements/deeds/instruments/applications and writings incidental thereto as it may, at its discretion, deem necessary and desirable. Amongst other things, the Bond Issue Committee shall be authorized to do the following:

i. finalize and approve appointment and ratification of already appointed agencies/intermediaries including but not limited to merchant banker, credit rating agencies, trustee, registrar, legal counsel, depositories, stock exchange(s), bankers to the issue, escrow bank, etc. to be involved in such offerings of Bonds and to remunerate all such persons/agencies including payment of fees, commissions, brokerage etc. as may be decided mutually, on such terms and conditions as mentioned in their individual appointment letters.

ii. to approve the projects for which funds are being raised, if they are not approved.

iii. negotiate, modify and approve the terms of the Issue including the actual size, timing, pricing, coupon payment frequency, coupon type, minimum subscription if any, etc, and to accept any amendments, modifications, variations or alterations thereto;

iv. draw-up, finalize and sign, the Financial Statements/ Abridged Balance Sheet, Income and Expenditure and Receipts and Payments Accounts, Preliminary Placement Memorandum/ Placement Memorandum and other documents/agreements for the Issue and file the same with SEBI and Stock Exchanges, in the manner and as may be required and execute all other necessary documents/ agreements/ contracts/ deeds/ MoU's/ certificates/affidavits/declarations/undertaking, etc. and to do all such acts, deeds, matters and things, and to comply with all formalities as may be required in connection with or incidental to or related to the issue and allotment of Bonds with due compliances of the SEBI/Stock Exchange/s or any other applicable Acts or rules for the issue of said Bonds;

v. approve the financial statements/re-formatted financial statements in accordance with the National Municipal Accounts Manual or in accordance with similar Municipal Accounts Manual adopted by the State Government and the rules made thereunder, as applicable, Accounting standards/policies, applicable to Issuer, as specified in their constitution document to be incorporated in the Preliminary Placement Memorandum/ Placement Memorandum for the issue of Bonds;

vi. approve the materiality policy for the litigations, material creditors and material contracts to be disclosed in the Preliminary Placement Memorandum and Placement Memorandum.

TRUE COPY

Secretary
Municipal Corporation
Bhavnagar

authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Issue;

(viii) seeking, if required, any approval, consent or waiver from the Issuer's lenders, and/or parties with whom the Issuer has entered into various agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the Issue, offer and allotment of the Bonds;

(ix) granting of powers of attorney / authority, if required, to such officers / employees of the Issuer or any other concerned persons, as it may deem necessary, to do such acts, deeds and things as such attorney in his / her / its absolute discretion may deem necessary or desirable in connection with the Issue of the Bonds;

(x) appointing the debenture trustee and execution of the trust deed and other transaction documents in connection with the Issue, in accordance with the provisions of the SEBI Municipal Debt Regulations;

(xi) authorization of the maintenance of a register of holders of the Bonds;

(xii) open such banks accounts, demat accounts, escrow accounts including sub-accounts with scheduled commercial banks, institutions or agencies as may be required for the Issue;

(xiii) finalization of the date of allotment and to approve and to issue and allot the Bonds and to approve all other matters relating to the Issue including acceptance and appropriation of the proceeds of the Issue, issuing debenture certificates/ allotment advice cum intimation, credit the Bonds to the beneficiary accounts and do all such acts, deeds, matters and things in relation to the allotment of the Bonds;

(xiv) make all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard;

(xv) to appoint independent Chartered Accountant(s), Statutory Auditors to issue and to obtain such certificates, reports including financial reports/statements for the purpose of Issue;

(xvi) to apply and follow-up to seek all required approvals from the concerned authorities/regulatory bodies/agencies such as execution and submission of listing application and listing agreement with the Stock Exchanges for listing of the Bonds, appointment of and execution of agreement(s) with the Registrar, National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**") for dematerialization of Bonds, and execute other necessary document(s)/agreement(s) on behalf of the Issuer/ Municipal Commissioner in relation to the issue of Bonds as required by any statutory authority;

(xvii) to designate and appoint one or more banker(s) for collection of application monies against subscription for the bonds;

(xviii) finalize the term sheet, structure of bonds, as well as structured payment mechanism/escrow mechanism/waterfall mechanism/sinking fund mechanism/interest payment mechanism/DSRA mechanism or any other terms/mechanism as may be required for structuring of bonds and timely servicing of bond obligations.

TRUE COPY

Municipal Commissioner

xiv. to open one or more no-lien Escrow Accounts with banks for the Issue and operate the same for remittance of the Issue proceeds received from investors in the issuance of Bonds as well as for the operation of structured payment mechanism/escrow mechanism/waterfall mechanism/Sinking Fund mechanism/Interest payment mechanism (including DSRA) or any other terms/mechanism as may be required for timely repayment of Bond obligations

xv. to prepare, sign, file and execute the Master Creation Form, Corporate Action Form and other necessary documents/agreements with NSDL and CDSL and the Registrar for dematerialization of Bonds, ISIN creation and credit of Bonds;

xvi. to designate a Compliance Officer for compliance with related regulatory/statutory issues and for redressal of any pre-issue/post-issue investor problems/grievances including unblocking of funds, noncredit of Bonds in Demat Account, non-receipt of letters of allotment/bond certificates in the DEMAT account, non-receipt of refund orders, interest warrants, etc.

xvii. to allot Bonds under DEMAT facilities and to provide DEMAT facilities by entering into necessary agreement with NSDL/CDSL, Registrar and Transfer Agents in this regard.

xviii. to affix the stamp of the Issuer as may be required for the proposed issue of Bonds, dematerialization, and listing thereof;

xix. delegate all or some of the powers vested in them by the Municipal Commissioner to any executive of the Issuer as may be deemed necessary;

xx. to pay stamp duty as per the applicable Acts, laws and regulations;

xxi. to take decisions on any other matter(s) relating to the proposed issue(s) of Bonds by the Issuer and to generally do any other act or deed incidental to the proposed Issue.

Chief Account Officer,
Municipal Corporation
BHAVNAGAR.

TRUE COPY

Secretary
Municipal Corporation
Bhavnagar

A - 48

Bhavnagar Municipal Corporation

Sanctioning issuance of Taxable Municipal Bonds of Rs. 25 Crores.

Government of Gujarat

Urban Development and Urban Housing Department,

Resolution No.: UDUHD/SPP/e-file/18/2025/0890/P Section

Read:-

- Municipal Commissioner, Bhavnagar Municipal Corporation's letter dated 27/01/2025.
- Deputy Municipal Commissioner, Accounts Department, Bhavnagar Municipal Corporation's letter dated 14/02/2025.

Preamble:

The Bhavnagar Municipal Corporation has requested the State Government vide its letters read above (i) and (ii) to sanction issuing Taxable Municipal Bonds amounting to Rs. 25 Crores for developing new facilities as well as enhancement of existing facilities at various places of the City to meet the present and future capacities under AMRUT 1.0 and AMRUT 2.0 schemes. The matter of granting permission for issuing the taxable bonds was under consideration of the State Government.

Resolution:

After careful consideration, the State Government is pleased to accord in principle sanction to the proposal of Bhavnagar Municipal Corporation for issuing Taxable Municipal Bonds amounting to Rs. 25 Crores (Twenty-Five Crores Only) under section 109 of The Gujarat Provincial Municipal Corporation Act, 1949, with the following conditions: -

1. The amount raised by issuance of the taxable bonds shall be used only for the infrastructure development facilities mentioned in the proposal.
2. The Bhavnagar Municipal Corporation has to follow the standing instructions issued by the State Government regarding Merchant Bankers, duration of Bond, Rate of interest etc. upon approval of the proposal by the State Government and the Government of India.
3. The Bhavnagar Municipal Corporation shall be responsible for timely repayment of principal amount and payment of the interest to the investors. For which Bhavnagar Municipal Corporation shall follow the accounting process and all the norms as prescribed by the SEBI.
4. The Taxable Bonds are not guaranteed by the State Government and the Bonds will not be a part of the outstanding liabilities of the State Government.
5. The Bhavnagar Corporation shall be liable for proper maintenance of Escrow Account and to report the same to the State Government on monthly basis.
6. The Bhavnagar Municipal Corporation shall adhere to the relevant clauses of Chapter X (10) ‘Borrowing Powers’ of the Gujarat Provincial Municipal Corporations Act, 1949 regarding their proposal.

This resolution is issued with the concurrence of the Finance Department on this Department's file of even number dated 05/05/2025 and the State Government.

By order and in the name of the Governor of Gujarat.

Validity unknown
Signed by:K[illegible] Bhatt
Joint Secr[illegible]
Date: 2025[illegible]73
13:09:53 +05:30

Open the document in Adobe Acrobat DC to verify the E-sign

A - 49

(Komal Bhatt)

Joint Secretary

Urban Development and Urban Housing Department.

To,

- The Municipal Commissioner, Bhavnagar Municipal Corporation, Gandhinagar.
- P.S. to Hon'ble Chief Minister, Swarnim Sankul – 1, Sachivalaya, Gandhinagar.
- The Principal Secretary, Finance Department, Sachivalaya, Gandhinagar.
- The Under Secretary, Ministry of Housing and Urban Affairs, Government of India, Nirman Bhawan, New Delhi – 110 011.
- Select File – 2025.

Validity unknown
Signed by:K[illegible] Bhatt
Joint Secr[illegible]
Date: 2025[illegible]73
13:09:53 +05:30

Open the document in Adobe Acrobat DC to verify the E-sign

BHAVNAGAR MUNICIPAL CORPORATION

Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar

Dated: August 08, 2025

To,

A.K. Capital Services Limited,
Unit No. 603, 6th floor,
Windsor, Off CST Road,
Kalina, Santacruz-(East),
Mumbai- 400 098, India

AND

Tipsons Consultancy Services Private Limited,
1st Floor, Sheraton House,
Opposite Ketav Petro Pump,
Polytechnic Road, Ambawadi,
Ahmedabad – 380015

Sub: Proposed issue by Bhavnagar Municipal Corporation ("BMC"/ "Corporation" / "Issuer") of 2,500 (Two Thousand and Five Hundred only) rated, listed, taxable, secured, redeemable and non-convertible municipal bonds in the nature of debentures, of face value of ₹ 1,00,000/- (Rupees One Lakh Only) each ("Bonds"/ "NCDs"/ "Debentures") for an amount aggregating up to ₹ 25 crores (Rupees Twenty Five Crores Only) ("Issue") on a private placement basis.

Dear Sir/Ma'am,

I, **Narander Kumar Meena (I.A.S.), Municipal Commissioner** of the Issuer, hereby confirm the following:

- That Urban Development and Urban Housing Department, Government of Gujarat vide its resolution no. UDUHD/SPP/e-file/18/2025/0890/P Section dated May 23, 2025, had approved the bond issuance by Issuer for issuing Taxable Bonds in form of debenture for an amount up to Rs.25 crores (Rupees Twenty Five Crores Only) under section 9 of the Gujarat Provincial Municipal Corporation Act, 1949. ("**State Approval**").

- That the Standing Committee vide its Resolution No. 589 dated November 07, 2023, and the General Board vide its Resolution No. 118 dated November 29, 2023, had approved the issuance of bonds. Thereafter, the Standing Committee vide its Resolution No. 30 dated June 12, 2024, and the General Board vide its Resolution No. 05 dated June 29, 2024, had approved the formation of Bond Issue Committee and authorised the Municipal Commissioner to take various decisions, activities and signing documents/ appointments/ agreements related to the bond issuance process.

BHAVNAGAR MUNICIPAL CORPORATION

Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar

- That the Bond Issue Committee currently consists of the following members:

S. No.	Designation	Name
1.	Municipal Commissioner	Shri. Narander Kumar Meena (I.A.S)
2.	Deputy Commissioner	Shri. Jaykumar Kirtibhai Raval
3.	City Engineer	The post is currently vacant.
4.	Chief Account Officer	Shri. Ritesh R Maheta
5.	Chief Auditor	Shri. Alkeshbhai Pranjivanbhai Patel

That we shall immediately intimate the merchant bankers to the Issue of any changes in the aforementioned details.

Yours Sincerely,

MUNICIPAL CORPORATION * BHAVNAGAR *

Narander Kumar Meena (I.A.S.)
Municipal Commissioner

Copy to:
MV Kini, Law Firm
Kini House, 6/39,
Jangpura B,
New Delhi-110014

BHAVNAGAR MUNICIPAL CORPORATION

Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF THE BOND ISSUE COMMITTEE OF THE BHAVNAGAR MUNICIPAL CORPORATION HELD ON August 14 , 2025 AT BHAVNAGAR

RAISING OF RATED, LISTED, TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE MUNICIPAL BONDS IN THE NATURE OF DEBENTURES OF FACE VALUE OF RS. 1 LAKH (RUPEES ONE LAKH ONLY) EACH ("BONDS"/ "NCDs"/ "DEBENTURES"), FOR CASH, FOR AN AMOUNT AGGREGATING UP TO RS. 25 CRORES (RUPEES TWENTY-FIVE CRORES ONLY) ON A PRIVATE PLACEMENT BASIS ("ISSUE") BY BHAVNAGAR MUNICIPAL CORPORATION ("BMC" /"ISSUER" /"CORPORATION"), PROPOSED TO BE LISTED ON NATIONAL STOCK EXCHANGE OF INDIA LIMITED.

"**RESOLVED FURTHER THAT** pursuant to the authority provided by Standing Committee Resolution No. 30 dated June 12, 2024 and General Board Resolution No.05 dated June 29, 2024 the Preliminary Placement Memorandum dated August 14, 2025 in relation to the Issue, which has been tabled before the Bond Issue Committee be and is hereby approved."

"**RESOLVED FURTHER THAT** the Bond Issue Committee hereby accords its approval for filing of the Preliminary Placement Memorandum dated August 14, 2025 with the Securities and Exchange Board of India, National Stock Exchange of India Limited and any other regulatory/statutory authority as required under the applicable law."

"**RESOLVED FURTHER THAT** the aforesaid resolution shall come into effect immediately and a copy of the foregoing resolution certified to be a true copy by the Chief Account Officer may be furnished to the concerned parties and other regulatory and statutory authorities/bodies as may be required."

CERTIFIED TO BE TRUE COPY

FOR BHAVNAGAR MUNICIPAL CORPORATION

Riteshmaheta.

RITESH R MAHETA
CHIEF ACCOUNT OFFICER

MUNICIPAL CORPORATION * BHAVNAGAR *

Dated: October 16, 2025

To,

A.K. Capital Services Limited,
Unit No. 603, 6th floor,
Windsor, Off CST Road,
Kalina, Santacruz-(East),
Mumbai- 400 098, India.

AND

Tipsons Consultancy Services Private Limited,
1st Floor, Sheraton House,
Opposite Ketav Petro Pump,
Polytechnic Road, Ambawadi,
Ahmedabad – 380015

Sub: Proposed issue by Bhavnagar Municipal Corporation ("BMC"/ "Corporation"/ "Issuer") of 2,500 (Two Thousand and Five Hundred only) rated, listed, taxable, secured, redeemable and non-convertible municipal bonds in the nature of debentures, of face value of ₹ 1,00,000/- (Rupees One Lakh Only) each ("Bonds"/ "NCDs"/ "Debentures") for an amount aggregating up to ₹ 25 crores (Rupees Twenty Five Crores Only) ("Issue") on a private placement basis.

Dear Sir/Ma'am,

I, **Narander Kumar Meena (I.A.S.)**, **Municipal Commissioner** of the Issuer, hereby confirm the following:

- That Urban Development and Urban Housing Department, Government of Gujarat vide its resolution no. UDUHD/SPP/e-file/18/2025/0890/P Section dated May 23, 2025, had approved the bond issuance by Issuer for issuing Taxable Bonds in form of debenture for an amount up to Rs.25 crores (Rupees Twenty Five Crores Only) under section 9 of the Gujarat Provincial Municipal Corporation Act, 1949. ("**State Approval**").

- That the Standing Committee vide its Resolution No. 589 dated November 07, 2023, and the General Board vide its Resolution No. 118 dated November 29, 2023, had approved the issuance of bonds. Thereafter, the Standing Committee vide its Resolution No. 30 dated June 12, 2024, and the General Board vide its Resolution No. 05 dated June 29, 2024, had approved the formation of Bond Issue Committee and authorised the Municipal Commissioner to take various decisions, activities and signing documents/ appointments/ agreements related to the bond issuance process.

- That the Bond Issue Committee currently consists of the following members:

S. No.	Designation	Name
1.	Municipal Commissioner	Shri. Narander Kumar Meena (I.A.S)
2.	Deputy Commissioner	Shri. Jaykumar Kirtibhai Raval
3.	City Engineer	The post is currently vacant.
4.	Chief Account Officer	Shri. Ritesh R Maheta
5.	Chief Auditor	Shri. Alkeshbhai Pranjivanbhai Patel

That we shall immediately intimate the merchant bankers to the Issue of any changes in the aforementioned details.

Yours Sincerely,

Narander Kumar Meena (I.A.S.)
Municipal Commissioner

Bhavnagar Municipal Corporation ★ BMC

Copy to:
MV Kini, Law Firm
Kini House, 6/39,
Jangpura B,
New Delhi-110014

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF THE BOND ISSUE COMMITTEE OF BHAVNAGAR MUNICIPAL CORPORATION HELD ON THE OCTOBER 16, 2025

CONSIDERATION AND APPROVAL OF THE PLACEMENT MEMORANDUM, TERM SHEET AND CASH FLOW IN RESPECT OF RATED, LISTED, TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE MUNICIPAL BONDS IN THE NATURE OF DEBENTURES, OF FACE VALUE OF ₹ 1,00,000/- (RUPEES ONE LAKH ONLY) EACH ("BONDS"/ "NCDS"/"DEBENTURES") FOR CASH, FOR AN AMOUNT AGGREGATING UP TO ₹ 25 CRORES (RUPEES TWENTY FIVE CRORES ONLY) ("ISSUE") BY BHAVNAGAR MUNICIPAL CORPORATION.

A resolution with respect to consideration and approval for the Issue was passed in the meeting of the Bond Issue Committee of the Issuer held on August 14, 2025. This resolution is passed in furtherance of the same.

"**RESOLVED THAT** the Placement Memorandum dated October 16, 2025 in relation to the Issue ("**Placement Memorandum**"), which has been tabled before the Bond Issue Committee be and is hereby approved and the Placement Memorandum may be filed with the SEBI and the NSE and/or with any other regulatory authority, as may be required under law."

"**RESOLVED FURTHER THAT** the Bonds Issue Committee hereby accords its approval for the Term Sheet and Cash flow including Structured Payment Mechanism annexed herewith as **Annexure A**, the copies of which were tabled before the Bond Issue Committee for the purposes of relevant disclosures in the Placement Memorandum, pursuant to the requirements under the SEBI ILMDS Regulations read with Guidance Note dated July 29, 2020 on the SEBI ILMDS Regulations."

"**RESOLVED FURTHER THAT** the aforesaid resolution shall come into effect immediately and a copy of the foregoing resolution certified to be a true copy by Shri. Ritesh R Maheta, Chief Account Officer, may be furnished to such parties concerned with respect to the aforesaid resolution."

All capitalized terms used but not defined herein shall have the same meaning as assigned to them in the Placement Memorandum.

FOR BHAVNAGAR MUNICIPAL CORPORATION

Ritesh R Maheta.

Ritesh R Maheta
Chief Accounts Officer

Bhavnagar Municipal Corporation ★ BMC

ANNEXURE - IV
Debenture Trustee Consent Letter

SBI Trustee

Ref. No.: 2243/STCL/DT/2025-26 **Date: July 14,2025.**

Bhavnagar Municipal Corporation
Bhavnagar Mahanagar Seva Sadan,
Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar,
Gujarat - 364001

Dear Sir/ Madam,

Sub: Proposed issue by Bhavnagar Municipal Corporation ("BMC"/ "Corporation" / "Issuer") of 2,500 (Two Thousand and Five Hundred only) rated, listed, taxable, secured, redeemable, non-cumulative and non-convertible municipal bonds in the nature of debentures, of face value of ₹ 1,00,000/- (Rupees One Lakh Only) each ("Bonds"/ "NCDs"/ "Debentures") for an amount aggregating up to ₹ 25 crores (Rupees Twenty Five Crores Only) ("Issue") on a private placement basis.

We, the undersigned, do hereby consent to act as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Preliminary Placement Memorandum and in the Placement Memorandum ("**Offer Document**")(whether as a draft or otherwise) to be filed with the Securities and Exchange Board of India ("**SEBI**") and the National Stock Exchange of India Limited where the Bonds are proposed to be listed ("**NSE**" / "**Stock Exchange**") and also in all related communications sent pursuant to the Issue.

1. The following details with respect to us may be disclosed:

Logo	: SBI Trustee
Name	: SBICAP Trustee Company Limited
Address	: 04th Floor, Mistry Bhavan, 122 Dinshaw Vachha Road, Churchgate, Mumbai- 400020
Tel.	: 022- 4302 5566
E-mail	: corporate@sbicaptrustee.com / dt@sbicaptrustee.com
Investor Grievance e-mail	: investor.cell@sbicaptrustee.com
Website	: www.sbicaptrustee.com
Contact Person	: Mr. Ardhendu Mukhopadhyay
Compliance Officer	: Sandeep Poddar
Tel. (Compliance Officer)	: 022 43025503
Email (Compliance Officer)	: sandeep.poddar@sbicaptrustee.com
SEBI Registration Number	: IND000000536
CIN	: U65991MH2005PLC158386

2. We confirm that we are duly registered with the Securities and Exchange Board of India (SEBI), and that our registration remains valid and in force as of the date of this letter. A copy of our SEBI registration certificate is enclosed herewith as **Annexure A**, and a declaration confirming our SEBI registration, in the prescribed format, is annexed as **Annexure B**.

SBICAP TRUSTEE COMPANY LIMITED

SBI Trustee

3. We further confirm that neither we have been prohibited by SEBI or any other regulatory authority to act as an intermediary including, without limitation, in capital market transactions, nor debarred or restrained from functioning by any regulatory authority, court, or tribunal.

4. We hereby authorise you and your representatives to submit a copy of this letter of consent and make disclosures in relation thereto to the Stock Exchange, SEBI or any other statutory/regulatory authority/court or tribunal, as may be required under applicable laws. We also authorize to share this letter, as necessary, with the intermediaries duly appointed in this regard for their reliance, in respect of the Issue.

5. We hereby confirm that there are no disciplinary actions or any enforcement action/ adjudication taken by SEBI or any regulatory authority against us *except as disclosed in **Annexure C***, during last five years. We further confirm that no enquiry/investigation is presently being conducted by SEBI on us.

6. We also agree to keep information strictly confidential, until such time as the proposed transaction is completed.

7. We also confirm that we are not an associate of the Issuer in terms of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended.

8. We confirm that we do not have any conflict of interest with the Issuer.

9. We confirm that the information in relation to us in this letter together with the annexures is true, correct and complete in all respects and may be disclosed in the issue related documents/materials/communication.

10. We undertake that we shall immediately intimate the Issuer and Debenture Trustee to the Issue of any changes in the aforementioned details until the listing and trading of the Bonds on the Stock Exchange. In absence of any such communication from us, the above information should be taken as updated information until the listing and trading of Bonds on the Stock Exchange.

11. This letter may be relied upon by the Issuer, Merchant Banker and the legal advisor to the Issue.

Sincerely,

For SBICAP Trustee Company Limited

SBICAP TRUSTEE COMPANY LIMITED

Authorized Signatory
Name: Ardhendu Mukhopadhyay
Designation: CFO & COO

CC:

Legal Advisor to the Issue

MV Kini, Law Firm,
Kini House,
6/39 Jangpura-B
New Delhi 110 014

SBI Trustee

Annexure A

डिबेंचर न्यासी

FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993

(DEBENTURE TRUSTEE) REGULATIONS, 1993

IN/DT/256/2015

(Regulation 8)

(Regulation 8A)

रजिस्ट्रीकरण प्रमाणपत्र PERMANENT REGISTRATION
CERTIFICATE OF REGISTRATION

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee, the Board hereby grants a certificate of registration to

SBICAP TRUSTEE COMPANY LIMITED
202, MAKER TOWER, "E" WING
20TH FLOOR, CUFF PARADE
MUMBAI – 400005
MAHARASHTRA

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) Registration Code for the debenture trustee is **INDD00000636**

3) Unless renewed, the certificate of registration is valid from to

3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board

By order
For and on behalf of
Securities and Exchange Board of India

MEDHA SONPAROTE
Authorised Signatory

Place : **MUMBAI**

Date : **OCTOBER 06 2015**

SBICAP TRUSTEE COMPANY LIMITED

SBI Trustee

Annexure B

Ref. No.:2244/STCL/DT/2024-25-CL6520 **Date: July 14, 2025.**

Bhavnagar Municipal Corporation
Bhavnagar Mahanagar Seva Sadan,
Sir Mangal Sinhji Road, Near Kalanala, Bhavnagar,
Gujarat - 364001

AND

A.K. Capital Services Limited
Unit No. 603, 6th floor, Windsor,
off CST Road, Kalina, Santacruz- (East),
Mumbai- 400 098

AND

Tipsons Consultancy Services Private Limited,
1st Floor, Sheraton House,
Opposite Ketav Petro Pump,
Polytechnic Road, Ambawadi,
Ahmedabad - 380015

Dear Sir/ Madam,

Sub: Proposed issue by Bhavnagar Municipal Corporation ("BMC"/ "Corporation" / "Issuer") of 2,500 (Two Thousand and Five Hundred only) rated, listed, taxable, secured, redeemable, non-cumulative and non-convertible municipal bonds in the nature of debentures, of face value of ₹ 1,00,000/- (Rupees One Lakh Only) each ("Bonds"/ "NCDs"/ "Debentures") for an amount aggregating up to ₹ 25 crores (Rupees Twenty Five Crores Only) ("Issue") on a private placement basis under Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, as amended from time to time.

1. We hereby confirm that as on date of our Consent Letter, the following details in relation to our registration with the Securities and Exchange Board of India ("**SEBI**") as Debenture Trustee to the Issue are true and correct:

S. No.	Particulars	Details
1.	Registration Number	IND000000536
2.	Date of registration/ date of last renewal of registration	06th October, 2015
3.	Date of expiry of registration	Permanent
4.	If applied for renewal, date of application for renewal of registration	No
5.	Details of any communication from SEBI prohibiting from acting as an intermediary	No

SBICAP TRUSTEE COMPANY LIMITED

SBI Trustee

S. No.	Particulars	Details
6.	Details of any pending inquiry/ investigation being conducted by SEBI	No
7.	Period up to which registration/ renewal fees has been paid	No
8.	Details of any penalty imposed by SEBI	No

2. We undertake to promptly inform the Issuer and Debenture Trustee associated with the Issue of any changes, additions, or deletions to the information provided in this certificate, from the date hereof until the Bonds offered, issued, and allotted pursuant to the Issue are listed and commence trading on the relevant stock exchange (**"NSE"/ "Stock Exchange"**). In the absence of any such communication from us, the information contained herein shall be deemed to be current, complete, and accurate until the listing and commencement of trading of the Bonds on the Stock Exchange.

Sincerely

For SBICAP Trustee Company Limited

SBICAP TRUSTEE COMPANY LIMITED

Authorized Signatory
Name: Ardhendu Mukhopadhyay
Designation: CFO & COO

Legal Advisor to the Issue

MV Kini, Law Firm,
Kini House,
6/39 Jangpura-B
New Delhi 110 014

SBI Trustee

Annexure C

S. No.	SEBI/ Regulatory Authority	Details of disciplinary action similar to any enforcement action/ adjudication taken by SEBI/ Regulatory Authority
1.	[SEBI/ Name of regulatory Authority]	[NIL]

Sincerely

For SBICAP Trustee Company Limited

SBICAP TRUSTEE COMPANY LIMITED

Authorised Signatory
Name: Ardhendu Mukhopadhyay
Designation: CFO & COO

ANNEXURE – V

Illustration of Bond Cash Flow

Company	**Bhavnagar Municipal Corporation**
Face Value per NCD (in Rs.)	100000
Number of NCDs held	1
Deemed Date of allotment	October 28, 2025
Tenor	5 Years
Coupon Rate (p.a.)	[•]%
Redemption Date/Maturity Date	October 28, 2030
Frequency of interest payment	Quarterly
Effective Yield for all Categories of Investor	[•]%
Day Count Convention	Actual/Actual

Cash Flows	Due Date	Date of Payment	No. of days in Coupon Period	Amount (INR)
Deemed Date of allotment	Tuesday, 28 October, 2025	Tuesday, 28 October, 2025		-100000
Coupon/Interest Payment 1	Wednesday, 28 January, 2026	Wednesday, 28 January, 2026	92	[•]
Coupon/Interest Payment 2	Tuesday, 28 April, 2026	Tuesday, 28 April, 2026	90	[•]
Coupon/Interest Payment 3	Tuesday, 28 July, 2026	Tuesday, 28 July, 2026	91	[•]
Coupon/Interest Payment 4	Wednesday, 28 October, 2026	Wednesday, 28 October, 2026	92	[•]
Coupon/Interest Payment 5	Thursday, 28 January, 2027	Thursday, 28 January, 2027	92	[•]
Coupon/Interest Payment 6	Wednesday, 28 April, 2027	Wednesday, 28 April, 2027	90	[•]
Coupon/Interest Payment 7	Wednesday, 28 July, 2027	Wednesday, 28 July, 2027	91	[•]
Coupon/Interest Payment 8	Thursday, 28 October, 2027	Thursday, 28 October, 2027	92	[•]
Coupon/Interest Payment 9	Friday, 28 January, 2028	Friday, 28 January, 2028	92	[•]
Coupon/Interest Payment 10	Friday, 28 April, 2028	Friday, 28 April, 2028	91	[•]
Coupon/Interest Payment 11	Friday, 28 July, 2028	Friday, 28 July, 2028	91	[•]
Coupon/Interest Payment 12	Saturday, 28 October, 2028	Monday, 30 October, 2028	92	[•]
Coupon/Interest Payment 13	Sunday, 28 January, 2029	Monday, 29 January, 2029	92	[•]
Coupon/Interest Payment 14	Saturday, 28 April, 2029	Monday, 30 April, 2029	90	[•]
Coupon/Interest Payment 15	Saturday, 28 July, 2029	Monday, 30 July, 2029	91	[•]
Coupon/Interest Payment 16	Sunday, 28 October, 2029	Monday, 29 October, 2029	92	[•]

Coupon/Interest Payment 17	Monday, 28 January, 2030	Monday, 28 January, 2030	92	[•]
Coupon/Interest Payment 18	Sunday, 28 April, 2030	Monday, 29 April, 2030	90	[•]
Coupon/Interest Payment 19	Sunday, 28 July, 2030	Monday, 29 July, 2030	91	[•]
Coupon/Interest Payment 20	Monday, 28 October, 2030	Monday, 28 October, 2030	92	[•]
Principal	Monday, 28 October, 2030	Monday, 28 October, 2030		100000

• The Deemed Date of Allotment is assumed to Tuesday, October 28, 2025. If the Deemed Date of Allotment undergoes a change, the coupon payments dates, redemption dates, redemption amount and other cash flow working shall be changed accordingly.

• The above-mentioned bond cash flows are illustrative and indicative. The scheduled Due Dates and bond cash flows will be as stipulated under the row titled 'Business Day Convention' in Summary Term Sheet in this Placement Memorandum.

ANNEXURE - VI
Audit Reports/Audited Financial Statements

+91- 94289 91415
cajeetvora@gmail.com
402-Imperial Arc,
Opp. University Gate,
Waghawadi Road,
Bhavnagar 364002.

J Y VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

OF

BHAVNAGAR MUNICIPAL CORPORATION

FOR

FINANCIAL YEAR 2024-25

+91- 94289 91415
cajeetvora@gmail.com
402-Imperial Arc,
Opp. University Gate,
Waghawadi Road,
Bhavnagar 364002.

J Y VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS REPORT

To,

The Municipal Commissioner,

Bhavnagar Municipal Corporation,

Bhavnagar

Opinion

We have audited the financial statements on Accrual Based Double entry accounting system prepared by The Bhavnagar Municipal Corporation (The Corporation), which comprise of Income and Expenditure statement for the period from 1st April, 2024 and ending on 31st March, 2025, also Balance Sheet as at 31st March, 2025 and all the relevant Schedules forming part thereof including notes forming part of the accounts, Cash Flow Statements for the period ending on 31st March, 2025, and any accounting policies followed by the corporation while preparing such financial statements. The same has been prepared by the concerned Department of the corporation and the same also has been approved by the competent authority of the Bhavnagar Municipal Corporation. Moreover, the corporation was supposed to follow the requirements specified under the provisions of National Municipal Accounting Manual (NMAM), while preparing any sort of financial statements which is currently a mixture of accrual-based accounting system for majority items of the Financial Statement, and also Cash basis of accounting system for few of the items of the Financial Statement, which is in conformity with the provisions of NMAM.

We have examined such financial Statement taking into consideration:

1) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter with the Bhavnagar Municipal Corporation.
2) The Guidance Note also requires that we comply with the requirements.
3) Concepts of test check and materiality to obtain reasonable assurance based on verification of evidence supporting the Financial Statement.

J Y VORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

As the corporation is following mixture of Cash basis as well as Accrual based double entry accounting system as mentioned in the National Municipal Accounting Manual, based on our examination and according to the information and explanation given to us, we report that the Financial Statement;

1) Have opening balances from the years which have been restated from cash-based system to accrual based double entry accounting system. So, any effect lying in the opening balances have been carried forward in the current year account as well; and

2) Though the accounts are prepared based on accrual based double entry accounting system, the impact of accrual-based entries can't be seen in the few of those items, where Cash Basis of Accounting in the financial statement has been followed, and the same cannot be quantified precisely as the management is at discretion to decide the matter relating the accrual accounting in items of financials as mentioned in NMAM.

In our opinion and to the best of information and explanation provided to us, the Financial Statements of the Bhavnagar Municipal Corporation, read with significant accounting policies and notes to accounts are prepared after providing appropriate adjustments as considered appropriate in the given circumstances.

We have no responsibility to update our report for events and circumstance occurring after the date of the report.

In our opinion, the Financial Statement along with Note of this report read with the significant Accounting Policies and Notes to Accounts are prepared after adjustment as considered appropriate and have been prepared in accordance with NMAM.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, ***subject to observations and notes to accounts and annexures forming part of the report***, are in conformity with the accounting principles generally accepted in India,

J.V. VORA & ASSOCIATES
FRN. 145333W
CHARTERED ACCOUNTANTS

1) In the case of Balance Sheet of the state of affairs of the corporation as at 31st March, 2025,
2) In case of the statement of Income and Expenditure of the surplus for the year ended on the same date.
3) In case of the Cash Flow statement for the year ended on the same date.

Basis for Qualified Opinion:

1) Difference in opening balances:

Since 1982, the cash basis of accounting has been followed by the corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statement is adjusted in Municipal General Fund of the corporation. These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting till FY 2022-23. The current financial statements are drawn up using mixture of cash basis as well as accrual basis of accounting wherever possible to apply appropriate accounting method, decision of which was the absolute responsibility of the management of the corporation keeping in mind the provisions of NMAM.

2) Adjustments to opening balances:

During the course of our audit, we noted that adjustments were made to the opening balances to give effect of necessary changes in the accounting estimates and policies in accordance with applicable financial reporting standards as management thinks fit and just. The amount involved is material looking at the size of the financial statements. These estimates and policies are subject matter of decisions taken by management and we as auditor are not in a position to quantify or justify the same due to Impracticability on our part to verify each of those items.



3) Disclosures:

The financial statements do not adequately disclose the nature, reasons, and financial effects of certain adjustments made to the opening balances as well as other adjustment entries recorded during the period.

4) Corporation generally prepares its financial statements using the accrual basis of accounting, in accordance with the applicable financial reporting framework. However, for certain transactions the Corporation has applied a cash basis of accounting. Such treatment may not fully align with the principles of accrual accounting, which require the recognition of income and expenses when they are earned or incurred, regardless of when cash transactions occur, but seems in fair conformity with what is laid in NMAM.

5) During the course of the audit, we observed discrepancies between the income/expense figures and receivable/payable balances recorded in the accounting software and those reflected in the corresponding bills and supporting documentation. As informed to us, there's a difference in amount of income as per software and as per actual bills, on inquiring upon management about this, we understood that any difference arising on account of same has been adjusted to opening balance. These differences arise due to constant changes in the demand data due to resurvey process by the concerned department of the corporation, and due to this there will be constant variation with respect to amount mentioned in data entry, Amount of recognition, and reconciliation processes.

6) Fixed Assets

Opening balances of Fixed Assets have been taken from whatever details have been provided by the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data available with Bhavnagar Municipal Corporation, approved by the Competent Authority as per the actual expenditure of the grants in this behalf. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence of those fixed assets. So, the conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.



- As per explanation provided to us, one of the lands was not recorded in previous years, and the same was sold in current year for Rs. 44,12,45,000.00. Therefore, to record this transaction the land is recorded in current year and transferred to revaluation reserve.

7) Depreciation:

Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

8) Statutory Obligations:

The Corporation is discharging its statutory obligations such as TDS and GST-TDS on a cash Basis, i.e. payments are made when amounts are actually available in fund balances received from appropriate authorities. However, the related expenses and liabilities are accounted for on accrual basis in the books of accounts.

9) Closing Stock:

No physical verification of inventory was conducted during the year, and the Corporation has not provided us with sufficient appropriate audit evidence regarding the existence and condition of these inventories. Furthermore, the basis of valuation of inventories has not been disclosed, and we were unable to obtain sufficient appropriate audit evidence to determine whether inventories are stated at the lower of cost and net realizable value.



10) Regrouping of Previous Year Financial Items:

The previous year financial data has been regrouped wherever required to make the presentation more suitable and comparable for the better understanding keeping in mind the requirements of provisions of NMAM.

11) Sundry Debtors:

The Corporation's concerned departments are having separate software from which the record of receivables at the end of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year. The opening data has been taken at the close of the year so as to incorporate any changes in demand data due to any resurvey conducted during the year.

12) Unreconciled entries with bank:

There are few receipts in the bank statement amounting to Rs. 9,21,31,268.00, which are accounted for but could not be identified by the corporation. So, the same has been transferred to ledger named UNRECONCILED ENTRIES WITH BANK.

13) PF Loans to Employees:

The corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

14) Municipal Fund:

All the adjustments with respect to any changes in amount has been given effect in the account called Municipal fund which is General Fund in nature.



15) General Observation:

The financials have been on accrual basis only on few of the items of the financials. Hence if any other items were required to be considered for accrual-based accounting, then the same has not been given any effect in the preparation of the same. But the management is of the opinion of the same that the required accounting treatment has been sufficient to put the case under a validly prepared financial statements under accrual-based accounting system, hence auditors' opinion is only limited to the aspects covered by the management, and for any other point which were required to be covered, but not covered by the corporation, the auditor is not bound to examine or comment upon on the same. Hence our opinion on such financials is limited to the extent it had been stated by the corporation and submitted to us for our opinion building purpose.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the management is responsible for assessing the entity's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the entity or to cease operation or has no realistic alternative but to do so.

Management is also responsible for overseeing the entity's financial reporting process.

J. J. VORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

Responsibilities of the Auditor

Our responsibility is to express an opinion on the financial statements based on our audit procedures. We have conducted our audit in accordance with the standard on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedure selected depend on the auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor consider the internal control relevant to Corporation's preparation and fair presentation of financial statements to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

For,
J Y Vora and Associates,
Chartered Accountant
FRN: 145333W



CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 24-06-2025
Place: Bhavnagar
UDIN: 25179494BMIBCN5524

BHAVNAGAR MUNICIPAL CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2025

(Rs.in Lacs)

Sr. No.	Major Head Description	Major Code	Sch.	Amount Rs. 2024-25	Amount Rs. 2023-24
I	*LIABILITIES*				
1	Reserve & Surplus :				
(i)	Municipal (General) Fund	310	BS-1	46,076.52	51,685.98
(ii)	Reserves	312	BS-2	62,254.08	48,056.02
	Total of Reseve and Surplus			1,08,330.61	99,742.00
2	Grant, Contributions for Specific Purposes :				
(i)	Grant, Contribution for Specific purposes	320	BS-3	48,674.83	42,685.64
	Total of Grant, Capital Contribution			48,674.83	42,685.64
3	Current Liabilities & Provision :				
(i)	Deposit Received	340	BS-4	12,840.46	13,547.67
(ii)	Deposits Works	341	BS-5	61.42	118.49
(iii)	Other Liabilities	350	BS-6	7,008.10	6,987.28
(iv)	Provisions	360	BS-7	0.30	0.30
	Total of Current Liabilities & Provision			19,910.28	20,653.74
	TOTAL LIABILITIES (Total of 1 to 3)			*1,76,915.71*	*1,63,081.37*





Sr. No.	Major Head Description	Major Code	Sch.	Amount Rs. 2024-25	Amount Rs. 2023-24
II	ASSETS				
1	Fixed Assets :				
(i)	Fixed Assets	410	BS-8	81,237.52	78,145.78
(ii)	Less : Accumulated Depreciation	411	BS-8(1)	21,644.20	18,157.09
(iii)	Capital work-in-progress	412	BS-9	4,207.37	-
	Total Of Fixed Assets			63,800.70	59,988.69
2	Investment :				
(i)	Investments in Other Fund	421	BS-10	41,924.44	25,556.08
	Total Of Investments			41,924.44	25,556.08
3	Current Assets, Loan & Advances :				
(i)	Stores and Consumables	430	BS-11	172.72	172.72
(ii)	Sundry Debtors(Receivables)	431	BS-12	45,955.21	52,923.53
(iii)	Cash & Bank Balances	450	BS-13	24,761.82	24,269.83
(iv)	Prepaid Expenses	440	BS-14	0.03	-
(v)	Loans, Advances & Deposits	460	BS-15	300.78	170.52
	Total of Current Assets, Loan & Advances			71,190.56	77,536.60
	TOTAL ASSETS (Total of 1 to 3)			*1,76,915.71*	*1,63,081.37*
	Notes to the Accounts and accounting Policies				

J Y Vora and Associates
Chartered Accountants
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 25/06/2025
Place: Bhavnagar
UDIN: 25179494BMIBCN5524

Chief Account Officer
Bhavnagar Municipal Corporation

SCHEDULE FORMING PART OF AND ANNEXED TO BALANCE SHEET
AS AT MARCH 31, 2025

(Rs.in Lacs)

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs.	Amount Rs.
				2024-25	2023-24
	SCHEDULE - BS-1 : MUNICIPAL FUNDS - 310				
1	Municipal Fund	31010	1	66464.01	56134.08
2	Excess of Income & Expenditure Account	31090	2	(20387.49)	(4448.10)
	TOTAL			46076.52	51685.98
	SCHEDULE- BS-2 : RESERVES- 312				
1	Revaluation Reserve	31210	3	4412.45	
2	General Reserve	31250	4	2820.00	300.00
3	Capital Contribution	31260	5	55021.63	47756.02
	TOTAL			62254.08	48056.02
	SCHEDULE - BS-3 : GRANTS, CONTRIBUTIONS FORSPECIFIC PURPOSE - 320				
1	Central Goverenment	32010	6	10528.39	9260.28
2	State Governement	32020	7	38146.44	33425.36
	TOTAL			48674.83	42685.64
	SCHEDULE -BS-4 : DEPOSITS RECEIVED - 340				
1	From Contractors / Suppliers	34010	8	11901.48	13135.15
2	Deposits - Revenues	34020	9	930.32	404.32
3	From Others	34080	10	8.66	8.20
	TOTAL			12840.46	13547.67
	SCHEDULE - BS-5 : DEPOSIT WORKS - 341				
1	Civil Works	34110	11	5.11	129.34
2	Others	34180	12	56.31	(10.85)
	TOTAL			61.42	118.49
	SCHEDULE -BS-6 : OTHER LIABILITIES - 350				
1	Creditors	35010	13	0.00	15.50
2	Employee Liablities	35011	14	5637.87	6179.01
3	Recovories payable	35020	15	214.27	193.97
4	Govt. Dues Payable	35030	16	145.71	118.80
5	Advance Collection of Revenues	35041	17	921.18	0.00
6	Others	35080	18	89.08	479.99
	TOTAL			7008.10	6987.27
	SCHEDULE - BS-7 : PROVISIONS - 360				
1	Provisions for Income/Expenses	36010	19	0.30	0.30
	TOTAL			0.30	0.30





Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2024-25	Amount Rs. 2023-24
	SCHEDULE - BS-8 : FIXED ASSETS - 410				
1	Land	41010	20	410.61	410.61
2	Building	41020	21	17424.23	16779.13
3	Roads & Bridges	41030	22	1656.13	1656.14
4	Sewerage and Drainage	41031	23	374.34	205.64
5	Waterways	41032	24	52257.60	50071.37
6	Public Lighting	41033	25	6.79	6.79
7	Plant & Machinery	41040	26	2056.25	2079.44
8	Vehicles	41050	27	1028.46	1021.19
9	Office & Other Equipment	41060	28	4313.63	4213.48
10	Computers	41061	29	543.54	535.87
11	Furniture, Fixture, Fittings and Electrical Appliances	41070	30	1166.11	1166.11
	TOTAL			81237.69	78145.78
	SCHEDULE- BS-8(1) : Accumulated Depreciation- 411				
1	Building	41120	31	1372.03	1102.73
2	Roads & Bridges	41130	32	178.97	145.74
3	Sewerage and Drainage	41131	33	61.12	37.55
4	Waterways	41132	34	16687.25	14009.91
5	Public Lighting	41133	35	1.10	0.80
6	Plant & machinery	41140	36	651.83	549.80
7	Vehicles	41150	37	467.95	405.68
8	Office & Other Equipment	41160	38	1491.27	1171.13
9	Computers	41161	39	347.42	407.27
10	Furniture, Fixtures, Fittings and Electrical Appliances	41170	40	385.26	326.48
	TOTAL			21644.20	18157.09
	SCHEDULE - BS-9 : Capital Work-in-progress- 412				
1	Assets	41230	41	4207.37	0.00
	TOTAL			4207.37	0.00
	SCHEDULE -BS-10 : Investment Other Fund- 420				
1	Other Investments	42080	42	41924.44	25556.08
	TOTAL			41924.44	25556.08
	SCHEDULE -BS-11 : Stock - in - hand - 430				
1	Loose Tools	43020	43	172.72	172.72
	TOTAL			172.72	172.72
	SCHEDULE -BS-12 : Sundry Debtors(Receivables) - 431				
1	Receivables for Property and other Taxes	43110	44	45955.21	52923.53
	TOTAL			45955.21	52923.53

Account Department

J.Y.VORA & ASSOCIATES CHARTERED ACCOUNTANTS

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2024-25	Amount Rs. 2023-24
	SCHEDULE - BS-13 : CASH & BANK BALANCES - 450				
1	Cash	45010	45	0.49	0.23
2	Central grant Fund - Bank Balance		46	6726.86	7532.94
3	State Grant Fund - Bank Balance		47	4271.61	2348.16
4	Own Fund - Bank Balance		48	5672.74	3543.12
5	PF & Pension Fund - Bank Balance		49	5459.17	6364.97
6	Deposit Fund - Bank Balance		50	2630.95	4480.01
	TOTAL			24761.82	24269.43
	SCHEDULE - BS-14 : PREPAID EXPENSES - 440				
1	Prepaid Expenses	44030	51	0.03	0.00
	TOTAL			0.03	0.00
	SCHEDULE - BS-15 : LOANS, ADVANCES & DEPOSITS- 460				
1	Employees Providend Fund Loans	46020	52	300.13	170.18
2	Advance to others	46050	53	0.64	0.34
	TOTAL			300.78	170.52

J Y Vora and Associates
Chartered Accountants
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 25/06/2025
Place: Bhavnagar
UDIN: 25179494BMIBCN5524

Chief Account Officer
Bhavnagar Municipal Corporation

GROUPING - FORMING PART OF SCHEDULES ANNEXED TO BALANCE SHEET AS ON 31 MARCH,2025

(Rs.in Lacs)

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING : 1 : MUNICIPAL FUND - 31010			
1	Municipal General Fund	310100003	49,671.01	49,671.01
2	Add:- Addition During the year			
3	Add/Less:- Adjustment to Opening balances	310100002	8,328.36	(2,003.41)
4	Add:- Differences in Opening balances		8,464.63	8,466.48
			66,464.01	56,134.08
1	Less:- Deduction during the year		-	-
	TOTAL		66,464.01	56,134.08
	GROUPING : 2 : EXCESS OF INCOME & EXPENSE - 31090			
1	Opening balance carried forward	310900001	(4,448.10)	(5,790.95)
2	Adjustments to opening balance			(45.63)
3	Net Surplus Carried Over to Municipal Fund		852.00	1,388.48
			(3,596.10)	(4,448.10)
1	Add/Less: Prior period adjustments		16,791.39	-
	Closing Balance		(20,387.49)	(4,448.10)
	GROUPING : 3 :REVALUATION RESERVE - 31250			
1	Revaluation Reserve	312100001	4,412.45	-
	TOTAL		4,412.45	-
	GROUPING : 4 :GENERAL RESERVE - 31250			
1	Pension fund Reserve	312500002	2,820.00	300.00
	TOTAL		2,820.00	300.00
	GROUPING : 5 :CAPITAL CONTRIBUTION - 31260			
1	Capital Contribution	312600001	55,021.63	47,756.02
	TOTAL		55,021.63	47,756.02
	GROUPING : 6 : Central Government - 32010			
1	SWACHCHHA BHARAT MISSION	320100002	1,661.40	1,888.08
2	PMAY(U) CLTC STAFF	320100003	1.84	5.24
3	UID GRANT	320100004	16.36	17.75
4	FINANCE COMMISSION GRANT	320100005	1,952.61	1,342.33
5	AMRUT GRANT	320100006	1,713.08	5,862.90
6	MP GRANT	320100007	-	(3.75)
7	BLC PMAY GRANT	320100008	3.03	6.06
8	PMAY 80 EWS SCHEME	320100009	-	(171.45)
9	PMAY 1252 EWS SCHEME	320100010	-	(504.72)
10	PMAY 2489 Scheme	320100011	-	(4,698.32)
11	AMRUT 2.0 GRANT	320100012	-	915.55
12	PMAY 2548 EWS	320100013	-	(877.83)
13	STP (N.C.T.)GRANT	320100014	5,000.00	5,000.00
14	DISASTER PREPAREDNESS GRANT	320100015	0.18	400.00
15	SWM- IEC GRANT	320100016	89.47	78.44
16	PM E BUS GRANT	320100017	90.42	-
	TOTAL		10,528.39	9,260.28





Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING : 7 : STATE GOVERNMENT - 32020			
1	COVID -19(SHRAM & ROJGAR) GRANT	160300003	150.42	150.42
2	PLASTIC FREE GUJARAT	160300006	82.03	82.03
3	UPHC UCHC FURNITURE GRANT	320200002	0.02	37.33
4	Miscellaneous Expense PO	320200003	11.27	10.59
5	Petrol & Spare Parts	320200004	6.57	8.74
6	DINDAYAL AUSHADHALAY	320200005	26.12	55.56
7	Makanbhada	320200005	434.60	468.39
8	KHORAK KHARCH	320200006	51.77	65.57
9	KISHORISHAKTI EXPENSE	320200006	20.69	19.22
10	ICDS GRANT	320200007	863.94	873.92
11	FAMILY WELFARE GRANT	320200008	-	17.31
12	URBAN HEALTH PROJECT PAY GRANT	320200009	509.33	430.58
13	PROFESSIONAL TAX GRANT (GMFB)	320200010	606.67	843.03
14	MLA GRANT	320200011	1,329.18	984.48
15	PRIVATE SOC. DEV. PLAN(SJMSVY-70:20:10)	320200012	-	45.65
16	SJMSVY GRANT (SWARNIM)	320200013	29,754.89	27,240.74
17	AADHAR VAHIVAT	320200014	0.87	1.01
18	UCHC GRANT	320200015	-	(91.35)
19	UPHC GRANT	320200017	68.27	185.29
20	KANSARA PROJECT	320200019	155.67	661.63
21	FLYOVER PROJECT	320200020	824.52	(1,724.81)
22	OTHERS GRANT	320200022	48.14	46.50
23	ANGANWADI WORKER GRATUITY	320200023	78.21	0.47
24	URBAN MALARIYA GRANT	320200024	-	64.37
25	ASHA / ASHA FACILATOR GRAN	320200025	14.12	42.38
26	YOGA DAY GRANT	320200026	-	6.29
27	A.N.C.D. GRANT	320200027	613.88	0.17
28	ICDS SWACHHATA & HYGINE KIT	320200028	18.68	15.80
29	ICDS KU-POSHAN NABUDI GRANT	320200029	4.95	67.24
30	ICDS PA PA PAGL	320200030	27.13	26.92
31	ICDS MEETING WORKSHOP SEMINAR	320200031	1.83	0.98
32	ICDS I E C GRANT	320200032	42.33	38.26
33	URBAN MALARIYA NVBDCP GIA	320200033	72.57	17.52
34	VAHANBHADA GRANT	320200034	49.16	60.15
35	ICDS AADHAR GRANT	320200035	1.16	0.02
36	ICDS MATA YASHODA AWAR	320200036	2.21	0.64
37	ICDS ANGANWADI TALIM	320200037	45.83	9.85
38	ICDS ANGANWADI BUILD REPARI EXP	320200038	410.29	495.06
39	ICDS CONTIGENCY ANGANWADI	320200039	3.34	4.54
40	ICDS OFFICE FURNITURE	320200040	33.53	28.07
41	MEDICINE GRANT	320200041	11.25	11.25
42	PM MATRUVANDANA GRANT	320200042	23.13	30.82
43	EDUCATION CESS GRANT	320200043	-	367.23
44	C.R.F GRANT	320200044	72.09	72.09
45	DEVLOPMENT OF RAVECHI DHAM	320200045	-	13.15
46	DEVLOPMENT OF AKWADA LACK	320200046	1,599.33	1,633.50
47	URBAN HEALTH MISC. EXPENSES	320200047	0.80	0.80
48	ICDS GAS REFILLING GRANT	320200048	2.99	2.99
49	BECL GRANT	320200049	41.22	2.97
50	ANIMAL BIRTH CONTROL GRANT	320200050	31.25	-
51	NAMASTE GRANT	320200051	0.16	-
52	I.S.H.D.P. GRANT	320200052	0.005	-
	TOTAL		38,146.44	33,425.36

Account Department

J Y VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 145333W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING : 8 : FROM CONTRACTORS / SUPPLIERS - 34010			
1	Security Deposit	340100002	9,385.49	13,072.46
2	Unclaimed Deposits(Recheck Duplication)	340100010	93.13	61.40
3	ESIC Deposit From Bill/Other Security Deposit	340100011	10.15	1.29
4	Acc Window Deposit F.Y.2024-25	340100012	858.94	-
5	Deposit Ded. From Bills F.Y.2024-25	340100013	1,553.77	-
	TOTAL		11,901.48	13,135.15
	GROUPING : 9 : DEPOSITS - REVENUES -34020			
1	Betterment Charge Deposit	340200006	497.14	229.86
2	Construction Deposit	340200007	4.85	2.03
3	Vambay Avas Yojna	340200008	3.60	0.67
4	House Tax Deposit	340200009	79.50	57.70
5	Gujarat Housing Board Deposit	340200010	29.31	19.78
6	2489 EWS /1 PMAY Deposit	340200011	234.30	-
7	2548 EWS Maintainace deposit	340200013	31.25	19.25
8	2489 EWS Maintenance Deposit	340200016	-	51.15
9	1252 EWS Maintenance Deposit	340200017	50.37	23.87
	TOTAL		930.32	404.32
	GROUPING : 10 : FROM OTHERS - 34080			
1	Penalty Deposit	340800003	8.66	8.20
	TOTAL		8.66	8.20
	GROUPING : 11 : CIVIL WORKS- 34110			
1	Special work Deposit	341100002	-	128.61
2	Other Deposit Work PM Program	341100003	5.11	0.73
	TOTAL		5.11	129.34
	GROUPING : 12 : OTHERS - 34180			
1	Other deposit from filter department	341800002	56.31	(10.85)
	TOTAL		56.31	(10.85)
	GROUPING : 13 : CREDITORS - 35010			
1	NPS Officer	350102882	-	0.06
2	PGVCL	350103113	-	16.34
3	Tax Refund Property tax carpet	350103149	-	(0.80)
4	Professional Tax Refund	350103267	-	(0.25)
5	VI BHAVNAGAR	350103105	-	-
6	Party for Deposits	350103199	-	0.17
7	Party for soiciety bachat parat	350103213	-	(0.01)
	TOTAL		-	15.50





Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING : 14 : EMPLOYEE LIABILITIES - 35011			
1	Provident Fund Payable	350110004	5,637.87	6,178.70
2	Other Deduction	350110012	-	0.14
3	NPS Deduction	350110013	-	0.17
	TOTAL		5,637.87	6,179.01
	GROUPING : 15 : RECOVERIES PAYABLE - 35020			
1	P.F. Deduction	350200001	0.21	(0.25)
2	Professional Tax	350200006	0.01	0.03
3	TDS	350200007	120.24	106.30
4	EPF Deduction	350200012	0.06	0.36
5	IGST TDS	350200013	1.17	0.15
6	Staff Income Tax	350200014	0.76	2.72
7	CGST TDS	350200015	45.91	42.33
8	SGST TDS	350200016	45.91	42.33
	TOTAL		214.27	193.97
	GROUPING : 16 : GOVERNMENT DUES PAYABLE - 35030			
1	Education Cess Payables	350300001	1.68	1.76
2	Worker (Labour) Welfare Cess	350300002	73.25	75.85
3	Education Cess Payables - Carpet	350300003	67.74	37.55
4	CGST(Income)	350300008	1.52	1.82
5	SGST(Income)	350300009	1.52	1.82
	TOTAL		145.71	118.80
	GROUPING : 17 : ADVANCE COLLECTION OF REVENUES - 35041			
1	Unreconcilied Receipts from Bank	350410007	116.96	-
			116.96	-
	GROUPING : 18 : OTHERS - 35080			
1	Cheque / RTGS payments return	350800007	0.60	8.01
2	Unidentified Receipt-2023-24	350800010	0.33	0.33
3	2489-PMAY House installment	350800013	57.43	151.39
4	PMAY(U) EWS 2 1252 installment	350800014	-	320.26
5	1506-PMAY House installment	350800012	5.85	-
6	2548-PMAY House installment	350800011	22.17	-
7	PMAY 80 EWS Installment	350800015	2.70	-
	TOTAL		89.08	479.99
	GROUPING : 19 : PROVISION FOR EXPENSES			
1	Provision for Audit Expenses	360100002	0.30	0.30
	TOTAL		0.30	0.30
	GROUPING : 20 : LAND - 41010			
1	Opening balance carried forward		410.61	379.03
2	Addition/(Deduction) During the year		-	31.58
	TOTAL		410.61	410.61
	GROUPING : 21 : BUILDING - 41020			
1	Opening balance carried forward		16,779.13	16,770.43
2	Addition/(Deduction) During the year		645.10	8.70
	TOTAL		17,424.23	16,779.13

Account Department Municipal Co.

I.V.VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 145333W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING : 22 : ROADS & BRIDGE - 41030			
1	Opening balance carried forward		1,656.13	1,656.13
2	Addition/(Deduction) During the year		-	-
	TOTAL		1,656.13	1,656.13
	GROUPING : 23 : SEWERAGE AND DRAINAGE - 41031			
1	Opening balance carried forward		205.63	171.78
2	Addition/(Deduction) During the year		168.70	33.85
	TOTAL		374.33	205.63
	GROUPING : 24 : WATERWAYS - 41032			
1	Opening balance carried forward		50,071.37	50,043.93
2	Addition/(Deduction) During the year		2,186.22	27.44
	TOTAL		52,257.60	50,071.37
	GROUPING : 25 : PUBLIC LIGHTINGS - 41033			
1	Opening balance carried forward		6.79	3.36
2	Addition/(Deduction) During the year		-	3.43
	TOTAL		6.79	6.79
	GROUPING : 26 : PLANT & MACHINERY - 41040			
1	Opening balance carried forward		2,079.43	2,054.50
2	Addition/(Deduction) During the year		(23.20)	24.93
	TOTAL		2,056.24	2,079.43
	GROUPING : 27 : VEHICLES - 41050			
1	Opening balance carried forward		1,021.19	1,012.11
2	Addition/(Deduction) During the year		7.26	9.08
	TOTAL		1,028.45	1,021.19
	GROUPING : 28 : OFFICE & OTHER EQUIPMENT - 41060			
1	Opening balance carried forward		4,213.48	4,189.69
2	Addition/(Deduction) During the year		100.15	23.79
	TOTAL		4,313.63	4,213.48
	GROUPING : 29 : COMPUTERS - 41061			
1	Opening balance carried forward		535.87	533.08
2	Addition/(Deduction) During the year		7.67	2.79
	TOTAL		543.54	535.87
	GROUPING : 30 : FURNITURE , FITTINGS & ELECTRIC APPLIANCE - 41070			
1	Opening balance carried forward		1,166.11	1,166.11
2	Addition/(Deduction) During the year		-	-
	TOTAL		1,166.11	1,166.11





Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING : 31 : BUILDINGS - 41120			
1	Opening Dep. Fund- Office Buildings & Quarters		1,102.73	825.87
2	Depreciation on addition		269.30	276.86
	TOTAL		1,372.03	1,102.73
	GROUPING : 32 : ROADS & BRIDGE - 41130			
1	Dep. Fund - Roads & Bridges		145.74	109.30
2	Depreciation During the year		33.23	36.43
	TOTAL		178.97	145.74
	GROUPING : 33 : SEWERAGE AND DRAINAGE - 41131			
1	Dep. Fund - Sewerage And Drainage		37.55	23.15
2	Depreciation During the year		23.57	14.39
	TOTAL		61.12	37.55
	GROUPING : 34 : WATERWAYS - 41132			
1	Depr. Fund. Water Ways		14,009.91	10,504.92
2	Depreciation During the year		2,677.34	3,505.00
	TOTAL		16,687.25	14,009.91
	GROUPING : 35 : PUBLIC LIGHTING - 41133			
1	Depr. Fund. Public Lighting		0.80	0.46
2	Depreciation During the year		0.30	0.34
	TOTAL		1.10	0.80
	GROUPING : 36 : PLANT & MACHINARY - 41140			
1	Dep. Fund- Plant & Machineries		549.80	411.11
2	Depreciation During the year		102.03	138.70
	TOTAL		651.83	549.80
	GROUPING : 37 : VEHICLES - 41150			
1	Dep. Fund- Vehicles		405.68	303.56
2	Depreciation During the year		62.28	102.12
	TOTAL		467.95	405.68
	GROUPING : 38 : OFFICE & OTHER EQUIP. - 41160			
1	Dep. Fund- Office and Other Equipments		1,278.31	876.19
2	Depreciation During the year		212.96	294.94
	TOTAL		1,491.27	1,171.13
	GROUPING : 39 : COMPUTERS - 41161			
1	Dep. Fund -Computer & Printer		300.10	300.10
2	Depreciation During the year		47.32	107.17
	TOTAL		347.42	407.27
	GROUPING : 40 : FURNITURE & FIXTURES - 41170			
1	Dep. Fund- Furniture & Fixtures		326.48	244.85
2	Depreciation During the year		58.77	81.63
	TOTAL		385.26	326.48
	GROUPING : 41 : CAPITAL WORK IN PROGRESS - 41230			
1	Capital Work in Progress	412300002	4,207.37	-
	TOTAL		4,207.37	-
	GROUPING : 42 : OTHER INVESTMENT -42180			
1	Flexi Private Sector Banks		13104.00	1900.00
2	Flexi Public Sector Banks		28820.44	23656.08
	TOTAL		41,924.44	25,556.08

Account Department
Municipal Corporation

J.Y. VORA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN. 145333W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING : 43 : STOCK IN HAND -43010			
1	Closing Stock	430100001	172.72	172.72
	TOTAL		172.72	172.72
	GROUPING : 44 : RECEIVABLES FOR PROPERTY AND OTHER TAXES -43110			
1	Receivable For Property Tax-carpet	431100001	9,714.13	8,918.11
2	Receivable For Property Tax-Old	431100002	-	838.07
3	Receivable For Notice Fees	431100003	514.43	68.51
4	Receivable For Interest Carpet	431100004	13,493.16	13,493.16
5	Receivable For Interest-Old	431100005	-	12,069.25
6	Receivable for SWM User Charges-Carpet	431150001	1,305.68	1,170.66
7	Receivable for Conservancy tax-Carpet	431110001	7,767.04	7,052.94
8	Receivable for Conservancy tax-Old	431110002	-	991.46
9	Receivable for Water tax-Carpet	431130001	5,264.05	5,099.65
10	Receivable for Water tax-Old	431130002	-	2,385.13
11	Receivable for Stright Light tax-Carpet	431140001	173.63	165.17
12	Receivable for Stright Light tax-Old	431140002	-	31.26
13	Receivable for Drainage Fee-Old	431150002	-	426.70
14	Receivable for Drainage Sanitation Fees	431150004	393.63	213.46
15	Receivable for Interest Accrued	431400002	382.26	
16	Receivable for Market Rent	431400006	40.54	-
17	Receivable for Lease Rentals/Lease of Land	431400007	118.95	-
18	Receivables for Grants	431500001	6,787.72	-
	TOTAL		45,955.21	52,923.53
	GROUPING : 45 : CASH - 45010			
1	Cash Balance - General Fund	450100003	0.49	0.23
	TOTAL		0.49	0.23
	Grouping : 46 :CENTRE GRANT FUND -45021			
1	Private Sector Bank Accounts		2,296.47	2,234.64
2	Public Sector Bank Accounts		4,430.39	5,298.30
			6,726.86	7,532.94
	Grouping : 47 : STATE GRANT FUND - 45022			
1	Private Sector Bank Accounts		80.83	149.32
2	Public Sector Bank Accounts		4,190.78	2,198.84
			4,271.61	2,348.16
	Grouping : 48 : OWN FUND - 45023			
1	Private Sector Bank Accounts		3,611.50	2,479.44
2	Public Sector Bank Accounts		2,061.24	1,063.68
			5,672.74	3,543.12
	GROUPING : 49 : PF & PENSION FUND - 45054			
1	Public Sector Bank Accounts		5459.17	6364.97
	TOTAL		5,459.17	6,364.97

Account Department Municipal Co.

J.Y. VORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING : 50 : DEPOSIT FUND - 45055			
1	Private Sector Bank Accounts		2,221.29	4,019.35
2	Public Sector Bank Accounts		409.66	460.66
	TOTAL		2,630.95	4,480.01
	GROUPING : 51 : PREPAID EXPENSES -44030			
1	Prepaid Expenses	440300001	0.03	-
	TOTAL		0.03	-
	GROUPING : 52 : EMPLOYEE PROVIDENT FUND LOAN -46020			
1	Employee Provident Fund Loans	460200001	300.13	170.18
	TOTAL		300.13	170.18
	GROUPING : 53 : ADVANCE TO OTHER - 46050			
1	Temporary Imprest	460500001	0.54	0.49
2	Permanent Advances	460500002	0.10	(0.15)
	TOTAL		0.64	0.34

J Y Vora and Associates
Chartered Accountants
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 25/06/2025
Place: Bhavnagar
UDIN: 25179494BMIBCN5524

Chief Account Officer
Bhavnagar Municipal Corporation

BHAVNAGAR MUNICIPAL CORPORATION

INCOME & EXPENDITURE ACCOUNT

For the year ended March 31, 2025

(Rs.in Lacs)

Sr. No.	Major Head Description	Major Code	Schedule	Amount Rs. 2024-25	Amount Rs. 2023-24
I	INCOME				
1	Tax Revenue	110	IE-1	19,644.21	17,236.31
2	Assigned Revenues & Compensations	120	IE-2	5,780.13	5,659.54
3	Rental Income from Municipal Properties	130	IE-3	335.46	378.44
4	Fees & User Charges	140	IE-4	7,318.58	9,020.17
5	Sale & Hire Charges	150	IE-5	239.87	182.11
6	Revenue Grants and Contributions & Subsidies	160	IE-6	8.11	11.26
7	Interest Earned	171	IE-7	2,941.73	1,844.89
8	Prior Period Income	172	IE-8	0.17	-
9	Other Income	180	IE-9	500.22	309.60
				36,768.47	34,642.32
II	EXPENDITURE				
1	Establishment Expenses	210	IE-10	17,829.78	16,232.37
2	Administrative Expenses	220	IE-11	2,551.07	2,114.22
3	Operating & Maintenance	230	IE-12	8,945.68	7,562.48
4	Interest & Finance Charges	240	IE-13	0.37	2.99
5	Programme Expenses	250	IE-14	13.08	9.76
6	Revenue Grants,Contribution, & Subsidies to Other	260	IE-15	2,983.89	2,767.31
7	Miscellaneous Expenses	271	IE-16	105.50	7.13
8	Depreciation	272	IE-17	3,487.10	4,557.58
				35,916.48	33,253.84
	Gross deficit of Income Over Expenses			852.00	1,388.48
	Net Surplus Carried Over to Municipal Fund			852.00	1,388.48
	Notes to the Accounts and Accounting policies				

The Schedules Refers to above form an Integral part of the Income & Expenditure Account

J Y Vora and Associates
Chartered Accountants
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 25/06/2025
Place: Bhavnagar
UDIN: 25179494BMIBCN5524

Chief Account Officer
Bhavnagar Municipal Corporation

SCHEDULE FORMING PART OF AND ANNEXED TO INCOME & EXPENDITURE ACCOUNT

For the year ended March 31,2025

(Rs.in Lacs)

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2024-25	Amount Rs. 2023-24
	SCHEDULE : IE-1 : Tax Revenue - 110				
1	Property Tax	11001	1	9660.59	8971.98
2	Water Tax	11002	2	3789.98	3521.41
3	Sewerage Tax	11003	3	115.51	127.77
4	Lighting Tax	11005	4	142.90	104.97
5	Professional Tax	11010	5	699.06	551.68
6	Octroi & Toll	11051	6	0.00	0.83
7	Others Taxes	11080	7	5236.17	3957.67
				19644.21	17236.31
	SCHEDULE : IE-2 : Assigned Revenue & Compansations - 120				
1	Tax & Duties Collected by Others	12010	8	781.89	582.18
2	Compensations in lieu of Taxes / Duties	12020	9	4998.24	5077.36
				5780.13	5659.54
	SCHEDULE : IE-3 : Rental Income from Municipal Properties - 130				
1	Rent from Civic Amenities	13010	10	119.66	108.50
2	Rent from Lease of Land	13040	11	191.22	210.23
3	Other Rent & License Fees	13080	12	24.58	59.71
				335.46	378.44
	SCHEDULE :IE-4 : Fees & User Charges - 140				
1	Fees for Certificate / Extract	14013	13	30.94	23.14
2	Development Charges	14014	14	6.31	21.47
3	Regularisation Fees	14015	15	527.30	606.01
4	Penalties & Fines	14020	16	121.88	216.72
5	Other Fees	14040	17	1624.35	1676.57
6	User Charges	14050	18	704.70	655.30
7	Entry Fees	14060	19	19.80	50.81
8	Service / Administrative Charges	14070	20	3076.37	4145.12
9	Other Charges	14080	21	1206.93	1439.34
10	Fees Remission and Refund	14090	22	0.00	185.69
				7318.58	9020.17
	SCHEDULE : IE-5 : Sale & Hire Charges - 150				
1	Sale of Forms & Publications	15011	23	38.62	24.91
2	Sale of Store & Scrap	15012	24	201.19	157.19
3	Sale of Others	15030	25	0.06	0.01
				239.87	182.11
	SCHEDULE : IE-6 :Revenue Grant ,Contri,& SulEidies -160				
1	Revenue Grant	16010	26	8.11	8.00
				8.11	8.00

Account Department

J.Y.VORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2024-25	Amount Rs. 2023-24
	SCHEDULE : IE-7 : Interest Earned - 171				
1	Interest from Bank Account	17110	27	2912.67	1817.83
2	Other Interest	17180	28	29.06	27.06
				2941.73	1844.89
	SCHEDULE : IE-8 : Prior Period Income - 172				
1	Other Income	17240	29	0.17	0.00
				0.17	0.00
	SCHEDULE : IE-9 : Other Income - 180				
1	Deposit Forfeited	18010	30	37.11	5.50
2	Recovery from Employees	18040	31	1.96	3.22
3	Miscellaneous Income	18080	32	461.14	300.88
				500.22	309.60
	SCHEDULE : IE-10 :Establishment Expenses - 210				
1	Salaries,Wages & Bonus	21010	33	5920.79	6306.88
2	Benefit and Allowances	21020	34	4044.23	3780.68
3	Pension	21030	35	5278.42	4459.19
4	Other Terminal & Retirement Benefits	21040	36	2586.35	1685.62
				17829.78	16232.37
	SCHEDULE : IE-11 : Administrative Expenses - 220				
1	Rent, Rates & Taxes	22010	37	0.00	0.20
2	Office Maintanance	22011	38	23.79	20.55
3	Communication Expenses	22012	39	48.24	40.75
4	Books & Periodicals	22020	40	0.19	0.26
5	Printing and Stationery	22021	41	50.55	52.13
6	Travelling & Conveyance	22030	42	102.30	132.47
7	Insurance	22040	43	23.09	21.85
8	Audit Fees	22050	44	0.30	0.30
9	Legal Expenses	22051	45	38.56	13.21
10	Professional and other Fees	22052	46	3.28	2.07
11	Advertisement and Publicity	22060	47	71.61	79.28
12	Others	22080	48	2189.18	1751.15
				2551.07	2114.22
	SCHEDULE : IE-12 : Operating & Maintenancce - 230				
1	Bulk Purchase	23020	49	2960.64	3092.67
2	Consumption of Stores	23030	50	4.25	3.24
3	Repairs & Maintenance Infrastructure Assets	23050	51	4829.94	3397.78
4	Repairs & Maintenance Civil Amenities	23051	52	277.54	159.43
5	Repairs & Maintenance Building	23052	53	322.22	365.36
6	Repairs & Maintenance vehicle	23053	54	235.89	163.02
7	Repairs & Maintenance Others	23059	55	145.71	80.91
8	Other Operating & Maintenance expenses	23080	56	169.49	300.07
				8945.68	7562.48
	SCHEDULE : IE-13 : Interest & Finance Charges - 240				
1	Other Interest	24060	57	0.00	0.00
2	Bank Charges	24070	58	0.37	2.99
				0.37	2.99

Account Department
Municipal Co
J V VORA & ASSOCIATES
FRN. 145333W
CHARTERED ACCOUNTANTS

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2024-25	Amount 2023-24
	SCHEDULE : IE-14 : Programme Expenses - 250				
1	Electronic Expenses	25010	59	10.57	(10.38)
2	Own Programme	25020	60	2.51	20.14
				13.08	9.76
	SCHEDULE : IE-15 : Rev.Grant,Contri./Subsidies - 260				
1	Grants	26010	61	10.35	106.00
2	Contributions	26020	62	2973.53	2661.31
				2983.89	2767.31
	SCHEDULE : IE-16 : Miscellaneous Expenses - 271				
1	Excess Income Refunded	27140	63	105.50	7.13
				105.50	7.13
	SCHEDULE : IE-17 : Depreciaction - 272				
1	Building	27220	64	269.30	276.86
2	Roads & Bridges	27230	65	33.23	36.43
3	Sewerage & Drainage	27231	66	23.57	14.39
4	WaterWays	27232	67	2677.34	3505.00
5	Public Lighting	27233	68	0.30	0.34
6	Plant & Machinery	27240	69	102.03	138.70
7	Vehicles	27250	70	62.28	102.12
8	Office & Other Equipments	27260	71	212.96	294.94
9	Computer	27261	72	47.32	107.17
10	Furniture,Fixture,Fittings and Electrical Appliances	27270	73	58.77	81.63
				3487.10	4557.58

The Groupings referred to from an integral part of the schedules to the Income & Expenditure account.

J Y Vora and Associates
Chartered Accountants
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 25/06/2025
Place: Bhavnagar
UDIN: 25179494BMIBCN5524

Chief Account Officer
Bhavnagar Municipal Corporation

GROUPING ANNEXED TO &FORMING PART OF SCHEDULE TO INCOME & EXPENDITURE ACCOUNT
For the year ended March 31,2025

(Rs.in Lacs)

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :1: PROPERTY TAX - 11001			
1	Property Tax-carpet area	110010001	7,559.48	5,550.54
2	Property Tax-Interest	110010006	1,025.79	2,573.57
3	Property Tax-old taxation	110010007	149.54	-
4	Property Tax-Interest-old	110010008	4.75	(3.74)
5	Property Tax-user charges	110010010	921.03	851.61
	TOTAL		9,660.59	8,971.98
	GROUPING :2: WATER TAX - 11002			
1	Water Tanker (Private Vehicle) Charge	110020001	6.75	16.76
2	Water Tanker (Office Vehicle) Charge	110020002	12.81	4.73
3	Income From Ashami Penalty	110020003	1.66	0.67
4	Metre Water	110020004	815.36	753.81
5	Other Than Meter Water	110020005	67.94	0.90
6	Water Tax - Carpet Area	110020006	2,220.59	2,231.58
7	Recycling of Water Charges	110020009	664.87	512.97
	TOTAL		3,789.98	3,521.41
	GROUPING :3: SEWERAGE TAX - 11003			
1	Sewer connection	110030002	100.75	123.37
2	Jetting machine and de-watering charges	110030003	5.28	4.40
3	Drainage - Old Taxation	110030004	9.48	-
	TOTAL		115.51	127.77
	GROUPING :4: STREET LIGHT TAX - 11005			
1	Street Light Tax - Carpet Tax	110050002	132.32	104.97
2	Street Light Tax - Old Taxation	110050003	10.58	-
	TOTAL		142.90	104.97
	GROUPING :5 : PROFESSIONAL TAX - 11010			
1	Professional Tax EC - Current	110100001	233.75	151.76
2	Professional Tax RC - Current	110100002	465.31	399.92
	TOTAL		699.06	551.68
	GROUPING :6 : OCTROI AND TOLL - 11051			
1	Octroi	110510001	-	0.83
	TOTAL		-	0.83

Account Department

J.V.VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 145333W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :7 : OTHER TAXES - 11080			
1	Miscellaneous	11080001	6.57	7.13
2	Conservency Tax	11080005	5,096.48	3,907.96
3	Conservency Tax - old taxation	11080007	88.91	-
4	Admin Charges	11080000	44.21	42.58
	TOTAL		5,236.17	3,957.67
	GROUPING :8 : TAX AND DUTIES COLLECTED BY OTHERS- 12010			
1	Vehicle tax	1201000003	781.89	582.18
	TOTAL		781.89	582.18
	GROUPING :9 : COMPENSATION IN LIEU OF TAXES/ DUTIES - 12020			
1	Compensation In Lieu Of Octroi	1202000001	3,812.90	4,326.60
2	BMC Primary Revenue	1202000003	1,185.34	750.76
	TOTAL		4,998.24	5,077.36
	GROUPING : 10 : RENT FROM CIVIC AMENITIES - 13010			
1	Rent - Market Stallage	130100001	40.99	34.05
2	Rent - open Air theater	130100008	78.65	74.45
3	Rent - Municipal Properties	130100009	0.01	-
	TOTAL		119.66	108.50
	GROUPING : 11 : RENT OF LEASE OF LAND - 13040			
1	Rent from Lease of land.	130400001	168.25	136.75
2	Rent from free hold land	130400002	22.97	73.48
	TOTAL		191.22	210.23
	GROUPING :12 : OTHER RENT AND LICENCE FEES -13080			
1	Lease Rentals	130800001	24.58	59.71
	TOTAL		24.58	59.71
	GROUPING :13: FEES FOR CERTI. OR EXTRACT - 14013			
1	Birth & Death Certificates	140130001	9.96	5.28
2	Copy of Certificates	140130002	20.97	17.86
	TOTAL		30.94	23.14
	GROUPING :14: DEVELOPMENT CHARGES - 14014			
1	Betterment	140140001	6.31	21.47
	TOTAL		6.31	21.47

Municipal Commissioner

J.Y.VORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :15: REGULARISATION FEES - 14015			
1	Name transfer fees/Late Fees	140150003	233.20	193.89
2	Shop Transfer fees	140150004	2.93	7.93
3	Right to information	140150005	0.44	1.70
4	Marriage registration fees	140150006	3.19	3.24
5	Regularisation	140150008	267.14	382.93
6	Encroachment	140150010	20.41	16.32
	TOTAL		527.30	606.01
	GROUPING :16: PENALTIES AND FINES - 14020			
1	Cheque Return Charges	140200002	0.41	5.62
2	Notice Pay	140200003	7.99	14.65
3	Penalty Deduction from Bills	140200004	113.48	196.45
	TOTAL		121.88	216.72
	GROUPING :17: OTHER FEES - 14040			
1	Notice Fees	140400001	153.71	148.10
2	Penalty fees	140400002	39.03	54.93
3	Scrutiny Fees	140400003	320.13	349.05
4	T. P. Penalty	140400004	142.96	154.62
5	Amalgamation fees	140400005	0.27	0.20
6	Licence fees	140400006	179.62	81.83
7	Inpect Fee - Income	140400007	204.12	174.61
8	Yearly Licence fees	140400008	-	15.09
9	Bhag Plan Tharav Fees	140400009	0.45	4.47
10	Advertisement Fees	140400010	44.26	31.68
11	Warrant Fees	140400017	0.08	0.03
12	Forms Fee	140400020	30.42	11.32
13	Notice Fees-old	140400021	0.17	3.83
14	Tree Plantation	140400022	29.27	44.43
15	Token Fee	140400023	5.06	3.11
16	Compost/Manures Disposal Income	140400024	0.00	0.00
17	ODPS Fee	140400025	469.47	598.82
18	E-nagar shop and esta Fees	140400026	0.37	0.45
19	Awas Yojna Form Fees	140400027	1.57	-
20	Sample Testing Fees	140400028	0.08	-
21	Animal Registration Fees	140400029	3.32	-
	TOTAL		1,624.35	1,676.57
	GROUPING :18: USER CHARGES - 14050			
1	Ambulance	140500001	-	0.02
2	Fire Extinguishing	140500004	0.84	0.01
3	Drainage Sanitation Charge	140500006	654.85	613.83
4	Plastic Waste Penalty/Charge	140500007	17.81	16.33
5	Safai Lagat Penalty	140500008	14.17	17.27
6	Pri Soc Dev Benefit Contribution	140500009	12.74	7.84
7	Sewerage Clearance Charges	140500010	4.28	-
	TOTAL		704.70	655.30

J.V.VORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :19: ENTRY FEES - 14060			
1	Swimming pool	140600001	7.68	22.40
2	Bal watika entry fees	140600002	1.39	21.35
3	Akwada lake/Ganga jaliya Lake	140600009	10.73	7.06
	TOTAL		19.80	50.81
	GROUPING :20: SERVICE / ADMINISTRATIVE CHARGES - 14070			
1	Road Reinstatement Charges	140700001	105.82	480.40
2	Road Insterment	140700002	12.20	310.04
3	Service & Eminities Fee	140700003	668.47	1,229.77
4	Primary Installation Charges	140700004	2.00	0.10
5	Sur Saman Rent Charges	140700005	309.61	265.33
6	Premium F.S.I.	140700006	1,795.75	1,859.48
7	Road Damage Recovery Charges	140700010	5.40	-
8	Bulk Water Supply Charge	140700016	92.24	-
9	Supervisor Charges	140700017	84.87	-
	TOTAL		3,076.37	4,145.12
	GROUPING :21: OTHER CHARGES-14080			
1	Other Charges	140800001	0.36	-
2	Grab Bracket Ricshaw Rent	140800002	-	1.45
3	Admin/Conti. Charge from Bill	140800003	1,206.54	1,424.52
4	Quality Charger from Bill	140800004	-	3.93
5	Work Charge from Bill	140800005	-	7.85
6	Dump Sight Waste Management Charge	140800006	0.02	1.59
7	Income from Motor Vehicle & Trans Equipme	140800007	0.00	-
	TOTAL		1,206.93	1,439.34
	GROUPING :22: FEES REMISSION AND REFUND-14090			
1	Bulk Water Supply Charges	140900001	-	115.56
2	Supervisor Charge (E.T.P.)	140900002	-	65.76
3	Sewerage Clearance Charges	140900008	-	4.37
	TOTAL		-	185.69
	GROUPING :23: SALE OF FORMS AND PUBLICATION-15011			
1	Sale of tender	150110001	38.62	24.91
	TOTAL		38.62	24.91
	GROUPING :24: SALE OF STORES AND SCRAP-15012			
1	Scrape Sales Income	150120002	57.77	0.26
2	Income From Land Sale	150120005	126.58	156.93
3	TP Scheme Land Income	150120009	16.84	-
	TOTAL		201.19	157.19

Accounts Department Municipal Council

I.V.VORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :25: SALE OF OTHERS - 15030			
1	Papers	150300001	0.06	0.01
	TOTAL		0.06	0.01
	GROUPING :26: REVENUE GRANTS, CONTRIBUTION & Subsidies - 16010			
1	Election Grant	160100029	0.11	-
2	Donation	160100044	8.00	8.00
	TOTAL		8.11	8.00
	GROUPING :27: INTEREST FROM BANK ACCOUNT-17110			
1	Interest Income	171100001	214.05	247.08
2	Interest on FDR	171100002	2,698.62	1,570.75
	TOTAL		2,912.67	1,817.83
	GROUPING :28: OTHER INTEREST - 17180			
1	Interest on other tax due	171800002	3.75	7.66
2	other income	171800003	25.31	19.40
	TOTAL		29.06	27.06
	GROUPING :29:OTHER INCOME- 17240			
1	Prior Period Income	172400001	0.17	-
	TOTAL		0.17	-
	GROUPING :30: DEPOSITS FORFEITED - 18080			
1	Deposit Forfeited	180100001	37.11	5.50
			37.11	5.50
	GROUPING :31: RECOVERY FROM EMPLOYEES - 18040			
1	Recovery from Employee	180400001	1.95	1.27
2	House rent deduction	180400002	0.01	1.95
	TOTAL		1.96	3.22
	GROUPING :32: MISCELLANEOUS INCOME - 18080			
1	Part Plan	180800001	0.66	1.02
2	Miscellaneous Income	180800002	64.41	89.13
3	Pension Recovery	180800003	3.77	7.44
4	Jan Bhagidari Labharthi Deposit	180800005	23.85	43.87
5	UID MISC	180800006	18.10	8.13
6	Dead body Van Charges	180800007	0.01	0.00
7	PMAY (U) Shop	180800009	334.77	0
8	Other Income	180800004	15.57	151.29
	TOTAL		461.14	300.88

Account Department Municipal Council

J.V.VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 145333W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :33: SALARIES, WAGES, & BONUS - 21010			
1	Bonus	210100001	77.43	78.15
2	Basic Pay	210100002	5,762.14	5,520.04
3	Arrears Pay	210100003	-	377.05
4	Recruitment Exp.	210100004	38.89	263.29
5	Wages	210100009	42.33	68.35
	TOTAL		5,920.79	6,306.88
	GROUPING :34: BENEFITS & ALLOWANCE - 21020			
1	Leave Travel Concession	210200001	3.85	7.85
2	Apprentice Training	210200005	116.22	79.13
3	Other Allowance	210200006	3,748.84	3,553.92
4	Travelling Allowances (Fixed)	210200010	0.58	1.42
5	Counsilors'Honorarium & Allowances	210200013	42.77	43.63
6	Mayor Shri - Sum. Allowance	210200014	1.26	1.93
7	Meeting Allowance	210200015	6.85	7.86
8	Standing Comm.Chairman - Sum.Allowance	210200016	1.03	1.00
9	Dy.Mayor Shri - Sum.Allowance	210200017	0.59	0.62
10	Uniform	210200023	36.88	26.53
11	Varsai Pratha Bandh/Nanakiya Sahay	210200026	81.00	53.00
12	Special Committee Swa-vivek Other Exp.	210200039	0.98	0.96
13	Emplyoee Sarvar Arthik Sahay	210200040	3.38	2.83
	TOTAL		4,044.23	3,780.68
	GROUPING :35: PENSION-21030			
1	Pension	210300001	4,085.06	3,505.68
2	Com. Pension	210300002	893.36	580.34
3	Pension Fund	210300003	300.00	300.00
4	6th arrears pay for pension	210300004	-	73.17
	TOTAL		5,278.42	4,459.19
	GROUPING :36: OTHER TERMINAL & RETIREMENT BENEFITS-21040			
1	Leave Encashment	210400001	756.39	481.85
2	P.F. contribution	210400002	40.83	51.06
3	Gratuity	210400003	1,561.63	983.46
4	E.P.F. Contribution	210400004	4.73	7.61
5	Municipal employee relief after death	210400005	8.23	24.41
6	NPS contribution	210400009	213.23	136.71
7	ESIC contribution	210400010	1.31	0.52
	TOTAL		2,586.35	1,685.62
	GROUPING :37: RENT, RATES & TAXES - 22010			
1	Medicine Rent/Stationary & Etc Mch Centr	220100001	-	0.20
	TOTAL		-	0.20

J.V.VORA & ASSOCIATES CA FRN. 145333W CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :38: OFFICE MAINATANCE - 22011			
1	House light	220110001	23.79	20.55
	TOTAL		23.79	20.55
	GROUPING :39: COMMUNICATION EXPENSES - 22012			
1	Telephone Landline	220120001	6.11	6.23
2	Postage	220120002	15.60	5.87
3	Telephone Mobile Exp	220120003	10.65	13.48
4	Digitaliation System	220120009	15.89	15.17
	TOTAL		48.24	40.75
	GROUPING :40: BOOKS AND PERIODICALS- 22020			
1	Books & Periodicals	220200001	0.19	0.26
			0.19	0.26
	GROUPING :41: PRINTING & STATIONARY - 22021			
1	Statipoery & Printing	22021001	50.55	52.13
	TOTAL		50.55	52.13
	GROUPING :42: TRAVELLING & CONVEYENCE - 22030			
1	Staff Travelling Expenses	220300003	102.30	132.47
	TOTAL		102.30	132.47
	GROUPING :43: INSURANCE - 22040			
1	Insurance and RTO Registration	220400001	23.09	21.85
	TOTAL		23.09	21.85
	GROUPING :44: AUDIT FEES - 22051			
1	Audit Fees	220500001	0.30	0.30
	TOTAL		0.30	0.30
	GROUPING :45: LEGAL EXPENSES - 22051			
1	Court Award	220510004	16.03	0.50
2	Legal Fees	220510007	22.53	12.71
	TOTAL		38.56	13.21
	GROUPING :46: PROFESSIONAL & OTHER FEES - 22052			
1	Fees For Bond Issue	220520008	3.28	2.07
	TOTAL		3.28	2.07
	GROUPING :47: ADVERTISEMENT & PUBLICITY - 22060			
1	Advertisement	220600001	10.87	34.30
2	Celebration of Festivals	220600002	0.02	8.35
3	Decoration in Corp.building	220600003	43.32	36.63
4	Prachar Exp	220600004	0.06	-
5	Online Tendering Exp	220600007	17.35	-
	TOTAL		71.61	79.28

J.Y.VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 144333W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :48: OTHERS - 22080			
1	Record Keeping	220800001	0.65	0.94
2	Special Exp for each committee	220800002	0.40	-
3	Misc. Exp.	220800004	76.35	88.09
4	LABOUR & Employee Fees	220800006	0.53	1.19
5	Interest Rebate	220800007	-	(0.50)
6	Scholarship For Higher Qualification	220800009	0.06	-
7	Family Planning Programme	220800010	-	0.06
8	Licence and Adulteration	220800011	-	0.00
9	Prop. Tax Carpet area Taxation Re-survey	220800015	20.18	29.57
10	Re-Assessment & New Assessment-Prop.Tax	220800019	-	4.37
11	Special Contingency	220800026	0.42	0.42
12	Remove Old Bldg.Built Without Permission	220800028	66.09	39.27
13	Urban Malaria Dept Various Expense	220800030	0.20	0.18
14	Manpower Services	220800032	1,313.37	974.28
15	Sample Analysis & related Exp	220800034	0.10	0.82
16	P T Rebate	220800035	415.53	361.22
17	Conv. Rebate	220800036	274.96	251.24
18	Pollution Control Related Maters	220800022	0.25	-
19	Pollution Control Expense	220800037	5.65	-
20	Bill Distribution	220800038	14.42	-
21	License Fees	220800041	0.01	-
	TOTAL		2,189.18	1,751.15
	GROUPING :49: BULK PURCHASE - 23020			
1	Elecrticity		2,960.64	3,092.67
	TOTAL		2,960.64	3,092.67
	GROUPING :50: CONSUMPTION OF STORES - 23030			
1	Fire Chemical, Gas & Powder	230300003	0.28	-
2	Tools	230300004	2.80	3.24
3	House Pipe & Tools	230300005	1.16	-
	TOTAL		4.25	3.24

Account Department Municipal Corporation

J.Y.VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 145333W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :51: REPAIR & MAIN. INFRASTRUCTURE-23050			
1	Water Charge For Mahi Scheme	230500002	1,140.37	1,092.73
2	Irrigation Charges	230500003	1,141.27	687.13
3	Roads Repairs	230500005	2.11	25.28
4	Foothpath Repairing	230500006	-	22.13
5	Main.Of Shetrunjpumpin.Mach.& Panel Boa	230500008	14.41	8.84
6	Maintenance For Wells,Borring,Hand Pumps	230500009	11.47	8.48
7	Purchase Consumable Stores In W.Works	230500010	10.67	8.89
8	Storm Drains Repairing & Renovation	230500011	2.66	42.80
9	Sinc Drain Clean	230500012	309.79	319.73
10	Pump Mach.Repl.,Jetting Mach.& Vehi.Rep.	230500013	121.53	102.19
11	Pumping Station (Yearly Contract)	230500014	437.73	171.48
12	Sewer Line Repairing	230500015	67.25	114.36
13	Electric Spare Parts Repl.& Repairing	230500016	2.41	5.02
14	Street Light,Garden,Light Mainti.	230500017	-	6.30
15	Out Sourcing Streetlight O&M Control Swi	230500018	382.37	362.06
16	Private Contract In Road Cleaning	230500019	731.17	120.88
17	Sign Board & Street Board	230500020	-	1.03
18	Water Supply & Sewerage	230500024	362.46	291.37
19	Street Light, Elevator and Inverter	230500025	0.58	2.27
20	Storm Water Drains	230500026	1.63	-
21	Electric Wiring Replacement & Repairing in B	230500028	10.24	4.81
22	Banner & Hoardings	230500029	5.99	-
23	TP Scheme Development	230500032	40.02	-
24	Minor Branch for Main Drain Line	230500033	4.18	-
25	Ward Office Maintainance	230500034	13.11	-
26	Greenery & Drip Irritation	230500035	0.41	-
27	Pipe Line Fitting	230500036	14.29	-
28	Hand Pump & Boring Pump	230500037	0.33	-
29	Chlorination Instrument	230500038	0.20	-
30	EDP Hardware	230500040	0.38	-
31	Fire Fighter, DG Set	230530018	0.89	-
	TOTAL		4,829.94	3,397.78

Account Department Municipal Corporation

J V VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN.115333W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :52: REPAIR & MAIN. CIVIC AMENITIES			
1	New Plantation & Protection Of Plant	230510006	0.50	1.41
2	Maintenance Work Of Bhikda Canals	230510008	2.12	1.08
3	Maintenance Work Of Khodiyar Talav/Lane	230510009	3.50	2.01
4	Gaurishankar Maintenance	230510010	4.72	2.69
5	Muni. Under Function Mandap & Furniture	230510016	60.89	12.84
6	Bench And Repairing Exp.	230510017	0.55	1.14
7	Colouring Work	230510019	0.87	-
8	Mini Train & Repairing Of Toys	230510020	0.22	-
9	Garden & Circle On Contract	230510021	121.06	49.29
10	Public Urinals Repairing	230510022	0.55	3.91
11	Lavatory Repairing (Toilet)	230510024	11.83	9.14
12	Seeds & Plants	230510025	2.08	7.97
13	Foods For Birds	230510026	0.41	0.20
14	Clorine Amonia	230510027	9.26	8.72
15	Insecticides & Pesticides	230510028	1.61	3.59
16	Gaurishankar Khodiyar Linkage Scheme	230510030	0.20	1.31
17	Gardens Rennovation	230510036	18.52	-
18	Re-Charging	230510031	-	4.55
19	Toilet Block Cleaning (Contract)	230510050	38.64	49.58
	TOTAL		277.54	159.43
	GROUPING :53: REPAIR & MAIN. BUILDING - 23052			
1	Repai.Muni.Build.Prim.Scho.Picn.Hou.Etc.	23052002	252.27	276.60
2	Major Repairing For Townhall	23052003	8.76	17.91
3	R & M - Office Buildings	23052004	61.20	70.85
	TOTAL		322.22	365.36
	GROUPING :54: REPAIR & MAIN. VEHICLES - 23053			
1	Vehicle Service & Repairing	230530002	9.37	14.95
2	Petrol,Diesel,Oil,Griss,Fuel,Lubricating	230530003	0.69	0.54
3	Tyre-Tube	230530004	0.39	2.12
4	Vehicle Repairing	230530005	4.66	5.50
5	Body Colour & Repairing	230530007	1.94	1.66
6	Miscellaneous Exp.[Rent Base Vehicle Exp	230530008	114.97	81.93
7	Rent & Repairing Charges Of Tanker	230530011	102.45	56.32
8	ANCD Vehicle Exp	230530016	0.47	-
9	Water tanker for trees	230530017	0.96	-
10	Registration & Licence Fees	230530014	-	0.01
	TOTAL		235.89	163.02
	GROUPING :55: REPAIR & MAIN. OTHERS - 23059			
1	New Light & Fixtures	230590004	0.51	0.67
2	Plant Maintenance	230590006	105.50	46.61
3	Computer Hardware Maintenance	230590008	7.20	5.94
4	Furniture Fixture	230590010	18.29	1.16
5	Software Maintenance	230590016	13.36	26.53
6	Fish & Bird Shelter	230590018	0.85	-
	TOTAL		145.71	80.91

Account Department Municipal Corporation

J.Y.VORA & ASSOCIATES FRN. 143333W CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :56: OTHER OPERATIONG AND MAINTENANCE EXP-23080			
1	Death Process For Dead Body & Animal	230800003	-	0.30
2	Expense for Maintaning Animals at Panjrapol	230800004	-	8.72
3	Land Revenue Payment for Acquisition of Land	230800016	0.12	-
4	Maintenance of Animal Cart and Tagging of Animals	230800017	38.83	239.21
5	Animal Birth Control and Vaccination Expenses	230800018	59.99	51.84
6	Land Acquirement Expenses	230800021	70.56	-
	TOTAL		169.49	300.07
	GROUPING :57: INTEREST EXP-24060			
1	Lease	240600002	-	0.61
	TOTAL		-	0.61
	GROUPING :58: BANK CHARGES - 24070			
1	Bank Charges	240700001	0.27	2.99
	TOTAL		0.27	2.99
	GROUPING :59: ELECTION EXPENSES - 25010			
1	Election Expenses	250100001	10.57	(10.38)
	TOTAL		10.57	(10.38)
	GROUPING :60: OWN PROGRAM - 25020			
1	May-Day Celebration	250200004	-	18.11
2	Ward Beauty Contest	250200007	-	0.06
3	Children Games Organisation Trust Etc.	250200011	-	0.13
4	Jan Jagruti Programme	250200013	1.50	1.50
5	National Festival Celebration	250200018	1.01	0.34
	TOTAL		2.51	20.14
	GROUPING :61: GRANTS - 26010			
1	Commissioner Personal Grant	260100033	0.35	1.02
2	Antim Kriya Grant	260100038	9.75	9.75
3	C.Matching Grant	260100040	0.25	0.26
4	Cattle Pound	260100041	-	96.89
5	1506 PMAY House	260100051	-	(1.92)
	TOTAL		10.35	106.00
	GROUPING :62: CONTRIBUTIONS - 26020			
1	Expenses For Primary Education	260200001	2,777.49	2,681.99
2	Natural Calamities,Earthquake Rail Acc.	260200002	-	0.73
3	All India Mayor Council	260200012	2.85	0.24
4	All India Muni.Corp.Sports Control Board	260200013	4.84	2.13
5	Capicity Building (CB) Grant	260200018	6.55	(23.78)
6	Expenses For Pri. Educ. 100%	260200023	181.80	-
	TOTAL		2,973.53	2,661.31

Assessor Department Municipal Corporation

J.Y. VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 145343W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2024-25	Amount Rs. 2023-24
	GROUPING :63: EXCESS INCOME REFUNDED - 27140			
1	Excess Income Refunded	271400004	105.50	7.13
			105.50	7.13
	GROUPING :64: BUILDINGS - 27220			
1	Depreciation - Buildings	2722001	269.30	276.86
	TOTAL		269.30	276.86
	GROUPING :65: ROADS & BRIDGES - 27230			
1	Depreciation - Roads & Bridges	2723001	33.23	36.43
	TOTAL		33.23	36.43
	GROUPING :66: SEWERAGE & DRAINAGE - 27231			
1	Depreciation - Sewerage And Drainage	2723101	23.57	14.39
	TOTAL		23.57	14.39
	GROUPING :67: WATERWAYS - 27232			
1	Depreciation - Waterways	2723201	2,677.34	3,505.00
	TOTAL		2,677.34	3,505.00
	GROUPING :68: PUBLIC LIGHTING - 27233			
1	Depreciation - Public Lighting	2723301	0.30	0.34
	TOTAL		0.30	0.34
	GROUPING :69: PLANT & MACHINERY - 27240			
1	Depreciation - Plant & Machinery	2724001	102.03	138.70
	TOTAL		102.03	138.70
	GROUPING :70: VEHICLES - 27250			
1	Depreciation - Vehicles	2725001	62.28	102.12
	TOTAL		62.28	102.12
	GROUPING :71: OFFICE & OTHER EQUIPMENTS - 27260			
1	Depreciation - City Engg.Office	2726001	212.96	294.94
	TOTAL		212.96	294.94
	GROUPING :72: Computer - 27261			
1	Depreciation - Computer	2726101	47.32	107.17
	TOTAL		47.32	107.17
	GROUPING :73: Furniture, Fixture and Electrical Appliance-27270			
1	Depreciation - Furniture, Fixtures, Fittings A	2727001	58.77	81.63
	TOTAL		58.77	81.63

J Y Vora and Associates
Chartered Accountants
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 25/06/2025
Place: Bhavnagar
UDIN: 25179494BMIBCN5524

J.Y. VORA & ASSOCIATES CA FRN. 145333W CHARTERED ACCOUNTANTS

Chief Account Officer
Bhavnagar Municipal Corporation

Accounts Department BMC Bhavnagar Municipal Corporation

BHAVNAGAR MUNICIPAL CORPORATION

Cash Flow Statement (Indirect Method)

Year 2024-2025

(Rs. In lacs)

Particulars	Amount	Amount
Cash flow from Operating Activities		
Net profit before taxation and extraordinary items	852.00	852.00
Adjustments relating to non-cash & non-operating items:		
Add: Items to be added		
Depreciation	3,487.10	3,487.10
Less: Items to be deducted		
Interest earned	243.11	
Income from investment	2,698.62	2,941.73
Operating profit before working capital changes		1,397.37
Adjustments relating to change in current assets & current liabilities:		
Add: Items to be added		
Increase in grant, contribution for specific purposes	5,989.19	
Decrease in sundry debtors	6,968.32	
		12,957.51
Less: Items to be deducted		
Decrease in current liabilities & provisions	743.45	
		743.45
Cash generated from operation		13,611.43
Income tax paid	-	
Cash flow before extraordinary item	-	13,611.43
Extraordinary items	-	-
Net cashflow from operating activities		**13,611.43**
Cash flow from Investing Activities		
Interest earned	243.11	-
Income from investment	2,698.62	
Less: Items to be deducted		
Purchase of Fixed assets	7,299.29	
Purchase of investments	16,368.36	
Net cashflow from investing activities		(20725.92)

Cash flow from Financing Activities		
Proceeds from issuance of share capital	-	
Change in Municipal Fund	(5,609.38)	
Change in Reserves	13,346.06	
Interest paid	-	
Less: Items to be deducted		
Increase in Provisions	-	
Increase in loans & advances	130.26	
Net cashflow used in financing activities		**7,606.44**
Net increase/(decrease) in cash and cash equivalents		**491.95**
Cash and cash equivalents at beginning of period		24,269.83
Adjustment Diff due to rounding up		0.05
Cash and cash equivalents at end of the period		24,761.83

J Y Vora and Associates
Chartered Accountants
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 25/06/2025
Place: Bhavnagar
UDIN:

J.Y. VORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

Chief Account Officer
Bhavnagar Municipal Corporation

Account Department BMC Bhavnagar Municipal Corporation

SIGNIFICANT ACCOUNTING POLICIES:

Significant Accounting Policies refers to the basis of accounting that is used to determine how transactions are reported in the Financial Statements.

1. BASIS OF ACCOUNTING

The Financial Statements of **Bhavnagar Municipal Corporation (BMC)** have been prepared in accordance with the **National Municipal Accounting Manual (NMAM)**, as introduced by the Ministry of Urban Development, the **Gujarat Municipal Accounting Rules** and the **Gujarat Provincial Municipal Corporations Act, 1949 (GPMC Act)**. Additionally, the Corporation adheres to the **applicable Accounting Standards** issued by the Institute of Chartered Accountants of India (ICAI) and the guidelines prescribed by the **Comptroller and Auditor General of India (CAG)**.

The preparation and presentation of Financial Statements are based on three fundamental accounting assumptions: **Going concern**, **Consistency**, and **Accrual**. These principles form the conceptual foundation for municipal accounting and ensure transparency, comparability, and reliability of financial information.BMC employs the **double-entry system of accounting**, which ensures that every financial transaction has equal and corresponding effect in at least two different accounts, thereby maintaining the accounting equation. The accounts are maintained on an **accrual basis**, wherein revenues and expenditures are recognized in the period to which they relate, rather than when cash is received or paid. This approach allows for a more accurate representation of the Corporation's financial performance and position during the reporting period. The major difference between accrual accounting and cash accounting is the timing of recognition of Revenues, Expenditures, Gains and Losses. In practical terms, this means that revenues and expenses are recorded with reference to the **period in which they are incurred**, which is often determined by the date of invoice, delivery of goods, rendering of services, passage of time, or fulfillment of contractual obligations.

The accrual basis is the superior method of accounting for the economic resource of any organization. It results in accounting measurement based on the substance of transactions and events, thus enhancing their relevance, neutrality, timeliness, completeness and comparability.

Benefits of Accrual Accounting:

i. Accrual basis promotes:

- **Accurate financial performance tracking**: Reflects true earnings by recording income and expenses when they occur, not when cash changes hands.
- **Improved decision-making**: Provides management with timely and relevant financial data for strategic planning.
- **Better expense and revenue matching**: Helps align revenues with the expenses that generated them, improving profit analysis.
- **Supports scalability**: As corporations grow, accrual accounting ensures consistent and comprehensive financial reporting.





- **Enables reliable financial forecasting**: More accurate period-based data aids in projecting future cash flows and performance.

- **Helps plan for future funding and liabilities**: By recognizing obligations and receivables early, corporation can better plan for future funding needs and repayment of debts.

Thus, accrual accounting system ensures that the Financial Statements of BMC present a true and fair view of its financial operations at the close of the financial year.

Accrual basis of accounting is mainly based on two principles:

- Revenue Recognition Principle: Revenue shall be recognized in the period in which it is earned and deemed realizable, irrespective of the timing of cash receipt.

- Matching Principle: The Matching Principle is a key element of accrual accounting, requiring that expenses be recognized in the same accounting period as the revenues they are associated with.

Moreover, BMC prepares its accounts following the **historical cost convention**, wherein assets are recorded at their original purchase price, which includes costs incurred to bring them into use. This is done to maintain objectivity and consistency in valuation. Overall, the accounting practices followed by Bhavnagar Municipal Corporation are designed to facilitate sound financial management, ensure legal, compliance, support decision-making processes, and enhance accountability and transparency in municipal governance.

2. USE OF ESTIMATES

The preparation of Financial Statements in accordance with Generally Accepted Accounting Principles requires the **use of certain accounting estimates, judgments, and assumptions**. These estimates and assumptions have a direct impact on the reported amounts of assets and liabilities, the recognition of income and expenditure and the disclosure of contingent assets and liabilities as of the reporting date.

In the municipal context, management is required to make informed assumptions regarding several complex and subjective areas, including but not limited to: the useful life and residual value of fixed assets, actuarial valuations of employee benefits, provisions for doubtful debts, recognition of income from grants, and the timing and measurement of contingent liabilities arising from legal or contractual obligations. These estimates are based on historical experience, current conditions, available information, and reasonable expectations of future events. However, due to the inherent uncertainty in these assumptions, actual results may differ from those estimates. Any variations between actual outcomes and prior estimates are recognized in the financial statements in the period in which the results become known or are materialized. For example, if a provision has been made for an anticipated liability based on the best available data, but the actual outcome is more or less than estimated, the difference is adjusted in the year in which the actual information becomes available. This approach ensures that the financial statements reflect realistic and updated financial information, contributing to fair presentation and informed decision-making.

Accounts Department Municipal Corporation

J V VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 145333W

In summary, while estimates are an integral part of financial reporting, the Bhavnagar Municipal Corporation exercises prudence, transparency, and consistency in their application, and continuously reviews them to ensure they remain relevant and reliable under evolving circumstances.

3. REVENUE RECOGNITION

- Property tax:

The Bhavnagar Municipal Corporation (BMC) adopted the **carpet area-based assessment system** for property taxation beginning in the financial year 2013–14, in accordance with the provisions as laid out in **Section 141B** of the Gujarat Provincial Municipal Corporations (GPMC) Act. This reform marked a significant shift from the earlier system to a more transparent, equitable, and scientifically grounded method of calculating property tax. Under this system, the tax liability for a property is primarily determined based on its carpet area—that is, the actual usable floor space within the premises. The move to a carpet area-based system was aimed at simplifying the assessment process and ensuring uniformity in valuation across the city.

The calculation of property tax under this framework considers four key parameters, which help reflect the fair taxable value of a property:

1. **Location Factor**: The city is categorized into different zones or areas based on their geographic location, infrastructure availability, and real estate value. Properties located in premium zones or commercial hubs attract a higher rate of tax compared to those in less developed areas.
2. **Age of Building**: The age of the structure plays a role in determining depreciation. Older buildings are granted a deduction in tax assessment, acknowledging reduced market value and diminished utility over time.
3. **Usage Type**: The nature of use—whether the property is used for residential, commercial, industrial, or institutional purposes—significantly influences the tax amount. Commercial and industrial properties are generally taxed at a higher rate compared to residential properties due to their greater demand on municipal services and higher income-generating potential.
4. **Occupancy Status**: The occupancy pattern—whether the property is self-occupied by the owner or rented/leased out to tenants—also affects the tax computation. Properties occupied by tenants attract a higher tax rate, considering the commercial benefit derived by the owner.

By implementing this structured and rationalized property tax model, BMC has enhanced both revenue generation and citizen transparency. It encourages property owners to declare accurate information and aligns municipal resources more efficiently with urban growth and planning needs. The Corporation continuously reviews and updates property records through surveys and GIS mapping to ensure the system remains fair and accurate.

In cases involving new property assessments or changes to existing assessments (e.g., due to construction, modifications or change in usage), the corresponding property tax revenue is recognized in the month in which the demand notice is served. Any interest or penalty levied as part of the demand is recognized as revenue only upon actual receipt. This conservative approach ensures that such income is accounted for only when there is certainty of realization.





Revenue from various municipal fees—such as **notice fees, warrant fees and other service-related charges**—is recognized when the bills for the same are raised; as per NMAM. This reflects the point at which the Corporation establishes its right to receive the income. Revenue arising from **property transfer charges** (levied during change of ownership or title in property records) is recognized **on actual receipt basis** as per NMAM, ensuring that income is recorded only when the transfer is formally completed and payment is received.

Certain levies, such as the Education Cess, are collected by BMC on behalf of the State Government. The corresponding liability to remit these dues is recognized at the time of collection, in accordance with statutory requirements. These amounts are treated as payable until transferred to the appropriate state authority. Refunds, remissions of taxes for the current year is adjusted against the income and if pertains to previous years then it is treated as prior period item.

- Rental revenues:

Revenue arising from the rent of municipal properties—including shops and plots owned by Bhavnagar Municipal Corporation—is accrued in accordance with the terms and conditions stipulated in the lease or rental Agreement wherever fixed rentals are charged and information is available. Revenue from advertisement rights, including hoardings, banners, and digital signage, is recognized either based on the terms of the contractual agreement **or** when a formal demand is raised. Revenue from trade licenses is accrued in the financial year to which it pertains, in line with the governing provisions of the relevant State Acts and Municipal Rules. Where applicable, revenue is recognized upon raising demand notices for license renewals or new issuances, ensuring timely recognition aligned with regulatory obligations.

4. EMPLOYEE RELATED LIABILITIES

Expenditure on salaries and allowances is recognized in the accounts of Bhavnagar Municipal Corporation in the period in which they become due for payment, regardless of when the actual disbursement is made as per NMAM.
Statutory deductions from employee salaries—such as Professional Tax, Income Tax, Provident Fund (PF), and other applicable deductions—are recognized as liabilities in the same accounting period in which the related salary expense is recorded as per NMAM.
In addition, employer contributions toward retirement benefits and other post-employment obligations (e.g., Provident Fund, Gratuity, and Pension) are recognized both as expenditure and corresponding liabilities in the period to which the benefit relates in accordance with applicable laws and accounting principles and as per NMAM.

5. GRANTS

Unconditional grants of a revenue nature, such as general-purpose grants received from the State or Central Government, is recognized as income on an actual receipt basis as per NMAM.
Grants received for specific revenue expenditures (e.g., health programs, education schemes, sanitation drives) are recognized as income in the accounting period in which the related expenditure is charged to the Income and Expenditure Account. This ensures a proper matching of revenue with expenses, maintaining consistency and transparency in financial reporting.
Grants received for capital purposes, such as for infrastructure development, construction of public amenities, or acquisition of fixed assets, are initially recognized as liabilities. These remain classified as

Accounts Department BMC Municipal Dy.
J.V.VORA & ASSOCIATES CA FRN. 145333W CHARTERED ACCOUNTANTS

such until the relevant capital asset is acquired or constructed. Upon completion or acquisition, the corresponding portion of the liability—equivalent to the asset's value—is reduced, and the amount is recognized as a capital receipt in the books of accounts.

6. REVENUE EXPENDITURE

Revenue expenditures are recognized as expenses in the accounting **period in which they are incurred**, in accordance with the accrual basis of accounting. Expenditure is considered to be accrued upon admission of the relevant bill, indicating confirmation of liability. Admission of the relevant bill received at the Accounts Department is done after it is passed at BMC's internal Audit Department.

To ensure completeness of financial reporting, provisions are made at the end of the financial year for all bills received up to a defined cut-off date, which pertain to the current accounting period. This practice ensures that all known liabilities related to the financial year are duly captured in the accounts, even if payment occurs in the subsequent period.

7. PUBLIC WORKS

The cost of fixed assets comprises all expenditures incurred to acquire, install, or construct the asset and bring it to its intended operational condition. This includes the purchase price, directly attributable costs such as freight, duties, installation charges, and incidental expenses related to acquisition or construction. In cases where borrowings are specifically obtained for the acquisition or construction of a qualifying fixed asset, the interest incurred on such borrowings during the construction or installation period is capitalized as part of the cost of the asset, in accordance with applicable accounting standards.

Any additions, improvements, or modifications to existing assets that significantly enhance their utility, functionality, or extend their useful life are also capitalized and added to the carrying amount of the asset. Routine repairs and maintenance expenditures, which do not increase the future economic benefits or life of the asset, are treated as revenue expenditures and are charged to the Income and Expenditure Account in the period in which they are incurred.

Expenditures incurred on new capital projects or infrastructure assets that are under development or construction are shown as Capital Work-in-Progress (CWIP) to the extent information is provided by the concerned department, until the asset is completed and ready for intended use, at which point the asset is capitalized.

In respect of Earnest Money Deposits (EMD) and Security Deposits received by Bhavnagar Municipal Corporation, any amount that is forfeited due to non-fulfillment of contractual terms is recognized as income in the period in which the right to claim a refund expires or is legally extinguished.

8. FIXED ASSETS

All fixed assets are recorded in the books of Bhavnagar Municipal Corporation (BMC) at their historical cost, which includes all expenses incurred to bring the asset to its usable condition, less accumulated depreciation.

Depreciation on fixed assets is charged using the Written Down Value (WDV) method, based on the rates prescribed by the State Government. The depreciation policy adheres to the following principles:

- If the asset is acquired and put to use on or before October 1st of the financial year, full-year depreciation is charged.
- If the asset is acquired and put to use after October 1st, half-year depreciation is charged for that financial year.

9. INVESTMENTS

Investments made by Bhavnagar Municipal Corporation are initially recognized at their cost of acquisition. The cost of investment includes not only the purchase price but also all directly attributable expenses and incidental costs incurred in connection with the acquisition, such as brokerage, fees, and taxes.

- **Long-term investments** (those intended to be held for more than one year) are carried at cost in the financial statements. A provision for diminution in value is made only if such a decline is considered to be other than temporary.
- **Short-term investments** (intended to be held for less than one year) are valued at the lower of cost or market value, in accordance with the principle of prudence.

Most of the investments made by Bhavnagar Municipal Corporation are primarily held in the form of Fixed Deposits (FDs) with scheduled commercial banks or other approved financial institutions, in accordance with applicable municipal and treasury guidelines. Interest income on investments is recognized in the books when it becomes due, i.e., when there is reasonable certainty of receipt based on the terms of the investment.

10. STORES

Expenditure incurred on the procurement of materials and equipment is recognized on an accrual basis i.e. on admission of bill by the Corporation. In cases where materials or goods are received and accepted before the financial year-end but the corresponding invoice has not been received by the cut-off date, the expenditure is accrued based on the terms of the purchase order. At the end of the financial year, inventory or stock-in-hand, including materials, consumables, and stores, is valued on a **First-In-First-Out (FIFO) basis**, in accordance with standard inventory valuation principles. This ensures that older stock is considered as consumed first, and the most recent purchases are reflected in the closing stock.





11. PRIOR PERIOD ITEMS

Prior period items refer to income or expenses that arise in the current financial year as a result of errors or omissions in the preparation of financial statements in one or more prior periods. These items are not related to normal current-year operations but pertain to earlier accounting periods. In accordance with the principles of accrual accounting and materiality, Bhavnagar Municipal Corporation recognizes prior period items separately in the financial statements. They are disclosed distinctly in the Income and Expenditure Account to ensure that the current year's financial results reflect only current-period performance.

NOTES TO ACCOUNTS

Method of Accounting:

1. Since April 1, 2021, the Bhavnagar Municipal Corporation has undertaken the process of transitioning to accrual-based accounting in accordance with the guidelines contained in the National Municipal Accounts Manual.
2. Accounting Policy: **"Accounting policies"** refer to the specific principles, rules, and procedures that an organization follows in preparing and presenting its financial statements. These policies guide how financial transactions are recorded, measured, and reported, ensuring consistency, transparency, and comparability over time and with other entities.

Bhavnagar Municipal Corporation (BMC) has adopted and consistently applied accrual-based accounting policies in accordance with the National Municipal Accounts Manual (NMAM) for the recognition of expenditures. All expenditures relating to a particular financial year are accounted for in that same year, irrespective of the timing of actual cash outflows.

To ensure accuracy and transparency, the following process is adhered to:

i. **Verification and Validation**: All expenditure-related invoices and claims are first verified by the concerned departments and subsequently reviewed by BMC's Internal Audit Department to ensure compliance with applicable rules, contract terms, and budget provisions.
ii. **Inward and Acknowledgment**: Once verified, the invoices are formally received and recorded as 'inward' entries in the Accounts Department.
iii. **Accounting and Recognition**: After acknowledgment, the expenditure is recorded in the books of accounts for the relevant financial year. This includes both paid and unpaid expenses, ensuring that all financial obligations incurred during the year are reflected in the financial statements.

This systematic approach ensures that BMC's financial reporting remains complete, timely, and in line with the principles of accrual accounting, thereby enhancing the reliability and usefulness of its financial information.

3. PROPERTY AND OTHER TAXES:

BMC has implemented a robust and fully computerized system for property tax collection, which is updated on a real-time basis. The standardization of the formula for calculating property tax has significantly reduced disputes regarding tax assessments.

The Corporation offers timely incentives to encourage prompt payments — a 10% rebate in April and a 5% rebate in May. An additional 2% rebate is provided for payments made through online channels, which has also seen encouraging participation. On an average, BMC achieves a property tax collection efficiency of 70-75% of the annual demand each year. To enhance collections, BMC conducts recovery drive throughout the year for arrears, which consistently receives a positive





response from citizens. The Corporation is continuously working to improve this rate, with a dual approach aimed at recovering arrears: offering incentives for voluntary compliance while also employing punitive measures where necessary. This strategic drive has yielded promising results in enhancing arrear recovery.

Additionally, the implementation of a one-time installment scheme for property tax payments is a proactive measure by the Corporation to improve tax recovery rates. Under this scheme, theassessee can make payment of their dues till registration day in five annual installments along with current year dues. This shall facilitate flexible payment options, improved recovery rates, increased compliance as well as public goodwill. This initiative shall help streamlining the financial health of the corporation in the long run. In 2023-24, approximately 3,000 property owners benefited from this scheme, showcasing its widespread success. Building on this achievement, the BMC has introduced OTS 2.0 for the year 2024-25 to deliver even greater value.

Schedule IE-1 of the Income and Expenditure Account captures revenues from property tax and other tax revenues. In the financial year 2023–24, property tax revenues amounted to ₹8,971.98 lakhs, which increased to ₹9,660.59 lakhs in 2024–25—indicating a growth of approximately 7.68%.This schedule also includes other tax revenues such as water, lighting, and sewerage charges, which stood at approximately ₹8,264.33 lakhs in 2023–24 and have increased to around ₹9,983.61 lakhs in 2024–25, reflecting an overall growth of about 20.80%.

As the Corporation follows the accrual system of accounting, receivables pertaining to property tax and other taxes have been duly accounted for, and the corresponding balances are reflected in Schedule BS-11 of the Balance Sheet.

With effect from 1st April 2013, the Corporation transitioned from the old taxation schemes for Property Tax and other related municipal taxes to a carpet-area-based taxation system, in line with the revised framework mandated under the National Municipal Accounting Manual (NMAM).

As per the provisions of the NMAM, tax receivables pertaining to periods exceeding five years prior to the current financial year should not be recognized in the accounts. Accordingly, in the financial year 2024–25, the opening balance of receivables amounting to ₹16,791.39 lakhs—pertaining to dues under the old taxation system—has been written off. This adjustment has been recorded under 'Prior Period Adjustments' in the Excess of Income over Expenditure account, as disclosed in Schedule BS-1 of the Balance Sheet. The write-off has been carried out in compliance with the prescribed five-year recognition window, beyond which such dues are no longer considered recoverable.Further, due to revisions in demand data during the year, there have been changes in the closing balance of receivables for property and other taxes as on 31.03.2025, and the corresponding opening balance as on 01.04.2025. The resulting difference, amounting to ₹49.52 lakhs has also been adjusted under the same account.

RENTAL INCOME FROM MUNICIPAL PROPERTIES:

Schedule IE-3 of the Income and Expenditure Account captures the rental income earned from municipal properties during the financial year. This includes lease and license fees collected from properties owned by the Corporation, such as commercial buildings, markets, community halls, and other rentable municipal assets.





In parallel, Schedule BS-11 of the Balance Sheet reflects the outstanding rental income receivable as on the end of the financial year. These receivables represent amounts due from tenants or occupants of municipal properties which have been accrued based on demand records maintained by the Estate Department of the Corporation.

4. ACCRUED INTEREST:

Schedule IE-7 of the Income and Expenditure Account presents the Interest Income earned from bank & other interest income during the financial year. Correspondingly, Schedule BS-14 of the Balance Sheet reflects the accrued interest receivable from banks as on the end of the financial year. This represents the portion of interest income that has been earned but not yet received by the end of the financial year, and is thus recognized as an asset in the books of accounts.

For the purpose of computingthe accrued interest receivable, we have considered the Fixed Deposit balances held by the Corporation throughout the year. The calculation has taken into account the tenure, interest rates, and dates of investment and maturity of the respective FDs to ensure accurate recognition of income in accordance with applicable accounting principles.

5. ESTABLISHMENT EXPENSES:

Schedule IE-10 of the Income and Expenditure Account reflects the establishment-related expenses incurred by the Corporation, which primarily include payments to employees in the form of salaries, wages, pensions, gratuity, and other employment-related benefits. These expenses are accounted for on due for payment basis, implying that they are recognized in the books of accounts at the month end.

This method of accounting means that no provision is made for outstanding dues or accrued expenses at the end of the financial year. As a result, the reported figures under this schedule represent only those expenses that have been paid during the reporting period, regardless of the period to which they relate.

6. DEPRECIATION:

Depreciation has been charged using the Written down Value (WDV) method, which is a commonly used approach in accounting for allocating the cost of an asset over its useful life.

Under this method, depreciation is calculated on the net book value of the asset—i.e., the original cost less accumulated depreciation from previous years. As a result, the depreciation expense is higher in the earlier years of the asset's life when its book value is higher, and it gradually decreases over time. This method reflects the natural decline in the asset's value and utility, aligning more closely with the actual usage and wear-and-tear pattern of many fixed assets.

The depreciation rates applied to various categories of assets are as follows:





Group	Asset	Rate of Depreciation
Land	Land	Nil
	Gardens & Parks	Nil
Buildings	Town planning Schemes	1.65%
Plant & Machinery	Pesticides Machinery	6.67%
	Other Plant & Machinery	6.67%
Vehicles	Vehicles	10%
	Tankers	10%
Computers	Hardware	20%
	Software	20%
Electric Appliances	Air Conditioners	7%
Office & Other Equipments	Fire Safety Instruments	7%
Roads & Bridges	Roads & Bridges	2.20%
Public Lighting	Round Polls & Lightings	5%
Sewerage & Drainage	Sewerage Pipelines	7%
	Storm Water Drains	7%
Waterways	Pipelines & Water Stands	7%
Furniture & Fixtures	Furniture	7%
	Other Fixed Assets	7%

7. MUNICIPAL FUND:

Schedule BS-1 reflects the balance of the Municipal Fund, which includes adjustments made to the opening balances based on corrections and clarifications pertaining to previous years that came to light during the current financial year. These adjustments are undertaken to ensure that the opening balance accurately reflects the true financial position in the books of accounts.

In the financial year 2024–25, total adjustments amounting to ₹10,330.03 lakhs were made. These include the correction of the opening balance of the Pension Fund Reserve and the nullification or reduction of certain grants—such as those related to AMRUT 2.0—as further elaborated in Notes 9 and 10 of the Notes to Accounts. These effects have been routed through the Municipal Fund account.

8. REVALUATION RESERVE:

Revaluation Reserve refers to a capital reserve that is created when a company or entity increases the book value of its assets to reflect their current fair market value, based on a formal revaluation process. Such revaluation reserve does not constitute free reserve.

Schedule BS-2 includes the Revaluation Reserve, which has been created to account for the upward revaluation of land recorded in the books of accounts. The revaluation was undertaken during the year as the sale of land was recorded at its prevailing market value.

9. PENSION FUND RESERVE:

Pension Fund Reserve refers to a designated reserve created by the Municipal Corporation to ensure the availability of sufficient funds to meet its future pension liabilities. It represents the amount set aside from the corporation's revenues or surplus for the purpose of paying retirement benefits to its employees, such as pensions, gratuity, and other post-retirement dues.

Maintaining a Pension Fund Reserve is essential for:

- Ensuring timely payment of pensions.
- Reducing fiscal stress in future periods.
- Complying with statutory and accounting standards, such as those prescribed in the National Municipal Accounting Manual (NMAM).

Schedule BS-2 of the Balance Sheet includes the Pension Fund Reserve, which represents a dedicated reserve created by the Corporation to meet its future pension liabilities towards retired employees.In accordance with prudent financial management practices and with a view to ensuring the long-term sustainability of post-retirement benefit obligations, the Corporation has been making regular monthly contributions to a dedicated reserve. This initiative commenced on 1st April 2015 with a monthly contribution of ₹10 lakhs, which was subsequently enhanced to ₹25 lakhs per month from 1st April 2016 onwards.

10. GRANTS:

Schedule BS-3 of the Balance Sheet includes the grants received from the Central Government, particularly under the AMRUT (Atal Mission for Rejuvenation and Urban Transformation) and AMRUT 2.0 programs. These grants are intended for urban infrastructure development and are subject to specific accounting treatments and utilization norms as per government guidelines.

AMRUT Grant

Under the AMRUT-1 account, it was observed that the recorded balance exceeded the actual available spending limit as per the scheme's financial provisions. To ensure accurate financial reporting and compliance with grant utilization rules, an adjustment was made to reduce the





recorded balance, aligning it with the permissible expenditure limit. This ensures that only the actual fund availability and eligible utilization are reflected in the accounts.

AMRUT 2.0 Grant

Under the AMRUT 2.0 Mission, the Bhavnagar Municipal Corporation is undertaking various infrastructure projects, including improvements in water supply, sewerage management, and other urban services. The grants for these projects are released on a project-wise basis.Funds are allocated and monitored through the Single Nodal Agency (SNA) account, with limits set and tracked via the Public Financial Management System (PFMS) portal. Disbursements and spending are carried out in accordance with the approved funding pattern jointly defined by the Central and State Governments.

Initially, the entire sanctioned limit under AMRUT 2.0 was recorded as a grant fund in the books of accounts. However, as per the revised accounting guidelines, this treatment has been corrected. The previously recorded grant amount has been nullified, and the account balance has been brought down to zero to align with revised grant recognition practices. Under the compliance requirements of the SNA SPARSH Portal (which has replaced the earlier PFMS Portal), grant recognition is now based on actual fund disbursement and utilization, as per demand data received from the respective departments, rather than on sanctioned limits. This adjustment ensures compliance with updated norms and accurate presentation of grant liabilities and entitlements.

AXIS Bank SNA Account

One of the Axis Bank accounts, which is a Single Nodal Agency (SNA) account and for which the bank statement is available with the Corporation, has been nullified. As per the nature of transactions expected in this account, the closing balance should ideally be zero. However, an incorrect balance was carried forward in the books of accounts. This discrepancy has now been rectified, and the balance has been appropriately adjusted to reflect a nil balance in line with the operational nature of the account.

11. CAPITAL WORK IN PROGRESS:

Capital Work in Progress (CWIP) refers to the expenditure incurred on capital projects that are currently under construction or development and are not yet completed or ready for use as on the balance sheet date.

It typically includes costs related to:

- Ongoing construction of buildings or infrastructure
- Installation of machinery or equipment
- Upgrades or major repairs that will result in a new asset
- Project-related consultancy, design, and planning expenses

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During the financial year, the Corporation collected detailed information from various departments regarding capital works undertaken, including infrastructure projects, construction activities, and asset development initiatives.

Each department provided data indicating whether the respective capital works were completed during the year or was still ongoing as of the balance sheet date. Based on the input received from the departments, the capital expenditure was assessed and appropriately classified.

The portion of expenditure relating to ongoing and incomplete projects was identified as Capital Work in Progress (CWIP). These amounts were subsequently recorded under the Capital Work in Progress Account, which is reflected in Schedule BS-8 of the Balance Sheet.

12. INVESTMENTS:

Schedule BS-9 of the Balance Sheet represents the investments made by the Corporation, which entirely consist of Fixed Deposits (FDs) placed with various banks.

These investments are made in accordance with the financial policies and fund management strategy of the Corporation, with the objective of:

- Safeguarding surplus funds,
- Earning steady interest income, and
- Ensuring liquidity and financial stability.

The investment balance under this head includes only the principal component of these deposits. The accumulated or accrued interest earned on these FDs is not included under this schedule.

13. STOCK IN HAND:

Schedule BS-10 of the Balance Sheet reflects the inventory held by the Corporation, which primarily includes materials, consumables, and other stock items maintained for operational and maintenance purposes.

The balance under this schedule is of loose tools.

14. CASH AND BANK BALANCES:

Schedule BS-12 of the balance sheet depicts the Cash on Hand and Bank Balances of Bhavnagar Municipal Corporation.

a. The balance of cash is certified by the Competent Authority.

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b. There are approximately 25 bank accounts where no transactions are found, out of which two accounts have already been closed. Additionally, there are 14 bank accounts which are Single Nodal Agency (SNA) accounts, for which bank statements are not available with the Corporation. The balances pertaining to these accounts have been taken from the book records. A summary of such non-operative bank accounts by type is as follows:

Sr. No.	Bank Account type	No. of Accounts
1.	Private Sector Bank Accounts	30
2.	Public Sector Bank Accounts	9
	Total	**39**

The Bank Reconciliation Statement (BRS) highlights the timing differences between the date on which the Corporation issues or remits payments and the date on which those transactions are actually cleared or reflected in the bank account. In the Corporation's accounting process, discrepancies between the bank statement and the bank book may even arise due to the receipt of funds reflected in the bank statement, which have not yet been recorded in the books of accounts due to non availability of details from the Government or depositor's end. This delay occurs because, as per internal protocol, a formal resolution by the Corporation's concerned department is required before such receipts can be officially entered into the accounting records. This procedural requirement ensures proper authorization and accountability, but may result in temporary mismatches during the bank reconciliation process.

These timing differences typically arise due to:

- Cheques issued but not yet presented for payment by the beneficiaries.
- Deposits made but not yet credited by the bank.
- Electronic fund transfers that are initiated by the Corporation but processed with a delay due to banking cycles or holidays.
- Bank charges or interest entries recorded by the bank but not yet accounted for in the Corporation's books.

The purpose of preparing the BRS is to ensure that the balances as per the Corporation's cash book and the bank statements are reconciled, thereby providing accurate reporting of available funds.

The Corporation has prepared Bank Reconciliation Statement of 66 bank accounts.In allbank accounts the reconciliation process has confirmed that the balances recorded in the bank book are fully aligned with the corresponding bank statements. This indicates that there are no outstanding transactions, timing differences, or discrepancies between the accounting records and the bank's records for these accounts.

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Sr. No.	Bank Account type	No. of Accounts
1.	Private Sector Bank Accounts	39
2.	Public Sector Bank Accounts	27
	Total	**66**

15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

In accordance with prudent accounting practices, provisions have been made for the recovery of property tax, water tax, streetlight tax and other taxes based on carpet area. This provision represents the estimated amount of revenue expected to be realized from taxpayers whose dues are pending or yet to be collected. By recognizing this amount as a receivable, the accounts more accurately reflect the financial position of the municipality and ensure compliance with accrual-based accounting standards.

Total number of pending cases against BMC:-
The number of pending legal cases against the Bhavnagar Municipal Corporation (BMC), as reported by the Legal Department, is summarized below:

Authority/Court	No. of cases
District Court	272
High Court	356
Supreme Court	2

There are a total of 40 pending appeals related to property tax are currently included among the cases filed in the District Court. The matters are currently pending before various courts and are awaiting adjudication. As these cases are still under legal consideration, the exact amount of potential liability, if any, cannot be determined at this stage. The Corporation is monitoring these cases closely, and appropriate accounting treatment will be undertaken once a clear outcome is established or a reliable estimate of the liability becomes available.

16. OTHER DISCLOSURES:

- For enhanced financial presentation and clarity, regrouping and reclassification of items have been carried out wherever considered necessary, without affecting the overall financial results.

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AUDIT REPORT OF BHAVNAGAR MUNICIPAL CORPORATION FOR FINANCIAL YEAR 2023-24

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INDEPENDENT AUDITORS REPORT

To,

The Municipal Commissioner,

Bhavnagar Municipal Corporation,

Bhavnagar

We have audited the financial statements on Accrual Based Double entry accounting system by The Bhavnagar Municipal Corporation, which comprise of Income and Expenditure for the period from 1st April, 2023 and ending on 31st March, 2024, also Balance Sheet as at 31st March, 2024 and all the relevant Schedules forming part thereof including notes forming part of the accounts, Cash Flow Statements for the period ending on 31st March, 2024, and any accounting policies followed by the corporation while preparing such financial statements. The same has been prepared by the concerned Department of the corporation and the same also has been approved by the competent authority of the Bhavnagar Municipal Corporation. Moreover, the corporation was supposed to follow the requirements specified under the provisions of National Municipal Accounting Manual while preparing any sort of financial statements whether on cash basis which was the case up to previous financial year, or on Accrual basis from the current financial year.

We have examined such financial Statement taking into consideration:

1) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter with the Bhavnagar Municipal Corporation.

2) The Guidance Note also requires that we comply with the requirements.

3) Concepts of test check and materiality to obtain reasonable assurance based on verification of evidence supporting the Financial Statement.

As the corporation shifted from Cash based accounting system to Accrual based double entry accounting system, based on our examination and according to the information and explanation given to us, we report that the Financial Statement;

1) Have opening balances from previous years which have been restated from cash-based system to accrual based double entry accounting system. So, any effect lying in the opening balances have been carried forward in the current year account as well; and

2) Though the accounts are prepared based on accrual based double entry accounting system, but the impact of accrual-based entries can't be seen in the entire financial statement and the same cannot be quantified precisely as the management is at discretion to decide the matter relating the accrual accounting in items of financials.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the management is responsible for assessing the entity's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the entity or to cease operation or has no realistic alternative but to do so.

Management is also responsible for overseeing the entity's financial reporting process.

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Responsibilities of the Auditor

Our responsibility is to express an opinion on the financial statements based on our audit procedures. We have conducted our audit in accordance with the standard on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedure selected depend on the auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor consider the internal control relevant to Corporation's preparation and fair presentation of financial statements to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion and to the best of information and explanation provided to us, the Financial Statements of the Bhavnagar Municipal Corporation, read with significant accounting policies and notes to accounts are prepared after providing appropriate adjustments as considered appropriate in the given circumstances.

We have no responsibility to update our report for events and circumstance occurring after the date of the report.

In our opinion, the Financial Statement along with Note of this report read with the significant Accounting Policies and Notes to Accounts are prepared after adjustment as considered appropriate and have been prepared in accordance with NMAM.



In our opinion and to the best of our information and according to the explanations given to us, the financial statements, ***subject to observations and notes to accounts and annexures forming part of the report***, are in conformity with the accounting principles generally accepted in India,

1) In the case of Balance Sheet of the state of affairs of the corporation as at 31st March, 2024,
2) In case of the statement of Income and Expenditure of the surplus for the year ended on the same date.
3) In case of the Cash Flow statement for the year ended on the same date.

Basis for Qualified Opinion:

1) Difference in opening balances:

Since 1982, the cash basis of accounting has been followed by the corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statements on accrual-based accounting system is Rs. 3,926.10 Lakhs for FY 2023-24, which is adjusted in Municipal General Fund of the corporation These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting.

2) Fixed Assets:

Opening balances of Fixed Assets have been taken from whatever details have been provided by the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data of the budget of Bhavnagar Municipal Corporation, approved by the Competent Authority as per the actual expenditure of the grants in this behalf. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence of those fixed assets. So, the conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.

3) Depreciation:

Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

4) Sundry Debtors:

The Corporation's concerned departments are having separate software from which the record of receivables at the beginning of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year.

5) Deposits:

In absence of deposit register maintained by all concerned departments, the amount of total deposits have been arrived from the budget of the concerned year, which was prepared by the compatible department of the corporation and also approved by the competent authority of the corporation. Hence the same has been taken as it is from the actual data shown in the budget.



6) Other Liabilities:

All the other liabilities including any liabilities towards creditors, employees, Government etc. have been taken based on actual data available in the budget.

7) PF Loans to Employees:

The corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

8) Municipal Fund:

All the adjustments with respect to any changes in amount has been given effect in the account called Municipal fund which is General Fund in nature.

9) General Observation:

The financials have been on accrual basis only on the above-mentioned items of the financials. Hence if any other items were required to be considered for accrual-based accounting, then the same has not been given any effect in the preparation of the same. But the management is of the opinion of the same that the required accounting treatment has been sufficient to put the case under a validly prepared financial statements under accrual-based accounting system, hence auditors' opinion is only limited to the aspects covered by the management, and for any other point which we required to be covered, but not covered by the corporation, the auditor is not bound to examine or comment upon on the same. Hence our opinion on such financials is limited to the extent it had been stated by the corporation and submitted to us for our opinion building purpose.

For,
J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOGH6376

BHAVNAGAR MUNICIPAL CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2024

(Rs. In Lacs)

Sr. No.	Major Head Description	Major Code	Sch.	Amount Rs. 2023-24
I	*LIABILITIES*			
1	Reserve & Surplus :			
(I)	Municipal (General) Fund	310	A	51,685.98
(II)	Earmarked Funds	311	B	-
(III)	Reserves	312	C	48,056.02
	Total of Reseve and Surplus			99,742.00
2	Grant, Contributions for Specific Purposes			
(II)	Grant, Contribution for Specific purposes	320	D	42,685.64
	Total of Grant, Capital Contribution			42,685.64
3	Loans (Liabilities) :			
(i)	Secured Loans	330	E	-
(ii)	Unsecured loans	331	F	-
	Total of Loans (Liabilities)			-
4	Current Liabilities & Provision :			
(i)	Deposit Received	340	G	13,547.67
(II)	Deposits Works	341	H	118.49
(iii)	Other Liabilities	350	I	6,987.28
(iv)	Provisions	360	J	0.30
	Total of Current Liabilities & Provision			20,653.73
	TOTAL LIABILITIES (Total of 1 to 4)			*1,63,081.37*

J YVORA & ASSOCIATES

Sr. No.	Major Head Description	Major Code	Sch.	Amount Rs. 2023-24
II	*ASSETS*			-
1	Fixed Assets :			
(i)	Fixed Assets	410	K	78,145.78
(ii)	Less : Accumulated Depreciation	411	K-1	18,157.09
(iii)	Capital work-in-progress	412	L	-
	Total Of Fixed Assets			59,988.69
2	Investment :			
(i)	Investments in General Fund	420	M	-
(ii)	Investments in Other Fund	421	M-1	25,556.08
	Total Of Investments			25,556.08
3	Current Assets, Loan & Advances :			
(i)	Stores and Consumables	430	N	172.72
(ii)	Sundry Debtors(Receivables)	431	O	52,923.53
(iii)	*Less:Accumulated provisions against Debto*	432	O-1	-
(iv)	Pre-paid Expenses	440	P	-
(v)	Cash & Bank Balances	450	Q	24,269.83
(vi)	Loans, Advances & Deposits	460	R	170.52
(vii)	Accumulated Provisions against Loans,	461	R-1	-
(viii)	Other Assets	470	S	-
(ix)	Miscellaneous Expenditure to be written off	480	T	-
	Total of Current Assets, Loan & Advances			77,536.60
	TOTAL ASSETS (Total of 1 to 3)			1,63,081.37
	Notes to the Accounts and accounting Policies			

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOOH6376

Chief Account Officer
Bhavnagar Municipal Corporation

SCHEDULE FORMING PART OF AND ANNEXED TO BALANCE SHEET AS AT MARCH 31, 2024

(Rs. In Lacs)

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE - A : MUNICIPAL FUNDS - 310			
1	Municipal Fund	31010	1	56088.45
2	Excess of Income & Expenditure Account	31090	2	(4402.47)
	TOTAL			51685.98
	SCHEDULE- B : EARMARKED FUNDS - 311			
1	Special Fund	31110		0.00
2	Sinking Funds	31150		0.00
3	Trust or Agency funds	31170		0.00
	TOTAL			0.00
	SCHEDULE- C: RESERVES- 312			
1	Capital Contributions	31210	3	47756.02
2	Capital Reserve	31211		0.00
3	Borrowing Redumtion Reserve	31220		0.00
4	Special Funds (Utilised)	31230		0.00
5	Starutary Reserve	31240		0.00
6	General Reserve	31250	4	300.00
7	Revaluation Reserve	31260		0.00
	TOTAL			48056.02
	SCHEDULE - D : GRANTS, CONTRIBUTIONS FORSPECIFIC PURPOSE - 320			
1	Central Government	32010	5	9260.28
2	State Governement	32020	6	33425.36
3	Other Government Agencies	32030		0.00
4	Financial Institutions	32040		0.00
5	Welfare Bodies	32050		0.00
6	International Organisations	32060		0.00
7	Others	32080		0.00
	TOTAL			42685.64
	SCHEDULE - E: SECURED LOANS - 330			
1	Loan from Central Government	33010		0.00
2	Loan from State Government	33020		0.00
3	Loan from Government Bodies & Association	33030		0.00
4	Loan from International Agencies	33040		0.00
5	Loan from Banks & Financial Institutions	33050		0.00
6	Other Term Loans	33060		0.00
7	Bonds & Debentures	33070		0.00
8	Other Loans	33080		0.00
	TOTAL			0.00

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. - 2023-24
	SCHEDULE - F: UNSECURED LOANS - 331			
1	Loans from Central Government	33110		0.00
2	Loans from State Government	33120		0.00
3	Loans from Government Bodies & Association	33130		0.00
4	Loans from International Agencies	33140		0.00
5	Loan from Banks & Other Financial Institutes	33150		0.00
6	Other Term Loans	33160		0.00
7	Bonds & Debentures	33170		0.00
	TOTAL			0.00
	SCHEDULE -G : DEPOSITS RECEIVED - 340			
1	From Contractors / Suppliers	34010	7	13074.94
2	Deposits - Revenues	34020	8	404.32
3	From Staff	34030		0.00
4	From Others	34080	9	68.41
	TOTAL			13547.67
	SCHEDULE -H : DEPOSIT WORKS - 341			
1	Civil Works	34110	10	129.34
2	Electrical Works	34120		0.00
3	Others	34180	11	(10.85)
	TOTAL			118.49
	SCHEDULE -I : OTHER LIABILITIES - 350			
1	Creditors	35010	12	15.51
2	Employee Liabilities	35011	13	6179.01
3	Interest Accrued & Due	35012		0.00
4	Recoveries payable	35020	14	193.97
5	Govt. Dues Payable	35030	15	118.80
6	Refunds Payable	35040		0.00
7	Advance Collection of Revenues	35041		0.00
8	Others	35080	16	479.99
9	Sale Proceeds	35090		0.00
	TOTAL			6987.28
	SCHEDULE -J : PROVISIONS- 360			
1	Provisions for Expenses - Audit Fees	36010		0.30
2	Provisions for Interest	36020		0.00
3	Provisions for other Assets	36030		0.00
	TOTAL			0.30

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. – 2023-24
	SCHEDULE - K : FIXED ASSETS - 410			
1	Land	41010	17	410.61
2	Building	41020	18	16779.13
6	Roads & Bridges	41030	19	1656.14
7	Sewerage and Drainage	41031	20	205.64
8	Waterways	41032	21	50071.37
9	Public Lighting	41033	22	6.79
10	Plant & Machinery	41040	23	2079.44
12	Vehicles	41050	24	1021.19
13	Office & Other Equipment	41060	25	4213.48
14	Computers	41061	26	535.87
16	Furniture, Fixture, Fittings and Electrical Appliances	41070	27	1166.11
	TOTAL			78145.78
	SCHEDULE- K -1 : Accumulated Depreciation- 411			
1	Building	41120	28	1102.73
2	Roads & Bridges	41130	29	145.74
3	Sewerage and Drainage	41131	30	37.55
4	Waterways	41132	31	14009.91
5	Public Lighting	41133	32	0.80
6	Plant & machinery	41140	33	549.80
8	Vehicles	41150	34	405.68
9	Office & Other Equipment	41160	35	1171.13
10	Computers	41161	36	407.27
12	Furniture, Fixtures, Fittings and Electrical Appliances	41170	37	326.48
	TOTAL			18157.09
	SCHEDULE - L : Capital Work-in-progress- 412			
1	Specific Grants	41210		0.00
2	Special funds	41220		0.00
3	Specific Schemes	41230		0.00
4	Own Source - Assets	41240		0.00
	TOTAL			0.00

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE -M : Investment Other Fund- 420			
1	Central Government Securities	42010		0.00
2	State Government Securities	42020		0.00
3	Debentures and Bonds	42030		0.00
4	Preference Shares	42040		0.00
5	Equity Shares	42050		0.00
6	Units of Mutual Funds	42060		0.00
7	Other Investments	42080	38	25556.08
8	Accumulated Provision	42090		0.00
	TOTAL			25556.08
	SCHEDULE -N : Stock - in - hand - 430			
1	Stores	43010		0.00
2	Loose Tools	43020		172.72
3	Others	43080		0.00
	TOTAL			172.72
	SCHEDULE -O : Sundry Debtors(Receivables) - 431			
1	Receivables for Property Taxes	43110	39	52923.53
2	Receivable for Other Taxes	43119		0.00
3	Receivables for Cess	43120		0.00
4	Receivable for Fees & User Charges	43130		0.00
5	Receivable from other sources	43140		0.00
6	Receivable from Government	43150		0.00
7	Receivables control accounts	43180		0.00
8	State Govt Cesses/ levies in Property Taxes - Control account	43191		0.00
9	State Govt Cesses/ levies in Water Taxes - Control account	43192		0.00
10	State Govt Cesses/ levies in Other Taxes - Control account	43199		0.00
	TOTAL			52923.53





Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE -O-1: ACCUM. PROVISIONS AGAINST DEBTORS (Receivables) - 432			
1	Provisions for outstanding Property Tax	43210		0.00
2	Provision for outstanding Water Tax	43211		0.00
3	Provision for outstanding Other Tax	43212		0.00
4	Provision for outstanding Cess	43220		0.00
5	Provision for outstanding Fees & User Charges	43230		0.00
6	Provision for outstanding other receivable	43240		0.00
7	State Govt Cesses/ levies in Property Taxes - Provision account	43291		0.00
8	State Govt Cesses/ levies in Water Taxes - Provision account	43292		0.00
9	State Govt Cesses/ levies in Other Taxes - Provision account	43299		0.00
	TOTAL			0.00
	SCHEDULE - P : Pre-paid Expenses - 440			
1	Establishment	44010		0.00
2	Administration	44020		0.00
3	Operations & Maintenance	44030		0.00
	TOTAL			0.00
	SCHEDULE - Q : CASH & BANK BALANCES - 450			
1	Cash	45010	40	0.23
	Central grant Fund Bank		41	13143.76
	State Grant Fund Bank		42	2148.94
	Own Fund Bank		43	8976.90
	TOTAL			24269.83
	SCHEDULE - R : LOANS, ADVANCES & DEPOSITS- 460			
1	Loans & Advances to Employees	46010	44	170.18
2	Employees Provident Fund Loans	46020		0.00
3	Loans to Others	46030		0.00
4	Advance to Suppliers and contractors	46040		0.00
5	Advance to others	46050	45	0.34
6	Deposits with external Agencies	46060		0.00
7	Other current assets	46080		0.00
	TOTAL			170.52

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE - R-1 : Accumulated Provisions against Loans, Advances & Deposits - 461			0.00
1	Loans to Other	46110		0.00
2	Advances	46120		0.00
3	Deposits	46130		0.00
	TOTAL			0.00
	SCHEDULE -S- : Other Assets - 470			0.00
1	Deposit Works Expenditure	47010		0.00
2	Inter Unit Accounts	47020		0.00
3	Interest Control Payable	47030		0.00
	TOTAL			0.00
	SCHEDULE - T : Miscellaneous Expenditure to be written off - 480			0.00
1	Loan Issue Expenses	48010		0.00
2	Discount on Issue of loans	48020		0.00
3	Others	48030		0.00
	TOTAL			

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOOH6376

Chief Account Officer
Bhavnagar Municipal Corporation

GROUPING - FORMING PART OF SCHEDULES ANNEXED TO BALANCE SHEET AS ON 31 MARCH,2024

(Rs. In Lacs)

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2023-24
	GROUPING : 1 : MUNICIPAL FUND - 31010		
1	Municipal General Fund	310100001	49,671.01
	Add:- Addition During the year		
	Add:- Adjustment to Opening balances	310100002	(2,003.41)
	Add:- Difference in Opening balances		8,466.48
			56,134.08
	Less:- Deduction during the year		45.63
	TOTAL		56,088.45
	GROUPING : 2 : EXCESS OF INCOME & EXPENSE - 31090		
1	Opening balance carried forward	310900001	(5,790.95)
	Net Surplus Carried Over to Municipal Fund		1,388.48
			(4,402.47)
	Net Deficit Carried Over to Municipal Fund		-
	CLOSING BALANCE TOTAL		(4,402.47)
	GROUPING : 3 :CAPITAL CONTRIBUTION - 31210		
	Capital contribution	312100001	47,756.02
	Total		47,756.02
	GROUPING : 4 :GENERAL RESERVE - 31250		
	Pension fund Reserve	312500002	300.00
	TOTAL		300.00
	GROUPING : 5 : Central Government - 32010		
	SWACHCHHA BHARAT MISSION	320100002	1,888.08
1	PMAY(U) CLTC STAFF	320100003	5.24
2	UID GRANT	320100004	17.75
3	FINANCE COMMISSION GRANT	320100005	1,342.33
	AMRUT GRANT	320100006	5,862.90
	MP GRANT	320100007	(3.75)
	BLC PMAY GRANT	320100008	6.06
	PMAY 80 EWS SCHEME	320100009	(171.45)
	PMAY 1252 EWS SCHEME	320100010	(504.72)
	PMAY 2489 Scheme	320100011	(4,698.32)
	AMRUT 2.0 GRANT	320100012	915.55
	PMAY 2548 EWS	320100013	(877.83)
	STP (N.G.T.)GRANT	320100014	5,000.00
	DISASTER PREPAREDNESS GRANT	320100015	400.00
	SWM- IEC GRANT	320100016	78.44
	TOTAL		9,260.28

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2023-24
	GROUPING : 7 : FROM CONTRACTORS / SUPPLIERS - 34010		
	Security Deposit	340100002	11,279.88
	Deposit ded. From bills-current(23-24)	340100006	914.52
	Acc Window Deposit Current Year(23-24)	340100008	817.85
	Unclaimed Deposits Forfeit(Recheck Duplication)	340100010	61.40
	ESIC Deposit From Bill	340100011	1.29
	TOTAL		13,074.94
	GROUPING : 8 : DEPOSITS - REVENUES -34020		
	Betterment Charge Deposite	340200006	229.86
	Construction Deposit	340200007	2.03
	Vambay Avas Yojna	340200008	0.67
	House Tax Deposit	340200009	57.70
	Gujarat Housing Board Deposite	340200010	19.78
	2548 EWS Maintainace deposit	340200013	19.25
	2489 EWS Maintenance Deposit	340200016	51.15
	1252 EWS Maintenance Deposit	340200017	23.87
	TOTAL		404.32
	GROUPING : 9 : FROM OTHERS - 34080		
	Other Deposit	340800001	60.21
	Penalty Deposit	340800003	8.20
	TOTAL		68.41
	GROUPING : 10 : CIVIL WORKS- 34110		
	Special work Deposit	341100002	128.61
	Other Deposit Work PM Program	341100003	0.73
	TOTAL		129.34
	GROUPING : 11 : OTHERS - 34180		
	Other deposit from filter department	341800002	(10.85)
	TOTAL		(10.85)
	GROUPING : 12 : CREDITOR - 35010		
	NPS OFFICER	350102882	0.06
	PGVCL	350103113	16.34
	Tax Refund Property tax carpet area	350103149	(0.80)
	Party for Deposits	350103199	0.17
	Party for soiciety bachat parat	350103213	(0.01)
	Professional Tax Refund	350103267	(0.25)
	TOTAL		15.51





Sr. No.	Detail Head Description	Account Code	Amount Rs. 2023-24
	GROUPING : 13 : EMPLOYEE LIABILITIES - 35011		
	Provident Fund Payable	350110004	6,178.70
	Other Deduction	350110012	0.14
	NPS Deduction	350110013	0.17
	ESIC deduction	350110018	0.00
	TOTAL		6,179.01
	GROUPING : 14 : RECOVERIES PAYABLE - 35020		
	P.F. Deduction	350200001	(0.25)
	Professional Tax	350200006	0.03
	TDS	350200007	106.30
	EPF Deduction	350200012	0.36
	IGST TDS	350200013	0.15
	PF Loan Installment	350200016	2.72
	CGST TDS	350200017	42.33
	SGST TDS	350200018	42.33
	TOTAL		193.97
	GROUPING : 15 : GOVERNMENT DUES PAYABLE - 35030		
	Education Cess Payables	350300001	1.76
	Worker (Labour) Welfare Cess	350300002	75.85
	Education Cess Payables - Carpet	350300003	37.55
	CGST(Income)	350300008	1.82
	SGST(Income)	350300009	1.82
	TOTAL		118.80
	GROUPING : 16 : OTHERS - 35080		
	Cheque / RTGS payments return	350800007	8.01
	Unidentified Receipt-2023-24	350800010	0.33
	2489-PMAY House installment	350800013	151.39
	PMAY(U) EWS 2 1252 Installment	350800014	320.26
	TOTAL		479.99
	GROUPING : 17 : LAND - 41010		
	Opening balance carried forward		379.03
	Addition/(Deduction) During the year		31.58
	TOTAL		410.61
	GROUPING : 18 : BUILDING - 41020		
	Opening balance carried forward		16,770.43
	Addition/(Deduction) During the year		8.70
	TOTAL		16,779.13





Sr. No.	Detail Head Description	Account Code	Amount Rs. 2023-24
	GROUPING : 19 : ROADS & BRIDGE - 41030		
	Opening balance carried forward		1,656.13
	TOTAL		1,656.13
	GROUPING : 20 : SEWERAGE AND DRAINAGE - 41031		
	Opening balance carried forward		171.78
	Addition/(Deduction) During the year		33.85
	TOTAL		205.63
	GROUPING : 21 : WATERWAYS - 41032		
	Opening balance carried forward		50,043.93
	Addition/(Deduction) During the year		27.44
	TOTAL		50,071.37
	GROUPING : 22 : PUBLIC LIGHTINGS - 41033		
	Opening balance carried forward		3.36
	Addition/(Deduction) During the year		3.43
	TOTAL		6.79
	GROUPING : 23 : PLANT & MACHINARY - 41040		
	Opening balance carried forward		2,054.50
	Addition/(Deduction) During the year		24.93
	TOTAL		2,079.43
	GROUPING : 24 : VEHICLES - 41050		
	Opening balance carried forward		1,012.11
	Addition/(Deduction) During the year		9.08
	TOTAL		1,021.19
	GROUPING : 25 : OFFICE & OTHER EQUIPMENT - 41060		
	Opening balance carried forward		4,189.69
	Addition/(Deduction) During the year		23.79
	TOTAL		4,213.48
	GROUPING : 26 : COMPUTERS - 41061		
	Opening balance carried forward		533.08
	Addition/(Deduction) During the year		2.79
	TOTAL		535.87

J.V.VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 145833W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2023-24
	GROUPING : 27 : FURNITURE , FITTINGS & ELECTRIC APPLIANCE - 41070		
	Opening balance carried forward		1,166.11
	TOTAL		1,166.11
	GROUPING : 28 : BUILDINGS - 41120		
	Opening Dep. Fund- Office Buildings & Quarters		825.87
	Depreciation on addition		276.86
	TOTAL		1,102.73
	GROUPING : 29 : ROADS & BRIDGE - 41130		
	Dep. Fund - Roads & Bridges		109.30
	Depreciation During the year		36.43
	TOTAL		145.74
	GROUPING : 30 : SEWERAGE AND DRAINAGE - 41131		
	Dep. Fund - Sewerage And Drainage		23.15
	Depreciation During the year		14.39
	TOTAL		37.55
	GROUPING : 31 : WATERWAYS - 41132		
	Depr. Fund. Water Ways		10,504.92
	Depreciation During the year		3,505.00
	TOTAL		14,009.91
	GROUPING : 32 : PUBLIC LIGHTING - 41133		
	Depr. Fund. Public Lighting		0.46
	Depreciation During the year		0.34
	TOTAL		0.80
	GROUPING : 33 : PLANT & MACHINARY - 41140		
	Dep. Fund- Plant & Machineries		411.11
	Depreciation During the year		138.70
	TOTAL		549.80
	GROUPING : 34 : VEHICLES - 41150		
	Dep. Fund- Vehicles		303.56
	Depreciation During the year		102.12
	TOTAL		405.68
	GROUPING : 35 : OFFICE & OTHER EQUIP. - 41160		
	Dep. Fund- Office and Other Equipments		876.19
	Depreciation During the year		294.94
	TOTAL		1,171.13

J.T.VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 133W

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2023-24
	GROUPING : 36 : COMPUTERS - 41161		
	Dep. Fund -Computer & Printer		300.10
	Depreciation During the year		107.17
	TOTAL		407.27
	GROUPING : 37 : FURNITURE & FIXTURES - 41170		
	Dep. Fund- Furniture & Fixtures		244.85
	Depreciation During the year		81.63
	TOTAL		326.48
	GROUPING : 38 : OTHER INVESTMENT -42180		
	FLEXI FUND UBI 50045	421800005	10.00
	FDR UBI	421800006	20433.08
	FDR ICICI	421800007	1900.00
	FLEXI FUND UBI 12003	421800008	2580.00
	FLEXI FUND UBI 50061	421800009	10.00
	FLEXI FUND UBI 50057	421800010	150.00
	FLEXI FUND UBI 50019	421800011	20.00
	FLEXI FUND UBI 12010	421800013	440.00
	FLEXI FUND BOB 1519	421800014	13.00
	TOTAL		25,556.08
	GROUPING : 39 : RECEIVABLES FOR PROPERTY TAXES -43110		
	Receivable For Property Tax-carpet	431100001	8,918.11
	Receivable For Property Tax-Old	431100002	838.07
	Receivable For Notice Fees	431100003	68.51
	Receivable For Interest Carpet	431100004	13,493.16
	Receivable For Interest-Old	431100005	12,069.25
	Receivable for SWM User Charges-Carpet	431150001	1,170.66
	Receivable for Conservancy tax-Carpet	431110001	7,052.94
	Receivable for Conservancy tax-Old	431110002	991.46
	Receivable for Water tax-Carpet	431130001	5,099.65
	Receivable for Water tax-Old	431130002	2,385.13
	Receivable for Stright Light tax-Carpet	431140001	165.17
	Receivable for Stright Light tax-Old	431140002	31.26
	Receivable for Drainage Fee-Old	431150002	426.70
	Receivable for Drainage Sanitation Fees	431150004	213.46
	TOTAL		52,923.53
	GROUPING : 40 : CASH - 45010		
	Cash Balance - General Fund	450100003	0.23
	TOTAL		0.23





Sr. No.	Detail Head Description	Account Code	Amount Rs. 2023-24
	Grouping : 41 :CENTRE GRANT FUND -45021		-
	UBI 50172	450210021	5000.00
	Kotak 6513	450220002	0.64
	UBI 12010	450410002	579.37
	UBI 50061	450410007	110.04
	UBI 50068	450410010	20.41
	Kotak 7198	450410014	320.75
	Kotak - 7204	450410016	46.27
	Kotak 5920	450420001	1135.39
	ICICI 4129	450420002	506.34
	Kotak 3264	450420003	78.44
	Kotak - 7181	450420004	528.44
	ICICI-3631	450420007	2.26
	ICICI BANK - 3662	450420008	701.20
	Kotak 3030	450420009	237.44
	KOTAK 3078	450420010	3.28
	KOTAK 4064	450420011	110.20
	ICICI 3735	450420012	154.52
	KOTAK 4893	450420014	312.98
	KOTAK 4101	450420015	164.59
	KOTAK 4088	450420016	291.01
	KOTAK 4125	450420017	8.53
	KOTAK 4071	450420018	311.24
	KOTAK 4118	450420019	361.58
	KOTAK 3153	450420020	0.55
	KOTAK 3139	450420021	0.26
	AXIS 9966	450420023	8.77
	HDFC 4543 AMRUT	450420024	(585.79)
	ICICI 4218 SBM	450420025	(12.15)
	AXIS 33555 15TH FINANCE	450420030	885.71
	AXIS-70415 AMRUT 2.0	450420032	907.94
	AXIS-28004 ICDS GJ 165 PO	450420033	66.76
	AXIS-28011 ICDS GJ 62	450420034	58.29
	AXIS-21017 SBM	450420035	487.47
	AXIS- 45130 SBM-CB	450420036	23.78
	AXIS 8929 ICDS HOLDING	450420037	8.41
	KOTAK 4095	450420038	105.13
	AXIS- 94575 SBM-IEC	450420038	78.35
	AXIS-4005 ICDS SALARY DISTRICT CO OP & BLOCK	450420039	0.00
	ICICI 1244 ICDS	450420039	15.77
	ICICI 8171 ICDS HOLDING	450420040	0.08
	KOTAK - 1322 EWS 1252 INSTALLMENT	450420048	0.10
	UBI 12001	450610002	39.22
	UBI 50048	450610004	70.16
			13,143.76

J.Y.VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2023-24
	Grouping : 42 : STATE GRANT FUND - 45022		-
	HDFC 6919	450220011	3.16
	UBI 12004	450410001	308.60
	UBI 12012	450410003	85.80
	UBI 12014	450410005	42.83
	UBI 12016	450410006	89.08
	UBI 12007	450610001	290.10
	UBI 50019	450610003	1246.82
	UBI-50140	450610011	82.55
			2,148.94
	Grouping : 43 : OWN FUND - 45023		
	UBI 12006	450210001	89.41
	UBI 50057	450210002	109.90
	UBI 50056	450210003	210.65
	UBI 12005	450210004	455.39
	UBI 12002	450210005	22.11
	UBI 12003	450210006	29.12
	UBI 12008	450210007	64.42
	UBI 12011	450210008	0.36
	UBI 50045	450210009	186.27
	SBI 0176	450210010	7.14
	SBI 4667	450210014	6178.70
	UBI 50143 E NAGAR	450210025	0.99
	ICICI 5169	450220003	1031.37
	HDFC 7224	450220006	496.54
	AU Small Fin. Bank - 5570	450220012	23.47
	IDBI-9371	450220013	14.15
	FEDERAL BANK - 3774	450220031	5.33
	BOB-16687 ICDS AADHAR	450220037	0.20
	BOB - 1519	450610011	5.27
	BOB 1325	450610012	46.10
			8,976.90
	GROUPING : 44 : EMPLOYEE PROVIDENT FUND LOAN -46020		
	Employee Provident Fund Loans	460200001	170.18
	TOTAL		170.18
	GROUPING : 45 : ADVANCE TO OTHER - 46050		
	Temporary Imprest	460500001	0.49
	Permanent Advances	460500002	(0.15)
	TOTAL		0.34

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOOH6276

Chief Account Officer
Bhavnagar Municipal Corporation

BHAVNAGAR MUNICIPAL CORPORATION

INCOME & EXPENDITURE ACCOUNT

For the year ended March 31, 2024

(Rs. In Lacs)

Sr. No.	Major Head Description	Major Code	Schedule	Amount Rs. 2023-24
I	INCOME			
1	Tax Revenue	110	A	17,236.31
2	Assigned Revenues & Compensations	120	B	5,659.54
3	Rental Income from Municipal Properties	130	C	378.44
4	Fees & User Charges	140	D	9,020.17
5	Sale & Hire Charges	150	E	182.11
6	Revenue Grants and Contributions & Subsidies	160	F	11.26
7	Income from Investment	170	G	1,570.75
8	Interest Earned	171	H	274.14
9	Other Income	180	I	309.60
				34,642.32
II	EXPENDITURE			
1	Establishment Expenses	210	J	16,232.37
2	Administrative Expenses	220	K	2,114.22
3	Operating & Maintenance	230	L	7,562.48
4	Interest & Finance Charges	240	M	2.99
5	Programme Expenses	250	N	9.76
6	Revenue Grants,Contribution, & Subsidies to Other	260	O	2,767.31
7	Provision & Write Off	270	P	-
8	Miscellaneous Expenses Losses & Refunds	271	Q	-
9	Depreciation	272	R	4,557.58
				33,246.71
	Gross (deficit)/Surplus of Income Over Expenses			1,395.61
	Less :-Transfer to Reserve Funds/Prior Period Exps.	290	R	-
	Add : Prior Period Items	280	S	(7.13)
	Net Surplus Carried Over to Municipal Fund			1,388.48
	Notes to the Accounts			

The Schedules Refers to above form an integral part of the Income & Expenditure Account

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBO0116376

Chief Account Officer
Bhavnagar Municipal Corporation

SCHEDULE FORMING PART OF AND ANNEXED TO INCOME & EXPENDITURE ACCOUNT
For the year ended March 31,2024

(Rs. In Lacs)

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE : A : Tax Revenue - 110			
1	Property Tax	11001	1	8971.98
2	Water Tax	11002	2	3521.41
3	Sewerage Tax	11003	3	127.77
4	Conservancy (Sanitation) Tax	11004		0.00
5	Lighting Tax	11005	4	104.97
6	Education Tax	11006		0.00
7	Vehicle Tax	11007		0.00
8	Tax on Animals	11008		0.00
9	Electricity	11009		0.00
10	Professional Tax	11010	5	551.68
11	Advertisement Tax	11011		0.00
12	Pilgrimage Tax	11012		0.00
13	Octroi & Toll	11051	6	0.83
14	Cess	11052		0.00
15	Others Taxes	11080	7	3957.67
16	Tax Remission & Refund	11090		
				17236.31
	SCHEDULE : B : Assigned Revenue & Compansations - 120			
1	Tax & Duties Collected by Others	12010	8	582.18
2	Compensations in lieu of Taxes / Duties	12020	9	5077.36
3	Compensations in lieu of Cocessions	12030		0.00
				5659.54
	SCHEDULE : C : Rental Income from Municipal Properties - 130			
1	Rent from Civic Amenities	13010	10	108.50
2	Rent from Office Building	13020		0.00
3	Rent from Guest House	13030		0.00
4	Rent from Lease of Land	13040	11	210.23
5	Other Rent & License Fees	13080	12	59.71
6	Rent,Remissions,and Refund	13090		0.00
				378.44





Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE :D : Fees & User Charges - 140			
1	Empanelment & Registration Charges	14010		0.00
4	Fees for Certificate / Extract	14013	13	23.14
5	Development Charges	14014	14	21.47
6	Regularisation Fees	14015	15	606.01
7	Penalties & Fines	14020	16	216.72
8	Other Fees	14040	17	1676.57
9	User Charges	14050	18	655.30
10	Entry Fees	14060	19	50.81
11	Service / Administrative Charges	14070	20	4145.12
12	Other Charges	14080	21	1439.34
13	Fees Remission and Refund	14090	22	185.69
				9020.17
	SCHEDULE : E : Sale & Hire Charges - 150			
1	Sale of Products	15010		0.00
2	Sale of Forms & Publications	15011	23	24.91
3	Sale of Store & Scrap	15012	24	157.19
4	Sale of housing buildings	15013		0.00
5	Sale of Others	15030	25	0.01
7	Hire Charges on Equipments	15041		0.00
				182.11
	SCHEDULE : F :Revenue Grant ,Contri,& Subsidies -160			
1	Revenue Grants	16010	26	11.26
2	Reimbursement of Expenses	16020		0.00
3	Contribution Towards Scheme	16030		0.00
				11.26
	SCHEDULE : G : Income From Investment - 170			
1	Interest	17010	26-A	1570.75
2	Dividend	17020		0.00
3	Income from Project taken Up on Comm. Basis	17030		0.00
4	Profit on sale of Investment	17040		0.00
5	Others	17080		0.00
				1570.75
	SCHEDULE : H : Interest Earned - 171			
1	Interest from Bank Account	17110	27	247.08
2	Interest on Loan and Advances to Employees	17120		0.00
3	Interest on Loan to Others	17130		0.00
4	Other Interest	17180	28	27.06
				274.14
	SCHEDULE : I : Other Income - 180			
1	Deposit Forfeited	18010	29	5.50
2	Lapsed Deposits	18011		0.00
3	Insurance Claims Recovery	18020		0.00
4	Profit on Disposal of Fixed Assets	18030		0.00
5	Recovery from Employees	18040	30	3.22
6	Unclaimed Refund payable/Liabilities written back	18050		0.00
8	Miscellaneous Income	18080	31	300.88
				309.60

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE : J :Establishment Expenses - 210			
1	Salaries,Wages & Bonus	21010	32	6306.88
2	Benefit and Allowances	21020	33	3780.68
3	Pension	21030	34	4459.19
4	Other Terminal & Retirement Benefits	21040	35	1685.62
				16232.37
	SCHEDULE : K : Administrative Expenses - 220			
1	Rent,Rates,Taxes	22010	36	0.20
2	Office Maintanance	22011	37	20.55
3	Communication Expenses	22012	38	40.75
4	Books & Periodicals	22020	39	0.26
5	Printing and Stationery	22021	40	52.13
6	Travelling & Conveyance	22030	41	132.47
7	Insurance	22040	42	21.85
8	Audit Fees	22050		0.30
9	Legal Expenses	22051	43	13.21
10	Professional and other Fees	22052	44	2.07
12	Advertisement and Publicity	22060	45	79.28
13	Membership & subscription	22061		0.00
14	Others	22080	46	1751.15
				2114.22
	SCHEDULE : L : Operating & Maintenancce - 230			
2	Bulk Purchase	23020	47	3092.67
3	Consumption of Stores	23030	48	3.24
4	Hire Charges	23040		0.00
5	Repairs & Maintenance Infrastructure Assets	23050	49	3397.78
6	Repairs & Maintenance Civil Amenities	23051	50	159.43
7	Repairs & Maintenance Building	23052	51	365.36
8	Repairs & Maintenance vehicle	23053	52	163.02
9	Repairs & Maintenance Others	23059	53	80.91
10	Other Operating & Maintenance expenses	23080	54	300.07
				7562.48
	SCHEDULE : M : Interest & Finance Charges - 240			
1	Inerest on Loan from Central Government	24010		0.00
2	Inerest on Loan from State Gonernment	24020		0.00
3	Inerest on Loan from Government Bodies & Associatio	24030		0.00
4	Inerest on Loan from International Agencies	24040		0.00
5	Inerest on Loan from Bank & Other financial Institutio	24050		0.00
6	Other Interest	24060		0.00
7	Bank Charges	24070	55	2.99
				2.99

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE : N : Programme Expenses - 250			
1	Electronic Expenses	25010	56	(10.38)
2	Own Programme	25020	57	20.14
3	Share In Programme of Others	25030		0.00
				9.76
	SCHEDULE : O : Rev.Grant,Contri.Subsidies - 260			
1	Grants	26010	58	106.00
2	Contributions	26020	59	2661.31
3	Subsidies	26030		0.00
				2767.31
	SCHEDULE : P : Provision & Write Off - 270			
2	Provision for Other Assets	27020		0.00
3	Revenues written off	27030		0.00
4	Assets Written Off	27040		0.00
5	Misclianeous Expenses Written Off	27050		0.00
				0.00
	SCHEDULE : Q : Misc.Expenses - 271			
1	Loss on Disposal of Assets	27110		0.00
2	Loss on Disposal of Inveatments	27120		0.00
3	Decline in Value of Investments	27130		0.00
				0.00
	SCHEDULE : R : Depreciaction - 272			
1	Building	27220	60	276.86
2	Roads & Bridgs	27230	61	36.43
3	Sewerage & Drainage	27231	62	14.39
4	WaterWays	27232	63	3505.00
5	Public Lighting	27233	64	0.34
6	Plant & Machinery	27240	65	138.70
7	Vehicles	27250	66	102.12
8	Office & Other Equipments	27260	67	294.94
9	Computer	27261	68	107.17
10	Other Office Equipment	27262		0.00
11	Furniture,Fixture,Fittings and Electrical Appliances	27270	69	81.63
12	Other Fixes Assets	27280		0.00
				4557.58
	SCHEDULE : S : Prior Period Items - 280			
1	Taxes	28010		0.00
2	Other Revenues	28020		0.00
3	Recovery of revenues written off	28030		0.00
4	Other Income	28040		0.00
5	Refund of Taxes	28050		(7.13)
6	Refund of Other - Revenues	28060		0.00
7	Other Expenses	28080		0.00
				(7.13)

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2023-24
	SCHEDULE : T : Transfer to Reserve Funds -290			
1	Special Funds	29010		0.00
2	Sinking Funds	29020		0.00
3	Trust Funds	29030		0.00
4	Reserves	29040		0.00
5	Municipal General Fund	29050		0.00
6	Income & Expenditure A/c	29099		0.00
				0.00

The Groupings referred to from an integral part of the schedules to the Income & Expenditure account.

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOOH6376

Chief Account Officer
Bhavnagar Municipal Corporation

GROUPING ANNEXED TO &FORMING PART OF SCHEDULE TO INCOME & EXPENDITURE ACCOUNT
For the year ended March 31,2024

(Rs. In Lacs)

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :1: PROPERTY TAX - 11001		
	Property Tax-carpet area	110010001	5,550.54
	Property Tax-interest	110010006	2,573.57
	Property Tax-interest-old	110010008	(3.74)
	Property Tax-user charges	110010010	851.61
	TOTAL		8,971.98
	GROUPING :2: WATER TAX - 11002		
	Water Tanker (Private Vehicle) Charge	110020001	16.76
	Water Tanker (Office Vehicle) Charge	110020002	4.73
	Income From Ashami Penalty	110020003	0.67
	Metre Water	110020004	753.81
	Other Than Meter Water	110020005	0.90
	Water Tax - Carpet Area	110020006	2,231.58
	Recycling of Water Charges	110020009	512.97
	TOTAL		3,521.41
	GROUPING :3: SEWERAGE TAX - 11003		
	Sewer connection	110030002	123.37
	Jetting machine and de-watering charges	110030003	4.40
	TOTAL		127.77
	GROUPING :4: STREET LIGHT TAX - 11005		
	Street Light Tax	110050002	104.97
	TOTAL		104.97
	GROUPING :5 : PROFESSIONAL TAX - 11010		
	Professional Tax EC - Current	110100001	151.76
	Professional Tax RC - Current	110100002	399.92
	TOTAL		551.68
	GROUPING :6 : OCTROI AND TOLL - 11051		
	Octroi	110510001	0.83
	TOTAL		0.83





Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :7 : OTHER TAXES - 11080		
	Miscellaneous	11080001	7.13
	Conservency Tax	11080005	3,907.96
	Admin Charges	11080000	42.58
	TOTAL		3,957.67
	GROUPING :8 : TAX AND DUTIES COLLECTED BY OTHERS- 12010		
	Vehicle tax	1201000003	582.18
	TOTAL		582.18
	GROUPING :9 : COMPENSATION IN LIEU OF TAXES/ DUTIES - 12020		
	Compensation In Lieu Of Octroi	1202000001	4,326.60
	BMC Primary Revenue	1202000003	750.76
	TOTAL		5,077.36
	GROUPING : 10 : RENT FROM CIVIC AMENITIES - 13010		
	Rent - Market Stallage	130100001	34.05
	Rent - open Air theater	130100008	74.45
	TOTAL		108.50
	GROUPING : 11 : RENT OF LEASE OF LAND - 13040		
	Rent from Lease of land	130400001	136.75
	Rent from free hold land	130400002	73.48
	TOTAL		210.23
	GROUPING :12 : OTHER RENT AND LICENCE FEES -13080		
	Lease Rentals	130800001	59.71
	TOTAL		59.71
	GROUPING :13: FEES FOR CERTI. OR EXTRACT - 14013		
	Birth & Death Certificates	140130001	5.28
	Copy of Certificates	140130002	17.86
	TOTAL		23.14
	GROUPING :14: DEVELOPMENT CHARGES - 14014		
	Betterment	140140001	21.47
	TOTAL		21.47





Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :7 : OTHER TAXES - 11080		
	Miscellaneous	11080001	7.13
	Conservency Tax	11080005	3,907.96
	Admin Charges	11080000	42.58
	TOTAL		3,957.67
	GROUPING :8 : TAX AND DUTIES COLLECTED BY OTHERS- 12010		
	Vehicle tax	1201000003	582.18
	TOTAL		582.18
	GROUPING :9 : COMPENSATION IN LIEU OF TAXES/ DUTIES - 12020		
	Compensation In Lieu Of Octroi	1202000001	4,326.60
	BMC Primary Revenue	1202000003	750.76
	TOTAL		5,077.36
	GROUPING : 10 : RENT FROM CIVIC AMENITIES - 13010		
	Rent - Market Stallage	130100001	34.05
	Rent - open Air theater	130100008	74.45
	TOTAL		108.50
	GROUPING : 11 : RENT OF LEASE OF LAND - 13040		
	Rent from Lease of land	130400001	136.75
	Rent from free hold land	130400002	73.48
	TOTAL		210.23
	GROUPING :12 : OTHER RENT AND LICENCE FEES -13080		
	Lease Rentals	130800001	59.71
	TOTAL		59.71
	GROUPING :13: FEES FOR CERTI. OR EXTRACT - 14013		
	Birth & Death Certificates	140130001	5.28
	Copy of Certificates	140130002	17.86
	TOTAL		23.14
	GROUPING :14: DEVELOPMENT CHARGES - 14014		
	Betterment	140140001	21.47
	TOTAL		21.47

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :15: REGULARISATION FEES - 14015		
	Name transfer fees/Late Fees	140150003	193.89
	Shop Transfer fees	140150004	7.93
	Right to information	140150005	1.70
	Marriage registration fees	140150006	3.24
	Regularisation	140150008	382.93
	Encroachment	140150010	16.32
	TOTAL		606.01
	GROUPING :16: PENALTIES AND FINES - 14020		
	Cheque Return Charges	140200002	5.62
	Notice Pay	140200003	14.65
	Penalty Deduction from Bills	140200004	196.45
	TOTAL		216.72
	GROUPING :17: OTHR FEES - 14040		
	Notice Fees	140400001	148.10
	Penalty fees	140400002	54.93
	Scrutiny Fees	140400003	349.05
	T. P. Penalty	140400004	154.62
	Amalgamation fees	140400005	0.20
	Licence fees	140400006	81.83
	Impect Fee - Income	140400007	174.61
	Yearly Licence fees	140400008	15.09
	Bhag Plan Tharav Fees	140400009	4.47
	Advertisement Fees	140400010	31.68
	Warrant Fees	140400017	0.03
	Forms Fee	140400020	11.32
	Notice Fees-old	140400021	3.83
	Tree Plantation	140400022	44.43
	Token Fee	140400023	3.11
	Compost/Manures Disposal Income	140400024	0.00
	ODPS Fee	140400025	598.82
	E-nagar shop and esta fees	140400026	0.45
	TOTAL		1,676.57
	GROUPING :18: USER CHARGES - 14050		
	Ambulance	140500001	0.02
	Fire Extinguishing	140500004	0.01
	Drainage Sanitation Charge	140500006	613.83
	Plastic Waste Penalty/Charge	140500007	16.33
	Safai Lagat Penalty	140500008	17.27
	PRI SOC DEV BENE CONTRIBUTION	140500009	7.84
	TOTAL		655.30

J.Y.VORA & ASSOCIATES CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :19: ENTRY FEES - 14060		
	Swimming pool	140600001	22.40
	Bal watika entry fees	140600002	21.35
	Akwada lake/Ganga Jaliya Lake	140600009	7.06
	TOTAL		50.81
	GROUPING :20: SERVICE / ADMINISTRATIVE CHARGES - 14070		
	Road Reinstatement Charges	140700001	480.40
	Road Instement	140700002	310.04
	Service & Eminities Fee	140700003	1,229.77
	Primary Installation Charges	140700004	0.10
	Sur Saman Rent Charges	140700005	265.33
	Premium F.S.I.	140700006	1,859.48
	TOTAL		4,145.12
	GROUPING :21: OTHER CHARGES-14080		
	GRAB BRACKET RICKSHAW RENT	140800002	1.45
	Admin/Conti. Charge from Bill	140800003	1,424.52
	Quality Charger form Bill	140800004	3.93
	Dump Sight Waste Management Charge	140800005	7.85
	Sur Saman Rent Charges	140800006	1.59
	TOTAL		1,439.34
	GROUPING :22: FEES REMISSION AND REFUND-14090		
	Bulk Water Supply Charges	140900001	115.56
	Supervisor Charge (E.T.P.)	140900002	65.76
	Sewerage Clearance Charges	140900008	4.37
	TOTAL		185.69
	GROUPING :23: SALE OF FORMS AND PUBLICATION-15011		
	Sale of tender	150110001	24.91
	TOTAL		24.91
	GROUPING :24: SALE OF STORES AND SCRAP-15012		
	Scrape Sales Income	150120002	0.26
	Income From Land Sale	150120005	156.93
	TOTAL		157.19
	GROUPING :25: SALE OF OTHERS - 15030		
	Papers	150300001	0.01
	TOTAL		0.01

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :26: REVENUE GRANTS, CONTRIBUTION & Subsidies - 16010		
	Donation	160100044	8.00
	PMAY(U) Shop	160100079	3.26
	TOTAL		11.26
	GROUPING :26-A: Income From Investment - 17010		
	Interest from Fixed deposit	170100001	1,570.75
			1,570.75
	GROUPING :27: INTEREST FROM BANK ACCOUNT-17110		
	Interest Income	171100001	247.08
	TOTAL		247.08
	GROUPING :28: OTHER INTEREST - 17180		
	Interest on other tax due	171800002	7.66
	other income	171800003	19.40
	TOTAL		27.06
	GROUPING :29:DEPOSITS FORFEITED - 18010		
	Deposits Forfeited	180100001	5.50
	TOTAL		5.50
	GROUPING :30: RECOVERY FROM EMPLOYEES - 18040		
	Recovery from Employee	180400001	1.27
	House rent deduction	180400002	1.95
	TOTAL		3.22
	GROUPING :31: MISCELLANEOUS INCOME - 18080		
	Part Plan	180800001	1.02
	Miscellaneous Income	180800002	89.13
	Pension Recovery	180800003	7.44
	Jan Bhagidari Labharthi Deposit	180800005	43.87
	UID MSC	180800006	8.13
	Dead body Van Charges	180800007	0.0008
	Other Income	180800004	151.29
	TOTAL		300.88
	GROUPING :32: SALARIES, WAGES, & BONUS - 21010		
	Bonus	210100001	78.15
	Basic Pay	210100002	5,520.04
	Arrears Pay	210100003	377.05
	Unrecruitment Pay	210100004	263.29
	Wages	210100009	68.35
	TOTAL		6,306.88

J.V. VORA & ASSOCIATES CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :33: BENEFITS & ALLOWANCE - 21020		
	Ltc	210200001	7.85
	Apprentice Training	210200005	79.13
	Other Allowance	210200006	3,553.92
	Travelling Allowances (Fixed)	210200010	1.42
	Counsilors'Honorarium & Allowances	210200013	43.63
	Mayor Shri - Sum. Allowance	210200014	1.93
	Meeting Allowance	210200015	7.86
	Standing Comm.Chairman - Sum.Allowanc	210200016	1.00
	Dy.Mayor Shri - Sum.Allowance	210200017	0.62
	Uniform	210200023	26.53
	Varsai Pratha Bandh/Nanaklys Sahay	210200026	53.00
	Special Committee Swa-vivek Other Exp.	210200039	0.96
	Emplyoee Sarvar Arthik Sahay	210200040	2.83
	TOTAL		3,780.68
	GROUPING :34: OTHER TERMINAL & RETIREMENT BENEFITS-21030		
	Pension	210300001	3,505.68
	Com. Pension	210300002	580.34
	Pension Fund	210300003	300.00
	6th arrears pay for pension	210300004	73.17
	TOTAL		4,459.19
	GROUPING :35: OTHER TERMINAL & RETIREMENT BENEFITS-21040		
	Leave Encashment	210400001	481.85
	P.F. contribution	210400002	51.06
	Gratuity	210400003	983.46
	E.P.F. Contribution	210400004	7.61
	Municipal employee relief after death	210400005	24.41
	NPS contribution	210400009	136.71
	ESIC contribution	210400010	0.52
	TOTAL		1,685.62
	GROUPING :36: RENT, RATES & TAXES - 22010		
	Medicine Rent/Stationary & Etc Mch Centr	220100001	0.20
	TOTAL		0.20
	GROUPING :37: OFFICE MAINATANCE - 22011		
	House light	220110001	20.55
	TOTAL		20.55
	GROUPING :38: COMMUNICATION EXPENSES - 22012		
	Telephone Landline	220120001	6.23
	Postage	220120002	5.87
	Telephone Mobile Exp	220120003	13.48
	Digitalisation System	220120009	15.17
	TOTAL		40.75

J.Y.VORA & ASSOCIATES CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :39: BOOKS AND PERIODICALS- 22020		
	News Papers	220200001	0.26
	TOTAL		0.26
	GROUPING :40: PRINTING & STATIONARY - 22021		
	Stationery & Printing	22021001	52.13
	TOTAL		52.13
	GROUPING :41: TRAVELLING & CONVEYENCE - 22030		
	Staff Travelling Expenses	220300003	132.47
	TOTAL		132.47
	GROUPING :42: INSURANCE - 22040		
	Insurance and RTO Registration	220400001	21.85
	TOTAL		21.85
	GROUPING :43: LEGAL EXPENSES - 22051		
	Court Award	220510004	0.50
	Legal Fees	220510007	12.71
	TOTAL		13.21
	GROUPING :44: PROFESSIONAL & OTHER FEES - 22052		
	Fees For Bond Issue	220520008	2.07
	TOTAL		2.07
	GROUPING :45: ADVERTISEMENT & PUBLICITY - 22060		
	Advertisement	220600001	34.30
	Celebration of Festivals	220600002	8.35
	Decoration in Corp.building	220600003	36.63
	TOTAL		79.28
	GROUPING :46: OTHERS - 22080		
	Record Keeping	220800001	0.94
	Misc. Exp.	220800004	88.09
	LABOUR & Employee Fees	220800006	1.19
	Interest Rebate	220800007	(0.50)
	Family Planning Programme	220800010	0.06
	Licence and Adulteration	220800011	0.00
	Prop. Tax Carpet area Taxation Re-survey	220800015	29.57
	Re-Assessment & New Assessment-Prop.Ta	220800019	4.37
	Special Contingency	220800026	0.42
	Remove Old Bldg.Built Without Permissior	220800028	39.27
	Urban Malaria Dept Various Expense	220800030	0.18
	Manpower Services	220800032	974.28
	Sample Analysis & related Exp	220800034	0.82
	P T Rebate	220800035	361.22
	Conv. Rebate	220800036	251.24
	TOTAL		1,751.15

J P VORA & ASSOCIATES CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :47: BULK PURCHASE - 23020		
	Electricity		3,092.67
	TOTAL		3,092.67
	GROUPING :48: CONSUMPTION OF STORES - 23030		
	Tools	230300004	3.24
	TOTAL		3.24
	GROUPING :49: REPAIR & MAIN. INFRASTRUCTURE-23050		
	Water Charge For Mahi Scheme	230500002	1,092.73
	Irrigation Charges	230500003	687.13
	Roads Repairs	230500005	25.28
	Foothpath Repairing	230500006	22.13
	Main.Of Shetrunjipumpin.Mach.& Panel Bo	230500008	8.84
	Maintenance For Wells,Borring,Hand Pum	230500009	8.48
	Purchase Consumable Stores In W.Works	230500010	8.89
	Storm Drains Repairing & Renovation	230500011	42.80
	Sinc Drain Clean	230500012	319.73
	Pump Mach.Repl.,Jetting Mach.& Vehi.Re	230500013	102.19
	Pumping Station (Yearly Contract)	230500014	171.48
	Sewer Line Repairing	230500015	114.36
	Electric Spare Parts Repl.& Repairing	230500016	5.02
	Street Light,Garden Light Mainti.	230500017	6.30
	Out Sourcing Streetlight O&M Control Swi	230500018	362.06
	Private Contract In Road Cleaning	230500019	120.88
	Sign Board & Street Board	230500020	1.03
	Water Supply & Sewerage	230500024	291.37
	Street Lighting	230500025	2.27
	Electric Wiring Replacement & Repairing	230500028	4.81
	TOTAL		3,397.78
	GROUPING :50: REPAIR & MAIN. CIVIC AMENITIES		
	New Plantation & Protection Of Plant	230510006	1.41
	Maintenance Work Of Bhikda Canals	230510008	1.08
	Maintenance Work Of Khodiyar Talav/Lake	230510009	2.01
	Gaurishankar Maintenance	230510010	2.69
	Muni. Under Function Mandap & Furniture	230510016	12.84
	Bench And Repairing Exp.	230510017	1.14
	Garden & Circle On Contract	230510021	49.29
	Public Urinals Repairing	230510022	3.91
	Lavatory Repairing (Toilet)	230510024	9.14
	Seeds & Plants	230510025	7.97
	Foods For Birds	230510026	0.20
	Clorine Amonia	230510027	8.72
	Insecticides & Pesticides	230510028	3.59
	Gaurishankar Khodiyar Linkage Scheme	230510030	1.31
	Re-Charging	230510031	4.55
	Toilet Block Cleaning (Contract)	230510050	49.58
	TOTAL		159.43

J.V.VORA & ASSOCIATES CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :51: REPAIR & MAIN. BUILDING - 23052		
	Repai.Muni.Build.Prim.Scho.Pich.Hou.Etc.	23052002	276.60
	Major Repairing For Townhall	23052003	17.91
	R & M - Office Buildings	23052004	70.85
	TOTAL		365.36
	GROUPING :52: REPAIR & MAIN. VEHICLES - 23053		
	Vehicle Service & Repairing	230530002	14.95
	Petrol,Diesel,Oil,Grias,Fuel,Lubricating	230530003	0.54
	Tyre-Tube	230530004	2.12
	Vehicle Repairing	230530005	5.50
	Body Colour & Repairing	230530007	1.66
	Miscellaneous Exp.(Rent Base Vehicle Exp	230530008	81.93
	Rent & Repairing Charges Of Tanker	230530011	56.32
	Registration & Licence Fees	230530014	0.01
	TOTAL		163.02
	GROUPING :53: REPAIR & MAIN. OTHERS - 23059		
	New Light & Fixtures	230590004	0.67
	Plant Maintenance	230590006	46.61
	Computer Hardware Maintenance	230590008	5.94
	Furniture Fixture	230590010	1.16
	SOFTWARE MAINTENANCE	230590016	26.53
	TOTAL		80.91
	GROUPING :54: OTHER OPERATIONG AND MAINTENANCE EXP-23080		
	Death Process For Dead Body & Animal	230800003	0.30
	Expense for Maintaning Animals at Panjra	230800004	8.72
	Maintenance of Animal Cart and Tagging	230800017	239.21
	Animal Bearth Control and Vaccination Ex	230800018	51.84
	TOTAL		300.07
	GROUPING :55: BANK CHARGES - 24070		
	Bank Charges	240700001	2.99
	TOTAL		2.99
	GROUPING :56: ELECTION EXPENSES - 25010		
	Election Expenses	250100001	(10.38)
	TOTAL		(10.38)





Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :57: OWN PROGRAM - 25020		
	May-Day Celebration	250200004	18.11
	Ward Beauty Contest	250200007	0.06
	Children Games Organisation Trust Etc.	250200011	0.13
	Jan Jagruti Programme	250200013	1.50
	National Festival Celebration	250200018	0.34
	TOTAL		20.14
	GROUPING :58: GRANTS - 26010		
	Commissioner Personal Grant	260100033	1.02
	Antim Kriya Grant	260100038	9.75
	C.Matching Grant	260100040	0.26
	Cattle Pound	260100041	96.89
	1506 PMAY House	260100051	(1.92)
	TOTAL		106.00
	GROUPING :59: Contributions - 26020		
	Expenses For Primary Education	260200001	2,681.99
	Natural Calamities,Earthquake Rait Acc.	260200002	0.73
	All India Mayor Council	260200012	0.24
	All India Muni.Corp.Sports Control Board	260200013	2.13
	Capicity Building (CB) Grant	260200017	(23.78)
	TOTAL		2,661.31
	GROUPING :60: BUILDINGS - 27220		
	Depreciation - Buildings	2722001	276.86
	TOTAL		276.86
	GROUPING :61: ROADS & BRIDGES - 27230		
	Depreciation - Roads & Bridges	2723001	36.43
	TOTAL		36.43
	GROUPING :62: SEWERAGE & DRAINAGE - 27231		
	Depreciation - Sewerage And Drainage	2723101	14.39
	TOTAL		14.39
	GROUPING :63: WATERWAYS - 27232		
	Depreciation - Waterways	2723201	3,505.00
	TOTAL		3,505.00
	GROUPING :64: PUBLIC LIGHTING - 27233		
	Depreciation - Public Lighting	2723301	0.34
	TOTAL		0.34

J.Y.VORA & ASSOCIATES CHARTERED ACCOUNTANTS

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :57: OWN PROGRAM - 25020		
	May-Day Celebration	250200004	18.11
	Ward Beauty Contest	250200007	0.06
	Children Games Organisation Trust Etc.	250200011	0.13
	Jan Jagruti Programme	250200013	1.50
	National Festival Celebration	250200018	0.34
	TOTAL		20.14
	GROUPING :58: GRANTS - 26010		
	Commissioner Personal Grant	260100033	1.02
	Antim Kriya Grant	260100038	9.75
	C.Matching Grant	260100040	0.26
	Cattle Pound	260100041	96.89
	1506 PMAY House	260100051	(1.92)
	TOTAL		106.00
	GROUPING :59: Contributions - 26020		
	Expenses For Primary Education	260200001	2,681.99
	Natural Calamities,Earthquake Rail Acc.	260200002	0.73
	All India Mayor Council	260200012	0.24
	All India Muni.Corp.Sports Control Board	260200013	2.13
	Capicity Building (C5) Grant	260200017	(23.78)
	TOTAL		2,661.31
	GROUPING :60: BUILDINGS - 27220		
	Depreciation - Buildings	2722001	276.86
	TOTAL		276.86
	GROUPING :61: ROADS & BRIDGES - 27230		
	Depreciation - Roads & Bridges	2723001	36.43
	TOTAL		36.43
	GROUPING :62: SEWERAGE & DRAINAGE - 27231		
	Depreciation - Sewerage And Drainage	2723101	14.39
	TOTAL		14.39
	GROUPING :63: WATERWAYS - 27232		
	Depreciation - Waterways	2723201	3,505.00
	TOTAL		3,505.00
	GROUPING :64: PUBLIC LIGHTING - 27233		
	Depreciation - Public Lighting	2723301	0.34
	TOTAL		0.34

J.V.VORA & ASSOCIATES CHARTERED ACCOUNTANTS FRN 133W

Sr. No.	Detail Head Description	Account Code	2023-24
	GROUPING :65: PLANT & MACHINERY - 27240		
	Depreciation - Plant & Machinery	2724001	138.70
	TOTAL		138.70
	GROUPING :66: VEHICLES - 27250		
	Depreciation - Vehicles	2725001	102.12
	TOTAL		102.12
	GROUPING :67: OFFICE & OTHER EQUIPMENTS - 27260		
	Depreciation - City Engg.Office	2726001	294.94
	TOTAL		294.94
	GROUPING :68: Computer - 27261		
	Depreciation - Computer	2726101	107.17
	TOTAL		107.17
	GROUPING :69: Furniture, Fixture and Electrical Appliance-27270		
	Depreciation - Furniture, Fixtures, Fittings	2727001	81.63
	TOTAL		81.63

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOOH6376

Chief Account Officer
Bhavnagar Municipal Corporation

J Y VORA & ASSOCIATES CA FRN. 145333W CHARTERED ACCOUNTANTS

BHAVNAGAR MUNICIPAL CORPORATION

Cash Flow Statement (Indirect Method)

Year 2023-2024

(Rs. In lacs)

Particulars	Amount	Amount
Cash flow from Operating Activities		
Net profit before taxation and extraordinary items	1,388.48	1,388.48
Adjustments relating to non-cash & non-operating items:		
Add: Items to be added		
Depreciation	4,557.58	4,557.58
Less: Items to be deducted		
Interest earned	274.14	
Income from investment	1,570.75	-1,844.89
		4,101.17
Operating profit before working capital changes		
Adjustments relating to change in current assets & current liabilities:		
Add: Items to be added		
Increase in grant, contribution for specific purposes	4,029.55	
Increase in current liabilities & provisions	11,123.61	15,153.16
Less: Items to be deducted		
Increase in sundry debtors	66.13	
Increase in stock-in-trade	-	66.13
Cash generated from operation		19,188.20
Income tax paid	-	
Cash flow before extraordinary item	-	19,188.20
Extraordinary items	-	-
Net cashflow from operating activities		**19,188.20**
Cash flow from Investing Activities		
Interest earned	274.14	
Income from investment	1,570.75	
Less: Items to be deducted		
Purchase of Fixed assets	165.64	
Purchase of investments	15,729.30	
Net cashflow from investing activities		(14050.05)
Cash flow from Financing Activities		
Proceeds from issuance of share capital	-	
Change in Municipal Fund	6,417.44	
Change in Reserves	300.00	
Interest paid	-	
Less: Items to be deducted		
Increase in loans & advances	170.52	
Net cashflow used in financing activities		6,546.92
Net increase/(decrease) in cash and cash equivalents		**11,685.07**
Cash and cash equivalents at beginning of period		12,584.75
Adjustment: Diff due to rounding up		0.01
Cash and cash equivalents at end of the period		**24,269.83**

Chief Accounts Officer
BHAVNAGAR MUNICIPAL CORPORATION

JYVORA & ASSOCIATES FRN. 145333W CHARTERED ACCOUNTANTS

Notes forming part of Financial Statements:

1) **Income and Expenditure Statement**:

i) Any income or expenses are recognized only after the same has been cover under pre audit at the corporation. The expenses have been incurred only after the same has been approved by the Audit Department.

ii) The major source of revenue for the corporation are various grants received from the different Governments. But also have own source of income from various types of taxes namely, Property Tax, Water Charges etc. All the local taxes are wholly forming part of the revenue of the corporation itself.

iii) The new method of calculation for property tax had been introduced since 2013. The new method is known as Property Tax – Carpet area based.

iv) For all the taxes, a demand is being raised at the beginning of the year and the collection of the same during the year has been reduced from the total demands to arrive at any receivable at the end of the Financial Year.

v) There are some other taxes also apart from main taxes related to basic facilities, like, professional Tax, Vehicle Tax etc. which are recognized on receipt basis which is as per guideline mentioned in National Municipal Accounting Manual.

vi) Rental incomes from the properties are recorded on receipt basis. The accounting of the same has been done based on treatment specified according to National Municipal Accounting Manual.

vii) The expense head of Establishment Expense mostly consist of Salary, Wages, Bonus, Other retirement benefits including pension and any other incidental expenses.

viii) Any other expenditure has been paid as and when they have been incurred.

2) Balance Sheet Items:

i) Municipal Funds:

Since inception, the Corporation has followed cash basis of accounting and opening balances were not carried forward till 2021. The amount of accumulated difference in opening balances for preparation of Financial Statementsas well as budget have been adjusted in Municipal Fund, which is the ultimate corpus fund of Bhavnagar Municipal Corporation, and the same has been carried forward to the following Financial Years also. These differences are due to several aspects like unidentified received amounts, bank balances, cheque returns, software errors, etc.

ii) Grants and Contributions:

Grants have been received from Central as well as State Governments either for specific purpose or for general purpose. The same have been recorded as and when received from the concerned authorities. The accounting of the same has been done, to the extent possible, based on treatment specified according to National Municipal Accounting Manual.

iii) Fixed Assets:

a) Opening Balance of Fixed Assets are Brought forwarded from the last year Restated Financial Statement.

b) Additions to Assets have been done by considering actual expenditure on assets incurred and paid during the year based on Budgeted Actual Data.

c) Fixed Assets as shown in the financial statements represent the cost incurred for capital infrastructure by the different works department consisting opening balance as well as expense capitalised during the year under consideration and corresponding effect was given against Capital Contribution Account as per NMAM. Possession and ownership lies with the organisation. Assets built / created above earth level are physically verified by the concerned department and assets like storm lines, water lines, sewerage lines which are laid underground also mapped with GIS system.

d) Museum, Art crafts, sculptures, Trees etc. have not been included in the schedule of fix assets as information of those assets are not available.

e) Based on data provided assets are classified as under:

- Land
- Plant & Machinery
- Building
- Vehicles
- Computers
- Electrical Appliances
- Office &Equipments
- Roads & Bridges
- Public Lights
- Sewerage & Drainage
- Water Ways

iv) Current Assets:

a) Bank Balances:

Bank Balances are subject to reconciliation and the balances may very due to non-availability of information pertaining to unidentified entries not known at the time of data entry.

b) Receivables:

The major component of receivables has been drawn from receivables created for various types of taxes to be collected as assessed at the beginning of the financial year. Detailed receivable has been maintained in the software by the concerned departments.

c) Difference in Opening Balance:

The amount of accumulated difference in opening balance has been adjusted in Municipal Fund Account.

v) Current Liabilities:

Current liabilities have been derived based information provided and data from budgets.

SIGNIFICANT ACCOUNTING POLICIES :

Significant accounting policies are basis of accounting that is used to determine how the transactions are reported on financial statement.

The accounting policies have been prepared to considering National Municipal Accounting Manual (NMAM), Government Accounting Standard Advisory Board (GASAB) Pronouncements, Various relative accounting standard of Institute of Chartered Accountant of India (ICAI), Accounting Standards for Local Bodies issued by ICAI and comptroller & Auditor General's report on Local urban bodies.

BASIS OF PRESENTATION

Method of Accounting :

The Method of accounting is double entry system.

1) ***Income:***

   a) ***Tax Revenue:***

      Tax revenue comprise of property tax, water tax, sewerage tax, conservancy tax, streetlight tax etc. are presented on accrual basis as per followed by AS-9 "Revenue recognition".

   b) ***Octroi, Professional Tax, Vehicle Tax and rental income from municipal properties:***

      The above mentioned incomes are recorded on the actual basis.

c) ***Interest Earned:***

Interest income from fixed deposits and other bank accounts are recorded as and when they have been received.

2) ***Expenditure:***

Expenses of corporation include establishment expenses, administrative and operating & maintenance expenses.

3) ***Depreciation:***

Depreciation has been charged as per written down value method followed by AS-10 "Property, Plant & Equipment".

4) ***Recognition of grant income & expenditure:***

Recognition of Grant income and Expenditure done as per NMAM guideline.

Income and expenditure related to general purpose revenue grant are accounted under income and expenditure account as and when the same received/paid.

Revenue grant for specific purpose: Grant is recognized as income under the income and expenditure account up to the amount of revenue utilized during the year. Any grant balance outstanding is shown under the head liability in the balance sheet.

Capital Grant: Fixed assets are created up to the amount of capital grant utilized during the year by crediting capital contribution shown under the head Reserve and Surplus as per NMAM.

5) ***Reserves:***

Reserves consist of general reserve of pension fund & capital contribution at the end of Financial Year.

6) ***Long term liabilities:***

There are no long term liabilities as on 31.03.2024.

7) ***Current liabilities:***

a) Municipal Corporation has an unpaid liability against deposit received from contractor or supplier. No confirmations have been obtained from respective external parties.

b) Other liabilities include employee liability of provident fund and government dues payables like TDS, Education cess, GST, etc.

8) ***Fixed assets:***

a) Opening Balance of Fixed Assets are Brought forwarded from the last year Restated Financial Statement.

b) Additions to Assets have been done by considering actual expenditure on assets incurred and paid during the year based on Budgeted Actual Data.

f) Fixed Assets as shown in the financial statements represent the cost incurred for capital infrastructure by the different works department consisting opening balance as well as expense capitalised during the year under consideration and corresponding effect was given against Capital Contribution Account as per NMAM. Possession and ownership lies with the organisation. Assets built / created above earth level are physically verified by the concerned department and assets like storm lines, water lines, sewerage lines which are laid underground also mapped with GIS system.

c) Art crafts, sculptures, Trees etc. have not been included in the schedule of fix assets as information of those assets are not available.

d) Based on data provided assets are classified as under:

- Land
- Plant & Machinery
- Building
- Vehicles
- Computers
- Electrical Appliances
- Office & Equipment
- Roads & Bridges
- Public Lights
- Sewerage & Drainage
- Water Ways

9) Investment:

Investments comprises of fixed deposit and flexi deposit accounts with banks. Investment is valued at cost.

Interest on investment is accounted on receipt basis.

10) ***Receivables (Sundry debtors):***

Receivable (Sundry debtors) comprises of property taxes receivables at the end of Financial Year.

11) ***Cash & Bank balance:***

Cash comprises of cash in hand and bank balance as on balance sheet date.

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Opp. University Gate,
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Bhavnagar 364002.

J Y VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

RESTATED AUDIT REPORT
OF
BHAVNAGAR MUNICIPAL CORPORATION
FOR
FINANCIAL YEAR
2022-23

+91- 94289 91415
cajeetvora@gmail.com
402-Imperial Arc,
Opp. University Gate,
Waghawadi Road,
Bhavnagar 364002.

J Y VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS REPORT ON RESTATED FINANCIAL INFORMATIONS

To,

The Municipal Commissioner,

Bhavnagar Municipal Corporation,

Bhavnagar

Reference: Proposed Issue of Bonds by The Bhavnagar Municipal Corporation.

We have examined the attached restated Financial Statements of The Bhavnagar Municipal Corporation comprising the Restated statement of Income and Expenditure for the period from 1st April, 2022 and ending on 31st March, 2023, also Restated Balance Sheet as at 31st March, 2023 and all the relevant Schedules forming part thereof including notes forming part of the accounts and any accounting policies followed by the corporation while preparing such restarted financial statements. The same has been prepared by the concerned Department of the corporation and the same also has been approved by the competent authority of the Bhavnagar Municipal Corporation in connection with their proposed issue of Bonds as per the requirements of:

1) Any provisions specifically required to be followed under the SEBI (ILMDS) regulations,

2) After incorporating adjustments pertaining to change from cash basis of accounting system to accrual based double entry accounting system, and

3) After adopting any adjustments in line with the National Municipal Accounting Manual to reflect the same accounting treatment as per the accounting policies and grouping/classification to be followed, to the extent possible.

Based on our examination and according to the information and explanation given to us, we report that the Restated Financial Statement;

1) Have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial period to reflect the same accounting treatment as per the changed accounting policy for all reporting period, if any; and

2) The adjustments are related to only few points have been taken into consideration and not all the points which could have been had that been the case of original accounts based on accrual-based accounting system.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the management is responsible for assessing the entity's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the entity or to cease operation or has no realistic alternative but to do so.

Management is also responsible for overseeing the entity's financial reporting process.

Responsibilities of the Auditor

Our responsibility is to express an opinion on the restated financial statements based on our additional audit procedures. We have conducted our audit in accordance with the standard on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedure selected depend on the auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor consider the internal control relevant to Corporation's preparation and fair presentation of financial statements to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion and to the best of information and explanation provided to us, the Restated Financial Statements of the Bhavnagar Municipal Corporation, read with significant accounting policies and notes to accounts are prepared after providing appropriate adjustments and regroupings as considered appropriate in the given circumstances.

We have no responsibility to update our report for events and circumstance occurring after the date of the report.

In our opinion, the Financial Statement along with Note of this report read with the significant Accounting Policies and Notes to Accounts are prepared after regrouping as considered appropriate and have been prepared in accordance with The National Municipal Accounting Manual.



In our opinion and to the best of our information and according to the explanations given to us, the financial statements, ***subject to observations and notes to accounts and annexures forming part of the report***, are in conformity with the accounting principles generally accepted in India,

1) In the case of Balance Sheet of the state of affairs of the corporation as at 31st March, 2023,
2) In case of the statement of Income and Expenditure of the surplus for the year ended on the same date.

Basis for Qualified Opinion:

1) Difference in opening balances:
   Since 1982, the cash basis of accounting has been followed by the corporation, and opening balance was not carried forward till then. The amount of accumulated difference in opening balances for preparation of financial statements on accrual-based accounting system is Rs. 31,575.73 Lakhs for FY 2022-23, which is adjusted in Municipal General Fund of the corporation. These differences are due to various reasons for which we have received a very limited explanation, hence impractical to quantify the same from the earlier used method of accounting that is Cash basis of accounting.

2) Fixed Assets:
   Opening balances of Fixed Assets have been taken from the details available with the Corporation, and capital expenses for fixed assets are recognized as per Actual Expense data of the budget of Bhavnagar Municipal Corporation, approved by the Competent Authority which is mainly based on utilization of the grant by the Corporation. These expenses have been shown after netting them off with the balance of Capital Contribution of that asset. The corporation has only limited departments who have maintained the fixed asset related data and out of them, few have verified the actual existence of those fixed assets. So, the conclusive data relating to fixed assets cannot be said to have been incorporated due to very limitation on the part of the Corporation.



3) Stores and Consumables:
Difference in the value of stock in hand is Rs.172.72 Lakhs, which is mainly due to the change in accounting system from cash basis into accrual basis, and, is adjust with any excess or deficit arrived at in Income and Expenditure Account of concerned Financial Period, whereas Rs. 167.83 Lakh has been adjusted in Municipal Fund Balance. The figures have been taken from the Actual Expenditure data as per the budgets for the respective year as no separate registers have been maintained in this regard.

4) Depreciation:
Depreciation has been charged on the assets keeping in mind the generally accepted principal. They have been adopted keeping in mind the usefulness of the assets and tenure of its useful life based on their own assumption and some reference from the similar type of Local Authorities of the State of Gujarat. The policy and assumptions have been taken by the management and competent authorities and the same may not be in conformity with the treatment specified under any accounting standard, but seems fair and just in the given circumstances.

5) Sundry Debtors:
The difference of Rs. 52,875.40 Lakh, is adjust with any excess or deficit arrived at in Income and Expenditure Account of concerned Financial Period, whereas Rs. 48,134.26 Lakh has been adjusted in Municipal Fund Balance. The Corporation's concerned departments are having separate software from which the record of receivables at the beginning of the year can be made available; hence the data has been calculated keeping in the mind the actual data of demands with respect to the taxes at the beginning of the financial year reduced by the actual income received in respect of all those taxes during the concerned financial year.



6) Deposits:

In absence of deposit register maintained by all concerned departments, the amount of total deposits have been arrived from the budget of the concerned year, which was prepared by the compatible department of the corporation and also approved by the competent authority of the corporation. Hence the same has been taken as it is from the actual data shown in the budget and the difference or creation of the deposit amounting to Rs. 7,854.29 Lakh has been adjusted in the Municipal General Fund account.

7) Other Liabilities:

All the other liabilities including any liabilities towards creditors, employees, Government etc. have been taken based on actual data available in the budget and difference if any has been transferred to Municipal Fund Account.

8) PF Loans to Employees:

The corporation has maintained records of PF Loan given to the employees as well the interest received on account of the same, but it should have been shown separately classified in the books of accounts as it should have been as per the generally accepted accounting practices.

9) Bank Charges:

Bank charges have not been specifically considered while preparing the Financial Statements.

10) Municipal Fund:

All the adjustments with respect to any changes in amount due to change in Cash system to accrual system has been given effect in the account called Municipal fund which is General Fund in nature.

11) General Observation:

The restated financial statements have been prepared after incorporating adjustments pertaining to change from cash-based accounting system to accrual based double entry accounting system. The restated financial statements have been prepared after adopting any adjustments in line with the National Municipal Accounting Manual retrospectively for the year ended on 31st March 2023 to reflect the same accounting treatment as per the accounting policies and grouping/classifications required to be followed to the extent and not for all the items as mentioned in our opinion above. The management is of the opinion that the required accounting treatment has been sufficient to put the case under a validly prepared restated financial statement, hence auditor's opinion is only limited to the aspect for which required accounting treatment is covered by the management. Hence our opinion on such restated financials is limited to the extent it had been restated by the Corporation and submitted to us for our opinion building purpose.

For,
J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOEC6896

BHAVNAGAR MUNICIPAL CORPORATION

BALANCE SHEET
AS AT MARCH 31, 2023

Sr. No.	Major Head Description	Major Code	Sch.	(Rs.in Lacs) CASH BASIS 2022-23	(Rs.in Lacs) ACCRUAL BASIS 2022-23
I	*LIABILITIES*				
1	**Reserve & Surplus :**				
(I)	Municipal (General) Fund	310	A	12,304.33	43,880.06
(II)	Earmarked Funds	311	B	-	-
(III)	Reserves	312	C	-	47,756.02
	Total of Reseve and Surplus			**12,304.33**	**91,636.08**
2	**Grant, Contributions for Specific Purposes :**				
(II)	Grant, Contribution for Specific purposes	320	D	38,656.09	38,656.09
	Total of Grant, Capital Contribution			**38,656.09**	**38,656.09**
3	**Loans (Liabilities) :**				
(i)	Secured Loans	330	E	-	-
(ii)	Unsecured loans	331	F	-	-
	Total of Loans (Liabilities)			-	-
4	**Current Liabilities & Provision :**				
(i)	Deposit Received	340	G	1,625.67	9,479.96
(ii)	Deposits Works	341	H	-	-
(iii)	Other Liabilities	350	I	49.57	49.57
(iv)	Provisions	360	J	-	0.59
	Total of Current Liabilities & Provision			**1,675.24**	**9,530.12**
	TOTAL LIABILITIES (Total of 1 to 4)			*52,635.66*	*1,39,822.29*

Sr. No.	Major Head Description	Major Code	Sch.	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
II	*Gross (deficit)/Surplus of Income Over Expenses*				
1	**Fixed Assets :**				
(i)	Fixed Assets	410	K	30,224.12	77,980.14
(ii)	Less : Accumulated Depreciation	411	K-1	-	13,599.50
(iii)	Capital work-in-progress	412	L	-	-
	Total Of Fixed Assets			**30,224.12**	**64,380.64**
2	**Investment :**				
(i)	Investments in General Fund	420	M	-	-
(ii)	Investments in Other Fund	421	M-1	9,826.78	9,826.78
	Total Of Investments			**9,826.78**	**9,826.78**
3	**Current Assets, Loan & Advances :**				
(i)	Stores and consumables	430	N	-	172.72
(ii)	Sundry Debtors(Receivables)	431	O	-	52,857.40
(iii)	***Less:Accumulated provisions against Debtors***	432	O-1	-	-
(iv)	Pre-paid Expenses	440	P	-	-
(v)	Cash & Bank Balances	450	Q	12,584.75	12,584.75
(vi)	Loans, Advances & Deposits	460	R	-	-
(vii)	Accumulated Provisions against Loans, Advances	461	R-1	-	-
(viii)	Other Assets	470	S	-	-
(ix)	Miscellaneous Expenditure to be written off	480	T	-	-
	Total of Current Assets, Loan & Advances			**12,584.75**	**65,614.88**
	TOTAL ASSETS (Total of 1 to 3)			***52,635.66***	***1,39,822.29***
	Notes to the Accounts and accounting Policies		U	(0.00)	(0.00)

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBO0C6696

Chief Account Officer
Bhavnagar Municipal Corporation

SCHEDULE FORMING PART OF AND ANNEXED TO BALANCE SHEET
AS AT MARCH 31, 2023

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. (Rs.in Lacs) 2022-23	Amount Rs. (Rs.in Lacs) 2022-23
	SCHEDULE - A : MUNICIPAL FUNDS - 310				
1	Municipal Fund	31010	1	20044.95	49671.01
2	Excess of Income & Expenditure Account	31090	2	(7740.62)	(5790.95)
	TOTAL			12304.33	43880.06
	SCHEDULE- B : EARMARKED FUNDS - 311				
1	Special Fund	31110		0.00	0.00
2	Sinking Funds	31150		0.00	0.00
3	Trust or Agency funds	31170		0.00	0.00
	TOTAL			-	-
	SCHEDULE- C: RESERVES- 312				
1	Capital Contributions	31210	3	0.00	47756.02
2	Capital Reserve	31211		0.00	0.00
3	Borrowing Redumtion Reserve	31220		0.00	0.00
4	Special Funds (Utilised)	31230		0.00	0.00
5	Starutary Reserve	31240		0.00	0.00
6	General Reserve	31250		0.00	0.00
7	Revaluation Reserve	31260		0.00	0.00
	TOTAL			0.00	47756.02
	SCHEDULE - D : GRANTS, CONTRIBUTIONS FORSPECIFIC PURPOSE - 320				
1	Central Government	32010	4	4431.41	4431.41
2	State Governement	32020	5	34224.68	34224.68
3	Other Government Agencies	32030		0.00	0.00
4	Financial Institutions	32040		0.00	0.00
5	Welfare Bodies	32050		0.00	0.00
6	Gross (deficit)/Surplus of Income Over Expenses	32060		0.00	0.00
7	Others	32080		0.00	0.00
	TOTAL			38656.09	38656.09
	[illegible]				
1	Loan from Central Government	33010		0.00	0.00
2	Loan from State Government	33020		0.00	0.00
3	Loan from Government Bodies & Association	33030		0.00	0.00
4	Loan from International Agencies	33040		0.00	0.00
5	Loan from Banks & Financial Institutions	33050		0.00	0.00
6	Other Term Loans	33060		0.00	0.00
7	Bonds & Debentures	33070		0.00	0.00
8	Other Loans	33080		0.00	0.00
	TOTAL			0.00	0.00





Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2022-23	Amount Rs. 2022-23
	SCHEDULE - F: UNSECURED LOANS - 331				
1	Loans from Central Government	33110		0.00	0.00
2	Loans from State Government	33120		0.00	0.00
3	Loans from Government Bodies & Association	33130		0.00	0.00
4	Loans from International Agencies	33140		0.00	0.00
5	Loan from Banks & Other Financial Institutes	33150		0.00	0.00
6	Other Term Loans	33160		0.00	0.00
7	Bonds & Debentures	33170		0.00	0.00
	TOTAL			0.00	0.00
	SCHEDULE -G : DEPOSITS RECEIVED - 340				
1	From Contractors / Suppliers	34010	6	(712.62)	9479.96
2	Deposits - Revenues	34020		0.00	0.00
3	From Staff	34030		0.00	0.00
4	From Others	34080	7	2338.29	0.00
	TOTAL			1625.67	9479.96
	SCHEDULE -H : DEPOSIT WORKS - 341				
1	Civil Works	34110		0.00	0.00
2	Electrical Works	34120		0.00	0.00
3	Others	34180		0.00	0.00
	TOTAL			0.00	0.00
	SCHEDULE -I : OTHER LIABILITIES - 350				
1	Creditors	35010		0.00	0.00
2	Employee Liabilities	35011		0.00	0.00
3	Interest Accrued & Due	35012		0.00	0.00
4	Recoveries payable	35020	8	79.35	79.35
5	Govt. Dues Payable	35030	9	(29.78)	(29.78)
6	Refunds Payable	35040		0.00	0.00
7	Advance Collection of Revenues	35041		0.00	0.00
8	Others	35080		0.00	0.00
9	Sale Proceeds	35090		0.00	0.00
	TOTAL			49.57	49.57
	SCHEDULE -J : PROVISIONS- 360				
1	Provisions for Expenses	36010	10	0.00	0.59
2	Provisions for Interest	36020		0.00	0.00
3	Provisions for other Assets	36030		0.00	0.00
	TOTAL			0.00	0.59

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2022-23	Amount Rs. 2022-23
	SCHEDULE - K : FIXED ASSETS - 410				
	Opening Balance of Total Fixed Assets carried forw				
1	Land	41010	11	0.00	379.03
2	Building	41020	12	43.08	16770.43
3	Civil Amenities & Services Centers	41021	13	61.37	0.00
4	Commercial Buildings	41022	14	6346.49	0.00
5	Workshops & work stations	41023		0.00	0.00
6	Roads & Bridges	41030	15	0.24	1656.13
7	Sewerage and Drainage	41031	16	55.30	171.78
8	Waterways	41032	17	0.00	50043.93
9	Public Lighting	41033	18	0.18	3.36
10	Plant & Machinery	41040	19	561.27	2054.50
11	Hospital Equipment	41041			
12	Vehicles	41050	20	0.00	1012.11
13	Office & Other Equipment	41060	21	0.00	4189.69
14	Computers	41061	22	9.65	533.08
15	Other Equipment	41062	23	48.64	0.00
16	Furniture, Fixture, Fittings and Electrical Appliances	41070	24	0.00	1166.11
17	Other Fix Assets	41080	25	23097.90	0.00
18	Assets under Disposal	41090		0.00	0.00
	TOTAL			30224.12	77980.14
	SCHEDULE- K -1 : Accumulated Depreciation- 411				
1	Building	41120	26	0.00	825.87
2	Roads & Bridges	41130	27	0.00	109.30
3	Sewerage and Drainage	41131	28	0.00	23.15
4	Waterways	41132	29	0.00	10504.92
5	Public Lighting	41133	30	0.00	0.46
6	Plant & machinery	41140	31	0.00	411.11
7	Hospital Equipment	41141		0.00	0.00
8	Vehicles	41150	32	0.00	303.56
9	Office & Other Equipment	41160	33	0.00	876.19
10	Computers	41161	34	0.00	300.10
11	Other Office Equipment :	41162		0.00	0.00
12	Furnitura, Fixtures, Fittings and Electrical Appliances	41170	35	0.00	244.85
13	Other Fixed Assets	41180		0.00	0.00
	TOTAL			0.00	13599.51
	SCHEDULE - L : Capital Work-in-progress- 412				
1	Specific Grants	41210		0.00	0.00
2	Special funds	41220		0.00	0.00
3	Specific Schemes	41230		0.00	0.00
4	Own Source - Assets	41240		0.00	0.00
	TOTAL			0.00	0.00

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2022-23	Amount Rs. 2022-23
	SCHEDULE -M : Investment General Fund- 420				
1	Central Government Securities	42010		0.00	0.00
2	State Government Securities	42020		0.00	0.00
3	Debentures and Bonds	42030		0.00	0.00
4	Preference Shares	42040		0.00	0.00
5	Equity Shares	42050		0.00	0.00
6	Units of Mutual Funds	42060		0.00	0.00
7	Other Investments	42080		0.00	0.00
8	Accumulated Provision	42090		0.00	0.00
	TOTAL			0.00	0.00
	SCHEDULE M-1: Investment Other Fund- 421				
1	Central Government Securities	42110		0.00	0.00
2	State Government Securities	42120		0.00	0.00
3	Debentures and Bonds	42130		0.00	0.00
4	Preference Shares	42140		0.00	0.00
5	Equity Shares	42150		0.00	0.00
6	Units of Mutual Funds	42160		0.00	0.00
7	Other Investments	42180	36	9826.78	9826.78
8	Accumulated Provision	42190		0.00	0.00
	TOTAL			9826.78	9826.78
	SCHEDULE -N : Stores and Consumables - 430				
1	Stores	43010		0.00	172.72
2	Loose Tools	43020		0.00	0.00
3	Others	43080		0.00	0.00
	TOTAL			0.00	172.72
	SCHEDULE -O : Sundry Debtors(Receivables) - 431				
1	Receivables for Property Taxes	43110	37	0.00	52857.40
5	Receivable from other sources	43140		0.00	0.00
6	Receivable from Government	43150		0.00	0.00
7	Receivable of Interset			0.00	0.00
8	State Govt Cesses/ levies in Property Taxes - Control account	43191		0.00	0.00
9	State Govt Cesses/ levies in Water Taxes - Control account	43192		0.00	0.00
10	State Govt Cesses/ levies in Other Taxes - Control account	43199		0.00	0.00
	TOTAL			0.00	52857.40

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2022-23	Amount Rs. 2022-23
	SCHEDULE -Q-1: ACCUM. PROVISIONS AGAINST DEBTORS (Receivables) - 432				
1	Provisions for outstanding Property Tax	43210		0.00	0.00
2	Provision for outstanding Water Tax	43211		0.00	0.00
3	Provision for outstanding Other Tax	43212		0.00	0.00
4	Provision for outstanding Cess	43220		0.00	0.00
5	Provision for outstanding Fees & User Charges	43230		0.00	0.00
6	Provision for outstanding other receivable	43240		0.00	0.00
7	State Govt Cesses/ levies in Property Taxes - Provision account	43291		0.00	0.00
8	State Govt Cesses/ levies in Water Taxes - Provision account	43292		0.00	0.00
9	State Govt Cesses/ levies in Other Taxes - Provision account	43299		0.00	0.00
	TOTAL			0.00	0.00
	SCHEDULE - P : Pre-paid Expenses - 440				
1	Establishment	44010		0.00	0.00
2	Administration	44020		0.00	0.00
3	Operations & Maintenance	44030		0.00	0.00
	TOTAL			0.00	0.00
	SCHEDULE - Q : CASH & BANK BALANCES - 450				
1	Cash	45010		0.00	0.00
	Balance with Bank - Municipal Fund				
2	Nationalized Banks	45021		0.00	0.00
3	Other Scheduled Banks	45022		0.00	0.00
4	Scheduled Cooperative Banks	45023		0.00	0.00
5	Post Office	45024		0.00	0.00
	Balance with Bank - Special Funds				
6	Nationalized Banks	45041		0.00	0.00
7	Other Scheduled Banks	45042		0.00	0.00
8	Scheduled Co-operative Banks	45043		0.00	0.00
9	Post Office	45044		0.00	0.00
	Balance with Bank - Grant Funds				
10	Nationalized Banks	45061		0.00	0.00
11	Other Scheduled Banks	45062	38	12584.75	12584.75
12	Scheduled Cooperative Banks	45063		0.00	0.00
	Post Office	45064		0.00	0.00
	TOTAL			12584.75	12584.75
	SCHEDULE - R : LOANS, ADVANCES & DEPOSITS- 460				
1	Loans & Advances to Employees	46010		0.00	0.00
2	Employees Providend Fund Loans	46020		0.00	0.00
3	Loans to Others	46030		0.00	0.00
4	Advance to Suppliers and contractors	46040		0.00	0.00
5	Advance to others	46050		0.00	0.00
6	Deposits with external Agencies	46060		0.00	0.00
7	Other current assets	46080		0.00	0.00
	TOTAL			0.00	0.00

Sr. No.	Minor Head Description	Minor Code	Grouping	Amount Rs. 2022-23	Amount Rs. 2022-23
	SCHEDULE - R-1 : Accumulated Provisions against Loans, Advances & Deposits - 461				
1	Loans to Other	46110		0.00	0.00
2	Advances	46120		0.00	0.00
3	Deposits	46130		0.00	0.00
	TOTAL			0.00	0.00
	SCHEDULE -S- : Other Assets - 470				
1	Deposit Works Expenditure	47010		0.00	0.00
2	Inter Unit Accounts	47020		0.00	0.00
3	Interest Control Payable	47030		0.00	0.00
	TOTAL			0.00	0.00
	SCHEDULE - T : Miscellaneous Expenditure to be written off - 480				
1	Loan Issue Expenses	48010		0.00	0.00
2	Discount on Issue of loans	48020		0.00	0.00
3	Others	48030		0.00	0.00
	TOTAL			0.00	0.00

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBO8C88986

Chief Account Officer
Bhavnagar Municipal Corporation

GROUPING - FORMING PART OF SCHEDULES ANNEXED TO
BALANCE SHEET AS ON 31 MARCH,2023

Sr. No.	Detail Head Description (Rs.in Lacs)	Account Code	(Rs.in Lacs) Amount Rs- 2022-23	(Rs.in Lacs) Amount Rs- 2022-23
	GROUPING : 1 : MUNICIPAL FUND - 31010			
1	Municipal General Fund	3101001	35689.62	68211.62
	Add:- Addition During the year		(15644.67)	(15644.67)
	Add:- Difference in Opening balances		20044.95	52566.95
	Less:- Deduction during the year			
2	Debtors settlement fund(Opening Difference)		0.00	0.00
3	Increase in Fund Due current Demand & collection		0.00	(35.91)
	Deposit settlement fund		0.00	(2860.03)
			0.00	49671.01
	GROUPING : 2 : EXCESS OF INCOME & EXPENSE - 31090	3109001		
1	Opening balance carried forward		(6629.66)	(4931.37)
	Net Surplus Carried Over to Municipal Fund		(1110.96)	(859.58)
			(7740.62)	(5790.95)
	Net Deficit Carried Over to Municipal Fund		0.00	0.00
	Channge in profit due to reassessment of tax		0.00	0.00
	CLOSING BALANCE		(7740.62)	(5790.95)
	GROUPING : 3 : CAPITAL CONTRIBUTION - 31210			
1	Capital Contribution- Fixed assets	3121051	0.00	47756.02
			0.00	47756.02
	GROUPING : 4 : Central Government - 32010			
	Opening balance carried forward		0.00	0.00
1	Finanace Commission Grant	3201005	4431.41	4431.41
			4431.41	4431.41
	GROUPING : 5 : STATE GOVERNMENT - 32020			
	Opening balance carried forward			
1	Education Cess Grant	3202003	0.00	0.00
2	Nagar Nandanvan Grant	3202009	0.00	0.00
3	Vajpai Nagari Vikas Yojana Grant	3202012	0.00	0.00
4	Grant for Urban Development - 2005	3202013	0.00	0.00
1	SJMMSVY - Nagar Seva Sadan	3202019	12311.04	12311.04
6	Grant for Entertainment Tax	3202020	0.00	0.00
2	Professional Tax Grant	3202021	937.85	937.85
8	Cable T V / Dis.Ent.Grant	3202022	0.00	0.00
3	Flovers Bridge Grant	3202051	3544.00	3544.00
4	Jilla Vivekdhin Grant-Sansad Sabhya Grant (MP)	3202067	24.45	24.45
5	Family Planning Activity Grant	3202069	25.53	25.53
6	I.E.C. Activity Grant	3202071	25.86	25.86
7	Tabibi Grant (Health)	3202072	1095.45	1095.45
8	Mahatma Gandhi Swachchhata Grant	3202076	1613.81	1613.81
9	Janbhagidari Society Development Grant	3202083	265.02	265.02
10	Jilla Ayojan Grant (MLA)	3202084	859.38	859.38
11	Aavas Scheme Grant		3756.58	3756.58
12	other Grant (Kansara / Gadhechi)		2057.60	2057.60
13	Amrut Scheme		6028.81	6028.81
14	Other Grant		19.30	19.30
15	Akwada Lake Development		1650.00	1650.00
16	Sports Carnival Grant		10.00	10.00
			34224.68	34224.68
	GROUPING : 6 : FROM CONTRACTORS / SUPPLIERS - 34010			
	Opening balance carried forward		0.00	9809.51
1	Deposits - Security Deposit	3401001	(712.62)	(329.55)
			(712.62)	9479.96

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2022-23	Amount Rs. 2022-23
	GROUPING : 7 : FROM OTHERS - 34080			
	Opening balance carried forward		0.00	0.00
1	Jan bhagidari Contrubution		2132.21	0.00
2	Sukhadi Income		4.61	0.00
3	GSDM Fire & Emergency Rescue Van Sahaay		201.47	0.00
			2338.29	**0.00**
	GROUPING : 8 : RECOVERIES PAYABLE - 35020			
	Opening balance carried forward			
1	Worker Welfare Cess Payable	3502018	46.13	46.13
2	Payable - G S T	3502053	33.22	33.22
			79.35	**79.35**
	GROUPING : 9 : GOVERNMENT DUES PAYABLE - 35030			
	Opening balance carried forward			
1	Govt Dues - Education Cess	3503001	(29.78)	(29.78)
			(29.78)	**(29.78)**
	GROUPING : 10 : PROVISIONS - 36010			
1	Provision - Audit Fees Expense		0.00	0.59
			0.00	**0.59**
	GROUPING : 11 : LAND - 41010			
1	Land- Open Plots	4101001	0.00	25.22
2	Land- Garden	4101005	0.00	353.81
			0.00	**379.03**
	GROUPING : 12 : BUILDING - 41020			
	Opening balance carried forward		0.00	16669.25
1	Buildings - Office Buildings	4102001	43.08	101.18
			43.08	**16770.43**
	GROUPING : 13 : CIVIL AMENITIES SERVICE CENTERS - 41021			
	Opening balance carried forward			
1	Building - Civic /Health Centers	4102109	61.37	0.00
			61.37	**0.00**
	GROUPING : 14 : COMMERCIAL BUILDING - 41022			
	Opening balance carried forward			
1	Buildings - Shopping Center / Shops / Estate	4102202	353.81	0.00
2	Buildings - Aavas Scheme - T.P. Dept		5992.68	0.00
			6346.49	**0.00**
	GROUPING : 15 : ROADS & BRIDGE - 41030			
	Opening balance carried forward		0.00	1656.13
1	Roads - Other Roads	4103003	0.24	0.00
			0.24	**1656.13**

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2022-23	Amount Rs. 2022-23
	GROUPING : 16 : SEWERAGE AND DRAINAGE - 41031			
	Opening balance carried forward		0.00	116.48
1	Drainage - Underground Drainage System	4103101	55.30	55.30
			55.30	171.78
	GROUPING : 17 : WATERWAYS - 41032			
1	Opening balance carried forward	4103201	0.00	50024.29
2	Addition/(Deduction) During the year	4103202	0.00	19.64
			0.00	50043.93
	GROUPING : 18 : PUBLIC LIGHTINGS - 41033			
	Opening balance carried forward		0.00	2.94
1	Public Lighting - Other	4103304	0.18	0.42
			0.18	3.36
	GROUPING : 19 : PLANT & MACHINARY - 41040			
	Opening balance carried forward		0.00	2054.50
1	Addition/(Deduction) During the year	4104001	561.27	0.00
			561.27	2054.50
	GROUPING : 20 : VEHICLES - 41050			
1	Opening balance carried forward	4105001	0.00	1012.11
			0.00	1012.11
	GROUPING : 21 : OFFICE & OTHER EQUIPMENT - 41060			
1	Opening balance carried forward	4106001	0.00	4176.14
2	Addition/(Deduction) During the year	4106002	0.00	13.55
			0.00	4189.69
	GROUPING : 22 : COMPUTERS - 41061			
	Opening balance carried forward		0.00	486.73
1	Addition/(Deduction) During the year	4106101	9.65	46.35
			9.65	533.08
	GROUPING : 23 : OTHER EQUIPMENT - 41062			
	Opening balance carried forward			
1	Addition/(Deduction) During the year	4106209	48.64	0.00
			48.64	0.00
	GROUPING : 24 : FURNITURE & FITTINGS - 41070			
1	Opening balance carried forward	4107002	0.00	1166.11
			0.00	1166.11
	GROUPING : 25 : OTHER FIXED ASSETS - 41080			
	Opening balance carried forward			
1	Addition/(Deduction) During the year	4108001	23097.90	0.00
			23097.90	0.00





Sr. No.	Detail Head Description	Account Code	Amount Rs. 2022-23	Amount Rs. 2022-23
	GROUPING : 26 : BUILDINGS - 41120			
1	Opening Dep. Fund- Office Buildings & Quarters	4112001	0.00	549.16
2	Depreciation on addition	4112002	0.00	276.71
			0.00	825.87
	GROUPING : 27 : ROADS & BRIDGE - 41130			
1	Dep. Fund - Roads & Bridges	4113001	0.00	72.87
	Depreciation on addition		0.00	36.43
			0.00	109.30
	GROUPING : 28 : SEWERAGE AND DRAINAGE - 41131			
1	Dep. Fund - Sewerage And Drainage	4113101	0.00	11.13
	Depreciation on addition		0.00	12.02
			0.00	23.15
	GROUPING : 29 : WATERWAYS - 41132			
1	Depr. Fund. Water Ways	4113201	0.00	7001.84
	Depreciation on addition		0.00	3503.08
			0.00	10504.92
	GROUPING : 30 : PUBLIC LIGHTING - 41133			
1	Depr. Fund. Public Lighting	4113301	0.00	0.29
	Depreciation on addition		0.00	0.17
			0.00	0.46
	GROUPING : 31 : PLANT & MACHINARY - 41140			
1	Dep. Fund- Plant & Machineries	4114001	0.00	274.07
	Depreciation on addition		0.00	137.04
			0.00	411.11
	GROUPING : 32 : VEHICLES - 41150			
1	Dep. Fund- Vehicles	4115001	0.00	202.35
	Depreciation on addition		0.00	101.21
			0.00	303.56
	GROUPING : 33 : OFFICE & OTHER EQUIP. - 41160			
1	Dep. Fund- Office and Other Equipments	4116001	0.00	582.91
	Depreciation on addition		0.00	293.28
			0.00	876.19
	GROUPING : 34 : COMPUTERS - 41161			
1	Dep. Fund -Computer & Printer	4116101	0.00	193.48
	Depreciation on addition		0.00	106.62
			0.00	300.10
	GROUPING : 35 : FURNITURE & FIXTURES - 41170			
1	Dep. Fund- Furniture & Fixtures	4117001	0.00	163.23
	Depreciation on addition		0.00	81.63
			0.00	244.85

Sr. No.	Detail Head Description	Account Code	Amount Rs. 2022-23	Amount Rs. 2022-23
	GROUPING : 36 : OTHER INVESTMENT - 42180			
1	FDR	4218053	9826.78	9826.78
			9826.78	9826.78
	GROUPING : 37 : RECEIVABLES FOR PROPERTY TAXES -43110			
1	Receivable-Property Tax Current	4311001	0.00	11164.86
2	Receivable-Water Tax Current	4311003	0.00	7083.33
3	Receivable-Sewerage & Drainage Tax Current - User charges	4311005	0.00	400.32
4	Receivable-Cleaning Tax Current - Conservancy tax	4311011	0.00	8753.87
5	Receivable-Street light Tax Current	4311015	0.00	335.15
6	Receivable-SWM User Charges	4311051	0.00	1040.46
7	Receivable-Special Cleaning Tax Arrears	4311053	0.00	24079.43
			0.00	52857.40
	Grouping : 56 : OTHER SCHEDULED BANKS - 45062			
1	SBI	4506254	2.59	2.59
2	Union Bank of India S/A Auto FOR IHSDP	4506255	4777.11	4777.11
3	ICICI BANK R R	4506257	2276.33	2276.33
4	HDFC Bank	4506259	200.88	200.88
5	Kotak Mahindra Bank	4506260	4318.20	4318.20
6	A U Bank	4506262	41.76	41.76
7	Bank of Baroda		6.18	6.18
8	Axis		948.68	948.68
9	IDBI		13.02	13.02
			12584.75	12584.75

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOOC8896

Chief Account Officer
Bhavnagar Municipal Corporation

BHAVNAGAR MUNICIPAL CORPORATION

INCOME & EXPENDITURE ACCOUNT

For the year ended March 31, 2023

Sr. No.	Major Head Description	Major Code	Schedule	(Rs.in Lacs) CASH BASIS 2022-23	(Rs.in Lacs) ACCRUAL BASIS 2022-23
I	INCOME				
1	Tax Revenue	110	A	13,466.93	14,533.24
2	Assigned Revenues & Compensations	120	B	4,096.87	4,096.87
3	Rental Income from Municipal Properties	130	C	695.72	695.72
4	Fees & User Charges	140	D	2,381.04	2,549.28
5	Sale & Hire Charges	150	E	98.08	98.08
6	Revenue Grants and Contributions & Subsidies	160	F	9,138.96	9,138.96
7	Income from Investment	170	G	1,117.67	1,117.67
8	Interest Earned	171	H	881.46	4,441.87
9	Other Income	180	I	4,215.56	4,215.56
10	Stores & consumables		I-1	-	4.89
				36,092.29	40,892.14
II	EXPENDITURE				
1	Establishment Expenses	210	J	16,705.33	16,705.33
2	Administrative Expenses	220	K	13,772.73	13,773.03
3	Operating & Maintenance	230	L	6,708.20	6,708.20
4	Interest & Finance Charges	240	M	-	-
5	Programme Expenses	250		-	-
6	Revenue Grants,Contribution, & Subsidies to Other	260	N	16.99	16.99
7	Provision & Write Off	270	O	-	-
8	Miscellaneous Expenses Losses & Refunds	271	P	-	-
9	Depreciaction	272	Q	-	4,548.18
				37,203.25	41,751.73
	Gross (deficit)/Surplus of Income Over Expenses			(1,110.96)	(859.58)
	Less :-Transfer to Reserve Funds/Prior Period Exps.	290	R	-	-
	Add : Prior Period Items	280	S	-	-
	Net Surplus Carried Over to Municipal Fund			(1,110.96)	(859.58)
	Notes to the Accounts				

The Schedules Refers to above form an Integral part of the Income & Expenditure Account

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date:
Place: Bhavnagar
UDIN:

Chief Account Officer
Bhavnagar Municipal Corporation

SCHEDULE FORMING PART OF AND ANNEXED TO INCOME & EXPENDITURE ACCOUNT
For the year ended March 31,2023

Sr. No.	Minor Head Description	Minor Code	Grouping	(Rs.in Lacs) CASH BASIS 2022-23	(Rs.in Lacs) ACCRUAL BASIS 2022-23
	SCHEDULE : A : Tax Revenue - 110				
1	Property Tax	11001	1	5742.86	6196.17
2	Water Tax	11002	2	2291.05	2443.50
3	Sewerage Tax	11003	3	8.64	25.08
4	Conservancy (Sanitation) Tax	11004	4	4359.73	4663.74
5	Lighting Tax	11005	5	106.93	247.03
6	Education Tax	11006		0.00	0.00
7	Vehicle Tax	11007		0.00	0.00
8	Tax on Animals	11008		0.00	0.00
9	Electricity	11009		0.00	0.00
10	Professional Tax	11010	6	489.01	489.01
11	Advertisement Tax	11011		0.00	0.00
12	Pilgrimage Tax	11012		0.00	0.00
13	Octroi & Toll	11051		0.00	0.00
14	Cess	11052		0.00	0.00
15	Others Taxes	11080	7	468.71	468.71
16	Tax Remission & Refund	11090			
				13466.93	**14533.24**
	SCHEDULE : B : Assigned Revenue & Compansations - 120				
1	Tax & Duties Collected by Others	12010		0.00	0.00
2	Compensations in lieu of Taxes / Duties	12020	8	4096.87	4096.87
3	Compensations in lieu of Cocessions	12030		0.00	0.00
				4096.87	**4096.87**
	SCHEDULE : C : Rental Income from Municipal Properties - 130				
1	Rent from Civic Amenities	13010	9	43.77	43.77
2	Rent from Office Building	13020		0.00	0.00
3	Gross (deficit)/Surplus of Income Over Expenses	13030		0.00	0.00
4	Rent from Lease of Land	13040		0.00	0.00
5	Other Rent & License Fees	13080	10	651.95	651.95
6	Rent,Remissions,and Refund	13090		0.00	0.00
	SCHEDULE :D : Fees & User Charges - 140				
1	Empanelment & Registration Charges	14010		0.00	0.00
2	Licensing Fees	14011	11	22.83	22.83
3	Fees for grant of Permit	14012	12	224.71	224.71
4	Fees for,Certificate / Extract	14013	13	10.44	10.44
5	Development Charges	14014		0.00	0.00
6	Regularisation Fees	14015		0.00	0.00
7	Penalties & Fines	14020	14	92.85	92.85
8	Other Fees	14040	15	202.03	202.03
9	User Charges	14050	16	679.88	848.12
10	Entry Fees	14060	17	72.08	72.08
11	Service / Administrative Charges	14070	18	1076.22	1076.22
12	Other Charges	14080		0.00	0.00
13	Fees Remission and Refund	14090		0.00	0.00
				2381.04	**2549.28**





Sr. No.	Minor Head Description	Minor Code	Grouping	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	SCHEDULE : E : Sale & Hire Charges - 150				
1	Sale of Products	15010	19	0.00	0.00
2	Sale of Forms & Publications	15011		98.08	98.08
3	Sale of Store & Scrap	15012		0.00	0.00
4	Sale of Others	15030		0.00	0.00
5	Hire Charges for Vehicles	15040		0.00	0.00
6	Hire Charges on Equipments	15041		0.00	0.00
				98.08	98.08
	SCHEDULE : F :Revenue Grant ,Contri.& Subsidies -160				
1	Revenue Grants	16010	20	9130.96	9130.96
2	Reimbursement of Expenses	16020		0.00	0.00
3	Contribution Towards Scheme	16030	21	8.00	8.00
				9138.96	9138.96
	SCHEDULE : G : Income From Investment - 170				
1	Interest	17010	22	1117.67	1117.67
2	Dividend	17020		0.00	0.00
3	Income from Project taken Up on Comm. Basis	17030		0.00	0.00
4	Profit on sale of Investment	17040		0.00	0.00
5	Others	17080		0.00	0.00
				1117.67	1117.67
	SCHEDULE : H : Interest Earned - 171				
1	Interest from Bank Account	17110		0.00	0.00
2	Interest on Loan and Advances to Employees	17120		0.00	0.00
3	Interest on Loan to Others	17130		0.00	0.00
4	Other Interest	17180	23	881.46	4441.87
				881.46	4441.87
	SCHEDULE : I : Other Income - 180				
1	Deposit Forfeited	18010		0.00	0.00
2	Lapsed Deposits	18011		0.00	0.00
3	Insurance Claims Recovery	18020		0.00	0.00
4	Profit on Disposal of Fixed Assets	18030		0.00	0.00
5	Recovery from Employees	18040		0.00	0.00
6	Unclaimed Refund payable/Liabilities written back	18050		0.00	0.00
7	Excess Provisions written back	18060		0.00	0.00
8	Miscellaneous Income	18080	24	4215.56	4215.56
				4215.56	4215.56





Sr. No.	Minor Head Description	Minor Code	Grouping	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	SCHEDULE:I-1 Stores and Consumables				
1	Opening Balance		25	0.00	167.83
2	Addition during the year			0.00	4.89
3	Closing Balance			0.00	172.72
	SCHEDULE : J :Establishment Expenses - 210				
1	Salaries,Wages & Bonus	21010	26	9113.73	9113.73
2	Benefit and Allowances	21020	27	619.40	619.40
3	Pension	21030		3628.07	3628.07
4	Other Terminal & Retirement Benefits	21040	28	3344.13	3344.13
				16705.33	16705.33
	SCHEDULE : K : Administrative Expenses - 220				
1	Rent,Rates,Taxes	22010		0.00	0.00
2	Office Maintanance	22011		0.00	0.00
3	Communication Expenses	22012	29	14.25	14.25
4	Books & Periodicals	22020	30	0.19	0.19
5	Printing and Stationery	22021	31	28.81	28.81
6	Travelling & Conveyance	22030	32	0.70	0.70
7	Insurance	22040	33	22.57	22.57
8	Audit Fees	22050		0.00	0.30
9	Legal Expenses	22051		0.00	0.00
10	Professional and other Fees	22052	34	36.97	36.97
11	Council meeting, Honorarium & sitting fees	22053	35	57.88	57.88
12	Advertisement and Publicity	22060	36	16.92	16.92
13	Membership & subscription	22061		0.00	0.00
14	Others	22080	37	13594.44	13594.44
				13772.73	13773.03
	SCHEDULE : L : Operating & Maintenancce - 230				
1	Power & Fuel	23010	38	2683.23	2683.23
2	Bulk Purchase	23020		0.00	0.00
3	Consumption of Stores	23030	39	0.07	0.07
4	Hire Charges	23040		0.00	0.00
5	Repairs & Maintenance Infrastructure Assets	23050	40	3501.46	3501.46
6	Repairs & Maintenance Civil Amenities	23051	41	60.92	60.92
7	Repairs & Maintenance Building	23052	42	224.21	224.21
8	Repairs & Maintenance Vehicles	23053	43	179.50	179.50
9	Repairs & Maintenance Others	23059	44	58.81	58.81
10	Other Operating & Maintenance expenses	23080		0.00	0.00
				6708.20	6708.20
	SCHEDULE : M : Interest & Finance Charges - 240				
1	Inerest on Loan from Central Government	24010		0.00	0.00
2	Inerest on Loan from State Gonernment	24020		0.00	0.00
3	Inerest on Loan from Government Bodies & Associations	24030		0.00	0.00
4	Inerest on Loan from international Agencies	24040		0.00	0.00
5	Inerest on Loan from Bank & Other financial Institutions	24050		0.00	0.00
6	Other Inerest	24060		0.00	0.00
7	Bank Charges	24070		0.00	0.00
8	Other Finance Expenses	24080		0.00	0.00
				0.00	0.00

Sr. No.	Minor Head Description	Minor Code	Grouping	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	SCHEDULE : N : Programme Expenses - 250				
1	Electronic Expenses	25010		0.00	0.00
2	Own Programme	25020		0.00	0.00
3	Share In Programme of Others	25030		0.00	0.00
				0.00	**0.00**
	SCHEDULE : N : Rev.Grant,Contri.Subsidies - 260				
1	Grants	26010	45	16.99	16.99
2	Contributions	26020		0.00	0.00
3	Subsidies	26030		0.00	0.00
				16.99	**16.99**
	SCHEDULE : O : Provision & Write Off - 270				
1	Provision for Doubtful Receivables	27010		0.00	0.00
2	Provision for Other Assets	27020		0.00	0.00
3	Revenues written off	27030		0.00	0.00
4	Assets Written Off	27040		0.00	0.00
5	Misellaneous Expenses Written Off	27050		0.00	0.00
				0.00	**0.00**
	SCHEDULE : P : Misc.Expenses - 271				
1	Loss on Disposal of Assets	27110		0.00	0.00
2	Loss on Disposal of Inveatments	27120		0.00	0.00
3	Decline in Value of Investments	27130		0.00	0.00
				0.00	**0.00**
	SCHEDULE : Q : Depreciaction - 272				
1	Building	27220	46	0.00	276.71
2	Roads & Bridgs	27230	47	0.00	36.43
3	Sewerage & Drainage	27231	48	0.00	12.02
4	WaterWays	27232	49	0.00	3503.08
5	Public Lighting	27233	50	0.00	0.17
6	Plant & Machinery	27240	51	0.00	137.04
7	Vehicles	27250	52	0.00	101.21
8	Office & Other Equipments	27260	53	0.00	293.28
9	Computer	27261	54	0.00	106.62
10	Other Office Equipment	27262		0.00	0.00
11	Furniture,Fixture,Fittings and Electrical Appliances	27270	55	0.00	81.63
12	Other Fixes Assets	27280		0.00	0.00
				0.00	**4548.18**
	SCHEDULE : R : Prior Period Items - 280				
1	Taxes	28010		0.00	0.00
2	Other Revenues	28020		0.00	0.00
3	Recovery of revenues written off	28030		0.00	0.00
4	Other Income	28040		0.00	0.00
5	Refund of Taxes	28050		0.00	0.00
6	Refund of Other - Revenues	28060		0.00	0.00
7	Other Expenses	28080		0.00	0.00

Sr. No.	Minor Head Description	Minor Code	Grouping	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
				0.00	0.00
	SCHEDULE : 5 : Transfer to Reserve Funds -290				
1	Special Funds	29010		0.00	0.00
2	Sinking Funds	29020		0.00	0.00
3	Trust Funds	29030		0.00	0.00
4	Reserves	29040		0.00	0.00
5	Municipal General Fund	29050		0.00	0.00
6	Income & Expenditure A/c	29099		0.00	0.00
				0.00	0.00

The Groupings referred to from an integral part of the schedules to the Income & Expenditure account.

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBO0455596

Chief Account Officer
Bhavnagar Municipal Coeporation

GROUPING ANNEXED TO &FORMING PART OF SCHEDULE TO INCOME & EXPENDITURE ACCOUNT
For the year ended March 31,2023

Sr. No.	Detail Head Description	Account Code	(Rs.in Lacs) CASH BASIS 2022-23	(Rs.in Lacs) ACCRUAL BASIS 2022-23
	GROUPING :1: PROPERTY TAX - 11001			
1	Property Tax	1100101	5,742.86	6196.17
	TOTAL		5742.86	6196.17
	GROUPING :2: WATER TAX - 11002			
1	Water Tax General	1100201	1,684.28	1836.73
2	Special Water Tax	1100203	606.77	606.77
	TOTAL		2291.05	2443.50
	GROUPING :3: SEWERAGE TAX - 11003			
1	Sewerage Tax	1100301	8.64	25.08
	TOTAL		8.64	25.08
	GROUPING :4: SANITATION TAX - 11004			
1	General Cleaning Tax	1100401	3,886.43	4190.44
2	Re-cycleing water charge		473.30	473.30
	TOTAL		4,359.73	4,663.74
	GROUPING :5: STREET LIGHT TAX - 11005			
1	Street Light Tax	1100501	106.93	247.03
	TOTAL		106.93	247.03
	Gross (deficit)/Surplus of Income Over Expenses			
1	Professional Tax EC - Current	1101052	150.38	150.38
	TOTAL		489.01	489.01
	GROUPING :7 : OTHER TAXES - 11080			
1	Tax Difference	1108051	-	-
2	Tax Miscellaneous	1108052	-	-
1	Vehicle tax		468.71	468.71
	TOTAL		468.71	468.71
	GROUPING :8 : OTHER TAXES - 12010			
1	Entertainment Tax Current	1201051	-	-
2	Entertainment Tax Arrears	1201052	-	-
	TOTAL		-	-

Sr. No.	Detail Head Description	Account Code	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	GROUPING :8: COMPENSATION IN LIEU OF TAXES/DUTIES - 12020			
1	Compensation In Lieu Of Octroi	1202001	4,096.87	4,096.87
	TOTAL		**4,096.87**	**4,096.87**
	GROUPING : 9 : RENT FROM CIVIC AMENITIES - 13010			
1	Rent - Market Stallage	1301005	41.53	41.53
2	Rent - Mobile Tower	1301013	2.24	2.24
	TOTAL		**43.77**	**43.77**
	GROUPING :10 : INCOME FROM PROPERTY -13080			
1	License Fee Advertisement / Hoarding On Mu	1308001	193.67	193.67
2	Rent - Gas Pipeline	1308051	458.28	458.28
	TOTAL		**651.95**	**651.95**
	GROUPING :11: LICENSING FEES - 14011			
1	Fees-Shop & Establishment License	1401101	0.03	0.03
2	Fees-License	1401105	22.52	22.52
3	Food safety license		0.28	0.28
	TOTAL		**22.83**	**22.83**
	GROUPING :12: FEES FOR GRANT OF PERMIT - 14012			
1	Fees - Plan Sanction / Scrutiny	1401201	165.20	165.20
2	Fees - Mobile / Tele Tower Permission	1401204	0.39	0.39
3	Fees - Transfer Fee, Registration, Stall	1401207	59.12	59.12
	TOTAL		**224.71**	**224.71**
	GROUPING :13: FEES FOR CERTI. OR EXTRACT - 14013			
1	Fees -RTI Copy	1401301	0.57	0.57
2	Fees- Other Copy & Certificat	1401306	9.87	9.87
	TOTAL		**10.44**	**10.44**
	GROUPING :14: PENALTIES AND FINES - 14020			
1	Penalties - Illegal Construction	1402001	49.76	49.76
2	Penalties - Other Penalties	1402012	43.09	43.09
	TOTAL		**92.85**	**92.85**
	GROUPING :15: OTHER FEES - 14040			
1	Fees- Water New Conection	1404002	6.84	6.84
2	Fees - Drainage New Connection	1404004	82.28	82.28
3	Fees- Other	1404016	103.51	103.51
4	Fees- Impact Fees	1404057	9.40	9.40
	TOTAL		**202.03**	**202.03**

Sr. No.	Detail Head Description	Account Code	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	GROUPING :16: USER CHARGES - 14050			
1	User Charges - Water Tanker	1405011	19.12	19.12
2	User Charges - Tank Clearance, Jetting, Vaccum Er	1405017	12.92	12.92
3	User Charges - Fire Extingushing	1405024	0.75	0.75
4	User Charges - Health Dustbin Income	1405056	647.09	815.33
	TOTAL		679.88	848.12
	GROUPING :17: ENTRY FEES - 14060			
1	Entry Fees - Parks & Garden	1406002	72.08	72.08
	TOTAL		72.08	72.08
	GROUPING :18: SERVICE / ADMINISTRATIVE CHARGES - 14070			
1	Service Charges - Administrative Charges	1407002	52.98	52.98
2	Service Charges - Administrative-Others Char	1407008	1,023.24	1,023.24
	TOTAL		1076.22	1076.22
	GROUPING :19: SALE OF FORMS & PUBLICATION-15011			
1	Sale Of - Tender Forms	1501101	98.08	98.08
	TOTAL		98.08	98.08
	GROUPING :20: REVENUE GRANTS, CONTRIBUTION & SUBSIDIES - 16010			
1	I.C.D.S. Grant		396.44	396.44
2	Urban Meleria Grant		162.14	162.14
3	Other Revenue Grant		18.30	18.30
4	Primary Education Grant		8,138.47	8,138.47
5	Education Cess Grant		365.61	365.61
6	Animal control Grant		50.00	50.00
	TOTAL		9130.96	9130.96
	GROUPING :21: CONTRIBUTION TOWARDS SCHEME - 16030			
1	Donation - Public Contribution	1603002	8.00	8.00
	TOTAL		8.00	8.00
	GROUPING :22: INCOME FROM INVESTMENT - 17010			
1	Interest income from Fixed deposit	1701001	1,117.67	1,117.67
			1117.67	1117.67
	GROUPING :23: OTHER INTEREST - 17180			
1	Interest - Delayed Receipt of Taxes	1718003	873.03	4433.44
3	Professional Tax - EC Interest - Arrears	1718051		
4	Professional Tax - EC Interest - Current	1718052		
5	Professional Tax - RC Interest - Arrears	1718053		
6	Professional Tax - RC Interest - Current	1718054	-	-
7	Shopping Complex Interest-Arrears	1718055		
2	Shopping Complex Interest-Current	1718056	8.43	8.43
9	Other Interest		-	-
	TOTAL		881.46	4441.87

Sr. No.	Detail Head Description	Account Code	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	GROUPING :24: MISCELLANEOUS INCOME - 18080			
1	Other Income	1808004	108.02	108.02
2	Road Reinstatement Fees	1808051	375.81	375.81
3	Other Drainage Income		103.34	103.34
4	Other Estate Income		348.49	348.49
5	Other Road Dept.Income		65.31	65.31
6	Other Town Deve.Dept.Income		3,016.08	3,016.08
7	Other Town Planning Dept.Income		198.51	198.51
	TOTAL		4215.56	4215.56
	GROUPING : 25 STORES AND CONSUMABLES			
	Opening balance B/F		0.00	167.83
	Addition/(Deduction):			
	Water Workers		0.00	10.00
	Store		0.00	7.20
	Garden		0.00	-
	Stocks		0.00	0.98
	Health		0.00	(16.68)
	Fire and Emergency		0.00	3.39
			0.00	4.89
	Closing Balance		0.00	172.72
	GROUPING :26: SALARIES, WAGES, & BONUS - 21010			
1	Basic Pay	2101001	6,361.50	6,361.50
2	Dearness Allowance /Other Allowance	2101002	1,232.51	1,232.51
3	Wages	2101003	148.30	148.30
4	Apprentice training stipend	2101004	142.04	142.04
5	Bonus	2101005	42.70	42.70
6	Salary Difference (Budget-Esta Patrak)	2101012	1,186.68	1,186.68
	TOTAL		9113.73	9113.73
	GROUPING :27: BENEFITS & ALLOWANCE - 21020			
1	Allowances - House Rent	2102001	415.29	415.29
2	Allowances - Washing	2102003	5.98	5.98
3	Allowances - Medical	2102005	42.99	42.99
4	Allowances - Petrol	2102051	103.22	103.22
5	Other Allowance		51.92	51.92
	TOTAL		619.40	619.40

Sr. No.	Detail Head Description	Account Code	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	GROUPING :28: OTHER TERMINAL & RETIREMENT BENEFITS-21040			
1	Leave Encashment	2104001	597.24	597.24
2	Death Cum Retirement Gratuity	2104002	1,199.24	1,199.24
3	C.P.F. Contribution	2104003	73.98	73.98
4	E.P.F. Contribution	2104004	2.13	2.13
5	N.P.S. Contribution		176.72	176.72
6	PENSION /CO.PENSION		3,628.07	3,628.07
7	PENSION FUND		300.00	300.00
8	Other Benifits		956.34	956.34
9	Bonus (Musafari is shown below at Group 35)		38.48	38.48
	TOTAL		**6972.20**	**6972.20**
	GROUPING :29: COMMUNICATION EXPENSES - 22012			
1	Telephone Landline	2201201	8.01	8.01
2	Telephone Mobile Exp	2201202	6.24	6.24
	TOTAL		**14.25**	**14.25**
	GROUPING :30: Books & Periodicals - 22020			
1	News Papers	2202003	0.19	0.19
	TOTAL		**0.19**	**0.19**
	GROUPING :31: PRINTING & STATIONARY - 22021			
1	Stationery & Printing	2202101	28.81	28.81
	TOTAL		**28.81**	**28.81**
	GROUPING :32: TRAVELLING & CONVEYENCE - 22030			
1	Staff Travelling Expenses	2203001	0.70	0.70
	TOTAL		**0.70**	**0.70**
	GROUPING :33: INSURANCE - 22040			
1	Vehicle Insurance Premium	2204004	22.57	22.57
	TOTAL		**22.57**	**22.57**
	GROUPING :34: PROFESSIONAL & OTHER FEES - 22052			
1	Advocate Fees (Legal Labor Dept Total Contir	2205205	36.97	36.97
	TOTAL		**36.97**	**36.97**

Sr. No.	Detail Head Description	Account Code	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	GROUPING :35: COUNCIL MEMBERS - 22053			
1	Expenses for Council Members (Mayor & Committee)		57.88	57.88
	TOTAL		**57.88**	**57.88**
	GROUPING :36: ADVERTISEMENT & PUBLICITY - 22060			
1	Advertisement - Others	2206008	16.92	16.92
	TOTAL		**16.92**	**16.92**
	GROUPING :37: OTHERS - 22080			
1	Office general Exp (Account Dept-Parchuran	2208008	1.54	1.54
2	Misc Exp (Commi.Office Misc-other entered-	2208012	701.84	701.84
3	Contingency of Prof Tax, Fire, Urban Commu.	2208051	26.43	26.43
4	Contingency Karmachari kalyan & all other IC	2208052	314.37	314.37
5	Discount On Early Payment - Of Property Tax	2408001	584.15	584.15
6	Tax Refund-Property Tax		60.20	60.20
7	Tax Refund-Professional Tax		2.49	2.49
8	Financial Assistance for varsaai pratha	2208057	42.00	42.00
9	Primary Education Grant Exp		8,138.47	8,138.47
10	Primary Education Exp contribution		2,147.34	2,147.34
11	ICDS Others expenses		469.95	469.95
12	Health UPHC UCHC 76		1,105.66	1,105.66
	TOTAL		**13594.44**	**13594.44**
	GROUPING :38: POWER & FUEL - 23010			
1	Electricity Water Supply Dept	2301001	1,812.53	1,812.53
2	Electricity Street Light	2301002	315.88	315.88
3	Electricity Drainage	2301004	468.98	468.98
4	Electricity (Building, Road, Estate, C.E.)	2301005	53.16	53.16
5	Electricity Others	2301006	32.68	32.68
	TOTAL		**2683.23**	**2683.23**
	GROUPING :39: CONSUMPTION OF STORES - 23030			
1	Stores - Others (CE)	2303010	0.07	0.07
	TOTAL		**0.07**	**0.07**
	GROUPING :40: REPAIR & MAIN. INFRASTRUCTURE ASSETS - 23050			
1	R & M - Road & Bridges	2305001	117.20	117.20
2	R & M - Water Supply System	2305004	2,080.04	2,080.04
3	R & M - Sewerage & Drainage System	2305005	554.17	554.17
4	R & M - Street Light System	2305007	371.37	371.37
5	R & M - Solid Waste Management Infrastruct	2305010	378.68	378.68
	TOTAL		**3501.46**	**3501.46**

Sr. No.	Detail Head Description	Account Code	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	GROUPING :41: REPAIR & MAIN. CIVIC AMENITIES - 23051			
1	R & M - Park & Gardens	2305101	52.67	52.67
2	R & M - Crematorium	2305115	8.25	8.25
	TOTAL		60.92	60.92
	GROUPING :42: REPAIR & MAIN. BUILDING - 23052			
1	R & M - Office Buildings	2305201	186.75	186.75
2	R & M -Community hall / Civic Centers (Estat	2305206	34.24	34.24
3	R & M - Others Buildings	2305206	3.22	3.22
	TOTAL		224.21	224.21
	GROUPING :43: REPAIR & MAIN. VEHICLES - 23053			
1	R & M - Other Vehicle Maintenance	2305309	58.33	58.33
2	R & M - Petrol	2305311	115.31	115.31
3	R & M - Fire Fighter	2305351	5.86	5.86
	TOTAL		179.50	179.50
	GROUPING :44: REPAIR & MAIN. OTHERS - 23059			
1	R & M - Furniture & Fixtures	2305901	0.82	0.82
2	R & M - Computers Repairs Expenses	2305904	57.99	57.99
	TOTAL		58.81	58.81
	GROUPING :45: GRANTS - 26010			
1	Election Expenses	2601056	16.99	16.99
	TOTAL		16.99	16.99
	GROUPING :46: BUILDINGS - 27220			
1	Depreciation - Buildings	2722001	276.71	276.71
	TOTAL		276.71	276.71
	GROUPING :47: ROADS & BRIDGES - 27230			
1	Depreciation - Roads & Bridges	2723001	36.43	36.43
	TOTAL		36.43	36.43
	GROUPING :48: SEWERAGE & DRAINAGE - 27231			
1	Depreciation - Sewerage And Drainage	2723101	12.02	12.02
	TOTAL		12.02	12.02

Sr. No.	Detail Head Description	Account Code	CASH BASIS 2022-23	ACCRUAL BASIS 2022-23
	GROUPING :49: WATERWAYS - 27232			
1	Depreciation - Waterways	2723201	3503.08	3503.08
	TOTAL		3,503.08	3,503.08
	GROUPING :50: PUBLIC LIGHTING - 27233			
1	Depreciation - Public Lighting	2723301	0.17	0.17
	TOTAL		0.17	0.17
	GROUPING :51: PLANT & MACHINERY - 27240			
1	Depreciation - Plant & Machinery	2724001	137.04	137.04
	TOTAL		137.04	137.04
	GROUPING :52: VEHICLES - 27250			
1	Depreciation - Vehicles	2725001	101.21	101.21
	TOTAL		101.21	101.21
	GROUPING :53: OFFICE & OTHER EQUIPMENTS - 27260			
1	Depreciation - City Engg.Office	2726001	293.28	293.28
	TOTAL		293.28	293.28
	GROUPING :54: COMPUTER - 27261			
1	Depreciation - Computer	2726101	106.62	106.62
	TOTAL		106.62	106.62
	GROUPING :55: FURNITURE, FIXTURES, FITTINGS & ELECTRICAL APPLIENCES-27270			
1	Depreciation - Furniture, Fix., Fittings And Elec. Applies.	2727001	81.63	81.63
	TOTAL		81.63	81.63

J Y Vora and Associates,
Chartered Accountant
FRN: 145333W

CA Jeet Vora
Proprietor
Mem. No. 179494
Date: 06/11/2024
Place: Bhavnagar
UDIN: 24179494BKBOEA5598

Chief Account Officer
Bhavnagar Municipal Corporation

BHAVNAGAR MUNICIPAL CORPORATION

Cash Flow Statement (Indirect Method)

Year 2022-2023

(Rs. In lacs)

Particulars	Amount	Amount
Cash flow from Operating Activities		
Net loss before taxation and extraordinary items	(859.58)	(859.58)
Adjustments relating to non-cash & non-operating items:		
Add: Items to be added		
Depreciation	4,548.18	4,548.18
Less: Items to be deducted		
Interest earned	4,441.87	
Income from investment	1,117.67	5,559.54
Operating profit/loss before working capital changes		(1870.94)
Adjustments relating to change in current assets & current liabilities:		
Add: Items to be added		
Increase in grant, contribution for specific purposes	21,574.35	21,574.35
Less: Items to be deducted		
Increase in current liabilities & provisions	361.55	
Increase in sundry debtors	4,759.06	
Increase in stock-in-trade	4.89	5,125.50
Cash generated from operation		14,577.91
Income tax paid	-	
Cash flow before extraordinary item	-	14,577.91
Extraordinary items	-	-
Net cashflow from operating activities		**14,577.91**
Cash flow from Investing Activities		
Interest earned	4,441.87	
Income from investment	1,117.67	
Less: Items to be deducted		
Purchase of Fixed assets	590.25	
Purchase of investments	6020.89	
Net cashflow from investing activities		(1051.60)
Cash flow from Financing Activities		
Change in Reserves	3,256.74	
Less: Items to be deducted		
Change in Municipal Fund	18,540.61	
Net cashflow used in financing activities		**(15283.87)**
Net increase/(decrease) in cash and cash equivalents		(1757.56)
Cash and cash equivalents at beginning of period		14,342.31
Cash and cash equivalents at end of the period		**12,584.75**

Chief Accounts Officer
BHAVNAGAR MUNICIPAL CORPORATION

Notes forming part of Financial Statements:

1) **Income and Expenditure Statement**:

i) Any income or expenses are recognized only after the same has been cover under pre audit at the corporation. The expenses have been incurred only after the same has been approved by the Audit Department.

ii) The major source of revenue for the corporation are various grants received from the different Governments. But also have own source of income from various types of taxes namely, Property Tax, Water Charges etc. All the local taxes are wholly forming part of the revenue of the corporation itself.

iii) The new method of calculation for property tax had been introduced since 2013. The new method is known as Property Tax – Carpet area based.

iv) For all the taxes, a demand is being raised at the beginning of the year and the collection of the same during the year has been reduced from the total demands to arrive at any receivable at the end of the Financial Year.

v) There are some other taxes also apart from main taxes related to basic facilities, like, professional Tax, Vehicle Tax etc. which are recognized on receipt basis which is as per guideline mentioned in National Municipal Accounting Manual.

vi) Rental incomes from the properties are recorded on receipt basis. The accounting of the same has been done based on treatment specified according to National Municipal Accounting Manual.

vii) The expense head of Establishment Expense mostly consist of Salary, Wages, Bonus, Other retirement benefits including pension and any other incidental expenses.

viii) Any other expenditure has been paid as and when they have been incurred.

2) Balance Sheet Items:

i) Municipal Funds:

Since inception, the Corporation has followed cash basis of accounting and opening balances were not carried forward till 2021. The amount of accumulated difference in opening balances for preparation of Financial Statementsas well as budget have been adjusted in Municipal Fund, which is the ultimate corpus fund of Bhavnagar Municipal Corporation, and the same has been carried forward to the following Financial Years also. These differences are due to several aspects like unidentified received amounts, bank balances, cheque returns, software errors, etc.

ii) Grants and Contributions:

Grants have been received from Central as well as State Governments either for specific purpose or for general purpose. The same have been recorded as and when received from the concerned authorities. The accounting of the same has been done, to the extent possible, based on treatment specified according to National Municipal Accounting Manual.

iii) Fixed Assets:

a) Opening Balance of Fixed Assets are Brought forwarded from the last year Restated Financial Statement.

b) Additions to Assets have been done by considering actual expenditure on assets incurred and paid during the year based on Budgeted Actual Data.

c) Fixed Assets as shown in the financial statements represent the cost incurred for capital infrastructure by the different works department consisting opening balance as well as expense capitalised during the year under consideration and corresponding effect was given against Capital Contribution Account as per NMAM. Possession and ownership lies with the organisation. Assets built / created above earth level are physically verified by the concerned department and assets like storm lines, water lines, sewerage lines which are laid underground also mapped with GIS system.

d) Museum, Art crafts, sculptures, Trees etc. have not been included in the schedule of fix assets as information of those assets are not available.

e) Based on data provided assets are classified as under:

- Land
- Plant & Machinery
- Building
- Vehicles
- Computers
- Electrical Appliances
- Office &Equipments
- Roads & Bridges
- Public Lights
- Sewerage & Drainage
- Water Ways

iv) Current Assets:

a) Bank Balances:

Bank Balances are subject to reconciliation and the balances may very due to non-availability of information pertaining to unidentified entries not known at the time of data entry.

b) Receivables:

The major component of receivables has been drawn from receivables created for various types of taxes to be collected as assessed at the beginning of the financial year. Detailed receivable has been maintained in the software by the concerned departments.

c) Difference in Opening Balance:

The amount of accumulated difference in opening balance has been adjusted in Municipal Fund Account.

v) Current Liabilities:

Current liabilities have been derived based information provided and data from budgets.

SIGNIFICANT ACCOUNTING POLICIES :

Significant accounting policies are basis of accounting that is used to determine how the transactions are reported on financial statement.

The accounting policies have been prepared to considering National Municipal Accounting Manual (NMAM), Government Accounting Standard Advisory Board (GASAB) Pronouncements, Various relative accounting standard of Institute of Chartered Accountant of India (ICAI), Accounting Standards for Local Bodies issued by ICAI and comptroller & Auditor General's report on Local urban bodies.

BASIS OF PRESENTATION

Method of Accounting :

The Method of accounting is double entry system.

1) ***Income:***

   a) ***Tax Revenue:***

      Tax revenue comprise of property tax, water tax, sewerage tax, conservancy tax, streetlight tax etc. are presented on accrual basis as per followed by AS-9 "Revenue recognition".

   b) ***Octroi, Professional Tax, Vehicle Tax and rental income from municipal properties:***

      The above mentioned incomes are recorded on the actual basis.

c) ***Interest Earned:***

Interest income from fixed deposits and other bank accounts are recorded as and when they have been received.

2) ***Expenditure:***

Expenses of corporation include establishment expenses, administrative and operating & maintenance expenses.

3) ***Depreciation:***

Depreciation has been charged as per written down value method followed by AS-10 "Property, Plant & Equipment".

4) ***Recognition of grant income & expenditure:***

Recognition of Grant income and Expenditure done as per NMAM guideline.

Income and expenditure related to general purpose revenue grant are accounted under income and expenditure account as and when the same received/paid.

Revenue grant for specific purpose: Grant is recognized as income under the income and expenditure account up to the amount of revenue utilized during the year. Any grant balance outstanding is shown under the head liability in the balance sheet.

Capital Grant: Fixed assets are created up to the amount of capital grant utilized during the year by crediting capital contribution shown under the head Reserve and Surplus as per NMAM.

5) ***Reserves:***

Reserves consist of general reserve of pension fund & capital contribution at the end of Financial Year.

6) ***Long term liabilities:***

There are no long term liabilities as on 31.03.2023.

7) ***Current liabilities:***

a) Municipal Corporation has an unpaid liability against deposit received from contractor or supplier. No confirmations have been obtained from respective external parties.

b) Other liabilities include employee liability of provident fund and government dues payables like TDS, Education cess, GST, etc.

8) ***Fixed assets:***

a) Opening Balance of Fixed Assets are Brought forwarded from the last year Restated Financial Statement.

b) Additions to Assets have been done by considering actual expenditure on assets incurred and paid during the year based on Budgeted Actual Data.

f) Fixed Assets as shown in the financial statements represent the cost incurred for capital infrastructure by the different works department consisting opening balance as well as expense capitalised during the year under consideration and corresponding effect was given against Capital Contribution Account as per NMAM. Possession and ownership lies with the organisation. Assets built / created above earth level are physically verified by the concerned department and assets like storm lines, water lines, sewerage lines which are laid underground also mapped with GIS system.

c) Art crafts, sculptures, Trees etc. have not been included in the schedule of fix assets as information of those assets are not available.

d) Based on data provided assets are classified as under:

- Land
- Plant & Machinery
- Building
- Vehicles
- Computers
- Electrical Appliances
- Office & Equipment
- Roads & Bridges
- Public Lights
- Sewerage & Drainage
- Water Ways

9) *Investment:*

Investments comprises of fixed deposit and flexi deposit accounts with banks. Investment is valued at cost.

Interest on investment is accounted on receipt basis.

10) ***Receivables (Sundry debtors):***

Receivable (Sundry debtors) comprises of property taxes receivables at the end of Financial Year.

11) ***Cash & Bank balance:***

Cash comprises of cash in hand and bank balance as on balance sheet date.

ANNEXURE - VII
Budget Documents

Summary of Budget for the year-2025-26- Bhavnagar Municipal Corporation (amount in lakhs)

No.	Nature of Account	Code No.	New Code No.	Actual 2022-2023	Actual 2023-2024	Approve estimate 2024-2025	Amended estimate			2025-2026 Estimate	Estimate approved by the Standing Committee	Estimate approved by General Board	Remarks
							Actual for 08 months	04 months' estimate	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Department	1. General Account (Revenue)												
1	Opening Balance			21824.05	32641.70	28210	52803.35	44883.97	52803.35	37640	37640	37640	
2	Income			36142.76	45350.37	55895	29430.86	27477.96	56908.82	56918	62086	62086	
3	Expenditure			35672.96	40579.10	67239	35307.66	29958.98	65266.64	73776	74735	74735	
4	Closed Balance			22293.85	37412.97	16866	46926.55	42402.95	44445.53	20782	24991	24991	
Department	2. Capital Account												
1	Opening Balance			22293.85	37412.97	16866	46926.55	42402.95	4445.53	20782	24991	24991	
2	Income			41214.11	49747.14	79080	23408.82	39824.18	63233.00	88105	95809	95809	
3	Expenditure			30203.21	36170.54	83482	25646.55	44392.39	70038.94	85847	93056	93056	
4	Closed Balance			33304.75	50989.57	12464	44688.82	37834.74	37639.59	23040	27744	27744	
Department	Extraordinary Debt Suspension												
1	Opening Balance			33304.75	50989.57	12464	44688.82	37834.74	37639.59	23040	27744	27744	
2	Income			3716.14	5629.44	1669	4276.85	1299.56	5576.41	2577	2577	2577	
3	Expenditure			4379.19	3815.66	1669	4081.70	1494.30	5576.00	2577	2577	2577	
4	Closed Balance			32641.70	52803.35	12464	44883.97	37640.00	37640.00	23040	27744	27744	

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Summary of Budget for the year-2024-25- Bhavnagar Municipal Corporation (amount in lakhs)

No.	Nature of Account	Code No.	New Code No.	Actual 2021-2022	Actual 2022-2023	Approve estimate 2023-2024	Amended estimate			2024-2025 Estimate	Estimate approved by the Standing Committee	Estimate approved by General Board	Remarks
							Actual for 08 months	04 months' estimate	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Department	1. General Account (Revenue)												
1	Opening Balance			34225.88	21824.05	13067	32641.62	40549.61	32641.62	28210	28210	28210	
2	Income			31535.07	36142.76	41022	31594.58	17301.42	48896.00	52656	55895	55895	
3	Expenditure			33053.57	35672.96	58218	28479.80	29118.20	57598.00	64427	67612	67612	
4	Closed Balance			32707.38	22293.85	5871	35756.40	28732.83	23939.62	16439	16493	16493	
Department	2. Capital Account												
1	Opening Balance			32707.38	22293.85	5872	35756.40	28732.83	23939.62	16439	16493	16493	
2	Income			21076.69	41214.11	62310	29811.00	17328.00	47139.00	72580	79080	79080	
3	Expenditure			32862.82	30203.29	58563	26076.40	18051.60	44128.00	66689	83482	83482	
4	Closed Balance			20921.25	33304.67	9618	39491.00	28009.23	26950.62	22329	12091	12091	
Department	Extraordinary Debit Suspension												
1	Opening Balance			20921.25	33304.67	9618	39491.00	28009.23	26950.62	22329	12091	12091	
2	Income			4763.44	3716.14	1457	4671.75	865.25	5037.00	1661	1669	1669	
3	Expenditure			3860.64	4379.19	1448	3113.14	664.86	3778.00	1661	1669	1669	
4	Closed Balance			21824.05	32641.62	9627	40549.61	28209.62	28209.62	22329	12091	12091	

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Summary of Budget for the year-2023-24- Bhavnagar Municipal Corporation (amount in lakhs)

No.	Nature of Account	Code No.	New Code No.	Actual 2020-2021	Actual 2021-2022	Approve estimate 2022-2023	Amended estimate			2023-2024 Estimate	Estimate approved by the Standing Committee	Estimate approved by General Board	Remarks
							Actual for 06 months	06 months' estimate	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Department	1. General Account (Revenue)												
1	Opening Balance			32112.02	34225.88	18608	21824.05	37177.33	21824.05	13067	13067	13067	
2	Income			30826.02	31575.07	38554	20866.22	17920.66	38786.88	44718	51022	51022	
3	Expenditure			31608.24	33025.78	53010	19373.45	33686.56	53060.00	56742	58063	58063	
4	Closed Balance			31329.80	32735.17	4152	23316.82	2141143	7550.93	1043	6026	6026	
Department	2. Capital Account												
1	Opening Balance			31329.80	32735.17	4152	23316.82	2141143	7550.93	1043	6026	6026	
2	Income			29247.17	21076.69	52113	26957.26	31680.13	58637.39	52662	62310	62310	
3	Expenditure			29656.57	32890.61	52032	11931.68	40100.33	52032.00	52643	58718	58718	
4	Closed Balance			30920.40	20921.25	14233	38342.41	12991.24	14156.32	1062	9618	9618	
Department	Extraordinary Debt Suspension												
1	Opening Balance			30920.40	20921.25	14233	38342.41	12991.24	14156.32	1062	9618	9618	
2	Income			9348.49	4763.44	1167	2083.99	223.79	2307.78	1275	1457	1457	
3	Expenditure			6043.01	3860.64	1159	3249.07	147.65	3396.72	1248	1448	1448	
4	Closed Balance			34225.88	21824.05	14241	37177.33	13067.38	13067.38	1071	9627	9627	

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Summary of Budget for the year-2022-23- Bhavnagar Municipal Corporation (amount in lakhs)

No.	Nature of Account	Code No.	New Code No.	Actual 2019-2020	Actual 2020-2021	Approve estimate 2021-2022	Amended estimate			2022-2023 Estimate	Estimate approved by the Standing Committee	Estimate approved by General Board	Remarks
							Actual for 06 months	06 months' estimate	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Department	1. General Account (Revenue)												
1	Opening Balance			24522.93	32112.02	16605	34225.88	26890.57	34225.88	18608	18608	18608	
2	Income			28581.01	30837.25	36309	16878.56	20227.94	37106.50	35128	38557	38557	
3	Expenditure			28585.12	31608.24	50006	18140.15	31865.57	50005.72	51052	53160	53160	
4	Closed Balance			24518.82	31341.03	2908	32964.29	65252.94	21326.66	2774	4005	4005	
Department	2. Capital Account												
1	Opening Balance			24518.82	31341.03	2908	32964.29	65252.94	21326.66	2774	4005	4005	
2	Income			27700.60	29235.94	56918	9503.88	40951.98	50455.86	49878	62110	62110	
3	Expenditure			27151.69	29656.57	52851	15643.64	37648.36	53292.00	44667	51882	51882	
4	Closed Balance			25067.73	30920.40	6975	26824.57	28556.56	18490.52	7985	14233	14233	
Department	Extraordinary Debt Suspension												
1	Opening Balance			25067.73	70920.40	6975	26824.53	18556.56	18490.52	7985	14233	14233	
2	Income			14473.53	9348.49	1159	4232.08	443.27	4675.35	1167	1167	1167	
3	Expenditure			7429.24	6043.01	1151	4166.04	792.01	4558.05	1159	1159	1159	
4	Closed Balance			32112.02	34225.88	6983	26890.57	18607.82	18607.82	7993	14241	14241	

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ANNEXURE - VIII
Indicative Covenants

An indicative list of covenants is set forth below:

1. Affirmative Covenants

The Issuer shall, at all times until the Final Settlement Date:

1.1 utilise the funds raised through the Issue solely towards the Purpose, subject to fulfilling the requirements set out in the Debenture Trust Deed;

1.2 comply with all Applicable Laws which are applicable to the Issuer (including, without limitation, the Act, the SEBI Municipal Debt Regulations, and the circulars and rules issued in terms thereof including, any laws which become applicable as a result of this Issue or as a result of using the proceeds hereof for the Purpose and shall keep in full force and effect all consents, authorisations, Government Approvals for entry into and performance of its obligations under the Transaction Documents;

1.3 keep proper books of account as required by Applicable Law and make true and proper entries therein of all dealings and transactions of and in relation to the Debentures and keep the said books of account and all other books, registers and other documents relating to the affairs of the Issuer at its office and the Issuer will ensure that the same shall at reasonable times be open for inspection by the Debenture Trustee and such person or persons, as the Debenture Trustee shall, from time to time, in writing for that purpose appoint;

1.4 discharge and perform all its obligations and covenants as undertaken by it in terms of any of the other Transaction Documents and shall ensure that its obligations under the Transaction Documents shall rank above and prior to all its other present and future obligations, in terms of the Debenture Trust Deed;

1.5 carry on and conduct its business with due diligence and efficiency and in accordance with sound technical, managerial and financial standards and business practices with qualified and experienced management and personnel and duly and punctually pay any rent, rate, cess, revenue impost, duty, tax, premium, payables and outgoings which become lawfully payable by the Issuer including in respect of the assets of the Issuer or any part thereof;

1.6 promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders and shall be registered on the SEBI Complaints Redress System (SCORES) platform or such other electronic platform or system as may be prescribed from time to time in order to handle investor complaints electronically. The Issuer further undertakes that it shall promptly comply with the suggestions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

1.7 ensure all amounts deposited in the Collection Accounts are transferred to the Escrow Account;

1.8 ensure that the accounts of the Issuer are prepared in accordance with the National Municipal Accounts Manual or such other similar municipal accounts manual adopted by the GoG and that the accounts of the Issuer are audited by the persons appointed by the Issuer, as permissible under the Act;

1.9 ensure that the bank account of the Issuer wherein the proceeds of the Issue have been received and the payment accounts are audited by persons appointed by the Issuer within 90 (Ninety) days of the end of each financial year and the reports generated in respect of such audit shall be promptly shared with the Debenture Trustee;

1.10 the Issuer shall ensure that the payment accounts are maintained with a scheduled commercial bank which has been assigned a credit rating of at least AA+ by 2 (Two) rating agencies ("Rating Criteria"). In case, at any point of time, the rating of senior debt of the Bank falls below AA+ by any rating agency the Issuer shall, with the written consent of Debenture Trustee, move the funds to

any other bank satisfying the rating criteria;

1.11 the Issuer shall create and maintain a reserve to be called the Recovery Expense Fund as per the provisions of and in the manner provided in the SEBI (Debenture Trustee) Regulations, 1993, the SEBI Master Circular on Debenture Trustees and any guidelines and regulations issued by SEBI, as applicable. The Issuer shall submit to the trustee certificate duly certified by the statutory auditors/independent chartered accountant/letter from designated stock exchange certifying creation and the form of such Recovery Expense Fund by the Issuer, as per the Applicable Law. The balance in the Recovery Expense Fund shall be refunded to the Issuer on repayment of obligations to the debenture holders for which a 'No Objection Certificate (NOC)' shall be issued by the debenture trustee(s) to the designated stock exchange. The debenture trustee(s) shall satisfy that there is no 'default' on any other listed debt securities of the Issuer before issuing the said NOC;

1.12 The Issuer shall furnish to the Debenture Trustee all information/ documents required to be submitted to the Debenture Trustee, to enable it to carry out the due diligence in terms of SEBI Master Circular on Debenture Trustee bearing reference number SEBI/HO/DDHS-PoD-1/P/CIR/2025/117 dated August 13, 2025;

1.13 The Issuer shall supply to the Trustee (sufficient copies for all Debenture Holder(s) if the Trustee so requests) half yearly un-audited financial results within forty five (45) days of the end of the first half year and the audited financial statements for the financial year (including statutory auditors report, directors' annual report, profit and loss accounts and a balance sheet) by no later than 60 (sixty) days from the end of the relevant financial year;

1.14 The Issuer shall ensure that the Own Revenue/Cash Flow is collected / pooled in the Collection Accounts.

2. Information Covenants

The Issuer hereby covenants with the Debenture Trustee that (except as may be previously agreed in writing by the Debenture Trustee):

2.1 the Issuer shall ensure that the Own Revenue/Cash Flow, collected by the Issuer shall be transferred on daily basis to the Escrow Account and shall inform to the Debenture Trustee on such transfer being made to the Escrow Account every month. On the last Business Day of the Month, the amounts as required are to be transferred to the IPA and SFA. However, the Issuer, with the prior written consent of the Debenture Trustee, can transfer the Minimum Balance maintained in Escrow Account to the IPA and SFA on any day prior to the Transfer Date. The Issuer shall provide relevant documents/ information, as applicable, to enable the Debenture Trustee(s) to conduct continuous and periodic due diligence and monitoring of Security created. The Issuer shall submit the following reports/ certification within the timelines mentioned below (as applicable):

Reports/Certificates	Timelines for submission requirements by Issuer to Debenture Trustee	Timeline for submission of reports/ certifications by Debenture Trustee to stock exchange
Security cover certificate	Quarterly basis within 60 days from end of each quarter or within such timelines as prescribed under Applicable Law	Quarterly basis within 75 days from end of each quarter or within such timelines as prescribed under Applicable Law. For the last quarter in a financial year, the timeline for submission shall be 90
A statement of value of pledged securities		
A statement of value for Debt Service Reserve Account or any other form of security offered		

Reports/Certificates	Timelines for submission requirements by Issuer to Debenture Trustee	Timeline for submission of reports/ certifications by Debenture Trustee to stock exchange
		(ninety) days from the end of the quarter.

2.2 the Issuer shall furnish a report to the Debenture Trustee on a quarterly basis, within 30 (Thirty) days from the end of each quarter, containing the following particulars:

a. Updated list of names and addresses of the Debenture Holder(s);

b. Details of Coupon due but unpaid and reasons for non-payment thereof; and

c. Details of payment of Coupon made on the Debentures in the immediately preceding calendar quarter, and

d. The number and nature of grievances received from the Debenture Holder(s), grievances resolved by the Issuer and those grievances not yet resolved and the reasons for the same;

2.3 the Issuer shall furnish a report to the Debenture Trustee, the Rating Agencies and NSE on a half-yearly basis within 30 (Thirty) days from the end of each half-year, containing the following particulars:

a. Certificate from the statutory auditor of the Issuer on the utilisation of the proceeds of the Issue for the execution of the Projects;

b. A report containing status of implementation of the ongoing Projects which are being financed by the proceeds of the Issue along with reasons for delay, if any and the amount of utilisation of issue proceeds related to such Projects as stated in the Placement Memorandum;

c. Details with respect to the development of the Projects along with certifications from the relevant project engineers, as applicable;

d. The occurrence of any event which constitutes a Material Adverse Change;

e. Any proposal for prepayment of the Debentures, valuation of the Debentures in case of sale/purchase before the Maturity Dates etc;

f. Compliance of the Issuer with the financial covenants set out in the Debenture Trust Deed;

g. The half yearly returns of the Issuer on the servicing of the Debentures, the credit enhancement facilities(as applicable) and the number and nature of grievances received from the Debenture Holder(s), grievances resolved by the Issuer and those grievances not yet resolved and the reasons for the same (including details of the number of complaints pending at the beginning of the half year, the number of complaints received during the half year, the number of complaints disposed of during the half year and the number of complaints pending at the end of the half year); and

h. A certificate issued by the statutory auditor certifying that the Issuer is servicing the Debentures timely and on the relevant Due Dates;

i. A certificate from the statutory auditor of the Issuer certifying the compliance with the covenants of the Debenture Trust Deed

2.4 the Issuer shall submit to the Debenture Trustee, for every successive period of 1 (One) year from the date of the first credit rating letters from the Rating Agencies, a fresh credit rating letter assigning a credit rating to the Debentures;

2.5 the Issuer shall submit to the Debenture Trustee and the Debenture Holders the soft copies of full annual reports to the Debenture Holders who have registered their e-mail address for such purpose and the hard copy of the full annual reports to those Debenture Holders who request for the same;

2.6 the Issuer shall submit a certificate to the Debenture Trustee and to NSE, within 1 (One) Working Day of each Due Date, intimating the status of payment of the Secured Obligations on the relevant Due Date;

2.7 the Issuer shall provide a written intimation to NSE of atleast 7 (Seven) Working days (excluding the date of intimation and the Record Date) of the Record Date, specifying the purpose of the Record Date;

2.8 the Issuer shall disclose the balances in the payment accounts and the general fund account(s) of the Issuer along with notes pertaining to transfers made to/from these accounts, to the Debenture Trustee and NSE within 45 (Forty Five) calendar days from end of each financial quarter;

2.9 the Issuer shall submit to the Debenture Trustee and NSE, its unaudited financial results and the comparative information for the immediately preceding corresponding half year which have been taken on record by the relevant committee/ general board of the Issuer on a half-yearly basis, forthwith when the same are available but in any event within 45 (Forty Five) days from end of first half-year;

2.10 the Issuer shall submit to the Debenture Trustee and NSE, its duly audited annual financial statements along with the annual report of the Issuer and the comparative information for the immediately preceding financial year which have been taken on record by the relevant committee/ general board of the Issuer, forthwith upon completion of such audit and in any event within 60 (Sixty) days from end of the financial year along with audit report. The comparative information required to be submitted by the Issuer and the annual report shall consist of all the details required in terms of Applicable Law (including, without limitation, the circular issued on 'Continuous disclosures and compliance by issuers under SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 by SEBI dated June 19, 2017 and bearing reference no. CIR/IMD/DF1/60/2017 read with the circular on Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 issued by SEBI dated November 13, 2019 and bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019, as amended from time to time;

2.11 the Issuer shall promptly provide a written notice to the Debenture Trustee on the occurrence of any event which constitutes a Material Adverse Change;

2.12 the Issuer shall promptly provide a written notice to the Debenture Trustee on any change in the composition of the Issuer;

2.13 the Issuer shall provide written notice to the Debenture Trustee and NSE, of its intention to raise funds through debt securities (either through a public issue or on private placement basis) prior to the meeting of the standing committee/ general board of the Issuer wherein the proposal to raise funds through new debt securities shall be considered;

2.14 the Issuer shall provide written notice to the Debenture Trustee and NSE, of all events or information having a bearing on the performance/ operation of the Issuer, material or price sensitive information or any action that shall affect the payment of Coupon or redemption of debt securities including, without limitation, the events set out in the Annexure I to the circular issued by SEBI dated June 19, 2017 and bearing reference no. CIR/IMD/DF1/60/2017 read with the circular issued by SEBI dated November 13, 2019 and bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019, as amended from time to time, as soon as reasonably possible but in any event no later than 24 (Twenty Four) hours from the occurrence of such event or information;

2.15 in the event that the credit rating assigned by any rating agency is revised due to any reason, the Issuer shall intimate the Debenture Trustee, the NSE and each of the Debenture Holders, in writing of such revision, the reasons for such revision and the steps proposed to be taken for recovering the rating in case of a downgrade of the credit rating, promptly;

2.16 the Issuer shall provide to the Debenture Trustee such information as may be required by the Debenture Trustee for the effective discharge of the duties and obligations of the Debenture Trustee, from time to time; andupon there being any change in the credit rating assigned to the Debentures, as soon as reasonably practicable thereafter, a letter notifying the Trustee of such change in the credit rating of the Debentures, and further also inform the Debenture Trustee promptly in case there is any default in timely payment of interest or redemption amount or both, or there is a breach of any covenants, terms or conditions by the Issuer in relation to the Debentures under any Transaction Documents.

2.17 In case of initiation of forensic audit (by whatever name called) in respect of the Issuer, the Issuer shall provide following information and make requisite disclosures to the stock exchanges:

a. the fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available; and

b. final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Issuer along with comments of the management, if any

2.18 The Issuer shall, whenever required by the Debenture Trustee, give full particulars to the Debenture Trustee of the Hypothecated Property *(as defined in the Debenture Trust Deed)* and shall furnish and verify all statements, reports, certificates and information from time to time as reasonably required by the Debenture Trustee in relation to the Hypothecated Property and make, furnish and execute all necessary documents for creation and perfection of security.

Without prejudice to the aforesaid, the Issuer shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

3. Negative Covenants

At all times until the Final Settlement Date, the Issuer shall not, without the prior written consent of the Debenture Trustee (acting upon the instructions of the Majority Debenture Holders):

3.1 create any encumbrance over the Hypothecated Property;

3.2 enter into any agreement or commitment of any sort, the terms of which conflicts with the provisions of the Transaction Documents;

3.3 Close the Collection Accounts and/or collect Own Revenue/Cash Flow in any other account;

3.4 Abolish, alter or reduce the Own Revenues/Cash Flows levied by the Issuer.

3.5 undertake or enter into any transaction of merger, de-merger, consolidation, re-organization or compromise with its creditors.