



Green Municipal Bonds

Corporation Overview:

Indore Municipal Corporation is the chief municipal body of Indore city. The Indore Municipal Corporation has been constituted under Article 243Q(1)(c) of the Constitution of India, 1949 and established in the year 1956 under the Madhya Pradesh Municipal Corporation Act, 1956, which was then the applicable act for constitution of municipal corporations in the State of Madhya Pradesh.

Indore Municipal Corporation consists of a Mayor, that is Chairperson, elected by direct election from the Municipal area; Councilors elected by direct election from the wards; not more than six persons having special knowledge or experience in the Municipal administration, nominated by the State Government; Members of the House of the People and the Members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly the Municipal area; and Members of the Council of State registered as electors within the municipal area.

Accolades received by 'Indore Municipal Corporation'

Sr. No.	Name of Award / Appreciation	Purpose/Achievement	Year	Name of Institution
1	Swachh City Award	1st position as Swachh City of India	2022	Ministry of Urban Development, Government of India
2	Garbage Free City, Swachh Bharat Mission (Urban)	7-star rating	2022	Ministry of Housing and Urban Affairs, Government of India
3	Swachh City Award	1st position as Swachh City of India	2021	Ministry of Urban Development, Government of India
4	Excellence in District level initiative in e- Governance	National Award for e-Governance (Gold)	2020-2021	District Administration, Indore, Government of Madhya Pradesh
5	Garbage Free City, Swachh Bharat Mission (Urban)	5 star rating	2020	Ministry of Housing and Urban Affairs, Government of India
6	Swachh City Award	1st position as Swachh City of India	2020	Ministry of Urban Development, Government of India
7	Swachh City Award	1st position as Swachh City of India	2019	Ministry of Urban Development, Government of India
8	Swachh City Award	1st rank as the Cleanest City in Swachh Survekshan 2018	2018	Ministry of Urban Development, Government of India
9	Swachh City Award	1st rank as the Cleanest City in Swachh Survekshan 2017	2017	Ministry of Urban Development, Government of India
10	Best City in Safaimitra Surakhsha	Rank No.1	-	Ministry of Housing and Urban Affairs, Government of India

Key Rating Strengths:

- **Growing economic base, efficient operations, and service delivery track record:** IMC is the largest municipal corporation in the state of Madhya Pradesh and is witnessing growing industrialisation.
- **Satisfactory financial performance:** The revenue receipts have witnessed continuous growth over the period FY17-FY22 (except FY21), with growth led by non-tax revenue components, revenue grants (devolution from the state government), and assigned revenue. The revenue receipts in FY21 were impacted due to the COVID-19 pandemic-related challenges.
- **Focus on asset creation and cost saving:** The capex of the corporation, which is mainly incurred towards the development of civic amenities and infrastructure projects, has been steady over the years.
- **Comfortable financial position:** IMC has a track record of fundraising from banks and financial institutions (FIs) for funding its capex plans and had an outstanding debt of ₹579 crore as on March 31, 2022.

Issue Details:

Public Issue By The Indore Municipal Corporation (The “CORPORATION” or The “IMC” or The “ISSUER”) of rated, listed, taxable, secured, redeemable, non-convertible Green Municipal Bonds of face value of ₹ 1,000/-each (“Green Bonds”/“NCDs”/“Debentures”), for an amount aggregating up to ₹ 244 crores

Series	I			
Type of Instrument	Secured NCDs			
Face Value / Issue Price of NCDs (₹ / NCDs)	₹1,000 per NCD comprising of 1 STRPP A of Face value of ₹ 250 1 STRPP B of Face value of ₹ 250 1 STRPP C of Face value of ₹ 250 1 STRPP D of Face value of ₹ 250			
Minimum Application	₹10,000 (10 NCDs comprising of 10 STRPP A, 10 STRPP B, 10 STRPP C, 10 STRPP D)			
In Multiples Thereafter	₹1,000 (1 NCD comprising of 1 STRPP A, 1 STRPP B, 1 STRPP C, 1 STRPP D)			
STRPP with Different ISIN	STRPP A	STRPP B	STRPP C	STRPP D
Tenor	3 Years	5 Years	7 Years	9 Years
Face value per STRPP (₹)	₹ 250	₹ 250	₹ 250	₹ 250
	Aggregating to ₹ 1,000 (i.e., 1 NCD)			
Coupon (% per annum)	Yet to be announced			
Effective Yield (% per annum)	Yet to be announced			
Frequency of Interest Payment	Half Yearly			

*Separately Transferable and Redeemable Principal Parts

Allocation Ratio: Yet to be announced

Some of the Risk Factors mentioned in the Draft Offer Document are:

- The corporation intend to utilize the Net Proceeds for funding its capital expenditure requirements for setting up the Project. The proposed Project is subject to the risk of unanticipated delays in implementation and cost overruns. Any such unanticipated delays in implementation and cost overruns of the Project may have an adverse impact on the corporation's operations, reputation and cash flows.
- The corporation's financing agreements impose certain restrictions on its operations, and the failure to comply with operational and financial covenants may adversely affect its operations and reputation.
- The Corporation is involved in a dispute with the Ministry of Defense in relation to an unsecured borrowing availed by PHED, Government of Madhya Pradesh during the years 1975 to 1987 which was subsequently subsumed in the corporation. The Corporation cannot assure that the dispute will be resolved in a timely manner or at all.
- The Corporation do not have access to records and documents pertaining to its constitution

For further details on the Risk Factors, please refer to page [18] of the [Draft Offer Document](#).

Financial Parameters:

(Rs. in crore)

Key Financial Figures	FY 19-20	FY 20-21	FY 21-22
(A) Revenue Income *	1,619.47	1,508.10	1,739.95
(B) Revenue expenditure (excluding interest and depreciation)	959.60	943.12	1,107.88
(C) Operating revenue Surplus	659.87	564.98	632.07
(D) Interest expense	28.61	31.57	35.44
(E) Principal repayment (outside sinking Fund)	30.50	37.44	57.69
(F) Contribution to Sinking fund	13.99	13.99	13.99
(G) Revenue Surplus*	631.26	533.41	596.63
(H) Capital Income	251.76	692.04	365.87
(I) Capital Expense	817.48	628.49	708.83
(J) Capital Surplus	(610.22)	12.12	(414.63)
(K) Overall Surplus	21.04	545.52	182.00
(L) Deposits and Advances (net)	456.03	462.90	448.53
(M) Initial Cash/Bank balance	348.01	234.69	473.81
(N) Change in Cash/Bank balance	(113.32)	239.13	(100.86)
(O) Final Cash / Bank Balance	234.69	473.81	372.95
(P) Loan repayment from sinking fund	-	-	-
(Q) Initial Sinking fund Balance	10.49	24.48	38.47
(R) Change in sinking fund	13.99	13.99	13.99
(S) Final sinking fund balance	24.48	38.47	52.46
(T) Total Debt	354.18	648.45	579.43
(U) Total Expenditure	1,850.19	1,654.62	1,923.82
(V) Total Revenue	1,871.23	2,220.14	2,105.82
(W) Ratio of Total Expenditure/ Total Revenue	0.99	0.75	0.91
(X) Cash Surplus / Total Revenue	0.36	0.32	0.30
(Y) Ratio of Debt Service / Total Revenue	0.05	0.06	0.06

*Excluding the non-cash items

** Total Expenditure and Total Revenue is inclusive of Capital Expenditure and Capital Revenue

*** Revenue Income (Excluding Non-Cash Items) is considered in denominator for calculation

^ Credit Rating Grid:

Credit Rating	Explanation
AAA	Highest degree of safety & lowest credit risk
AA	High degree of safety & very low credit risk
A	Adequate degree of safety & low credit risk
BBB	Moderate degree of safety & moderate credit risk.
BB	Moderate risk of default
B	High risk of default
C	Very high risk of default
D	Expected to be in default soon.

DISCLAIMER

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