

Mr. Ajay Kumar Dwivedi (IAS)  
Municipal Commissioner  
Lucknow Municipal Corporation  
Triloknath Marg, Near Lalbagh,  
Lucknow - 226001  
Uttar Pradesh.

November 25, 2020

Dear Sir/Madam,

**Re: Rating Letter for Lucknow Municipal Corporation's (LMC) Non-Convertible Debentures (NCDs)**

India Ratings and Research (Ind-Ra) has assigned Lucknow Municipal Corporation's (LMC) non-convertible debentures (NCDs) a final rating of 'IND AA' with a Stable Outlook, as follows:

Instrument Type	Date of issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
NCDs*	-	-	-	INR2,000	IND AA/Stable	Assigned

\*Details in Annexure I

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.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and 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 ratings India Ratings must rely 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 were not anticipated at the time a rating was issued or affirmed.

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

(Ajay Kumar Dwivedi)

& Research Private Limited A Fitch Group Company

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Municipal Commissioner  
Municipal Corporation, Lucknow

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*Ajant*

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.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

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.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at +91 22 4000 1700.

Sincerely,

India Ratings



Devendra Pant  
Senior Director



(Ajay Kumar Dwivedi)  
I.A.S.

Municipal Commissioner  
Municipal Corporation, Lucknow

Annexure: Facilities Breakup

Annexure I

Instrument Type	ISIN	Date of Issuance	Coupon Rate (% per annum)	Maturity Date	Size of Issue (INR million)	Rating/Outlook
NCDs	INE05OC24017 (Separately transferable redeemable principal parts (STRPP A))	18 November 2020	8.50	18 November 2024	INR285.80	IND AA/Stable
NCDs	INE05OC24025 (STRPP B)	18 November 2020	8.50	18 November 2025	INR285.80	IND AA/Stable
NCDs	INE05OC 24033 (STRPP C)	18 November 2020	8.50	18 November 2026	INR285.80	IND AA/Stable
NCDs	INE05OC24041 (STRPP D)	18 November 2020	8.50	18 November 2027	INR285.80	IND AA/Stable
NCDs	INE05OC24058 (STRPP E)	18 November 2020	8.50	18 November 2028	INR285.80	IND AA/Stable
NCDs	INE05OC 24066 (STRPP F)	18 November 2020	8.50	18 November 2029	INR285.80	IND AA/Stable
NCDs	INE05OC24074 (STRPP G)	18 November 2020	8.50	18 November 2030	INR285.20	IND AA/Stable
				Total	INR2,000.00	

*Ajay Kumar Dwivedi*

  
(Ajay Kumar Dwivedi)  
I.A.S.  
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Municipal Corporation, Lucknow

Mr. Ajay Kumar Dwivedi (IAS)  
Municipal Commissioner  
Lucknow Municipal Corporation  
Triloknath Marg, Near Lalbagh,  
Lucknow - 226001  
Uttar Pradesh

October 27, 2020

Dear Sir,

**Re: Lucknow Municipal Corporation's (LMC) Proposed Non-Convertible Debentures (NCDs)**

This is in reference to the rating action commentary released on 6th October 2020.

India Ratings and Research (Ind-Ra) is pleased to communicate the following rating:-

- INR2,000 million Proposed NCDs: Provisional IND AA Stable

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.

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(Ajay Kumar Dwivedi)  
I.A.S.

Municipal Commissioner  
Municipal Corporation, Lucknow

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Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

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In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at +91 22 4000 1700

Sincerely,

India Ratings



Devendra Pant  
Senior Director



(Ajay Kumar Dwivedi)  
I.A.S.  
Municipal Commissioner  
Municipal Corporation, Lucknow



Brickwork Ratings India Pvt. Ltd.

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BWR/NCD/HO/CRC/VI/0420/2020-21

19-November-2020

The Municipal Commissioner

Lucknow Municipal Corporation

Zone 1, Trilokinath Marg, Near Bhopal House,  
Lalbagh, Lucknow- 226001, Uttar Pradesh

Dear Sir,

**Sub:** Affirmation of Ratings assigned to Lucknow Municipal Corporation (LMC) NCD issue of ₹. 200.00 Crores with a tenor up to 10 years.

Ref:

- (i) BWR rating letter BWR/NCD/HO/CRC/VI/0367/2020-21 dated 27-Oct-2020
- (ii) BWR rating letter BWR/NCD/HO/CRC/VI/0306/2020-21 dated 25-Sep-2020
- (iii) BWR rating letter BWR/NCD/HO/CRC/VI/0730/2019-20 dated 31-Jan-2020
- (iv) BWR rating letter BWR/NCD/HO/ERC/VI/0446/2019-20 dated 27-Sep-2019
- (v) BWR rating letter BWR/NCD/HO/ERC/VI/0692/2018-19 dated 31-Jan-2019

The rating for the NCD issue of Rs.200 crs had earlier been reaffirmed at Provisional BWR AA (CE) /Stable rating on 27-October-2020 [Please refer to the BWR Rating Letter dated 27-October-2020], pending compliance/execution of documents in accordance with the terms of issue. LMC has since confirmed compliance and provided a copy of the necessary documents. Accordingly, the rating of BWR AA (CE) with Stable Outlook has been affirmed for the said Bond Issue. Please refer Annexure-I and Annexure-II for the details of the instrument.

All terms and conditions including the validity period of the rating of our letter BWR/NCD/HO/CRC/VI/0367/2020-21 dated 27-October-2020 remains unchanged. Brickwork would conduct surveillance periodically. Please note that Brickwork Ratings would need to be kept informed of any significant information/ development that may affect your Authority's finances/ performance without any delay.

Please acknowledge.

Best Regards,

**Vipula Sharma**  
Director - Ratings and Head- Infrastructure Ratings

(Ajay Kumar Dwivedi)  
I.A.S.  
Municipal Commissioner  
Municipal Corporation, Lucknow

**Note:** Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings web-site . Interested persons are well advised to refer to our website [www.brickworkratings.com](http://www.brickworkratings.com). If they are unable to view the rationale, they are requested to inform us on [brickworkhelp@brickworkratings.com](mailto:brickworkhelp@brickworkratings.com).

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**Annexure - I**  
**Details of Instrument Rated**  
**Lucknow Municipal Corporation**

Instrument	Previous Amount (₹ Crs)	Present Amount (₹ Crs)	Tenure	Previous Ratings (27-Oct-2020)	Rating Recommendation*
NCD/Bonds	200.00	200.00	Long Term	Provisional BWR AA (CE)/ Stable Reaffirmed	Affirmed at BWR AA (CE) Outlook: Stable
<b>Total</b>	<b>200.00</b>	<b>200.00</b>	<b>INR Two Hundred Crores Only</b>		

- Credit Enhancement (CE) is in the form of funds available from the Infrastructure Development Fund - GoUP with T-Structure for meeting the shortfall of the Sinking Fund and replenishment of DSRA
  - Unsupported Rating BWR AA- (Stable) includes upfront DSRA, structured payment mechanism.
- \*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**Annexure II: Instrument Details**

Instrument	Issue Date	Issue Size	Coupon	Maturity Date	ISIN Particulars	Rating
NCD/Bonds	18 Nov 2020	28.58	8.50%	18 Nov 2024	INE05OC24017	Affirmed at BWR AA (CE) Outlook: Stable
NCD/Bonds	18 Nov 2020	28.58	8.50%	18 Nov 2025	INE05OC24025	
NCD/Bonds	18 Nov 2020	28.58	8.50%	18 Nov 2026	INE05OC24033	
NCD/Bonds	18 Nov 2020	28.58	8.50%	18 Nov 2027	INE05OC24041	
NCD/Bonds	18 Nov 2020	28.58	8.50%	18 Nov 2028	INE05OC24058	
NCD/Bonds	18 Nov 2020	28.58	8.50%	18 Nov 2029	INE05OC24066	
NCD/Bonds	18 Nov 2020	28.52	8.50%	18 Nov 2030	INE05OC24074	
<b>Total</b>		<b>200.00</b>	<b>INR Two Hundred Crores Only</b>			

Credit Enhancement (CE) is in the form of funds available from the Infrastructure Development Fund - GoUP with T-Structure for meeting the shortfall of the Sinking Fund and replenishment of DSRA  
**Unsupported Rating:** BWR AA- (Stable) includes upfront DSRA, structured payment mechanism

(Ajay Kumar Dwivedi)  
I.A.S.  
Municipal Commissioner  
Municipal Corporation, Lucknow

**BWR/NCD/HO/CRC/VI/0367/2020-21**

**27-October-2020**

**The Municipal Commissioner**  
**Lucknow Municipal Corporation**  
Zone 1, Trilokinath Marg, Near Bhopal House,  
Lalbagh, Lucknow- 226001, Uttar Pradesh

Dear Sir,

**Sub:** Rating Review of **Lucknow Municipal Corporation** Proposed NCD issue of Rs. 200.00 Crs with a tenor up to 10 Years.

Ref:

- (i) BWR rating letter BWR/NCD/HO/CRC/VI/0306/2020-21 dated 25 Sep 2020
- (ii) BWR rating letter BWR/NCD/HO/CRC/VI/0730/2019-20 dated 31 Jan 2020
- (iii) BWR rating letter BWR/NCD/HO/ERC/VI/0446/2019-20 dated 27 Sep 2019
- (iv) BWR rating letter BWR/NCD/HO/ERC/VI/0692/2018-19 dated 31 Jan 2019

On review of **Lucknow Municipal Corporation's** performance based on the information and clarifications provided by your Company as well as information available in the public sources, we are pleased to inform you that the Brickwork Ratings (BWR) has reaffirmed the rating of the **Lucknow Municipal Corporation proposed NCD issue of Rs. 200.00 Crs at Provisional BWR AA (CE)/Stable [Pronounced as Provisional BWR Double A (Credit Enhancement)]**. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Proposed NCD details provided in Annexure.

The rating is valid till the maturity of the instrument and is subject to terms and conditions that were agreed in your mandate dated 17 Jan 2019, and other correspondence, if any and Brickwork Ratings' standard disclaimer appended below. Brickwork would conduct surveillance periodically. Please note that Brickwork Ratings would need to be kept informed of any significant information/ development that may affect your Company's finances/ performance without any delay.

Please acknowledge.

Best Regards,

  
**Vipula Sharma**  
**Director - Ratings**

  
**(Ajay Kumar Dwivedi)**  
I.A.S.  
Municipal Commissioner  
Municipal Corporation, Lucknow

**Note:** Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings web-site. Interested persons are well advised to refer to our website [www.brickworkratings.com](http://www.brickworkratings.com), If they are unable to view the rationale, they are requested to inform us on [brickworkhelp@brickworkratings.com](mailto:brickworkhelp@brickworkratings.com).

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**Lucknow Municipal Corporation**

**Annexure**

Instrument	Amount (Rs. Crs)	Tenure	Previous Rating (Sep 2020)	Review Rating*
NCD/Bonds Proposed	200.00	Long Term	Provisional BWR AA (CE)/ Stable	Provisional BWR AA (CE)/ Stable

Provisional rating will be affirmed once the final executed documents are made available

Credit Enhancement (CE) is in the form of funds available from the Infrastructure Development Fund - GoUP with T-Structure for meeting the shortfall of the Sinking Fund and replenishment of DSRA

**Unsupported Rating:** BWR AA- (Stable) includes upfront DSRA, structured payment mechanism

  
(Ajay Kumar Dwivedi)  
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Municipal Corporation, Lucknow