Mr. Kunal Kumar  
Municipal Commissioner  
Pune Municipal Corporation  
1106, Hare Krishna Temple Road,  
Shivajinagar  
Pune - 411005

June 16, 2017

Kind Attn: Mr. Kunal Kumar, Municipal Commissioner

Dear Sir,

Re: Long-Term Issuer Rating and Proposed Non-Convertible Debentures Rating for Pune Municipal Corporation

India Ratings and Research (Ind-Ra) has taken the following rating actions on Pune Municipal Corporation (PMC):

<table>
<thead>
<tr>
<th>Instrument Type</th>
<th>Size of Issue (million)</th>
<th>Rating/Outlook</th>
<th>Rating Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer rating</td>
<td>-</td>
<td>IND AA+/Stable</td>
<td>Affirmed</td>
</tr>
<tr>
<td>Proposed non-convertible debentures* (NCDs)</td>
<td>INR2,000</td>
<td>Provisional IND AA+/Stable</td>
<td>Assigned</td>
</tr>
</tbody>
</table>

*The final rating will be assigned upon the issuance of NCDs and receipt of transaction documents by the agency. The proposed NCDs have a tenor of 10 years with semi-annual coupon payment frequency and bullet principal repayment.

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 or in a given jurisdiction.

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 the jurisdiction in which the rated security is offered and sold and/or the issuer is located, 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.

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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.

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

Sandeep Singh
Senior Director

Sudarshan Shreenivas
Director

Pune Municipal Corporation

16 June 2017