

New Delhi Municipal Council (NDMC)

February 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	0.00	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Issuer rating assigned to New Delhi Municipal Council (NDMC) continues to derive strength from the entity's healthy financial profile backed by stable growth in receipts and consistent revenue surplus, and high self-reliance with 99% of the overall revenue receipts generated from own sources. The rating factors NDMC's debt-free status with no borrowings, and maintenance of large cash reserves. The rating also factors NDMC's importance to New Delhi as it is Central Government's seat and possesses locational advantages. It also houses prominent national and multi-national corporate houses and prime commercial complexes and markets. The Government oversight remains high, with NDMC's Chairperson appointed by the Central Government in consultation with the Chief Minister of Delhi. The entity also has a strong service level benchmark with almost full coverage of various infrastructural/service facilities in its jurisdiction.

However, rating strengths are tempered by lower collection efficiency with debtors under dispute and restricted growth opportunities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in adjusted revenue surplus/revenue receipts (adj. for incremental debtors) to 20% above on sustained basis.
- Improvement in corporation's collection efficiency to 90% and above on a sustained basis.

Negative factors

- Significant reduction in revenue receipts.
- Any higher-than-envisaged debt availed by the corporation, leading to weakening of coverage metrics.

Analytical approach: Standalone

Outlook: Stable

NDMC is expected to maintain a comfortable financial profile with steady growth in revenue receipts, consistent revenue surplus generation, and strong liquidity.

Detailed description of key rating drivers

Key strengths

Locational advantages and good infrastructure

NDMC possesses locational advantages. The area under NDMC has no major industries and houses prominent national and multi-national corporate houses, prime commercial complexes, and markets. Some of its area comprises government buildings, including Rashtrapati Bhavan, Parliament House, Supreme Court, North and South Blocks, buildings adjacent to Central Vista, Connaught Place and surrounding areas, where offices of big national and multi-national corporate houses are located. NDMC's major revenue source includes property tax, rental charges, and user charges for civic amenities (majorly electricity supply). NDMC has good infrastructure and has good record in terms of coverage and service delivery - 100% coverage of water supply, solid waste collection, storm water drainage, and sewerage.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

Self-reliant with high own revenue base

The municipal council exhibits high level of self-reliance with ~98% of revenues coming from own sources (tax and non-tax revenues). Non-tax revenue accounts for 44% in FY24 against 52% in FY23. Non-tax revenue includes receipts from rental charges and user charges. User charges include sale of energy and water as well as charges for public amenities. Tax revenue accounted for ~46% in FY24 (37% in FY23), whereas interest income from investments remained stable at ~7% in FY24 (9% in FY23). Reliance on Government funding is low, with funds from central and state governments by way of grants and assigned revenues constituting only ~2% of the overall revenue receipts.

Consistent revenue surplus position

Revenue receipts have grown continuously over the last few years. On an adjusted basis, revenue receipts (adjusting for debtors) reported 2% growth in FY24. The corporation reported an adjusted revenue surplus (adjusted for debtors) of ₹694 crore in FY24 against revenue surplus of ₹439 crore in FY23.

Comfortable financial position and sustainable capex

Capital expenditure of the corporation, which is mainly incurred towards development of civic amenities and infrastructure projects, has been steady over the years. The corporation has been consistently incurring capital expenditure of ~₹200-300 crore in the last three years with most capex funded through own surplus and no borrowings or grants. NDMC had no borrowings as on March 31, 2024, and has not envisaged external borrowing in the near term. With the limited scope for expansion, CARE Ratings Limited (CARE Ratings) expects yearly capex of ~₹200 crore to ₹300 crore to be funded through own surplus.

Key weaknesses**Limited scope for growth**

Growth opportunities for the urban local body (ULB) is restricted from other municipal bodies and lower commercial/industrial establishments in its area of operation. NDMC consists of only 3% of the area and 3% of the population of National Capital Territory of Delhi.

Moderate collection efficiency with disputed debtors

Collection efficiency remained moderate at 70% (including arrears demanded) from FY20 to FY24. NDMC has been identifying additional properties for assessment and, on identifying, issues notice for past year dues, recognising this as income. In few cases, additional assessments led to legal disputes, resulting in debtors built up. However, NDMC has well laid out debtors provisioning policy, resulting in moderate collection efficiency.

Liquidity: Strong

NDMC has sufficient liquidity, marked by investments of ₹7,872 crore and cash of ₹581 crore as on March 31, 2024. The council parks its surplus funds in fixed income instruments such as fixed deposits/Government securities (in line with its approved Investment Policy) to generate investment income. Since NDMC is debt free, it does not have repayment obligation.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy on default recognition](#)

[Issuer Rating](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Urban Infrastructure Projects](#)

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Services	Services	Public services	Urban local bodies

NDMC's origins trace back to Raisina Municipal Committee created in 1916 by Chief Commissioner, Delhi. Post several changes in the Municipal Act, in May 1994, the committee was renamed New Delhi Municipal Council. NDMC's geographic area and jurisdiction of operations has been given in the First Schedule of the NDMC Act, 1994. Covering an area of 42.74 sq. kms, NDMC is mainly responsible for the city's civic administration, maintaining infrastructure facilities, and providing civic services such as water supply, solid waste management, sewerage, education, health, electricity(distribution), and others to citizens.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Reported Revenue Receipts	5,086	6,935
Adjusted revenue receipts**	4,983	5,058
Reported Revenue Surplus	551	2,563
Adjusted Revenue Surplus**	447	685
Revenue Surplus/Revenue Receipts (adjusted)(%)	8.97	13.54
Own Revenue/Revenue Receipts (%)	99.43	98.34

A: Audited; **adjusted for incremental debtors

Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Issuer Rating- Issuer Ratings		-	-	-	0.00	CARE AA+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE AA+; Stable	-	1)CARE AA+; Stable (19-Feb-24)	1)CARE AA+; Stable (28-Feb-23) 2)CARE AA+; Stable (26-Dec-22)	1)CARE AA+ (Is); Stable (10-Mar-22) 2)CARE AA+ (Is); Stable (05-Apr-21)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Issuer Rating-Issuer Ratings	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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