

Chandrapur Municipal Corporation

March 20, 2025

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

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The issuer rating assigned to Chandrapur Municipal Corporation (CMC) continues to derive strength from continuous and timely receipt of grants from the State Government, which has been one of the major components of revenue receipts, absence of external debt, comfortable liquidity position with sizeable investment maintained in form of liquid funds and satisfactory service delivery coverage. The rating also factors in consistent revenue receipt reported in FY24 (FY refer to April 01 to March 31).

However, the rating strength is tempered by the relatively small size of the corporation with lower self-reliance with tax and non-tax revenue accounting for ~28% of revenue receipts, small residential/commercial economic base restricting growth of tax revenue and moderate collection efficiency. Similar to FY23, with increased programme expenditure, the corporation reported nil revenue surplus.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent growth in revenue receipts along with generation of revenue surplus
- Improvement in collection efficiency to $\geq 75\%$
- Over 70% coverage of key civic infrastructure

Negative factors

- Reduction and/or delay in receipt of GST receipts on a continued basis
- Reduction in the collection efficiency on a regular basis
- Debt funded capex impacting the debt/revenue receipts

Analytical approach: Standalone

Outlook: Stable

The risk profile of CMC is expected to be steady backed by timely receipt of grants from state government and moderate collection efficiency. The presence of ample liquidity with corporation maintaining investments in liquid funds and absence of external debt provides cashflow comfort.

Detailed description of key rating drivers:

Key strengths

Satisfactory service delivery and improving civic infrastructure

CMC has been continuously working towards improving its service delivery benchmarks and there is moderate spending on the capex plans. The overall service delivery coverage has been satisfactory with the water supply coverage at 60%, and both storm water drainage and solid waste coverage at 100%. However, the sewerage coverage ratio has been Nil.

Sustained revenue receipts

The revenue receipts in FY24 reported an increase of 13% over FY23, with growth largely attributed to GST compensation, while tax revenue receipts remained almost stable. Revenue receipts in FY22 and FY23 had been in range bound ~₹140 crore, however, in FY24 revenue receipts improved at ₹161 crore largely backed by increase in GST compensation grant. Maintenance of revenue receipts is backed by regular receipts from the state government and moderate tax collection efficiency.

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

Timely receipt of revenue grant

CMC receives share of GST compensation from the State Government in lieu of abolishment of local body taxes in the State. CMC is entitled to receive GST compensation as per the "The Maharashtra Goods and Services tax (compensation to the local authorities) Act 2017". Grants constituted ~72% of the total revenue in FY24. This grant is received by the 10th of every month and there have been no delays observed for the same. Given their significant contribution to overall revenue receipts, timely receipts of GST grants are important.

Absence of external debt

CMC has moderate capex requirements given the small economic base and majority expenditure supported by government funding and liquid funds available. Hence, reliance on debt has been low with absence of external debt in books. Outstanding debt of the corporation stood at ₹7.58 crore as on March 31, 2024, which comprises debt from state government. The corporation plans to avail additional borrowing from State Government for the water projects. However, no borrowings from banks/FIs are envisaged in the medium term. Incremental debt impacting debt coverage/liquidity shall be a key sensitivity.

Key weaknesses

Lower own revenue base

CMC has a low self-reliance as observed from low share of own sources of revenue in the overall revenue. Own revenue share to overall revenue receipts has been at 28% in FY24 (FY23: 28%). Tax revenue, comprising mainly property tax, constituted ~21% (PY: 25%) of revenue receipts for FY24. Grants have been a major revenue contributor with 72% share in revenue receipts. Given the small residential/commercial economic base, there is miniscule potential for scaling up property tax collection. Hence, CMC exhibits a high dependency on GST compensation/other grants.

Moderate collection efficiency

CMC has been reporting moderate collection efficiency in the range of 50-60% over the past few years. The collection efficiency in FY24 stood largely in line with FY23 level for current demand and arrears demand.

Liquidity: Adequate

CMC has sufficient liquidity with continuous maintenance of liquid funds. The corporation has sizeable investments in fixed deposits with various banks. Total cash balance and investments stood at ₹245 crore as on March 31, 2024, against ₹231 crore as on March 31, 2023.

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](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Non financial Sector](#)

[Urban Infrastructure Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Public services	Urban local bodies

CMC was established on October 25, 2011. Chandrapur district comprises 15 talukas, Chandrapur, Ballarpur, Rajura, Bhadravati, Warora, Chimur, Nagbhid, Bramhapuri, Sindewahi, Mul, Sawali, Gondpipri, Korpana, Pombhurna and Jiwati. Chandrapur district has large deposits of coal and limestone. This has contributed to the city's heavy industrialisation. CMC provides industrial support to factories, mostly cement factories in the jurisdiction. The corporation provides civil services such as water supply, streetlight, roads, drains and solid waste management, maintenance of health and sanitation among others.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Reported revenue receipts	141.73	160.65
Reported revenue surplus/(deficit)	0.00	0.00
Adjusted revenue surplus/(deficit)**	1.75	(4.38)
Adjusted revenue surplus/(deficit)**/ Revenue Receipts (%)	1.24	(2.73)
Own Revenue/Revenue Receipts (%)	31.06	27.80

A: Audited; **Excluding depreciation and factoring incremental debtors; these are latest available financial results.

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 and Rating Outlook
Issuer Rating-Issuer Ratings	NA	-	-	-	0.00	CARE BBB-; Stable

NA: Not applicable

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 BBB-; Stable	-	1)CARE BBB-; Stable (19-Mar-24)	1)CARE BBB-; Stable (03-Mar-23) 2)CARE BBB-; Stable (26-Dec-22)	1)CARE BBB-(Is); Stable (17-Mar-22) 2)CARE BBB-(Is); Stable (26-Jul-21) 3)CARE BBB-(Is); Stable; ISSUER NOT COOPERATING* (01-Apr-21)

*Issuer did not cooperate; based on best available information.

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	NA

Annexure-5: Lender details

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

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

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