

Nagpur Metropolitan Region Development Authority

May 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	0.00	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The issuer rating assigned to Nagpur Metropolitan Region Development Authority (NMRDA) factors in its strategic importance to the Government of Maharashtra (GoM) for its status as a statutory body operating as a planning and development agency in the Nagpur Metropolitan Region (NMR) which encompasses the third largest metropolitan region in Maharashtra and a key economic centre for the state. The rating factors in the strong administrative control of the GoM where the Honourable Chief Minister of the state is the Chairman of the authority, and decision-making is through an executive committee which comprises of nominated government officials per the Maharashtra Metropolitan Region Development Authority Act, 2016. The track record of receipt of capital grants from the state government for meeting capital expenditure also thrusts the authority's importance as a nodal agency for project implementation in the state.

The rating is also supported by the strong revenue surplus generated by NMRDA, absence of external debt and comfortable liquidity position with sizeable investment maintained in the form of liquid funds. The revenue receipts (RRs) of NMRDA presently comprise of supervision charges for project implementation and town planning/layout approval charges, however, GoM has assigned 7,800 hectares' land parcel to NMRDA in the Nagpur metropolitan region where it has proposed to take up development. Such development shall start additional revenue streams for NMRDA. However, this is still in a planning phase and revenues are likely to be realised over a longer course of time.

However, rating strengths are tempered by the moderate scale of RRs with no fixed recurring source of revenue and large size capex to be undertaken in medium term. Presently the capex is proposed to be funded by government grants and surpluses generated, and debt addition is not envisaged in the near term. However, disproportionate debt raising shall be a key monitorable for the rating.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in RRs while maintaining comfortable liquidity and financial profile.
- Improvement in fiscal strength of GoM.

Negative factors

- Significant reduction in RR and de-growth in revenue surplus.
- Sizeable debt funded capex impacting the liquidity and debt coverage metrics.
- Weakening of linkages with GoM.
- Moderation in credit profile of GoM.

Analytical approach: Standalone along with factoring the importance of the entity to GoM as statutory body for implementation of projects under developmental schemes formulated by GoM. It also factors operational and financial linkages with GoM.

Outlook: Stable

The stable outlook is on the expectation that NMRDA shall continue to benefit from its role in the state's urban development and continued financial and operational support from GoM.

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

Detailed description of key rating drivers:

Key strengths

Strategic importance for the Government of Maharashtra (GoM)

Established on March 21, 2017, the Nagpur Metropolitan Region Development Authority (NMRDA) oversees the planning and development of the Nagpur Metropolitan Region (NMR), ensuring sustainable growth and development. The NMR's contribution to the state's economy deems NMRDA as a strategically important statutory body for the GoM.

NMR is an urban agglomeration centred around Nagpur, a major city in Maharashtra, India. Located in Central India, Nagpur serves as a significant logistical and transportation hub. The metropolitan region encompasses Nagpur city and its surrounding towns and villages, covering a substantial area. Economically, Nagpur is known for its diverse industrial base, including manufacturing, textiles, and information technology, and is a major trade centre for oranges.

NMRDA was formed through the Maharashtra Metropolitan Region Development Authority (MMRDA) Act, 2016 and acts as vehicle for GoM's direct role in urban planning and infrastructure development in the NMR. The functions are governed by an executive committee which is chaired by the chief secretary of the GoM and secretaries of other state cabinet and the metropolitan commissioner.

Maharashtra is India's largest sub-national economies with a gross state domestic product (GSDP) of ₹45,31,518 crore per revised estimates of FY25. The state has a budgeted expenditure (excluding debt repayment) of ₹7,00,020 crore FY26, an increase of 4% from the revised estimates of FY25. In addition, debt of ₹ 57,556 crore will be repaid by the state. The state's own revenue (Including tax and non-tax revenues) stood at ₹3.97 lakh crore for FY25 (RE), where state GST stood at ₹1.68 lakh crore. Capital expenditure is projected to fall by 14.5% in 2025-26, from ₹1,09,031.5 crore in FY25 to ₹ 93,165.5 crore. At the end of FY26, the outstanding debt is estimated to be 18.4% GSDP, lower than the revised estimate for 2024- 25 (18.5% GSDP).

Strong revenue surplus and liquidity profile

NMRDA achieved a surplus of ₹326 crore in FY24 including ₹33 crore interest on fixed deposits against a total revenue receipt ₹339 crore in FY24. The high proportion of revenue surplus generated against the RRs is considering low revenue expenditure with administrative and employee expenses forming only 9% revenue receipts. The revenue surpluses as a percentage of the RRs have been at average of 94% in the last five years. The capital expenditure incurred by the authority has largely been funded through grants and loans from government. Owing to the significant surplus generation, NMRDA had liquid funds aggregating ₹1400 crore as on March 31, 2025 (comprising cash balance of ~₹ 900 crore and liquid investments in fixed deposits for ~₹ 500 crore).

Absence of external debt with projects supported through grants received by GoM

NMRDA has consistently met its capital expenditure (capex) requirements through funding provided by grants from state and central governments, depending on the specific schemes sanctioned which has led to nil debt position for the authority. In the near term, NMRDA plans to continue financing its capex through these grants, supplemented by loans from the government and it does not anticipate raising funds from financial institutions or capital markets in the medium term.

GoM has assigned 7,800 hectares' land parcel to NMRDA in the Nagpur metropolitan region where it has proposed to take up development work going forward. Sizeable increase in debt for financing the capex/development works impacting the debt coverage and liquidity would be a key rating sensitivity.

Key weaknesses

Moderate size and scale

Over the last four fiscal years, the NMRDA reported RRs in the range of ₹300-350 crore. The primary sources of revenue for NMRDA include land cess, supervision fees for the implementation of projects under government charges (constituting 10% project cost), and fees for the approval of layouts for buildings and infrastructure constructed within the metropolitan region. Despite these revenue streams, NMRDA does not currently possess a fixed recurring revenue source. Its revenue is contingent upon specific works executed by NMRDA and the projects assigned by the government.

The Maharashtra Metropolitan Region Development Authority Act provides NMRDA with the authority to levy betterment charges on a recurring basis from landowners, following application and subsequent notification in the official gazette. However, the formalisation of this provision is yet to be realised. The establishment of a fixed recurring revenue source remains a critical aspect for NMRDA's financial stability and sustainability.

Large sized capex plans in medium term

The NMRDA has successfully implemented several significant projects in the past. Notable among these are the construction of a new Sewage Treatment Plant (STP) in Nagpur City, establishment of a Divisional Sports Complex, development of affordable housing at Wathoda and Tarodi, and creation of Dr. Babasaheb Ambedkar Convention Center. All capital expenditures (capex) undertaken by NMRDA have been financed through government grants and its own funds, without reliance on debt.

According to the budget for the fiscal year 2026, NMRDA is projected to undertake capex amounting to ₹1,334.93 crore. The major components of this capex include investments in roads and bridges, sewerage and water pipelines, and projects under the Pradhan Mantri Awas Yojana (PMAY). These projects are also proposed to be funded by grants; however, the timely receipt of these grants is crucial for the successful execution of the planned capex.

Furthermore, The Funding requirements for the development proposal on the recently assigned land parcel of 7,800 hectares are yet to be assessed, which exposes NMRDA to project risk.

Liquidity: Adequate

NMRDA has been reporting consistent revenue surplus and no debt level has resulted in a satisfactory liquidity profile. The overall cash and bank balance of ₹900.70 crore as on March 31, 2025, and investment in the form of FDRs of ₹500.00 crore as on the same date provide strong liquidity comfort. Additionally, Linkages with the Government of Maharashtra aids adequate liquidity to the authority.

Assumptions/Covenants: Not applicable

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

Applicable criteria

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

[Policy on Default Recognition](#)

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

[Issuer Rating](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Public services	Development authority

The Nagpur Metropolitan Region Development Authority (NMRDA) is the urban planning agency for Nagpur, Maharashtra. It was established to oversee and coordinate the development of the Nagpur Metropolitan Region, which spans an area of 3,567.37 sq. km. The total population under NMRDA is 5.04 million (per the 2011 census). The authority covers five complete talukas and four partial talukas, with a total of 710 villages under its scope. At the helm of the affairs is the chairman and the metropolitan commissioner. The Metropolitan Commissioner is also the Chief Executive Officer of the Authority and is appointed by the State Government. The Chief Minister of Maharashtra is the Chairman of the NMRDA for supervising the activities of NMRDA.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Revenue Receipts	330	339
Revenue Expenditure	13	14
Revenue Surplus	318	326
Revenue Surplus/Revenue Receipts (%)	93	91
Debt/RR	Nil	Nil

A: Audited; Note: 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 A; 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 2025-2026	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
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE A; Stable				

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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