

Pimpri Chinchwad Municipal Corporation (Revised)

August 8, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Bonds	200.00	CARE AA+; Stable	Reaffirmed
Bonds	200.00	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bond issuances of Pimpri Chinchwad Municipal Corporation (PCMC) factors in Trustee-administered structured payment mechanism (SPM) for bonds with escrow of designated revenue collections towards debt obligations, priority of debt servicing and stipulated reserves maintained as sinking fund and debt service reserve account (DSRA). Comfort is derived from 1.25x coverage stipulated in the SPM, with PCMC's cashflows comfortably covering them. PCMC has been maintaining stipulated reserves of DSRA and sinking fund as fixed deposit for the outstanding bonds.

The rating continues to derive strength from PCMC's healthy financial profile backed by stable growth in receipts and consistent revenue surplus over the last few years. The corporation has been reporting average revenue surplus of ~₹1,500 crore in the last three years. CARE Ratings Limited (CareEdge Ratings) expects the revenue surplus to remain comfortable going forward. Liquidity position and debt coverage metrics of the Corporation continue to remain robust.

The rating also factors in PCMC's importance to Maharashtra, with the entity being the third-largest municipal corporation in the state. PCMC continues to benefit from Pune city's strong economic base, known as an evolving business centre, hosting manufacturing and automobile industries, information technology (IT), education, management, and training institutes.

However, the rating is tempered by the Corporation's moderate self-reliance, given the higher share of GST grants in revenues with own revenue source comprising only 53% of the overall revenue, and moderate property tax collection efficiency. The corporation receives a share of Goods and Services Tax (GST) compensation from the state government per the stipulation in "The Maharashtra Goods and Services Tax (Compensation to The Local Authorities) Act 2017" and the share of GST revenue as a percentage of overall revenue stood at 46% in FY25. While comfort is derived from the track record of receiving such compensation timely, its continuity is important to maintain a healthy revenue profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial growth in operating surplus, supported by healthy increase in property tax and other own revenue.
- Significant improvement in tax collection efficiency over 80% on a sustained basis.

Negative factors

- Considerable decline in revenue receipts, resulting in reduction in revenue surplus/revenue receipts to below 20%.
- Significant decline in property tax collection.
- Non-adherence to the escrow and payment mechanism.

Analytical approach: Standalone while factoring in comfort from the Trustee-monitored SPM for bond issue, escrow of designated revenue sources, priority towards debt servicing of bonds, creating interest payment account and sinking fund account, and DSRA provision for two semi-annual interest payments.

Outlook: Stable

PCMC is expected to maintain a strong financial profile with steady growth in its revenue, consistently generating revenue surplus, and comfortable liquidity.

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****Strong economic base, efficient operations, and service delivery track record:**

Pune is the second-largest contributor to Maharashtra's gross domestic product (GDP) and has high-level industrialisation, being a hub for industrial set-ups. PCMC is home to operations of major Indian and multinational companies. It hosts automotive majors, including Daimler Chrysler, Force Motors, General Motors, Jaguar Land Rover, Kawasaki, Kinetic Engineering, Mahindra and Mahindra, Mercedes-Benz India, Premier Ltd., TATA Motors, and Volkswagen, among others PCMC's Rajiv Gandhi Infotech Park spans across 2800 acres, housing over 800 IT companies. The corporation has good infrastructure and a strong track record of coverage and service delivery including ~100% solid waste collection, 100% drinking water supply, and 95% sewerage. Storm water drainage coverage is relatively lower. The corporation has been incurring capex for improving coverage of such civic amenities.

Sustained revenue surplus over the years

The municipal corporation registered satisfactory growth in revenue receipts over the last few years with consistent growth in property tax and non-tax revenue (6% growth in FY25). PCMC reported a surplus of ₹1,574 crore in FY25. In the medium term, it is expected to maintain a strong financial profile and continue to report a surplus of over ₹1,000 crore.

Comfortable financial position

PCMC has outstanding debt of ₹383 crore as on March 31, 2025. This apart, it has issued green bonds of ₹200 crore in FY26 (issue date - June 04, 2025). Going forward, the Corporation is not expected to avail large borrowings. With a stable revenue base and consistent revenue surplus generation, CareEdge Ratings expects debt coverage indicators to remain comfortable despite the issuance of green bonds.

Structured payment mechanism**For Bond-1**

The bonds are backed by a SPM. The SPM entails creating an escrow account for designated revenue source (property tax) with priority on servicing of bonds. Under the SPM, collections for revenue heads of property tax collected shall be transferred to a separate escrow account. The salient features of SPM include:

- i. Transfer funds collected in escrow account to debt service account (DSA), amount equivalent to defined monthly liability for servicing of debt. This includes interest and debt repayments.
- ii. Build up shortfall in DSRA (at all times, DSRA should be maintained as two half-yearly interest payment).
- iii. Transfer to interest payment account (IPA) for half-yearly interest servicing, funded monthly, under terms of the bond issue.
- iv. Transfer to sinking fund account (SFA) monthly, such sums as may be required by terms of bond issuance and shortfall in earlier contributions.

Surplus funds after meeting minimum monthly requirement in escrow account/DSA can be transferred to PCMC General Fund account. PCMC maintains (DSRA) equivalent to two-half yearly interest payment amounts as fixed deposits, providing sufficient liquidity cushion. It is also creating sinking fund reserves for bullet payment of bonds on the 5th year.

SPM for Green bonds

The bonds are backed by an SPM. The SPM entails creating an escrow account for designated revenue source (property tax) with priority on servicing of bonds. Under the SPM, collections for revenue heads of property tax collected shall be transferred to a separate escrow account. The salient features of SPM include:

- i. Transfer funds collected in an escrow account to IPA and SFA, amount equivalent to defined monthly liability for servicing of debt and interest repayments.
- ii. Always build up shortfall in DSRA (DSRA should be maintained as two half-yearly interest payment).
- iii. Transfer to IPA for half-yearly interest servicing, funded monthly, under terms of the bond issue.
- iv. Transfer to SFA monthly, such sums as may be required by terms of bond issuance and shortfall in earlier contributions.

Surplus funds after meeting minimum monthly requirement in escrow account can be transferred to PCMC General Fund account. For the green bond, PCMC maintaining DSRA equivalent to two-half yearly interest payment amounts as fixed deposits, providing sufficient liquidity cushion. It is also creating sinking fund reserves for bullet payment of bonds on the 5th year.

The Debenture Trustee, on behalf of the Debenture Holders shall have pari-passu first ranking charge over the Escrow Account and the Collection Accounts that are being collected/pooled by the Issuer, and exclusive charge on the IPA (including the DSRA Amount), SFA and permitted investment made from this account for the exclusive benefit of the Debenture Holders.

Key weakness

Low own-revenue sources and moderate tax collection efficiency

Own revenue as tax and non-tax revenue comprised ~50% of overall revenue receipts in the last three years. Tax revenue collection efficiency has also been moderate.

Revenue receipts are skewed towards GST compensation receipt from the state government, constituting 46% of the revenue receipt. The corporation receives GST compensation share as stipulated in "The Maharashtra Goods and Services Tax (Compensation to The Local Authorities) Act 2017". CareEdge Ratings makes a note that while timely compensation is received, revenue is susceptible to delay in receipt/regulatory changes.

Liquidity: Strong

PCMC's liquidity position remains strong with consistent revenue surplus generated y-o-y and low debt obligations with debt/revenue receipts at 7.32% in FY25. The corporation has liquid funds of ~₹5,000 crore as on March 31, 2025.

Assumptions/Covenants

Debt service coverage ratio on operating surplus: Debt service coverage ratio (DSCR) will not be less than 1.25x of operating surplus (total income – total expenditure + depreciation+ Finance Charges).

DSRA of two semi-annual coupon payments should be maintained.

The total amount collected in escrow account shall be at least 1.25x of debt service amount annually. In case the ratio falls below 1.25x, PCMC shall not borrow further amount against cashflow(s) of the escrow account. No permission to borrow further amount(s) by PCMC shall be required, under this head, from bondholders if this condition is fulfilled.

PCMC shall not borrow further funds against cashflow of escrow account in case there is a shortfall in contribution to debt service account, and the shortfall has not been made good by PCMC.

Interest payment and principal repayment mechanism for bond-1

T = Bond payment date

Date	Event/ employed	Measures if shortfall occurs
Interest Payment Account		
T-25	Trustees will check amount in Interest Payment Account	Intimate PCMC to make good the shortfall in interest payment account 15 days prior to interest payment date.
T-14	Trustees shall re-check amount in interest Payment Account	Trustees will trigger payment mechanism and bank will be instructed to transfer shortfall amount from DSRA to interest payment account 10 days prior to interest payment date. Withdrawal from DSRA should be deposited back in the account.
T	PCMC shall pay interest on due date	
Sinking fund		
T-25	Trustees shall check credit in sinking fund	Intimate PCMC of shortfall and PCMC shall make it good 15 days prior to redemption date
T	PCMC shall repay the principal	

Interest payment and principal repayment mechanism for green bonds

T = Bond payment date

Date	Event/ employed	Measures if shortfall occurs
Interest Payment Account		
T-25	Trustees will check amount in Interest Payment Account	Intimate PCMC to make good for the shortfall in interest payment account 10 days prior to interest payment date.
T-9	Trustees shall re-check amount in interest Payment Account	Trustees will trigger the payment mechanism and bank will be instructed to transfer the shortfall amount from DSRA to interest payment eight days prior to interest payment date.
T	PCMC shall pay the interest on due date	
The debenture trustee shall check the balance in the SFA at the end of each year and in case of shortfall in the SFA, PCMC shall replenish the SFA with the necessary amount to fill the Shortfall		
Sinking fund		
T-45	Trustees shall check credit in the sinking fund	Intimate PCMC of the shortfall and PCMC shall make good the shortfall 15 days prior to redemption date.
T-14	Trustees shall re-check amount in interest Payment	The trustee shall trigger the payment mechanism and issue a final notice to the issuer. On issuance of such notice, the issuer shall fund the shortfall in SFA prior to redemption date.
T*	PCMC shall repay the principal	

*T: Date for sinking fund refers to the 12 period

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

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Urban Infrastructure Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Public Services	Urban Local Bodies

PCMC is the third-largest municipal corporation in Maharashtra, governed by The Maharashtra Municipal Corporations Act, 1949 (amended periodically). PCMC was established on October 11, 1982, to govern the newly industrialised towns of Chinchwad, Akurdi, Pimpri, and Bhosari. Pimpri-Chinchwad is Pune's satellite city ~15 kms from Pune, India, and 150 kms from Mumbai. PCMC is mainly responsible for civic administration, maintaining infrastructure facilities, and providing civic services, such as water supply, solid waste management, sewerage, education, health, and others to its citizens. Pune has been a hub for the engineering

industry for over five decades and an evolving business centre, as it hosts Information Technology (IT) and automotive companies. It has a coverage area of 485 Sq. kms with a population of 31.32 lakh (2011 census).

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)
Reported revenue receipts	5,417	5,235
Reported revenue surplus	2,071	1,574
Adjusted revenue surplus**	1,950	1,626
Adjusted revenue surplus/revenue receipts** (%)	36.82	30.76
Own revenue/revenue receipts (%)	45.15	45.17

**Adjusted for incremental debtors and excluding depreciation

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds	INE0P1K24010	July 28, 2023	8.15%	July 28, 2028	200.00	CARE AA+; Stable
Bonds	INE0P1K24028	June 04, 2025	7.85%	June 04 ,2030	100.00	CARE AA+; Stable
Bonds	INE0P1K24036	June 04, 2025	7.85%	June 04 ,2029	100.00	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 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	Bonds	LT	200.00	CARE AA+; Stable	-	1)CARE AA+; Stable (09-Aug-24)	1)CARE AA+; Stable (01-Mar-24)	1)CARE AA+; Stable (03-Mar-23) 2)CARE AA; Stable (03-Aug-22)
2	Bonds	LT	200.00	CARE AA+; Stable	-	1)CARE AA+; Stable (09-Aug-24)	-	-

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	Bonds	Simple

Annexure-5: Lender details: Not applicable

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Rajashree Murkute Senior Director CARE Ratings Limited Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Puja Jalan Director CARE Ratings Limited Phone: 914040020131 E-mail: puja.jalan@careedge.in
	Tej Kiran Ghattamaneni Associate Director CARE Ratings Limited Phone: 914040020131 E-mail: tej.kiran@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**