

Nagpur Municipal Corporation

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	200.00	CARE AA-; Stable	Upgraded from CARE A; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the rating assigned to bank facilities of Nagpur Municipal Corporation (NMC) factors in robust financial profile, marked by strong revenue receipts, consistent revenue surplus generation & low debt obligation leading to strong liquidity profile with cash balances of ~₹3,000 crore as on March 31, 2025. The rating action also factors in strengthening financial records and internal control system with adoption of audited financial statements complying with the National Municipal Accounting Manual. NMC used to follow cash-based accounting system and has transitioned to double entry system in the audited accounts, improving its financial controls. Per the audited financials for FY23-25 (FY refers to April 01 to March 31), the revenue receipts (RR) consistently grew with a compounded annual growth rate (CAGR) of ~5%. Availability of audited financials reinforces the strong financial profile of the Corporation and is viewed as a credit positive.

NMC's RRs remained consistent in FY25 at ₹2802 crore (PY: ₹2878 crore). NMC is one the large Municipal Corporations in Maharashtra with a strong revenue base and among the top five Municipal Corporation in Maharashtra. The Revenue Surplus (RS) as a percentage of RR stood strong at 28% in FY25 against 27% in FY24. The rating factors in continued lower reliance on debt despite increased development expenditure, supported by receipt of grants from the State and high own-surplus generation. The overall debt to RR position stood at 11.41% for the corporation in FY25.

NMC benefits from its strong locational advantages and proximity to key economic hubs. Its jurisdiction includes prominent national and multinational corporations, major commercial complexes, and established markets, which support a diversified and buoyant revenue base. NMC maintains strong service level benchmarks, with coverage of essential infrastructure and civic services across its jurisdiction.

NMC has been undertaking developmental projects to improve the city's infrastructure, with capital expenditure in the range of ₹300-850 crore in the last three years. NMC has upcoming projects such as the Nag river pollution abatement project and the Pora river rejuvenation project, where funding is yet to be tied up. CARE Ratings Limited (CareEdge Ratings) understands that a large part of the capex will be funded through Central and State grants or own revenue, with reliance on debt between ₹200-600 crore. The financial profile is expected to continue to be strong post such debt availment. Deviation impacting debt coverage will remain important.

The rating strengths are tempered by the NMC's low self-reliance, considering the higher share of grants in its revenues (almost 70% of RRs), largely as GST compensation payments from the Government of Maharashtra (GoM) following the abolishment of local body taxes and declining collection efficiency. Current tax demand collection has been improving, while increased grants and non-tax revenue have supported RR growth. NMC has launched Abhaya Yojana, offering rebates on penal charges due on arrear tax dues which has also contributed to property tax growth (~₹86 crore generated from scheme in period between January 01 and March 31, 2025) However, improvement in collection efficiency remains important for sustained growth in the Corporation's fiscals and from a credit perspective.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Continued growth in Revenue receipts and healthy revenue surplus.
- Improvement in collection efficiency on a sustained basis.

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

Negative factors

- Material reduction in revenue surplus by over 25% on a sustained basis
- Significant and sustained delays in receipt of revenue grant from State Government.
- Incremental debt weakening the Debt / RR beyond 0.5x.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectation of steady receipt of GST grants from the government and continued generation of RS with comfortable debt and liquidity structure of the corporation.

Detailed description of key rating drivers:**Key strengths****Satisfactory economic base**

Nagpur is the second capital of Maharashtra and the largest city in Vidarbha (eastern region of Maharashtra). Nagpur is emerging as an important industrial centre, and NMC has been consistently incurring capital expenditure to strengthen the city's infrastructure base.

NMC's industrialisation level is moderate at above 65%, with gradual development of industrial set-ups. While certain civic infrastructure gaps remain, solid waste collection covers households, and water supply coverage extends to ~98% of households.

Strengthening of financial records

NMC has strengthened its financial records and internal control system, with audited financial statements prepared in compliance with the National Municipal Accounting Manual. Availability of audited financials reinforces the corporation's strong financial profile. Audited accounts impart greater flexibility to the NMC in raising resources to meet unforeseen contingencies. Audited accounts are also a precondition for urban local bodies for having access to the municipal bond market.

Strong revenue receipts and surplus profile

The financial profile of NMC has been robust, marked by strong revenue receipts, consistent revenue surplus generation & low debt obligation leading to strong liquidity profile. Adoption of audited accounts vouch for complete accuracy of financials strengthening the credit profile. However, CareEdge Ratings noted that there is a large material deviation between audited financials and NMC certified financials provided erstwhile.

NMC RRs remained robust and reported consistent RS in the last few years. In FY25, RRs stood at ₹2802 crore (FY24: ₹2878 crore). The grant allocation has been slightly lower in FY25 due to which there is a moderation of ~3% in the RRs, however, the scale continues to be robust. RS as a percentage of RRs improved over the years and stood at 28% in FY25 against 27% in FY24. A significant portion of the RS forms the GST compensation, received in a timely manner within the first 10 days of every month. Of the RRs, non-tax revenue has continued to grow and stood at ₹628 crore in FY25 from ₹627 crore in FY24. Going forward, continued support from State grants and sustained growth in non-tax revenues are expected to help maintain healthy revenue surplus levels in the near term, moderation in RR growth remains a key monitorable.

Comfortable debt profile

The corporation has minimal reliance on debt to fund its capex plans. Its debt level declined to ₹57 crore as on March 31, 2025, from ₹103 crore as on March 31, 2024, and, supported by sustained RS, resulted in comfortable debt coverage metrics. Debt as a percentage of RRs stood low at 11.41% in FY25 (Actuals). With reconciliation of financials during audit process, NMC's debt profile includes borrowings pertaining to projects executed by Maharashtra Jeevan Pradhikaran (MJP), such borrowings however, have been settled by the State Government and as of March 25, 2026, NMC has o/s borrowings of ₹25 crore. With development plants towards capex for Nag and Pora river rejuvenation, there is likely debt addition in the next three years with ~₹200 crore expected in FY27. Borrowings in the next three years are expected ~₹200- 600 crore, however, despite the stated borrowing increase, robust surplus position is expected to sustain the leverage.

Reform-oriented administration

Reforms and measures have been implemented to increase revenues, especially in property tax. Key initiatives include GIS mapping and a property tax collection application, which enable assessment, tracking of dues, inline assessment, and payment

of property tax. NMC has also digitised operations through online platforms for shop licence registration, online assessments, payment of taxes, and deployment of POS machines to facilitate tax payments. The Corporation launched the Abhay Yojna in 2023 and 2025, offering an 80% waiver on penal interest on arrears. It collected ₹86 crore under the scheme by March 31, 2025.

Capex incurred for infrastructure development

NMC has undertaken several projects for upgrading the city's infrastructure. The corporation has completed the road cementing project, although final billing for the project is yet to be completed. The project for laying pipelines, distribution, and installation of taps achieved ~98% physical progress as of February 2026. Capital expenditure incurred in the last three years averaged ~₹1,000 crore annually and has been largely funded through grants and the corporation's own surplus.

NMC has projects under progress, such as the Nag river pollution abatement project and the Pora river rejuvenation project, with project cost of ₹1,927.00 crore and ₹900.00 crore, respectively. A large part of the capital expenditure is expected to be funded through Central and State grants or own revenue, with reliance on debt not exceeding ₹200-600 crore in the next three years.

For the Nag River pollution abatement project, tenders are expected to be floated in July 2026, with work orders likely to be issued in October 2026. For the Pora river project physical progress of ~30% was achieved as of February 2026.

Key weaknesses

Low self-reliance due to high grant dependence

NMC has low self-reliance on its own revenue sources. Tax revenue, comprising property tax, water tax, and other local taxes, accounts for ~10% of total revenue receipts (RRs). Goods and Services Tax (GST) grants remain a major revenue contributor, with an average share of ~59% of RRs. Accordingly, the own-revenue share of overall RRs remained modest at 39% in FY25. NMC depends on the timely receipt of GST grants from the State, and delays could adversely impact its overall financial profile. The Corporation receives its share of GST compensation from the State Government as stipulated under The Maharashtra Goods and Services Tax (Compensation to the Local Authorities) Act, 2017.

Going forward, the corporation's ability to improve own-revenue mobilisation and collection efficiency remains important to reduce reliance on grants and support sustained fiscal strength in the medium term.

Moderate collection efficiency

Property tax collection efficiency for current demand moderated to ~59% in FY25 (FY24: 63%). Similarly, arrears collection, although marginally improved, remained low at 16% in FY25 (FY24: 15%), resulting in an overall collection efficiency of 28%. The corporation has relatively high arrears, largely attributable to Central Government properties, where collection has historically been a challenge. penal interest of 2% per month on arrears significantly inflates overall demand, suppressing reported collection efficiency.

Liquidity: Adequate

The corporation has been reporting consistent RS, which with low debt level, resulted in a satisfactory liquidity profile. The corporation has debt of ₹55.00 crore as on March 31, 2025 (outstanding [o/s] ₹25 crore as on March 31, 2026). It has large cash and bank balance of ₹2,973 crore and ₹94 crore of investments as fixed deposits as on March 31, 2025.

Assumptions/Covenants: Not applicable

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](#)

[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

NMC was established in March 1951. It is governed by the City of Nagpur Corporation Act, 1948. The area under NMC is divided into 10 zones. It has a coverage area of 217.56 sq km with a population of 24.06 lakh (2011 census). Nagpur Improvement Trust (NIT) works with NMC and carries out works such as development of civic infrastructure and new urban areas.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Reported revenue receipts	2,878	2,802
Reported revenue surplus/(deficit)	775	772
Reported revenue surplus/(deficit)/ Revenue Receipts (%)	27	28
Adjusted revenue surplus/(deficit)**	960	727
Adjusted revenue surplus/(deficit)**/ Revenue Receipts (%)	33	26
Own Revenue/Revenue Receipts (%)	35	39

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
Fund-based - LT-Term Loan	-	-	-	October 2027	200.00	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	Fund-based - LT-Term Loan	LT	200.00	CARE AA-; Stable	-	1)CARE A; Stable (28-Mar-25)	1)CARE A; Stable (19-Mar-24)	1)CARE A-; Stable (20-Feb-23)

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	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

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.

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About us:

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