



## Rating Rationale

### Chandausi Municipal Council

April 19, 2017

**Brickwork Ratings assigns an Issuer rating of BWR B+ (Outlook: Stable) to Chandausi Municipal Council (CMC)**

#### Particulars:

Entity	Rating Type	Tenure	Rating*
Chandausi Municipal Council	Issuer	Long Term	<b>BWR B+ (Pronounced BWR Single B Plus) Outlook : Stable</b>

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rationale/Description of Key Rating Drivers/Rating Sensitivities:

The rating draws comfort from the average economic base, high collection efficiency of solid waste and scientific methods used for land filling, high collection efficiency of property tax, monthly circulation of e-patrika , and progress made by CMC in implementing the key reforms. The rating also factors in its status as a Atal Mission for Rejuvenation and Urban Transformation (AMRUT) city in Uttar Pradesh and various other projects & initiatives taken by SMC to augment the level of services in the city. These rating strengths are partially offset by below average standards of civic services reflected by – revenue deficit reported by council in FY16 due to high dependence on revenue grants received from central or state government as per financials provided by the ULB, low % of own revenue, low coverage of water supply & sewerage connection, lack of storm water drainage system, no metering of water connections, low cost recovery in various civic services, lack of sewerage treatment plant, lack of public transportation system and large investment requirements of the city to implement various projects & reforms.

Going forward the ability of CMC to arrange required funds in a timely fashion for completion of various projects & reforms, concerted efforts for improving the overall urban infrastructure, implement GIS completely and effectively to ensure monitoring of various civic services & timely collection of user charges as well as property tax, efforts in increasing revenue on its own and achieve the level of e-services as per requirements shall remain key rating monitorables.

#### Rating Outlook: Stable

BWR believes that Chandausi Municipal Council's credit risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the Council is able to achieve the estimated progress in the implementation of various projects and reforms. The rating outlook



may be revised to 'Negative' if the progress in the projects and reforms is lower than the expectations.

**About Chandausi City:**

Chandausi is a sub district Head quarter in Moradabad District and a municipality in the state of Uttar Pradesh, India. Chandausi is historically the old city. Its old name was Chandasi, which later became Chandausi in colloquial. Total geographical area of Chandausi nagar palika parishad is 9 km2 and it is the biggest city by area in the sub district. It is also known as mini Vrindavan of India. From the industrial perspective, Chandausi town is famous for the Mandi of Ghee as well as Mentha Mandi.

**About Chandausi Municipal Council:**

Chandausi municipality is one of the oldest municipalities established in 1815 in India. The first municipal council was formed on July 8, 1863. There are 25 wards in the city. The population of Sambhal in 2011 is 114,383. The literacy rate of Sambhal as per census 2011 was 70.96% of which 75.01% were male literates and 66.48% percent were female literates. The sex ratio of Chandausi city is 898 per 1000 males. Child sex ratio of girls is 869 per 1000 boys. The working population was around 29% in 2011 which is very low. This is primarily due to very low commercial and industrial development in the municipality.

**Council’s Financial Performance:**

CMC has reported Revenue of Rs.19.61 Crs for FY16 as against Rs. 30.92 Crs for FY15. Council reported **revenue deficit** of Rs. 9.85 Crores in FY16 against a revenue deficit of 5.28 Crs in FY15.

**Hyperlink/Reference to applicable Criteria:**

- **General Criteria**
- **Approach to Financial Ratios**
- **Public Finance - Municipal and Urban Local Bodies**

Analytical Contacts	Media
<u>Satvinder Gakhar</u> DGM – Ratings  <a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
	Relationship Contact
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	



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### **About Brickwork Ratings**

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