

Brickwork Ratings assigns an Issuer rating of BWR B (Outlook: Stable) to Chirkunda Nagar Panchayat.

Particulars:

Name of the ULB	Rating ¹	
Chirkunda Nagar Panchayat	Issuer Rating	BWR B (Outlook: Stable) Pronounced BWR Single B)

¹Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

BWR has essentially relied upon the certified financial statement of **Chirkunda Nagar Panchayat (CNP)** up to FY2014-15, SLIP (Service Level Improvement Plan), SAAP (State Annual Action Plan) for FY15 and FY16, publicly available information and information/clarifications provided by the Municipal Corporation.

The rating reflects moderate economic base, favorable legislative framework, proximity to coal mines areas and other allied industries, proximity of DVC enabling industrial growth in the area favorable infrastructure, better transport connectivity through road and rail, high literacy rate, progress made by KNP in implementing key reforms, moderate cash and bank balance and year on year growth in the revenues. These rating strengths are partially offset by non-completion of property tax assessment, low revenues, revenue deficit, substantial shortfalls as against the benchmark levels of service lines as stipulated by MOUD, large requirement of infrastructure investments and high dependency on state and central government grants.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Chirkunda has an average literacy rate of 77.65%, higher than the national average of 74.04% and the city is well connected to capital city and large urban centers of the State. Chirkunda is developing town and its economy is majorly depending on mining, industrial and its allied activities. Other driving factors of town's economy growth are commercial and trading activities. Piped water supply coverage is only at 21.00%, which is very low, absence of sewerage and formal urban transport system, adequate solid waste collection but without segregation and treatment facilities are key limitations.

About the Municipality

Chirkunda is an industrial town and coal-mining town situated in Dhanbad district. Town limits house mining areas of Eastern Coal Corporation Limited (ECCL) and Bharat Coking Coal Limited. Chirkunda Nagar Panchayat is spread over 6.26 sq. km with a total population of 45,508 as per census 2011.

Major industries includes in and around area includes refractory making, coal making, iron and steel plants and food processing.

Financial Position – Chirkunda Nagar Panchayat

Revenue receipts (RR) of Chirkunda Nagar Panchayat is mainly contributed by Grants, Contribution and Subsidies, accounting for 88.49% and non-tax revenue for 11.51% against the

total receipts in FY15. Assessment of holding tax is in progress. Overall, for past three financial years RR has grown from Rs. 0.65 crs in FY13 & Rs. 0.63 crs in FY14 to Rs. 0.68 Crs in FY15. Chirkunda Nagar Panchayat revenue deficit fluctuated during FY2013-FY2015.

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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