

Press Release

Deoghar Municipal Corporation

6 April 2017

Brickwork Ratings assigns an Issuer rating of BWR BB- (Outlook: Stable) to Deoghar Municipal Corporation.

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Name of the ULB	Rating ¹	
Deoghar Municipal Corporation	Issuer Rating	BWR BB- (Outlook: Stable) (Pronounced BWR Double B Minus)

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

The rating reflects moderate economic base, favorable legislative framework, proximity to major commercial & administrative centers, high literacy rate, progress made by DMC in implementing key reforms and year on year growth in the revenues. These rating strengths are partially offset by low revenues, revenue deficit, substantial shortfalls as against the benchmark levels of service lines as stipulated by MOUD, large requirement of infrastructure investments and increasing dependence on state and central government grants.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Deoghar has an average literacy rate of 74.33%, higher than the national average of 59.5% and The city is well connected to capital city and large urban centers of the State. Deoghar district ranks 8th w.r.t the share in State GDP having 4% contribution to the total State GDP. Deoghar's economy is predominantly informal trade based. The town is engulfed by huge chunk of informal activity due to the presence of temple. The major economic activities of the region are trade & commerce, tourism related activities, to some extent industrial activities and informal activities like labor. Piped water supply coverage is only at 28.41% which is very low, absence of sewerage and formal urban transport system, adequate solid waste collection but without segregation and treatment facilities.

About the Municipality

DMC was established as Municipality on 26th June 2010. Deoghar is the Third Municipal Corporation of Jharkhand and DMC is best known for its services to the citizens of Deoghar. The jurisdiction of Deoghar Municipal Corporation has a total area of 119.70 Sq. km and the numbers of wards are 36. The Municipal had a population of 2,03,123 persons as per 2011 census.

Financial Position – Deoghar Municipal Corporation

Grants account for 53.74% of the Revenue receipts (RR) of Deoghar Municipal Corporation. Revenue Expenditure has increased from Rs 15.97 Crs in 2014-15 to Rs 22.50 Crs in 2015-16. Municipality reported revenue deficit of Rs 2.88 Crs during FY2014-15 against revenue surplus of Rs 2.64 Crs in FY 2014-15.

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

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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

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

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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