

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

Particulars:

Name of the ULB	Rating Type	Rating ¹
Hazaribag 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

BWR has essentially relied upon the certified financial statement of **Hazaribag Municipal Corporation (HMC)** up to FY2014-15, Budget documents up to the year 2015-16, Service Level Improvement Plan (SLIP), State Annual Action Plan (SAAP) 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 the mining areas, moderate literacy rate, progress made by HMC in implementing key reforms & moderate collection efficiency. These rating strengths are partially offset by low revenues, continuous revenue deficits, substantial shortfalls as against the benchmark levels of service lines as stipulated by MOUD, limited resource mobilization and increasing dependence on state and central government grants.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Literacy rate of the Hazaribag city is 89.36% higher than state average of 66.41%. Presently the city is home to several prestigious educational institutions. The city is connected to capital city, nearby cities and urban centers. Agriculture is the main source of income in the Hazaribagh district. Hazaribagh has the second highest coal reserve in Jharkhand (Dhanbad region has the first). Mica and Coal are the main minerals.

Piped water supply coverage is only at 28.13% as at FY16 which is an improvement on the FY15 levels at 19.68%. However, the coverage of piped water is very low. There is no sewerage network & hence no collection & no treatment.

About the Municipal Corporation

Hazaribagh was established in the year 1886 as a municipality. It is the divisional headquarters of North Chotanagpur division. February, 2016, Hazaribagh was accorded municipal corporation status adding 19 villages to its area increasing the town's population to 1,97,466 from 1,42,489. Now, Municipal Corporation has 32 wards and the area of the municipal corporation is around 20.34 sq km.

Financials – Hazaribagh Municipal Corporation

Revenue receipts (RR) of Hazaribag Municipal Corporation is mainly contributed by Grants, Contribution and Subsidies, accounting for approximately 37.37% of the total receipts in FY15.

Revenue Expenditure has increased substantially from Rs 11.65 Crs in FY13 to Rs 15.99Crs in FY14 and declined to Rs. 13.89 crs in FY15.

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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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