

Brickwork Ratings assigns an Issuer rating of BWR BB- (Outlook: Stable) to Osmanabad Municipal Council

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Name of the ULB	Rating ¹	
Osmanabad Municipal Council	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 OMC in implementing key reforms. 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:

Literacy rate of OMC is 80.89%. In OMC, Male literacy is around 87.47% while female literacy rate is 73.83%. The city is well connected to capital city and large urban centers of the State. The Economy of Osmanabad is dependent on agricultural sector. About 69.46% of the city's economy is dependent on agriculture and hence factors like flooding, low rainfall affect the economy. Water supply covers 68% of the city. The Osmanabad Municipal Council does not have proper Sewerage System for the city.

About the Municipality

Osmanabad district is an administrative district in the Marathwada region of the state of Maharashtra in India. The district has derived from the name of the 7th Nizam of Hyderabad - Mir Osman Ali Khan. The district headquarters are located at Osmanabad. The jurisdiction of Osmanabad Municipal Council has a total area of 17.90 sq km and the number of wards are 31. The Municipal council had a population of 405,736 person as per 2011 census.

Financial Position – Osmanabad Municipal Council

Revenue receipts (RR) of Osmanabad Municipal Council is mainly contributed by Grants, Contribution and Subsidies, accounting for more than ~59%. Revenue from tax contributes to ~11% of the total RR as compared to ~29% from other income and Non-tax revenue. Total income decreased to Rs. 20.14Cr in FY16 compared to Rs. 20.53Cr in FY15.

Osmanabad Municipal Council Revenue Deficit decreased to Rs. 22.35Cr in FY16 from Rs. 28.50Cr 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.

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