



## **Notice of Withdrawal**

**Tiruppur City Municipal Corporation**

**24 Oct 2018**

**Brickwork Ratings places the issuer rating of BWR BB+ (Outlook:Stable) of Tiruppur City Municipal Corporation on 'Notice of Withdrawal' for a period of 3 months.**

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Brickwork currently has a issuer rating of BWR BBB- (Outlook:Stable) (Pronounced as BWR Triple B Minus) for Tiruppur City Municipal Corporation for which the last press release was issued on 24-Apr-2017. BWR has sent an intimation regarding the notice of withdrawal through email dated 08-Oct-2018. Hence, in accordance with BWR's policy on Withdrawal of Issuer Ratings, the rating withdrawal follows the completion of 12 months from the one-time rating exercise as per terms and conditions of the rating agreement drawn with Tamil Nadu Urban Finance & Infrastructure Development Corporation (TUFIDCO).

The said rating will now be withdrawn on completion of the 3 months' notice period.

### **Rationale/Description of Key Rating Drivers/Rating sensitivities**

**(As per last press release dated 24-Apr-2017)**

The rating factors the civic service delivery standards maintained by the Corporation for its water supply and storm water drains, quality road infrastructure, strong economic base supported by the textile industry generating major exports revenue (₹ 230 billion in FY16) for the country, tax collection efficiency at 78% with high per capita property tax. The rating derives strength from TCMC's improved revenues in FY15 on account of increase in user fees and other revenue sources; growth in fixed assets from 2011 to 2015 in addition to increased spending in O&M expenditure and strong liquidity with high cash and cash equivalent amounts. The rating derives comfort from the strong institutional setup at the state level with intermediaries like TUFIDCO and TNUIFSL enabling external funding for urban development in Tamilnadu and economic buoyancy and employment potential in the city.

The rating is constrained by low sewerage network coverage of 12%, absence of proper regulation and enforcement to counter the environmental pollution from effluent discharged by the industrial facilities. The rating is further constrained by limited ability of the Corporation to increase user charges or tax revenues due to the power to increase the tax rates and user charges being vested with the State Government.

Going forward, timely receipt of grants from various central and state government schemes, concerted efforts for improving the urban infrastructure especially sewerage network, address environmental pollution and improve living conditions of the citizen; increase the municipal corporation's own revenues, would be the key rating sensitivities.



### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the rating criteria detailed below (hyperlinks provided at the end of this rationale)

### About the Tiruppur City Municipal Corporation

Tiruppur City Municipal Corporation (TCMC) covers an area of 159.35 square km and had a population of 8.79 lakh as per the 2011 census. TCMC was incorporated under The Tiruppur City Municipal Corporation Act, 2008 to provide basic services within the city. TCMC is responsible for providing various urban services including water supply, sewerage, solid waste disposal, maintenance of roads/bridges, parks and playgrounds, storm water drains, education, healthcare, regulation of building construction and other public utilities like street lighting and maintenance and the provision of basic facilities in slum areas in the city of Tiruppur.

### Financial Position – Tiruppur City Municipal Corporation

On a provisional basis, TCMC reported revenue receipts of ₹ 188.66 Crs and primary operating surplus of ₹ 54.56 Crs for FY15 as against revenue receipts of ₹ 152.19 Crs and primary operating surplus of ₹ 42.65 Crs for FY14

### Rating History for the last three years (including withdrawn/suspended ratings)

S.No	Entity	Current Rating (2018)		Rating History		
		Rating Type	Rating	27-Apr-2017	2016	2015
1	Tiruppur City Municipal Corporation	Issuer	BWR BBB- (Pronounced as BWR Triple B Minus) (Notice of Withdrawal)	BWR BBB- (Outlook:Stable)	NA	NA

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Public Finance- Municipal and Urban Local Bodies](#)

For any other criteria obtain [hyperlinks](#) from website



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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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