



**Press Release**  
**MUNICIPAL CORPORATION RAIPUR**  
**July 29, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
BOND	33.00	ACUITE A   Stable   Assigned	-
BOND	167.00	Provisional   ACUITE AA   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	200.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned the long term rating of '**Provisional ACUITE AA**' (read as **Provisional ACUITE double A**) on the Rs.167.00 Crore Bond of Municipal Corporation Raipur. The outlook is '**Stable**'.

Acuite has assigned the long term rating of '**ACUITE A**' (read as **ACUITE Ao**) on the Rs.33.00 Crore Bond of Municipal Corporation Raipur. The Outlook is '**Stable**'. The rating is assigned on the Rs. 33 Cr. proposed bond in the absence of draft term sheet.

The rating on Rs.167.00 Cr. proposed Bond is provisional and the final rating is subject to receipt of pending documentation:

- Final NCD term sheet
- Executed agreement with debenture trustee and trust deed
- Any other document relevant to the issue.

**Rationale for rating:**

The rating takes into consideration the consistent support from both the state and central government towards the development of the city, strong operating performance, a YoY increase in tax revenue and collection efficiency and a healthy cash surplus. The rating further draws comforts from the structured payment mechanism which will be backed by an interest payment account (IPA) and a sinking fund account (SFA). The IPA shall be funded with the required amount in a debt service reserve account (DSRA)-equivalent to eight succeeding coupon payments, prior to the pay in date, to be maintained during the tenor of the bonds. Acuite expects that RMC would be able to receive adequate property tax collection to service the debt obligations. However, the rating to be constrained by the elevated level of receivables of RMC and relatively moderate property tax collection.

**About the Company**

Raipur – Based, Municipal Corporation Raipur is established in 1967. Raipur is one of the major commercial hub for trade and commerce. Additionally, it is also an important centre for power and coal industries. The city is well-developed air and rail networks, along with buses to strengthen regional transportation links. The municipal corporation provides essential services like water supply, sewerage, Street lighting, waste management, residential colonies roads, drains, The city has been recognized under the Swachh Bharat Mission – Urban (SBM-U) for its excellence in solid waste management. It has been Ranked 12th among Indian cities for urban cleanliness and sanitation. As of the 2011 census, Raipur had a population of 1,010,087, of which 519,286 are males and 490,801 are females. The municipal corporation is led by Commissioner Mr. Vishwadeep and Additional Commissioner Finance is Mr U S Agarwal.

**Unsupported Rating**

ACUITE A /Stable

### **Analytical Approach**

Acuité has considered the standalone business and financial risk profiles of Municipal Corporation Raipur to arrive at the rating

### Strengths

#### Benefits from Raipur's status as an administrative and political capital of Chhattisgarh

Raipur Municipal Corporation (RMC) provides civic services to Raipur city, the capital of Chhattisgarh. Raipur is one of the major commercial hub for trade and commerce. Additionally, it is also an important centre for power and coal industries. The city has well-developed air and rail networks, along with buses to strengthen regional transportation links. The city has been recognized under the Swachh Bharat Mission – Urban (SBM-U) for its excellence in solid waste management. It has been Ranked 12th among Indian cities for urban cleanliness and sanitation by the Ministry of Environment, Forest and Climate Change. It has been successful in implementing various developmental projects including road development projects, underground cabling work among others. Acuité believes the significant development works in the city will lead to increase in urbanisation. Raipur is also one of the cities under Atal Mission for Rejuvenation and Urban Transformation (AMRUT). The purpose of AMRUT is to ensure every household to have access to tap water and sewerage connection, increase the amenity value of cities, and reduce pollution in the city. Acuité believes that RMC will continue to benefit significantly from its pivotal position as the capital city of the state of Chhattisgarh. Since the ongoing support from the state government will be critical for maintaining a stable credit profile, the credit rating of GoChhattisgarh will also be a key monitorable.

#### Healthy Financial risk profile

The financial risk profile of the entity is strong marked by net-worth of Rs.3227.44 Crore as on 31st March 2025(Prov.) as compared to Rs. 3076.39 Crore as on 31st March 2024. The net worth includes Municipal General fund of Rs. 2308.30 Cr. in FY 25(Prov.) and Rs. 2124.34 Cr in FY 24, Earmarked Funds of Rs. 37.55 Cr. in FY 25(Prov.) and Rs. 22.95 Cr. in FY 24, Reserve funds of Rs. 503.79 Cr. in FY 25(Prov.) and Rs. 497.65 Cr. in FY 24 and Grants, contribution for specific purpose of Rs. 377.80 Cr. in FY 25(Prov.) and Rs. 431.43 Cr. in FY 24. The TOL/TNW ratio stood at 0.10 times as on 31st March 2025(Prov.) against 0.12 times as on 31st March 2024. It does not have any long-term debt in the books. The interest cost pertain to bank charges of the corporation. Acuité believes that financial risk profile of the corporation will remain healthy in the near to medium term.

#### Structured payment mechanism

The Issuer shall set up a separate no-lien Escrow Account and the funds lying in account(s) in which the Property Tax, Samekit Tax, Water Tax and User Charges is collected and/ or pooled by the Issuer shall be transferred to the Escrow Account for debt servicing on daily basis. The funds should be first utilized to meet the Minimum Balance in Escrow Account which entails maintenance of a Debt Service Reserve Account (DSRA), Sinking fund Account(SFA) and Interest Payment Account (IPA) The minimum balance shall not be used for any purpose other than transfer to the DSRA, IPA and SFA. For ensuring maintenance of the Required DSRA Amount, the Interest Payment Account shall be funded 1 day prior to the Pay-In Date with an amount equal to the 8 succeeding Coupon payments required to be paid by the Issuer in respect of the Debentures (Required DSRA Amount).

#### IPA (Interest Payment Account)

An amount, as specified in the terms of bonds, will be transferred to IPA from Escrow Account on a monthly basis. The debenture trustee shall check the amount in IPA at least 25 (T-25) days prior to the interest payment date. In case of any shortfall in the amount, the trustee shall intimate the issuer of the shortfall and Issuer shall cover the shortfall prior to 10 days (T-10 days) of the interest payment day. If the corporation fails to cover the shortfall at T-10, trustee shall trigger the payment mechanism and instruct the banks to utilise the DSRA amount for meeting the shortfall in the IPA at 09 days (T-09 days) prior to interest servicing day. The bank shall transfer the deficit from DSRA to IPA at 08 days (T-08 days) prior to the interest servicing day. In case the DSRA Amount (or part thereof) is utilized to fund the shortfall in the amount required to make payment of the Coupon in respect of any Coupon Payment Date, immediately after the Debenture Trustee has instructed the Bank to utilise the DSRA Amount as above and in any event prior to 7 (Seven) days prior to the relevant Coupon Payment Date (T-7). The debenture trustee would issue a final notice in writing to the issuer. On the issuance of such notice, the issuer shall make good the DSRA amount shortfall within next 15 days (T+8). Further, immediately after the DSRA Utilization, the amount lying in the escrow account shall flow into the IPA for DSRA replenishment and shall not be transferred by the issuer to the general fund account till the time the required DSRA amount is replenished.

#### Terms and Conditions

The DSRA shall be created with an amount equivalent to the eight succeeding coupon payments (2 years interest obligation) needs to be maintained. The funds (Property Tax, Samekit Tax, Water Tax and User Charges) received in the Escrow Account will be transferred to IPA and SFA on a monthly basis as per the terms of the bond. As regards the interest payments quarterly funded in first 8 months in the 12 months block, the IPA will be funded on a monthly basis. SFA, which shall be funded first 10 months in 12 months block equivalent to the amount as per the terms of bond issuances.

#### SFA (Sinking Fund Account)

The debenture trustee shall check the amount in SFA at least 45 (T-45) days prior to end of each 12-month block.

In case of any shortfall the amounts lying or credited in the escrow account shall flow into the sinking fund account for funding the shortfall and shall not be transferred by the issuer to the general fund account(s) till the time the shortfall is funded. It shall cover the shortfall prior to 15 days (T-15 days) prior to end of each 12 months' block. If shortfall still persists at T-14 days, Debenture Trustee shall issue a final notice to the issuer. On the issuance of such notice, the issuer shall remit the funds to fund the shortfall into the Sinking Fund Account prior to the end of each 12 Month Block (T).

### **Weaknesses**

#### **Significant build-ups of receivables**

The debtors position as on 31 March, 2025(Prov.) stood at Rs. 220.62 Cr. i.e. 282 days in FY 25(Prov.) against Rs.165.31 Cr. as on 31 March, 2024 i.e. 233 days for FY24. Acuite believes that any significant build-up in receivables beyond existing levels will be a key rating sensitivity factor.

#### **Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)**

The structured payment mechanism alongwith expected cash flows of the RMC is expected to be self-sufficient for funding the obligations of proposed NCDs.

Stress case scenario: Acuite sensitized that the property tax which is expected to be collected, which would be transferred to escrow account, even if adjusted by 50%, the Corporation would be able to meet its debt obligations. Over and above this, the Corporation is expected to maintain DSRA which is to be replenished in a time bound manner in case of meeting any exigency and shortfall.

### **Rating Sensitivities**

Movement in collection efficiency.

Movement in civic coverage indicators

### **All Covenants**

#### **Financial covenants given below:**

1. The Issuer shall, at all times till the Debentures are outstanding, ensure that the total amounts collected in the Escrow Account in any financial year shall be at least 2 (Two) times of the annual Payments Amount. For the purpose of this term sheet, the term 'annual Payments' shall, in respect of any financial year, mean the aggregate of (a) the Coupon payable in such year (in relation to the present bond issue and any further borrowings); and (b) the portion of principal amount of the Debentures which are required to be deposited by the Issuer into the Sinking Fund Account in such financial year (in relation to the present bond issue and any further borrowings).

So long as the Eligibility Conditions are met, the Issuer shall be entitled to raise further financial indebtedness based on its cash flows including the cash flows through the Escrow Account, provided that it is clarified that nothing in this provision should be construed to permit the creation of any encumbrance over the hypothecated property without the express prior written consent of the debenture trustee. For the purpose of this term sheet, the term 'Eligibility Conditions' shall mean the following conditions: (a) the annual Payments Ratio is maintained by the Issuer; (b) there is no shortfall in the contribution to the Escrow Account, the Interest Payment Account (including towards maintenance of the Required DSRA Amount) and/or the Sinking Fund Account which has not been made good by the Issuer in terms of the Transaction Documents; (c) no Event of Default has occurred.

2. Other financial covenants as defined in the Transaction Documents. The documents executed in relation to or which are relevant to the Issue including the Preliminary Placement Memorandum/ the Placement Memorandum along with all annexures, the Issue Agreement, the Issue Proceeds Agreement, the Debenture Trustee Agreement, the Registrar Agreement, the Debenture Trust Deed, the Deed of Hypothecation, the Escrow Agreement, the Tripartite Agreements with NSDL and CDSL and any other agreement or document designated as such by the Debenture Trustee (acting on the instructions of the Majority Debenture Holders)

### **Liquidity Position**

#### **Strong**

RMC has strong liquidity marked by healthy net cash accruals of Rs. 302.97 Cr. as against no debt repayments. The cash and bank balances stood at Rs. 568.28 Cr. as on March 31, 2025(Prov.) as compared to Rs. 541.40 Cr. as on March 31, 2024. Acuite believes that the liquidity will remain strong in the absence of any long-term debt repayments in the near to medium term.

### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	524.42	580.34
PAT	Rs. Cr.	183.96	99.13
PAT Margin	(%)	35.08	17.08
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	8509.16	3945.58

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

#### Supplementary disclosures for Provisional Ratings Risks associated with the provisional nature of the credit rating

In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuité will withdraw the existing provisional rating and concurrently assign afresh final rating in the same press release, basis the revised terms of the transaction.

#### Rating that would have been assigned in absence of the pending steps/documentation

The structure would have become null and void for the instrument. The rating of the instrument would have been equated to the unsupported rating of the issuer (ACUITE A).

#### Timeline for conversion to Final Rating for a debt instrument proposed to be issued

The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument.

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>
- State Government Ratings : <https://www.acuite.in/view-rating-criteria-26.htm>
- Urban Local Bodies : <https://www.acuite.in/view-rating-criteria-57.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History:Not Applicable

**Annexure - Details of instruments rated**

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Bond	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	167.00	Simple	Provisional   ACUITE AA   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Bond	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE A   Stable   Assigned

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr No.	Company Name
1	Municipal Corporation Raipur
2	Government of Chhattisgarh

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.