

July 21, 2023

## Aurangabad Municipal Corporation: Continues to remain under issuer Non-Cooperating category. Ratings downgraded based on best available information

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Issuer Rating	NA	NA	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Downgraded from [ICRA]BB+ (Stable) ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category
<b>Total</b>	<b>NA</b>	<b>NA</b>	

\*Issuer did not cooperate; based on best available information.

<sup>^</sup>Instrument details are provided in Annexure-1

### Rationale

The rating downgrade is because of lack of adequate information regarding Aurangabad Municipal Corporation performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at [www.icra.in](http://www.icra.in). The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Aurangabad Municipal Corporation, ICRA has been trying to seek information from the entity so as to monitor its performance and ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Policy in respect of non-cooperation by the rated entity</a> <a href="#">Corporate Credit Rating Methodology</a>
Parent/Group Support	NA
Consolidation/Standalone	Standalone

## About the company

The Aurangabad Municipal Corporation, an urban local body (ULB) was initially established in 1936 as a Municipal Council, with an area of about 54.50 km<sup>2</sup>. Later in 1982, the status of the ULB was upgraded to a Municipal Corporation. Gradual addition of peripheral villages and new areas under its jurisdiction has now led to an overall expansion, covering a total area of 175.65 km<sup>2</sup> at present and a population of 11.75 lakh (Census 2011). The ULB provides municipal services to the city of Aurangabad, situated in the Aurangabad division (also known as Marathwada region) of Maharashtra. The city houses many small/medium scale industries and is also a popular tourist hub with the historical sites of the Ajanta/Ellora caves situated nearby. The ULB is administered by the Urban Development Department of the Government of Maharashtra (GoM) as per provisions of the Maharashtra Municipal Corporations Act 1949. The ULB jurisdiction is divided into 115 municipal wards and is governed by an elected body (Council), headed by a Mayor, while the Commissioner acts as the chief executive, overseeing its everyday functioning.

## Status of non-cooperation with previous CRA: NA

## Any other information: None

## Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating in 21-Jul-2023	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
1	Issuer Rating	Long Term	NA	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)	-

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Issuer Rating	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

## Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Issuer Rating	-	-	-	NA	[ICRA]B+ (Stable); ISSUER NOT COOPERATING

Source: Aurangabad Municipal Corporation

## Annexure-2: List of entities considered for consolidated analysis: Not Applicable

## ANALYST CONTACTS

**Jayanta Roy**  
+91 33 7150 1120  
[jayanta@icraindia.com](mailto:jayanta@icraindia.com)

**Subhechha Banerjee**  
+91 33 7150 1130  
[subhechha.banerjee@icraindia.com](mailto:subhechha.banerjee@icraindia.com)

**Susmita Biswas**  
+91-033 7150 1182  
[susmita.biswas@icraindia.com](mailto:susmita.biswas@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**  
+91-022-61693300  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



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