

September 25, 2019

Chilakalurupet Municipality: Continues to remain in Non Cooperating category, Rating downgraded based on best available information

Summary of rated instruments

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Issuer Rating	0.00	0.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and continues to remain in the 'Issuer Not Cooperating' category
Total	0.00	0.00	

^{*}Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding Chilakalurupet Municipality's 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 the rated entity". 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 Chilakalurupet Municipality, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

The previous detailed rating rationale is available on the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company:

Chilakalurupet Municipality was upgraded to a first grade municipality in 2001 and is governed as per the Andhra Pradesh Municipal Act, 1994. The municipality manages the municipal services in Chilakalurupet town, situated in the Guntur district of Andhra Pradesh and covers an area of 18.13 square kilometre (Sq. Km.), serving a population of

101,398 (as per Census 2011). The major functions of the CPM include water supply, solid waste management and construction, repair and maintenance of roads and streetlights in its area. The CPM is divided into 34 municipal wards and is supervised by an elected body, the Council, consisting of ward councillors, who further elect a Chairperson. The Commissioner is appointed by the State Government and is the principal executive officer of the municipality.

Key financial indicators:

Not applicable

Status of non-cooperation with previous CRA

Not applicable

Any other information

Not applicable

Rating history for past three years

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017
					25-Sep 2019	27-Jul-2018	-	06-Feb-2017
1	Issuer Rating	-	0.00	0.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	[ICRA]BB (Stable) ISSUER NOT COOPERATING	-	[ICRA]BB (Stable)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1 Instrument Details

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

Source: Chilakalurupet Municipality

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About ICRA Limited:

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