Greater Hyderabad Municipal Corporation

May 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Bonds	395.00	CARE AA- (RWD)	Placed on Rating Watch with Developing Implications
Bonds	100.00	CARE AA- (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has placed ratings of Greater Hyderabad Municipal Corporation (GHMC) on 'Rating Watch with Developing Implications' Following the Government Order (GO) issued by the Government of Telangana for the reorganisation of GHMC into three separate municipal corporations.

Government of Telangana, vide its GO, has approved reorganisation of the GHMC into three separate municipal corporations - GHMC, Cyberabad Municipal Corporation (CMC), and Malkajgiri Municipal Corporation (MMC). In December 2025, the area under GHMC expanded from 650 square kilometres (sq. km.) to 2,053 sq. km. following the addition of 27 urban local bodies (ULBs), and henceforth, the extended area has been bifurcated among the aforementioned three Corporations. The same has been done with the objective of improving administrative efficiency and decentralising governance, including enabling localised civic response and differentiated planning across IT-led, residential, and heritage-oriented areas. Post bifurcation, the area under GHMC stands at 689 sq. km., which is broadly in line with its pre-expansion area of 650 sq. km.

Although the reorganised ULBs started functioning independently, the allocation of assets and liabilities among the three entities is yet to be finalised. Besides, clarity is yet to emerge on impact of the reorganisation on the revenue generation and financial profile of GHMC. Hence, ratings have been placed on "Watch with developing Implications". CareEdge Ratings would continue to monitor the developments in this regard and will take a view on ratings once clarity emerges on the impact of reorganisation on credit profile of GHMC.

CareEdge Ratings understands that despite the above reorganisation, there is no change in the Trustee-administered structured payment mechanism (SPM) with escrow of property tax revenue and fees and user charges collections towards debt obligations, priority of debt servicing, and maintenance of stipulated reserves in the form of a sinking fund and debt service reserve account (DSRA). Thus ratings continue to derive comfort from the above SPM and stipulated 1.25x coverage of annual debt repayment under the SPM, which is comfortably met through GHMC's cash flows. GHMC has been maintaining the stipulated reserves as fixed deposits, with a sinking fund balance of ₹385 crore as on March 31, 2026.

Ratings also derive strength from GHMC's strategic importance to Telangana, being the largest municipal body for Hyderabad city, which is the highest contributor to the State's economy. The corporation maintains good infrastructure, a strong track record in geographic coverage and service delivery, and has demonstrated satisfactory execution of its civic responsibilities.

Ratings further factor in a satisfactory financial profile supported by consistent growth in revenue receipts and sustained revenue surplus over the years. GHMC has remained largely self-reliant, with ~85% of revenues, on average, derived from own sources.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Revenue receipts grew by 29% on a year-on-year basis in FY25, primarily driven by higher assigned revenue receipts of ₹1,148 crore, compared to negligible levels in FY21-FY24. Consequently, the revenue surplus nearly doubled to ₹2,070 crore in FY25. Revenue receipts grew by 8% in H1FY26, while assigned revenue receipts stood at ₹32 crore during the period. Revenue receipts are expected to register normalised growth in FY26.

However, these strengths are tempered by limited autonomy in levying taxes, with no revision in tax rates for over two decades, moderate debt coverage indicators, high debt levels, and large debt-funded non-revenue-generating capital expenditure. While GHMC announced the levy of additional charges to fund capital expenditure programmes, actual collections have remained low at ~15–17% of envisaged levels. Total debt stood high at ₹5,977 crore as on March 31, 2025, translating into an average debt to revenue receipts ratio of ~120%. Given the ongoing capital expenditure plans, the Government has been supporting GHMC through grants and assigned revenues, with no additional debt proposed to be availed. The impact of the bifurcation and the adequacy of GHMC's resultant revenue share will remain a key near-to-medium-term monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Rationalisation of debt levels/augmentation of additional revenue streams, leading to significant improvement in debt/surplus.
- Reduction in leverage levels following structural reorganisation, while maintaining healthy revenue receipts and sustained revenue surplus.

Negative Factors

- Structural reorganization resulting in higher share in debt, and a lower-than-commensurate resultant revenue share, adversely affecting debt coverage metrics.
- Higher-than-envisaged debt level, impacting liquidity profile.
- Significant decline in revenue or increase in operating expenses, impacting revenue surplus.
- Non-adherence to the SPM per the debenture trust deed and/or non-maintenance of the stipulated DSRA/sinking fund balances

Analytical approach:

Standalone along with factoring in comfort from the Trustee-monitored SPM for the bond issue, with escrow of designated revenue sources with priority towards debt servicing of bonds, creation of interest payment account and sinking fund account and DSRA provision for two semi-annual interest payments.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Strong economic base, efficient operations and service delivery track record

GHMC has good infrastructure and has a strong track record for coverage and service delivery with ~86% coverage of water supply and 100% coverage of sewerage. The corporation's level of industrialisation is high with Hyderabad being a hub for industrial setups.

Trustee-monitored SPM for bonds

GHMC follows an SPM for bonds through the creation of an escrow account of designated revenue collections, with priority for servicing of bonds and term loans availed for SRDP. The SPM is monitored by the debenture trustee for the bond issuance. Under the SPM, collections under the revenue heads of property tax and fees and user charges from all zones of GHMC are transferred to the separate escrow account daily. Salient features of SPM are as follows –

i. To transfer funds collected in an escrow account to a debt service account (DSA), an amount equivalent to the defined monthly liability for servicing of debt. This includes the interest and debt repayment components.
ii. First, to build up the shortfall in the DSRA account (at all times the DSRA should be maintained as two half-yearly interest payments).
iii. Second, transfer to an interest payment account (IPA) for half-yearly interest servicing, which shall be funded monthly per the terms of the bond issue.
iv. Third, transfer to sinking fund account (SFA) monthly, such sums as may be required by the terms of the bond issuance and shortfall in earlier contributions.

The surplus funds after meeting the minimum monthly requirement in the escrow account/DSA can thereafter be transferred to the GHMC general fund account. The debenture trustee shall have a lien on the IPA, DSRA and SFA for the exclusive benefit of bondholders.
Post reorganisation as well, SPM continues as per the Debenture Trust Deed (DTD) with flow of property tax and fees and user charges in the escrow account as defined in the SPM of DTD.

GHMC maintains DSRA equivalent to two half-yearly interest payment amounts, in the form of fixed deposits, which provides sufficient liquidity cushion and is also creating sinking fund reserves for the bullet payment of bonds.

Growth in revenue receipts and sustained revenue surplus

GHMC has been reporting consistent growth in revenue receipts (RR) with RR witnessing significant growth in FY25 led by larger share of assigned revenue receipts while property tax revenue grew by a modest 7%. However, there has been absence of assigned revenue over the last three years. RR grew from ₹3,796 crore in FY24 to ₹4,894 crore in FY25. In line with same, revenue surplus also almost doubled to ₹2,070 crore in FY25. Revenue receipts registered growth of 8% in H1FY26. Assigned revenue receipts stood at ₹32 crore in H1FY26. Thus, the revenue receipts are expected to register normalised growth in FY26.

GHMC continues to be a self-reliant entity with an average ~80% and above revenue derived from own sources. The proportion has reduced in FY25 due to higher assigned revenue receipts. Going forward, the Corporation is expected to maintain sustained growth in revenue receipts and surplus (average revenue surplus/RR being ~25%). Collection efficiency of property tax has also been high above 90% in FY25 though past arrears continued to remain high.

Sustained capital expenditure

The corporation's capital expenditure is mainly incurred towards the development of civic amenities and infrastructure projects and has been fairly steady over the years. GHMC has undertaken three major large sized projects; Strategic Road Development Programme (SRDP), Comprehensive Road Maintenance Plan (CRMP) and Strategic Nala Development Programme (SNDP) at an aggregate cost of ~₹10,249 crore. The cost is being financed through debt of ~₹6,390 crore and the balance from own sources/cash balance. Significant work on these projects have been completed with CRMP fully completed and SNDP and SRDP nearing completion. GHMC is also proposing additional infrastructure work under the banner of H City project. However, against earlier funding of projects majorly through debt, this shall be largely supported by government funding and own sources. Per understanding given to CareEdge Ratings, incremental debt for new projects is not envisaged in medium term and change in stance from same with impact on financial profile shall be crucial.

Key weaknesses

Limited autonomy in the levy of taxes

There has been no revision in the property tax rates since 2003 for residential properties and 2007 for commercial properties. The low base rate has partly constrained the corporation's ability to raise property tax revenues. GHMC is also entitled its share of stamp duty receipt from Government in form of assigned revenue. The same has been significantly low since FY21 which has also impacted the overall revenue and collections. While significant release of assigned revenue has been witnessed in FY25, the arrears still remain, recovery of which shall support the liquidity profile of Corporation.

Large-sized debt-funded capex moderating coverage metrics

GHMC has undertaken large-sized debt-funded capex through SRDP, CRMP, and SNDP with a total capital outlay of ₹10,249 crore funded through a debt component of ₹6,390 crore resulting in high debt obligation in books against a debt free status until March 31, 2017. SNDP and CRMP projects were backed by levy of additional charges, collection of which remains low (ranging between 15% and 17%), which has also resulted in reliance on existing revenue sources to meet debt servicing requirement.

The bonds were raised by GHMC for the SRDP and in absence of bifurcation of assets and liabilities post reorganisation, the asset and loan for the said project is not known to fall under either GHMC or the newly formed corporations.

The net debt-to-surplus has been above 5x over the past few years with improvement witnessed in FY25 led by increased revenue surplus during the year. Repayment for the debt availed has commenced from FY26 onwards, which along with improved revenue surplus, shall aid in improvement of coverage metrics. Thus, debt/revenue surplus is likely to improve to below 4x in the medium term.

Given the continuous capex plans, the Government has been supporting in form of extending funds through grants/assigned revenue with no additional debt proposed to be availed.

Following the reorganisation, clarity is yet to emerge on the distribution of assets and liabilities of GHMC including status of borrowings availed by GHMC for its development plans. Until finalisation of such bifurcation, CareEdge Ratings understands that the reconstituted GHMC is servicing the debt obligations of the loans availed in line with the existing terms of such borrowings. Impact of the trifurcation on the revenue and financial profile of GHMC is a key monitorable.

Liquidity: Adequate

GHMC's liquidity position remains adequate with the generation of consistent revenue surplus and GHMC has maintained cash and cash equivalents of over ₹1,000 crore over the last four years. GHMC has cash balance cash equivalents (including DSRA, ISRA and sinking funds balance) of ₹1,463 crore as of March 31, 2025. The bond repayment commences from February 2028 against which the sinking fund balance stood at ₹385 crore as on March 31, 2026.

Assumptions/Covenants

- DSRA of two semi-annual coupon payments have to be maintained.
- Total tax amounts collected in the escrow account in a financial year will be at least 1.25x the amount of the annual payments (coupon + principal amount/sinking fund transfer).
- Interest payment and principal repayment mechanism.

T = Bond payment date		
Date	**Event**	**Measure if a shortfall occurs**
Interest Payment Account		
T-25	Trustees will check the amount in the Interest Payment Account	Intimate GHMC to make good for the shortfall in the interest payment account 15 days prior to the interest payment date.
T-14	Trustees shall re-check the amount in interest Payment	Trustees will trigger the payment mechanism, and the bank will be instructed to transfer the shortfall amount from DSRA to the interest payment account 10 days prior to the interest payment date. Withdrawal from DSRA should be deposited back into the account.

T	GHMC shall pay the interest on the due date	-
Sinking Fund Account		
T-25	Trustees shall check credit in the sinking fund	Intimate GHMC of the shortfall and GHMC shall make good the shortfall 15 days prior to the redemption date.
T	GHMC shall repay the principal	-

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Urban Infrastructure Projects]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Public services	Urban local bodies

GHMC was established in 1869 as a municipality and subsequently converted to a corporation in 1933. In this period up to March 2007, the erstwhile united Andhra Pradesh witnessed many changes, and eventually, 12 municipalities from Ranga Reddy and Medak districts were merged into GHMC in April 2007. GHMC is governed by the Greater Hyderabad Corporation Act, 1955 (Act) and is administered by the Department of Municipal Administration and Urban Development, Government of Telangana.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	H1FY26*
Reported revenue receipts	3,970	4,878	2,007
Reported revenue surplus	1,048	2,053	696
Revenue surplus**	874	2,070	696
Revenue surplus/Revenue receipts (%)	23.01	42.29	34.68
Own revenue/Revenue receipts (%)	84.67	75.28	98.25

A: Audited
**adjusted for incremental debtors and prior period items and excluding depreciation
* on receipt basis
Note: 'These are the latest financial results available'.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds	INE477Z24011	21-Aug-2019	10.23	21-Aug-2029	100.00	CARE AA- (RWD)
Bonds	INE477Z08022	14-Aug-2018	9.38	14-Aug-2028	195.00	CARE AA- (RWD)
Bonds	INE477Z08014	16-Feb-2018	8.90	16-Feb-2028	200.00	CARE AA- (RWD)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Bonds	LT	395.00	CARE AA- (RWD)	-	1)CARE AA-; Stable (23-Dec-25)	1)CARE AA-; Stable (24-Dec-24)	1)CARE AA-; Stable (26-Dec-23)
2	Bonds	LT	100.00	CARE AA- (RWD)	-	1)CARE AA-; Stable (23-Dec-25)	1)CARE AA-; Stable (24-Dec-24)	1)CARE AA-; Stable (26-Dec-23)
3	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)CARE A+; Stable (26-Dec-23) 2)Withdrawn (26-Dec-23)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds	Simple
2	Bonds	Simple
3	Bonds	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Puja Jalan Director **CARE Ratings Limited** Phone: +91-40-4002 0131 E-mail: puja.jalan@careedge.in Tej Kiran Ghattamaneni Associate Director **CARE Ratings Limited** Phone: +91-40-4002 0131 E-mail: tej.kiran@careedge.in

About us:

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