Annexure - 4
CREDIT RATING LETTER

Rating Letter - Intimation of Rating Action

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Letter Issued on : May 19, 2026
Letter Expires on : February 06, 2027
Annual Fee valid till : February 06, 2027

HYDERABAD METROPOLITAN DEVELOPMENT AUTHORITY
4TH FLOOR,
SWARNAJAYANTHI COMPLEX, AMEERPET,
Hyderabad 500038
Telangana

Kind Attn.: Mrs. A JAYASREE, CHIEF ACCOUNTS OFFICER (Tel. No.9347371934)

Sir / Madam,

Sub.: Rating(s) Assigned and Reaffirmed - Debt Instruments of HYDERABAD METROPOLITAN DEVELOPMENT AUTHORITY

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

Product	Quantum (Rs. Cr) (SEBI)	Long Term Rating	Short Term Rating	Regulated By
BOND	3278.96	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final	-	SEBI
BOND	1721.04	Provisional | ACUITE AA+ | CE | Stable | Reaffirmed	-	SEBI
Total Outstanding Quantum (Rs. Cr)	5000.00	-	-	-

Note:ê For activities or ratings of instruments falling under the purview of Financial Sector Regulators other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Acuit® reserves the right to revise the rating(s), along with the outlook, at any time, on the basis of new information, or other circumstances which Acuit® believes may have an impact on the rating (s). Such revisions, if any, would be appropriately disseminated by Acuit® as required under prevailing SEBI guidelines and Acuit® ôs policies.

This letter will expire on February 06, 2027 or on the day when Acuit® takes the next rating action, whichever is earlier. It may be noted that the rating(s) is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit https://www.acuite.in/ OR scan the QR code given above to confirm the current outstanding rating(s).

Acuit® will re-issue this rating letter on February 07, 2027 subject to receipt of surveillance fee as applicable. If the rating(s) is reviewed before February 06, 2027, Acuit® will issue a new rating letter.

Please note that under extant SEBI regulations and as per the terms of the rating agreement, once a rating is accepted and outstanding, the issuer is required to promptly furnish the ôNo Default Statementõ on the first working day of every month.

Sd/-
Chief Rating Officer
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Annexures: êêêêêêêêê A. Details of the Rated Instrument

Annexure A. Details of the rated instrument					
Instruments	Listing status	Regulated By	Scale	Amt. (Rs. Cr)	Rating Assigned (Outlook) | Rating Action
Proposed Bond	Proposed to be Listed	SEBI	Long-term	1721.04	ACUITE Provisional AA+ (CE) (Stable) | Reaffirmed
Bond	Listed	SEBI	Long-term	192.88	ACUITE AA+ (CE) (Stable) | Assigned
Bond	Listed	SEBI	Long-term	192.88	ACUITE AA+ (CE) (Stable) | Assigned
Bond	Listed	SEBI	Long-term	192.88	ACUITE AA+ (CE) (Stable) | Assigned
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Bond	Listed	SEBI	Long-term	192.88	ACUITE AA+ (CE) (Stable) | Assigned
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Bond	Listed	SEBI	Long-term	192.88	ACUITE AA+ (CE) (Stable) | Assigned
Bond	Listed	SEBI	Long-term	192.88	ACUITE AA+ (CE) (Stable) | Assigned
Bond	Listed	SEBI	Long-term	192.88	ACUITE AA+ (CE) (Stable) | Assigned

Bond	Listed	SEBI	Long-term	192.88	ACUITE AA+ (CE) (Stable) | Assigned
Total Quantum Rated				5000.00	-

Note:ê For activities or ratings of instruments falling under the purview of Financial Sector Regulators other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

List of instruments and names of regulators of the instruments

As required by SEBI Circular (SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026) dated February 10, 2026, a list of activities or instruments falling under the purview of various Financial Sector Regulators (FSRs), along with the names of respective FSRs, is being disclosed below:

A. Rating Activity

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (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 Bank / NBFCs/ NHB/ FIs	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, 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

1) Includes securitisation transactions involving assignee payout, acquirer's payout.
2) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3) 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 Press Release(s) subsequent to issuance(s), Acuite shall separately capture the rated quantum details along with names of respective regulators.
4) 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.
5) These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies	Not applicable

6) Permitted by SEBI vide SEBI Master Circular for CRAs.

Disclosure on instruments / activities and names of regulators:
A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has also been duly disclosed by Acuite on its website. A link to the same has been provided below for ready reference: https://acuite.in/Activities-and-Regulators.html

Rating Letter - Intimation of Rating Action

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HYDERABAD METROPOLITAN DEVELOPMENT AUTHORITY
4TH FLOOR,
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Kind Attn.: Mrs. A JAYASREE, CHIEF ACCOUNTS OFFICER (Tel. No.9347371934)

Sir / Madam,

Sub.: Rating(s) Reaffirmed - Debt Instruments of HYDERABAD METROPOLITAN DEVELOPMENT AUTHORITY

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

Product	Quantum (Rs. Cr) (SEBI)	Long Term Rating	Short Term Rating	Regulated By
BOND	5000.00	Provisional | ACUITE AA+ | CE | Stable | Reaffirmed	-	SEBI
Total Outstanding Quantum (Rs. Cr)	5000.00	-	-	-

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Chief Rating Officer
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Instruments	Listing status	Regulated By	Scale	Amt. (Rs. Cr)	Rating Assigned (Outlook) | Rating Action
Proposed Bond	Proposed to be Listed	SEBI	Long-term	5000.00	ACUITE Provisional AA+ (CE) (Stable) | Reaffirmed
Total Quantum Rated				5000.00	-

Note:ê For activities or ratings of instruments falling under the purview of Financial Sector Regulators other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

List of instruments and names of regulators of the instruments

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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 Bank / NBFCs/ NHB/ FIs	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, 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
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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

1) Includes securitisation transactions involving assignee payout, acquirer's payout.
2) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3) 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 Press Release(s) subsequent to issuance(s), Acuite shall separately capture the rated quantum details along with names of respective regulators.
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Sr. No.	Activity Name	Regulator of the activity
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Press Release

May 19, 2026

HYDERABAD METROPOLITAN DEVELOPMENT AUTHORITY
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr) (SEBI)	Quantum (Rs. Cr) (Other FSR)	Long Term Rating	Short Term Rating	Regulated By
BOND	3278.96	0.00	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final	-	SEBI
BOND	6721.04	0.00	Provisional | ACUITE AA+ | CE | Stable | Reaffirmed	-	SEBI
Total Outstanding	10000.00	0.00	-	-	-
Total Withdrawn	0.00	0.00	-	-	-

Note:- For activities or ratings of instruments falling under the purview of Financial Sector Regulators other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Rating Rationale

Acuite has reaffirmed its long-term rating of **'Provisional ACUITE AA+' (CE) (read as Provisional ACUITE double A plus (Credit Enhancement))** on the Rs.6,721.04 Cr. proposed bonds of Hyderabad Metropolitan Development Authority (HMDA). The Outlook is '**Stable**'.

Acuite has converted the provisional rating on Rs.3,278.96 Cr. bonds of Hyderabad Metropolitan Development Authority (HMDA) to final and assigned the long-term rating of **'ACUITE AA+' (CE) (read as ACUITE double A plus (credit enhancement)).** The outlook is '**Stable**'.

The final rating has been assigned on the account of receipt of following documents:

1. Key information document (Final term Sheet)
2. Debenture trust deed
3. Debenture trustee agreement
4. Accounts agreement
5. Deed of hypothecation
6. Legal opinion
7. Confirmation from the trustee regarding the compliance with all the terms and conditions.
8. Deed of guarantee cum undertaking from Government of Telangana (GoTG)
9. Statement on creation of DSRA
10. RBI direct debt mechanism acknowledgement letter.

The rating on the proposed Rs.6,721.04Cr. bonds is provisional and the final rating is subject to the following documents

- Receipt of final signed term sheet
- Deed of Guarantee cum Undertaking from the State Government of Telangana
- Deed of Hypothecation
- Receipt of final signed debenture trust deed
- Confirmation from trustee regarding the compliance with all terms and conditions.
- Legal opinion if any
- All the other relevant documents relating to bonds issue besides the above-mentioned documents.

Rationale for rating:
The rating assigned to HMDA reflects the unconditional and irrevocable guarantee from the Government of Telangana, backed by a structured escrow framework ensuring priority transfers to the Bond Servicing Account (BSA) and a two-quarter DSRA. HMDA’s diversified revenues from development charges, TOT receipts, land monetization, rentals, and Tellapur inflows provide stability, while substantial land parcels valued at ~Rs.9,550Cr and

expected additional land parcel allocations of provides strong future inflow potential. The structured payment mechanism incorporates defined timelines, ensuring early identification and resolution of shortfalls. Rating also factors in liquidity strength drives by maintenance to extent of fully covering the peak service requirement for two quarters.
The CE suffix to the rating based on credit enhancement support from GOT's explicit guarantee for the NCDs and replenish the upfront DSRA fully covering peak service requirement of two quarters in case of shortfall/impairment.

About the Company

Hyderabad Metropolitan Development Authority (HMDA) was established with the primary objective of planning, coordinating, supervising, promoting, and securing the orderly development of the Hyderabad Metropolitan Region. Formed under an official government order (G.O.Ms.No.570 MA & UD (II) Dept.) on August 25, 2008.. Spanning an extensive area of 7,257 square kilometres, HMDA's jurisdiction encompasses seven districts and 70 mandals. Within this vast region, there are a total of 1,032 villages, including those within the Greater Hyderabad Municipal Corporation (GHMC), which is composed of 175 villages and 40 municipalities, including Nagar Panchayats. Specifically, HMDA is responsible for an additional 138 villages, while the remaining 719 villages also fall under its jurisdiction. This comprehensive coverage allows HMDA to undertake integrated planning and development initiatives aimed at enhancing the quality of life for residents and promoting sustainable growth in the metropolitan region. Hyderabad Urban Development Authority (HUDA) - Established in 1975 and transformed into HMDA. Mr. Anumula Revanth Reddy, Ms. Gadwal Vijayalakshmi, Mr. K. Ramakrishna Rao are the members.

Unsupported Rating

Acuite AA-/Stable (factoring in government support)

Analytical Approach

Acuite has considered standalone approach financial and business risk profile of HMDA and further notched up for the support of Government of Telangana and structured payment mechanism in place for the issue for arriving at the rating.

Key Rating Drivers

Strengths

Strategic importance to Government of Telangana (GoT):
HMDA plays a critical role in supporting the developmental priorities of the Government of Telangana by acting as the primary urban planning and infrastructure development agency for the Hyderabad Metropolitan region. The authority contributes significantly to the state's economic growth through systematic land use planning, improvement of urban mobility, development of key public infrastructure and execution of large-scale projects that enhance the region's investment attractiveness. HMDA's revenue generating activities including land development, auctions, permissions and impact fees also provide an important non-tax revenue source to the state. Its effective functioning is therefore essential to supporting the government's long-term vision for sustainable urban expansion, decongestion and regional economic competitiveness.

Diversified revenue sources:
HMDA's revenue profile is well diversified across multiple streams, including development charges (Rs.199.88 crore in FY2025, which is 15 percent of the total development charges of Rs.1332.50 Cr.), TOT receipts from the Outer Ring Road (Rs.241.08 Cr.), administrative charges on government land sales (Rs.7.79 Cr.), land auctions (Rs.4.41 Cr.), inflows from Telapur Technocity (Rs.61.63 Cr.), as well as recurring receipts from parks (Rs.25.17 Cr.), rentals (Rs.17.40 Cr.), and other operating income (Rs.5.14 Cr.). While certain sources such as land auctions and government land sales can be volatile, the steady accrual of development charges, TOT receipts, and Telapur inflows provide a predictable base. Further, 85 percent of these revenues from development charges, ORR Impact fees, TOT receipts and Telapur Technocity are routed through a structured escrow mechanism, wherein collections are first aggregated in the Development Charges Master Collection Account (DMCA) and subsequently transferred to the Infrastructure Revenue Collection Account (IRCA). The escrow framework ensures priority allocation of funds towards the Bond Servicing Account (BSA) and Debt Service Reserve Account (DSRA), thereby strengthening the payment discipline and enhancing credit assurance for bondholders.

Structured payment mechanism:
HMDA has established a robust structured payment mechanism to ensure timely servicing of its bond obligations. Under this framework, all revenues collected from designated sources are routed through the Development Charges Master Collection Account (DMCA), from which 85 percent of collections are transferred daily to the Infrastructure Revenue Collection Account (IRCA) via standing instructions. The issuer monitors IRCA balances on a daily basis and, in the event of any shortfall in the Debt Service Reserve Account (DSRA), transfers funds to replenish DSRA to the required levels. Once DSRA is adequately funded, subsequent transfers are directed to the Bond Servicing Account (BSA) until the full servicing requirement for the upcoming payout date is met. Thereafter, for the remainder of the quarterly cycle, HMDA is free to utilize incremental inflows in IRCA for other requirements.

Once the BSA is fully funded, HMDA provides intimation to the Debenture Trustee along with account statements. In the absence of such intimation, the Trustee independently verifies adequacy of funds at T-45 days before the servicing date and, if required, advises HMDA to make good any shortfall by T-30. If a shortfall persists, the Trustee escalates the matter to the State Government at T-29, triggering the pre-invocation responsibility under the Guarantee Deed.

The State Government is obligated to bridge the shortfall by T-9 to avoid DSRA impairment and guarantee invocation. Should any gap remain at T-5, funds are drawn from DSRA to BSA to ensure full payout to bondholders on the due date.
Acuite believes, this structured mechanism, with clearly defined timelines and responsibilities, provides strong assurance of timely debt servicing and minimizes payment risk.

Weaknesses

Exposure to real estate cyclicality:
HMDA's revenue profile has a significant linkage to real estate activity, driven by its reliance on development charges and land monetisation through auctions. These revenue streams are influenced by real estate demand and prevailing market sentiment, which may vary in line with broader economic conditions. Accordingly, periods of slower property transactions or moderated demand for land parcels could impact cash flow visibility. Acuite factors this inherent linkage into its assessment of revenue stability.

Regulatory and litigation risks:
As a statutory authority, HMDA is subject to regulatory oversight and potential litigation risks related to land ownership, allocation, and development activities. Delays in approvals, disputes over land titles, or changes in policy frameworks could affect the timing and quantum of inflows from monetization. Such risks may pose challenges to revenue visibility and could impact the authority's ability to meet debt servicing obligations in a timely manner. Acuite believes that regulatory uncertainties and litigation exposures remain material risks that could weigh on HMDA's financial flexibility.

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 issuer is required to fund the Bond Service Account (BSA) with the full quarterly servicing amount least 45 days prior to the repayment date (T-45).
- The Debenture Trustee will verify the adequacy of the DSRA at the beginning of each servicing cycle. In case of BSA does not have the required amount by T-5, the shortfall will be met by transferring funds from DSRA to ensure timely servicing of interest and principal.
- If the DSRA is utilized, the Government of Telangana (GoT) is responsible for replenishing the shortfall within 30 days (T+30), as per its guarantee commitment.
- In the event the GoT does not replenish the DSRA within T+30, the state guarantee will be formally invoked.
- Following invocation of the guarantee, the Direct Debit Mechanism (DDM) will be triggered on the next day (T+31) to immediately transfer the shortfall amount directly into the DSRA.

Stress case Scenario
Acuité has sensitised its projections over the bonds tenure by assuming a 40 percent reduction in expected receipts from land auctions. Even under this stressed assumption, the average debt service coverage ratio (DSCR) remains comfortable at ~2.92 times against the minimum requirement DSCR of 1.50 times. Additionally, HMDA is required to maintain DSRA equivalent to peak servicing obligation for two quarters, providing a significant liquidity cushion. In the event of any exigency of shortfall, the DSRA is mandated to be replenished within the stipulated timelines through Direct Debit Mechanism backed by Government of Telangana, thereby providing strong comfort even under stress scenario.

Rating Sensitivities

Potential triggers (individual or collective) for an upward rating action:
- Timely completion of projects without significant cost and time over runs.
- Adherence to the stipulated credit enhancement structure.
- Higher than expected average DSCR of 3.25 times throughout the tenure of the bonds

Potential triggers (individual or collective) for a downward rating action:
- 50 percent decline in receipts from land auctions from base case.
- Any deterioration in the credit profile of Government of Telangana (GoT).

All Covenants
Structure related covenants:

a. Unconditional and Irrevocable Guarantee from Government of Telangana for timely servicing of Interest and Principal in respect of Debentures / Bonds
b. Maintenance of Debt Service Reserve Amount (DSRA) to the extent of fully covering the peak servicing requirements for 2 quarters as liquidity support.

c. Stipulation for providing irrevocable standing instructions in respect of all accounts where Development Charges, ORR Impact fees and revenue from Tellapur Technocity get deposited to transfer the same on a daily basis to Development Charges Master Collection Account (DMCA)
d. Stipulation for providing irrevocable standing instructions to DMCA to transfer 85% of the collections on a daily basis to Infrastructure Revenue Collection Account (IRCA).
e. Stipulation for providing irrevocable standing instructions in respect of all accounts where Revenue from Designated Sources gets deposited to transfer the same on a daily basis to Infrastructure Revenue Collection Account (IRCA).
f. Stipulation for invocation of Government Guarantee for impairment of DSRA if not remedied within 30 days of stipulated timelines and ensuring Conditional Escrow Mechanism on the Infrastructure Revenue Collection Account remaining active and activation of Default escrow Mechanism on Development Charges Master Collection Account.
g. Obtain an undertaking from the State Government that it would maintain control on the issuer during the pendency of the debentures / bonds and in the event of any action leading to any impairment of Revenue from Designated Sources, as also collections in DMCA, the same shall be fully compensated by the State Government in a manner such that there is no adverse impact on the servicing capability of the Issuer.

Financial covenants and security:

i. The issuer shall, at all times until the final settlement date, maintain

a. a minimum fixed asset coverage ratio of 1.25 times
b. a debt service coverage ratio (DSCR) of at least 1.50 times.

ii. The fixed asset coverage ratio requirement under paragraph (i) shall be tested at least once in every two years or such other frequency as may be prescribed under applicable law.

All covenants:

i. Maintenance of corporate existence.
ii. Compliance with applicable laws.
iii. No change of business other than as may be permitted under the terms of the Debenture Trust Deed.
iv. Creation of security and maintenance of security cover as per applicable law.
v. Compliance with information covenants including submission of financial results and providing compliance certificate as agreed under the Debenture Trust Deed.
vi. Compliance with information covenants pertaining to submission of amount of collection of development charges on a quarterly basis to debenture trustee.
vii. Compliance with information covenants pertaining to submission of bank statements of escrow accounts on a quarterly basis to the Debenture Trustee.
viii. Intimation to the Debenture Trustee prior to undertaking or entering into any amalgamation, demerger, merger or corporate restructuring or reconstruction scheme proposed by the Issuer
ix. To enter into / execute the relevant lease agreement(s) and all other documents, deeds, notices, letters, agreements, declarations, undertakings, instruments and forms as may be required in relation to or in connection with or for the purposes of the Designated Land Bank
x. Compliance with all terms of the Transaction Documents
xi. Listing of Debentures / Bonds within timelines prescribed under applicable laws
xii. No modification to the structure of Debentures / Bonds without prior approvals as required under Applicable Laws
xiii. No wilful defaulter on the Board
xiv. No modification to the Constitutional Documents which imposes restrictions on the Issuer in complying with its obligations under the Transaction Documents
xv. Not to sell, assign, transfer, dispose off its business undertakings or assets or Secured Properties other than as specified in Transaction Documents
xvi. No change in financial year end date unless required by law;
xvii. Full disclosure in respect of Use of proceeds in the Offer Documents
xviii. Not to create any encumbrance on the Secured Properties without prior approval of the Debenture Trustee except as provided in the Transaction Documents
xix. Preservation of corporate existence and status
xx. Not do or voluntarily suffer any act which restricts right to transact its business
xxi. Timely payment of all applicable dues
xxii. Secured Properties to be adequately insured
xxiii. Intimate Debenture Trustee of all orders, directions, notices of a court or tribunal that may affect the Issue or Secured Properties
xxiv. Maintenance of Asset Coverage Ratio
xxv. Compliance with anti-Bribery and Corruption Law
xxvi. Maintenance of Internal Controls
xxvii. Information Covenants in compliance with applicable laws and as agreed with the Debenture Trustee as detailed in the Key Information Document
xxviii. Further Assurances
xxix. Additional covenants primarily relating to credit of securities, payment obligations and other covenants relating to the Debentures / Bonds

xxx. Pre-authorization to Debenture Trustee to seek redemption payment related details from Account Bank

xxxi. Confirmation that the State Government of Telangana will make payments under the Deed of Guarantee cum Undertaking free from any withholding or deduction into the Bond Servicing Account and/or the Debt Service Reserve Account (as the case may be)

xxxii. Undertaking from the State Government that it would maintain 100% control on the Issuer during the pendency of the debentures / bonds.

xxxiii. Issuer to ensure State Government of Telangana complies with all undertakings given by it and covenants applicable to it

xxxiv. Undertaking by the Issuer that it would not create any kind of encumbrance or dispose in any way, any of the Designated Land Bank other than as specified in Transaction Documents

Any other document as may be stipulated in the annexure to the key information document.

Liquidity Position

Adequate

HMDA's liquidity is adequate supported by steady inflows from development charges, ORR impact fees, TOT receipts, land monetization and revenues from Tellapur Technocity, which are routed through structured escrow mechanisms to ensure timely debt servicing. The average Debt Service Coverage Ratio (DSCR) is expected to be at ~3.42 times throughout the tenure of the bonds. Liquidity comfort is further enhanced by the explicit support from the Government of Telangana, which has undertaken to bridge any shortfall in servicing requirements prior to payout dates under the Guarantee Deed. The authority has unencumbered cash and cash equivalents of ~Rs.3,562Cr as on March 31, 2025 which provides, further liquidity support.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	444.22	1193.81
PAT	Rs. Cr.	(995.20)	(197.53)
PAT Margin	(%)	(224.04)	(16.55)
Total Debt/Tangible Net Worth	Times	0.04	0.06
PBDIT/Interest	Times	(163.29)	3.15

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

Not applicable

Any other information

Supplementary disclosures for Provisional Ratings

A. Risks associated with the provisional nature of the credit rating.
1. Absence of any structured payment mechanism.
2. 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 a fresh final rating in the same press release, basis the revised terms of the transaction.

B. Rating that would have been assigned in absence of the pending steps/ documentation.
The rating would be equated to the standalone rating of the entity: ACUITE AA-/ Stable.

C.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
• Group And Parent Support: https://www.acuite.in/view-rating-criteria-47.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Apr 2026	Proposed Bond	Long Term	5000.00	ACUITE Provisional AA+ (CE) | Stable (Reaffirmed)
	Proposed Bond	Long Term	5000.00	ACUITE Provisional AA+ (CE) | Stable (Assigned)
19 Mar 2026	Proposed Bond	Long Term	5000.00	ACUITE Provisional AA+ (CE) | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Listing Status	Regulated By	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE2T2Q07071	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2046	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07030	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2045	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07147	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2044	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07154	Bond	Listed	SEBI	06 Apr 2026	8.70	13 Mar 2043	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07022	Bond	Listed	SEBI	06 Apr 2026	8.70	14 Mar 2042	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07162	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2041	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07048	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2040	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07063	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2039	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07014	Bond	Listed	SEBI	06 Apr 2026	8.70	14 Mar 2036	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07170	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2035	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07121	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2034	192.88	Simple	ACUITE AA+ | CE | Stable |

										Assigned | Provisional To Final
Not Applicable	INE2T2Q07113	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2033	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07097	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2032	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07089	Bond	Listed	SEBI	06 Apr 2026	8.70	14 Mar 2031	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07055	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2030	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07105	Bond	Listed	SEBI	06 Apr 2026	8.70	15 Mar 2038	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	INE2T2Q07139	Bond	Listed	SEBI	06 Apr 2026	8.70	13 Mar 2037	192.88	Simple	ACUITE AA+ | CE | Stable | Assigned | Provisional To Final
Not Applicable	Not avl. / Not appl.	Proposed Bond	Proposed to be Listed	SEBI	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1721.04	Simple	Provisional | ACUITE AA+ | CE | Stable | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Bond	Proposed to be Listed	SEBI	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5000.00	Simple	Provisional | ACUITE AA+ | CE | Stable | Reaffirmed

Note:- For activities or ratings of instruments falling under the purview of Financial Sector Regulators other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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

Sr.no	**Name of the entities**
1	Hyderabad Metropolitan Development Authority
2	Government of Telangana

Contacts

Mohit Jain Chief Analytical Officer - Rating Operations Katta Akhil Senior Analyst - Rating Operations	**Contact details exclusively for investors and lenders** Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

List of instruments and names of regulators of the instruments

As required by SEBI Circular (SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026) dated February 10, 2026, a list of activities or instruments falling under the purview of various Financial Sector Regulators (FSRs), along with the names of respective FSRs, is being disclosed below:

A. Rating Activity:

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) [1]	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) [1]	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) [1]	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 Bank / NBFCs/ NHB/ FIs [2]	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme [3]	-
15	Issuer Ratings [4]	-
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) [1]	Investor-side Regulator such as IRDAI, PFRDA [5]

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

[2] *Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.*

[3] *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 Press Release(s) subsequent to issuance(s), Acuite shall separately capture the rated quantum details along with names of respective regulators.*

[4] *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.*

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

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies [6]	Not applicable

[6] *permitted by SEBI vide SEBI Master Circular for CRAs.*

Disclosure on instruments / activities and names of regulators:
A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has also been duly disclosed by Acuite on its website. A link to the same has been provided below for ready reference:
https://acuite.in/Activities-and-Regulators.html

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.