July 31, 2025

Brigade Enterprises Limited: Long-term rating upgraded to [ICRA]AA (Stable); short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan	2536.00	2405.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
Long-term Fund-based – CC/OD	250.00	-	-
Short-term – Fund based – CC/OD	0.0	250.0	[ICRA]A1+; reaffirmed
Long-term – Unallocated limits	214.00	345.0	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
Short-term – Interchangeable Limits (Non-fund based Limits (Sublimit of CC/OD))	(40.00)	-	-
Total	**3,000.00**	**3,000.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade for Brigade Enterprises Limited (BEL) reflects the healthy growth in sales and collections of the residential real estate segment, sustained strong operational performance in the commercial leasing, along with improvement in operating performance of the hospitality segment in FY2025, which is expected to further improve in FY2026. Consequently, the cash flow from operations are estimated to improve, resulting in an improvement in leverage to less than 2.25 times in the medium term. BEL has limited debt on its residential segment and majority of its debt is long term in nature with 12-14 months' tenure. Around 86% of the total external debt is from the leasing segment and 11% by the hospitality segment as of March 2025. The Group's adequacy ratio[1] for the residential segment is healthy at 95% as of March 2025. Additionally, rentals from the leasing segment are likely to remain robust at Rs. 1,250-1,300 crore in FY2026 (PY: Rs. 1,197.0 crore) translating into debt/rental of 3.2 -3.3 times in FY2026. The IPO proceeds from the hospitality division of BEL, Brigade Hospitality Ventures Limited (BHVL), will help in deleveraging the hospitality division and further enhance the financial flexibility of the Group. The rating favourably factors in the Brigade Group's established position in the Bengaluru market and diversified operations across various segments, including residential, commercial, retail and hospitality.

The rating strengths are partially offset by the Group's exposure to execution risk and market risks arising from its significant expansion plans in the ongoing and upcoming projects in its real estate, commercial and hospitality segment in order to maintain its growth momentum and strengthen its market presence in the existing as well as new micromarkets. Further, the company is exposed to market risk towards the vacant area of 0.91 msf in the completed commercial projects. The credit profile remains exposed to the cyclicality risk inherent in residential and commercial real estate business and vulnerability of the hospitality sector to external exogenous shocks. The rating also factors in the geographical concentration risk as Bengaluru markets account for 79% of saleable area in the ongoing real estate projects as on March 31, 2025 and 51% of leasing segment revenue in FY2025, which exposes it to any region-specific downturn in demand. While majority of the upcoming projects in FY2026 are expected to be launched in Bengaluru market, the company plans to launch multiple projects in other key markets

[1] *Adequacy ratio = (Receivables from Sold Area)/ (Pending cost + Debt outstanding)*

viz., Chennai and Hyderabad in the near term, which should help in improving the geographical diversification over the medium to long term.

The Stable outlook on the long-term rating reflects ICRA's opinion that BEL will maintain healthy sales and collections in the real estate segment, strong occupancy levels for the leasing segment, along with improvement in the performance of the hospitality segment translating to a comfortable leverage.

Key rating drivers and their description

Credit strengths

Established position in real estate market with segment diversification – BEL is one of the leading real estate developers in South India. It has completed and delivered a total area of more than 90 msf, comprising 300+ residential, commercial and hospitality projects. The company has established itself as one of the major diversified real estate developers in Bengaluru, generating revenue from three segments, sale of residential and commercial real estate projects, lease income from the owned commercial property (office and retail) and income from hospitality projects. The company's recent launches as well as upcoming launches in the other key markets viz. Chennai and Hyderabad enables geographical diversification in the near term. The diversification in the revenues and cash flows allows the Group to offset the challenges associated with the cyclicality in these sectors, to some extent. BEL has a good brand equity, which supports the saleability of its residential real estate projects.

Healthy performance in residential real estate segment in FY2025; expected to sustain in FY2026 – Despite healthy growth of 31% of pre-sales at Rs. 7,847.0 crore majorly on account of an increase in average selling price, the company's sold area in FY2025 stood slightly lower by 8% YoY at 7.0 msf owing to some lag in the new launches due to deferment in approvals. BEL's collections grew by 28% to Rs. 5,412 crore in FY2025 and is estimated to increase by 22-26%, supported by healthy committed sales for the ongoing projects, adequate construction progress and strong launch pipeline. Further, the Group's adequacy ratio stood healthy at 95% as on March 31, 2025, reflecting sufficient cash flow visibility from the pre-sales and low funding risk. Healthy cash flows from the residential real estate projects have enabled low reliance on external debt as on March 31, 2025.

Healthy operational metrics in the leasing and hospitality segment – The overall occupancy of the commercial office segment stood healthy at 90% as on March 31, 2025 (PY: 95%) and is expected to improve in FY2026, supported by ramp-up in leasing in the recently completed Brigade Twin Tower project. Further, the occupancy in the retail malls remained healthy at 94% as on March 31, 2025 (PY: 95%). In the hospitality segment, despite launching a new hotel, IBIS Styles, Mysore in October 2024, the REVPAR of the hospitality segment improved by 11% YoY to Rs. 5,129.0, aided by improvement in occupancy as well as ARR levels.

Credit challenges

High dependence on Bengaluru real estate market – BEL's dependence on the Bengaluru real estate market is high with (~79% of saleable area in the ongoing real estate segment projects as on March 31, 2025 and 51% of leasing segment revenue in FY2025), which exposes it to any region-specific downturn in demand. Further, majority of the upcoming launches planned in FY2026 across the three segments are expected to be located in Bengaluru only. It plans to launch multiple projects in other key markets viz., Chennai and Hyderabad in the near term, thereby improving the geographical diversification of the company to an extent. Despite plans to launch multiple projects in various cities outside Bengaluru, the extent of scale-up in these territories and their contribution to the consolidated sales mix will remain a key monitorable.

Exposure to execution and market risks – In order to maintain the growth momentum and strengthen its market presence in the existing as well as new micromarket, the company has significant plans of expanding its ongoing portfolio under the residential real estate sector with launch of 10-12 msf of saleable area in FY2026, exposing it to execution and market risks. Along with the execution risk arising from its ongoing capital expenditure and upcoming projects (with leasable area of around 3 msf in FY2026) in the commercial segment, BEL is vulnerable to market risk towards the vacant area in the completed commercial projects and the ongoing and upcoming launches in the medium term. In the hospitality segment, it plans to construct five new hotels with around 1,000 keys in the medium to long term, exposing it to execution risk. Nevertheless, ICRA takes comfort from the company's track record in the residential and commercial real estate segment and the hospitality segment.

Cyclicality inherent in real estate sector – The company remains exposed to the inherent cyclicality in the real estate industry, such as declining property prices, a slowdown in economy and reduction in housing demand. Further, the hospitality and leasing segments are exposed to risks arising from the cyclicality in the sector and vulnerability to exogenous shocks, which could impact the cash flows. Nonetheless, ICRA takes comfort from the company's track record in the residential and commercial real estate segment and hospitality segment.

Environmental and social risks

Environmental considerations – The real estate segment is exposed to risks of increasing environmental norms impacting the operating costs, including higher cost of compliance with pollution control regulations. Environmental clearances are required for commencement of projects and lack of timely approvals can affect its business operations. The impact of changing environmental regulations on licences taken for property development could create credit risks.

Social considerations – In terms of social risks, the trend following the pandemic has been favourable to residential real estate developers as demand for quality home with good social infrastructure has increased. Further, rapid urbanisation and a high proportion of workforce population (aged 25-44 years) will support long-term demand for the real estate sector in India.

Liquidity position: Strong

The company's liquidity profile is strong, with free cash and liquid investments of Rs. 1,944.0 crore as on March 31, 2025 and undrawn bank debt levels (including undrawn LRD debt) of around Rs. 1,130 crore. BEL's consolidated debt repayments in FY2026 are expected to be around ~Rs. 550 – 600 crore, which can be comfortably met from its cash flow from operations. Further, it is expected to incur a capex of around Rs. 600 – 650 crore in FY2026 towards the commercial office and hospitality division, which is likely to be met by a mix of debt funding and internal accruals.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company is able to significantly improve its sales and collections, along with material improvement in its geographical diversification in the residential segment, along with maintaining strong leasing levels in the commercial segment and occupancy levels in the hospitality segments, resulting in robust and sustainable improvement in cash flows from operations, leverage levels and liquidity.

Negative factors – Any significant weakening of sales velocity and collections in the residential segment, and/or any increase in vacancy in the leasing portfolio, and/or considerable debt-funded investments in new projects resulting in weakening of leverage metrics or liquidity position, on a sustained basis, may lead to a rating downgrade. Specific trigger for a rating downgrade, includes Total Debt to CFO, at the consolidated level, remaining above 2.5 times on a consistent basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail Realty - Lease Rental Discounting (LRD) Rating Methodology – Hotels
Parent/Group support	Not Applicable

Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of BEL and its subsidiaries, given the close business, financial and managerial linkages among them. The list of companies are given in Annexure II.

About the company

BEL, a real estate development company, is promoted by Mr. M. R. Jaishankar and his family. The Brigade Group has completed and delivered a total area of more than 90+ msf, comprising over 300+ residential, commercial and hospitality projects. The company has established itself as one of the major diversified real estate developers in Bengaluru. Though BEL's operations are concentrated in Bengaluru, it is developing projects in Chennai, which is emerging as the second-largest market for the company and a few other projects in Hyderabad, Mysore, Kochi, and GIFT City. As on March 31, 2025, the Group is developing around 24.3 msf of saleable area in real estate segment (BEL's share – 19.5 msf). In the leasing segment, the Group has 8.1 msf and 1.31 msf of completed office assets and retail malls respectively. Further, in the hospitality segment, the Group has nine operational hotels with 1,604 keys.

Key financial indicators (audited)

Consolidated	FY2023	FY2024	FY2025*
Operating income	3,444.6	4,896.7	5,074.2
PAT	218.1	401.0	680.5
OPBDIT/OI	25.0%	24.4%	27.9%
PAT/OI	6.3%	8.2%	13.4%
Total outside liabilities/Tangible net worth (times)	4.1	3.9	2.7
Total debt/OPBDIT (times)	5.4	4.6	3.9
Interest coverage (times)	2.0	2.4	2.9

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	July 31, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	2405.00	[ICRA]AA (Stable)	Sep 24, 2024	[ICRA]AA- (Stable)	Mar 22, 2024	[ICRA]AA- (Stable)	Mar 31, 2023	[ICRA]A+ (Positive)
				-	-	May 19, 2023	[ICRA]AA- (Stable)	Nov 18, 2022	[ICRA]A+ (Positive)
Cash Credit (CC)/ Overdraft (OD)	Long-term	-	-	Sep 24, 2024	[ICRA]AA- (Stable)	Mar 22, 2024	[ICRA]AA- (Stable)	Mar 31, 2023	[ICRA]A+ (Positive)
				-	-	May 19, 2023	[ICRA]AA- (Stable)	Nov 18, 2022	[ICRA]A+ (Positive)
Cash Credit (CC)/ Overdraft (OD)	Short-term	250.00	[ICRA]A1+	-	-	-	-	-	-
Unallocated limits	Long-term	345.0	[ICRA]AA (Stable)	Sep 24, 2024	[ICRA]AA- (Stable)	Mar 22, 2024	[ICRA]AA- (Stable)	Mar 31, 2023	[ICRA]A+ (Positive)

				-	-	May 19, 2023	[ICRA]AA- (Stable)	Nov 18, 2022	[ICRA]A+ (Positive)
Interchangeable LC/ BG -sub limit of CC/OD*	Short-term	-	-	Sep 24, 2024	[ICRA]A1+	Mar 22, 2024	[ICRA]A1+	Mar 31, 2023	[ICRA]A1
				-	-	May 19, 2023	[ICRA]A1+	Nov 18, 2022	[ICRA]A1

**Letter of credit/bank guarantee*

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term loan	Simple
Short-term – Fund based – CC/OD	Simple
Long-term – Unallocated limits	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 are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	FY2013-FY2025 @	-	FY2039&	2405.00	[ICRA]AA (Stable)
NA	CC/OD	NA	NA	NA	250.0	[ICRA]A1+
NA	Unallocated limits	NA	NA	NA	345.0	[ICRA]AA (Stable)

Source: Company
@Represents loans sanctioned between FY2013 and FY2025
&Represents the farthest maturity date among the various maturity dates for different term loans.

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Brigade Enterprises Limited (Holding Company)	-	**Full Consolidation**
Brigade Properties Private Limited	51%	Full Consolidation
Perungudi Real Estates Private Limited	51%	Full Consolidation
WTC Trades and Projects Private Limited	100%	Full Consolidation
Vibrancy Real Estates Private Limited	100%	Full Consolidation
BCV Developers Private Limited	68.76%	Full Consolidation
Brigade Hospitality Services Limited	100%	Full Consolidation
Brigade Tetrarch Private Limited	100%	Full Consolidation
Brigade Estates and Projects Private Limited	100%	Full Consolidation
Brigade Infrastructure and Power Private Limited	100%	Full Consolidation
Brigade (Gujarat) Projects Private Limited	100%	Full Consolidation
Mysore Projects Private Limited	100%	Full Consolidation
Brigade Hotel Ventures Limited	100%	Full Consolidation
Augusta Club Private Limited	100%	Full Consolidation
Tetrarch Developers Limited	100%	Full Consolidation
Tetrarch Real Estates Private Limited	100%	Full Consolidation
Brigade Innovations LLP	94%	Full Consolidation
Brigade Flexible Office Spaces Private Limited	100%	Full Consolidation
Venusta Ventures Private Limited	100%	Full Consolidation
SRP Prosperita Hotel Ventures Limited	50.01%	Full Consolidation
Tandem Allied Services Private Limited	100%	Full Consolidation
BCV Real Estates Private Limited	68.76%	Full Consolidation
Celebrations Private Limited	100%	Full Consolidation
Propel Capital Ventures LLP	94%	Full Consolidation
Brigade HRC LLP	67%	Full Consolidation
Ananthay Properties Private Limited	51%	Full Consolidation
Zoiros Projects Private Limited	50%	Full Consolidation

Source: Company; ICRA Research

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