

August 07, 2025

## Bagmane Constructions Private Limited: Rating assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. Crore)	Rating action
Long-term – Fund-based – Term loans	1,297.00	[ICRA]AA (Stable); assigned
Long-term – Unallocated Limits	1,203.00	[ICRA]AA (Stable); assigned
<b>Total</b>	<b>2,500.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating assigned to Bagmane Constructions Private Limited (BCPL) factors in the established execution and operational track record of the Bagmane Group in the commercial real estate in Bengaluru, along with strong occupancy levels of BCPL's commercial office asset and comfortable debt protection metrics. BCPL has a commercial office asset, Bagmane Capital Tech Park, which is favourably located at Outer Ring Road, Mahadevapura, Bengaluru. Bagmane Capital Tech Park has an operational area of 6.2 million square feet (msf) (Bagmane's share of 5.3 msf), with a strong committed occupancy levels of ~97% as of May 2025 and an under-construction area of 1.6 msf with 100% pre-leasing, which is likely to be operational by March 2026. The reputed tenant profile in BCPL's assets, viz. Google, Amazon, Microsoft, Qualcomm, Salesforce, among others, and the long-term lease tenure of 5-15 years, provide medium-term rental visibility. Moreover, the rating draws comfort from the significant investments made by the tenants towards fitouts in the leased premises, which reduces the vacancy risk to an extent. The rating derives comfort from BCPL's comfortable leverage metrics as measured by total external debt/net operating income (NOI) within the range of 2.9-4.0 times in the medium term and debt coverage metrics as measured by five-year average debt service coverage ratio (DSCR) based on external debt obligations of 1.57 times for FY2026-FY2030.

The credit profile however remains exposed to the residual execution risk for the area under development of 1.6 msf wherein 86% of the cost is yet to be incurred as of March 2025. At present, BCPL's operations are concentrated in Bengaluru, exposing it to high geographical concentration risk. ICRA takes note of the management's plans to diversify and develop commercial offices at Delhi and Chennai over the medium term, which will mitigate the risk to an extent. BCPL will be susceptible to execution and market risks associated with its upcoming capex plans. However, comfort can be driven from the established track record of the Group in developing and leasing of commercial office space. Despite the debt funded capex, the leverage is expected to remain comfortable.

The rating is also constrained by the tenant concentration risk with top five tenants contributing to ~56% of the rental income and occupying ~56% of the leased area. The strong tenant profile, leasing track record, favourable location and high upfront investments, which increase the tenant stickiness, provides comfort and mitigates the risk to an extent. While cashflows remains susceptible to factors such as changes in interest rate or reduction in occupancy levels, low leverage (with expected gross external debt/NOI below 4 times) and long tenured debt amortization provides adequate cushion to withstand temporary impact in the interim, if any.

The Stable outlook reflects ICRA's expectation that BCPL will maintain strong occupancy levels, benefit from the reputed tenant profile, expected growth from the ongoing and upcoming assets and comfortable leverage.

## Key rating drivers and their description

### Credit strengths

**Established market position of Bagmane Group** – The company, BCPL, is a subsidiary of Bagmane Group which is among the well-established developers in the commercial real estate segment, with a large portfolio of operational commercial office space spread across Bengaluru. These commercial assets are majorly located either in Secondary Business District (SBD), Outer Ring Road, or in the IT/ITES corridor. The location-specific advantage aids in high occupancy levels. At present, Bagmane Group has developed over 28 msf (owns ~23 msf) of completed commercial space, with an additional Bagmane's share of 5.3 msf under construction and substantial potential for future development.

**High occupancy in leased assets with strong tenant profile** – The company's committed occupancy levels for operational buildings stood at ~97% as of May 2025 with reputed tenants like Google, Amazon, Microsoft, Qualcomm, Salesforce, among others. The substantial investments made by the tenants towards fitouts in the leased premises and long-term lease tenures reduce the risk of vacancy to an extent. The under-construction buildings with a leasable area of 1.6 msf are 100% pre-leased to marquee tenants as of May 2025.

**Comfortable debt protection metrics** – At present, BCPL has an office space portfolio, with a completed leasable area of 6.2 msf (Bagmane's share of 5.3 msf) and annualised rent generated of Rs. 649 crore (excluding CAM income) as of March 2025. An additional annualised lease income amounting to around Rs. 211 crore is anticipated to commence from FY2027 from the commercial asset, which is expected to be completed by FY2026. The leverage metrics remain comfortable with an estimated external debt/NOI within the range of 2.9-4.0 times in the medium term and five-year average debt service coverage ratio (DSCR) on external debt obligations of 1.57 times for FY2026-FY2030. The leverage is likely to remain comfortable, despite the upcoming debt-funded capex plans.

### Credit challenges

**Residual execution risk associated with ongoing development of commercial office space** – BCPL has expansion plans with area under development of 1.6 msf, exposing it to residual execution risks. The pending cost of 86% is yet to be incurred as of March 2025, which will be funded majorly through internal accruals and the remaining by debt. Further, the company plans to develop 3-4 msf across various geographies in the medium term. Nevertheless, ICRA takes comfort from the Group's strong track record of delivering over 28 msf in the commercial real estate segment.

**Exposed to high geographical and tenant concentration risks** – BCPL remains exposed to high geographical and tenant concentration risks, with the entire leasable area being concentrated in Bengaluru and the top five tenants occupying ~56% of leased area and contributing to ~56% of the annual rental income. The strong tenant profile, favourable location and significant investments made by the tenants towards fitouts increase the tenant stickiness, providing comfort and mitigating the risk to an extent. Further, ICRA takes note of management's plans to diversify its operations across geographies through commercial development projects in Delhi and Chennai over the medium term.

**Vulnerable to cyclical and changes in interest rates** – The company remains exposed to the inherent cyclical in the real estate industry and vulnerability to external factors. Nonetheless, ICRA takes comfort from the strong leasing levels in BCPL's portfolio. The rating notes the vulnerability of debt coverage ratios to factors such as changes in interest rate or reduction in occupancy levels. However, low leverage (with expected gross external debt/NOI below 4 times) and long tenured debt amortization provides adequate cushion to withstand temporary impact in the interim, if any.

### Liquidity position: Adequate

The company's liquidity position adequate with unencumbered cash of Rs.72 crore as on March 31, 2025. The estimated principal repayments and interest obligations on external debt for FY2026 and FY2027 are expected to be met comfortably through its estimated cash flow from operations. The capex of Rs. 1,000-1,200 crore each in FY2026 and FY2027 is likely to be funded by a mix of debt and internal accruals.

## Rating sensitivities

**Positive factors** – ICRA could upgrade BCPL's rating if the company is able to successfully diversify operations along with significant increase in scale of operations while maintaining low leverage levels and strong debt coverage metrics.

**Negative factors** – Negative pressure on BCPL's rating could arise if there is a significant delay in leasing tie-ups in the upcoming commercial projects, leading to slower-than-expected ramp-up in rentals. Specific credit metrics that could lead to a downgrade of BCPL's rating include gross external debt to net operating income (NOI) increasing above 4.0 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Realty- Lease Rental Discounting (LRD)</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered consolidated financials of Bagmane Constructions Private Limited, Bagmane Texworth Private Limited, Bagmane Clean Energy Private Limited and Bagmane Business Parks Private Limited, given the operational, financial and managerial linkages between the entities.

## About the company

Bagmane Constructions Private Limited (BCPL) was incorporated on March 09, 2005 and primarily develops and leases office space. The project 'Bagmane Capital Tech Park' was transferred to BCPL from Bagmane Developers Private Limited (BDPL) pursuant to a demerger order passed by NCLT on October 22, 2024, appointed date being July 01, 2024. At present, BCPL's operational portfolio comprises 'Bagmane Capital Tech Park', a tech campus on Outer Ring Road, Mahadevapura, Bengaluru, which has eleven completed buildings with a total leasable area of 6.2 msf (Bagmane's share of 5.3 msf) and two under-construction buildings, Memphis-North and Memphis-South with a leasable area of 1.6 msf in the same tech park. Also, BCPL is the holding company for Bagmane Clean Energy Private Limited (BCEPL), Bagmane Texworth Private Limited (BTPL), Bagmane Business Parks Private Limited (BBPPL).

## Key financial indicators

As the operational and under-construction assets are transferred from Bagmane Developers Private Limited to Bagmane Constructions Private Limited in FY2025, the key financial indicators up to FY2024 are not meaningful.

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	August 07, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based- Term loans	Long term	1,297.00	[ICRA]AA (Stable)	-	-	-	-	-	-
Unallocated limits	Long term	1,203.00	[ICRA]AA (Stable)	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	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 loans	FY2014-FY2025@	-	FY2037#	1,297.00	[ICRA]AA (Stable)
NA	Unallocated limits	N.A.	N.A.	N.A.	1,203.00	[ICRA]AA (Stable)

Source: Company;

@represents loans sanctioned between FY2014-FY2025

# represents the farthest maturity date amongst 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	BCPL Ownership	Consolidation Approach
Bagmane Texworth Private Limited	49.90%	Full Consolidation
Bagmane Clean Energy Private Limited	99.98%	Full Consolidation
Bagmane Business Parks Private Limited	100.00%	Full Consolidation

Source: Company; ICRA Research

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### Branches



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