

October 28, 2025

Bagmane Developers Private Limited: Ratings upgraded to [ICRA]AA+ and placed on Rating Watch with Developing Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	5,235.00	2,962.0	[ICRA]AA+; Rating Watch with Developing Implications; upgraded from [ICRA]AA (Stable) and put on rating watch
Long-term – Unallocated limits	1,765.00	2,038.0	[ICRA]AA+; Rating Watch with Developing Implications; upgraded from [ICRA]AA (Stable) and put on rating watch
Total	7,000.00	5,000.00	

*Instrument details are provided in Annexure-I

Rationale

The rating upgrade for the bank facilities of Bagmane Developers Private Limited (BDPL) reflects the company's strong debt protection metrics, which are expected to sustain in the medium term, driven by consistent healthy occupancy levels for its commercial office portfolio. The rating action factors in the material reduction in execution and market risks for BDPL on account of transfer of majority of its under-construction portfolio to other Bagmane Group entities. Pursuant to the demerger order passed by NCLT on October 22, 2024 (appointed date being July 01, 2024), the under-construction portfolio of the company reduced to 1.5 million square feet (msf) from 5.7 msf.

The rating for the bank facilities of BDPL is placed on Watch with Developing Implications considering the proposed transfer of BDPL to Bagmane Prime Office REIT – an office REIT and the likely impact on the financial policy and credit profile of BDPL.

BDPL's committed occupancy levels in the completed portfolio of 13.9 msf (reduced from ~21 msf post demerger) remains strong at ~96% as of May 2025 (95% as of May 2024 on ~21 msf). The occupancy is expected to continue at healthy levels in the medium term, driven by favourable location, strong quality of BDPL's assets and steady demand for the commercial office space. The rental inflows are estimated to increase to around Rs. 1,600 – 1,650 crore in FY2026 (PY – Rs. 1,468.0 crore), backed by scheduled escalation in rental rates and commencement of rentals for the newly completed areas. This along with relatively lower debt levels, resulted in strong debt protection metrics of the company. The leverage metric, as measured by total external debt/net operating income (NOI) is projected to remain strong and improve to around 1.5 – 1.6 times in FY2026 (PY: 1.92 times). Consequently, the five-year average debt service coverage ratio (DSCR) for FY2026-FY2030 is expected to remain strong above 2 times.

The credit profile, however, remains exposed to the cyclicity associated with the commercial real estate sector and high geographical concentration risk, with the entire leasable area being concentrated in Bengaluru. BDPL is exposed to execution risk towards its current under-development office area of 1.5 msf, wherein around 64% of the total cost is yet to be incurred as on March 31, 2025, as well as its two hotel projects of ~600-610 keys in Bengaluru and capex towards its solar power plants as of March 2025. The company is expected to incur around Rs. 1,800-2,000 crore during FY2026-FY2028, which is likely to be funded largely by its internal accruals, with relatively low dependency on external borrowings. The credit profile remains exposed to the market risk with respect to under-development office space. Nevertheless, BDPL's established track record in leasing, along with healthy pre-leasing of under-construction area getting completed in the next 12 months provides comfort.

The rating considers the moderate tenant concentration risks, wherein the top five tenants occupy around ~47% of the leased area and contribute to ~44% of the annualised rentals as of May 2025. Nevertheless, the strong tenant profile, leasing track record, favourable location and high upfront investments towards fit-outs by tenants, which increase the tenant stickiness, provides comfort and mitigates the tenant concentration risk to an extent. BDPL's low leverage and healthy occupancy provides cushion to withstand temporary spike in interest rate or some moderation in occupancy levels. Going forward, the company's ability to maintain a prudent capital structure and healthy occupancy level remains the key credit drivers.

Key rating drivers and their description

Credit strengths

Sustained high occupancy in leased assets and strong tenant profile; reduction in market and execution risks associated with under-construction portfolio – The company's committed occupancy levels in the completed portfolio of 13.9 msf (reduced from ~21 msf post demerger) remains strong at ~96% as of May 2025 (95% as of May 2024 on ~21 msf) and is expected to remain healthy in the medium term, driven by favourable location, strong quality of BDPL's assets and steady demand. The demand has been steady for most of the properties developed by BDPL with a sustained reputed tenant profile viz. Google, Amazon, Texas Instruments, Samsung, Volvo, among others. The substantial investments made by the tenants towards the fitouts in the leased premises and long-term lease tenure reduce the risk of vacancy to an extent while ensuring rental visibility over the near to medium term. Pursuant to the demerger order passed by NCLT on October 22, 2024 (appointed date being July 01, 2024), the company's under-construction portfolio reduced to 1.5 million square feet (msf) from 5.7 msf leading to material reduction in execution and market risk.

Strong leverage and debt coverage metrics – The rental inflows are estimated to increase to around Rs. 1,600 – 1,650 crore in FY2026 (PY – Rs. 1,468.0 crore), backed by scheduled escalation in rental rates and commencement of rentals for the newly completed areas. Further, the company's total external debt is projected to decline to Rs. 2,750-2,850 crore as on March 31, 2026 (PY: Rs. 3,127.0 crore) owing to scheduled repayment of debt. The relatively lower debt levels and healthy occupancy levels resulted in strong debt protection metrics. The leverage metric, as measured by total external debt/NOI is expected to improve to around 1.5 – 1.6 times in FY2026 from 1.92 times in FY2025. Consequently, the coverage metrics, as reflected by five-year average debt service coverage ratio (DSCR) for FY2026-FY2030 is likely to remain strong at above 2 times.

Established market position of Bagmane Group – The company is the flagship entity of the Bagmane Group, which is among the established developers in the commercial real estate in Bangalore with a large portfolio of commercial office parks spread across Bengaluru. These commercial assets are majorly located either in Secondary Business District (SBD), Outer Ring Road, or in the IT/ITES corridor, enhancing the marketability of the projects resulting in high occupancy levels. At present, the 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 portfolio and substantial potential for future development.

Credit challenges

Execution and market risks associated with ongoing developments – The company is exposed to execution towards its current under-development office area of 1.5 msf, wherein around 64% of the total cost is yet to be incurred as on March 31, 2025, along with capex in two ongoing hotels of ~600-610 keys in Bengaluru and its solar power plants, which are in the initial stage of construction as on March 31, 2025. The total capex outlay of around Rs. 1,800-2,000 crore during FY2026-FY2028 will be funded majorly by internal accruals with relatively low dependency on external borrowings. The company is also exposed to market risk with respect to under-development office space. Nevertheless, BDPL's established track record in leasing, along with healthy pre-leasing of under-construction area getting completed in the next 12 months provides comfort

Exposed to high geographical and moderate tenant concentration risks – BDPL remains exposed to high geographical risks, with the entire leasable area being concentrated in Bengaluru. The company is also exposed to moderate tenant concentration risks, wherein the top five tenants occupy around ~47% of the leased area and contribute to ~44% of the annualised rentals

as of May 2025. However, the strong tenant profile, attractive location and significant investments in fitouts by tenants mitigates the tenant concentration risks to some extent. Comfort can also be drawn from the land parcels available in the existing projects, which enables BDPL and its tenants to grow organically resulting in high instances of the existing customers leasing spaces in under-construction projects.

Vulnerable to cyclicity and changes in interest rates – The company remains exposed to the inherent cyclicity in the real estate industry and vulnerability to adverse macroeconomic and external conditions, which could impact the tenant’s business risk profile. Nonetheless, ICRA takes comfort from the high occupancy in BDPL’s portfolio.

Liquidity position: Adequate

The company has adequate liquidity as on March 31, 2025, with ~Rs. 243.0 crore of unencumbered cash. The estimated principal repayment of ~Rs. 632.0 crore in FY2026 and ~Rs. 539.0 crore in FY2027 can be comfortably met through its estimated cash flow from operations. Its capex outlay of ~Rs. 1,800-2,000 crore during FY2026-FY2028 is expected to be funded majorly by internal accruals and the remaining by debt.

Rating sensitivities

Positive factors – ICRA could upgrade BDPL’s rating if the company is able to demonstrate healthy increase in scale of operations and meaningful business diversification while maintaining high occupancies, low leverage levels and strong debt coverage metrics. The rating watch would be resolved once more clarity emerges on the inclusion of BDPL in Bagmane Prime Office REIT.

Negative factors – Negative pressure on BDPL’s rating could arise if there is a significant decline in the occupancy levels leading to lower NOI or material increase in indebtedness leading to gross debt to net operating income increasing above 3.5 times on a sustained basis. The rating watch would be resolved once more clarity emerges on the inclusion of BDPL in Bagmane Prime Office REIT.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered consolidated financials of Bagmane Developers Private Limited and Bagmane Green Power LLP, given the close business, financial and managerial linkages between them.

About the company

Bagmane Developers Private Limited (BDPL), incorporated in July 1996, is involved primarily in the development, leasing, and management of commercial office space. BDPL is the flagship company of the Bagmane Group. Pursuant to a demerger order passed by NCLT on October 22, 2024 (effective from July 1, 2024), BDPL’s assets were demerged. Post demerger, the operational portfolio of BDPL includes - Bagmane Tech Park, in C V Raman Nagar and in the Outer Ring Road, in Mahadevapura, Bagmane Constellation Business Park, Bagmane World Technology Centre, Bagmane Cosmos and the Goldstone Tower (part of S.B.G. Software Private Limited, prior to demerger). The current portfolio with a completed leasable area of 13.9 msf is ~96% occupied as of May 2025, with 60+ tenants. The other projects, namely Bagmane Solarium City, Bagmane Rio, Bagmane Capital, Bagmane Sierra and other land parcels have moved out to different special purpose vehicles (SPVs), along with the debt from these projects.

Bagmane Green Power LLP (BGPL) is an SPV formed by the Bagmane Group for setting up solar power projects in Karnataka. As on June 2025, the company had three solar power plants with a capacity of 91.9 MW and further, is currently setting up another plant with a capacity of 72.5 MW. The entire generation is used for captive consumption by the Group.

Key financial indicators

Consolidated	FY2024	FY2025*
Operating income	1776.7	2039.3
PAT	807.6	882.2
OPBDIT/OI	77.3%	81.8%
PAT/OI	45.5%	43.3%
Total outside liabilities/Tangible net worth (times)	1.8	3.2
Total debt/OPBDIT (times)	2.4	1.8
Interest coverage (times)	4.7	5.1

Source: Company, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore, *Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	October 28, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based-Term loan	Long Term	2,962.00	[ICRA]AA+ Rating Watch with Developing Implications	Jul 12, 2024	[ICRA]AA (Stable)	May 23, 2023	[ICRA]AA (Stable)	Apr 07, 2022	[ICRA]AA (Stable)
				-	-	Aug 30, 2023	[ICRA]AA (Stable)	Mar 13, 2023	[ICRA]AA (Stable)
				-	-	Mar 01, 2024	[ICRA]AA (Stable)	-	-
Unallocated	Long Term	2,038.00	[ICRA]AA+ Rating Watch with Developing Implications	Jul 12, 2024	[ICRA]AA (Stable)	May 23, 2023	[ICRA]AA (Stable)	Apr 07, 2022	[ICRA]AA (Stable)
				-	-	Aug 30, 2023	[ICRA]AA (Stable)	Mar 13, 2023	[ICRA]AA (Stable)
				-	-	Mar 01, 2024	[ICRA]AA (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Unallocated	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	FY2014 – FY2025 [@]	-	May 2036 &	2962.0	[ICRA]AA+: Rating Watch with Developing Implications
NA	Unallocated	-	-	-	2038.0	[ICRA]AA+: Rating Watch with Developing Implications

Source: Company

[@] represents loan sanctioned between FY2014-FY2024

& 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	BDPL Ownership	Consolidation Approach
Bagmane Green Power LLP	99.99%	Full Consolidation

Source: Company; ICRA Research

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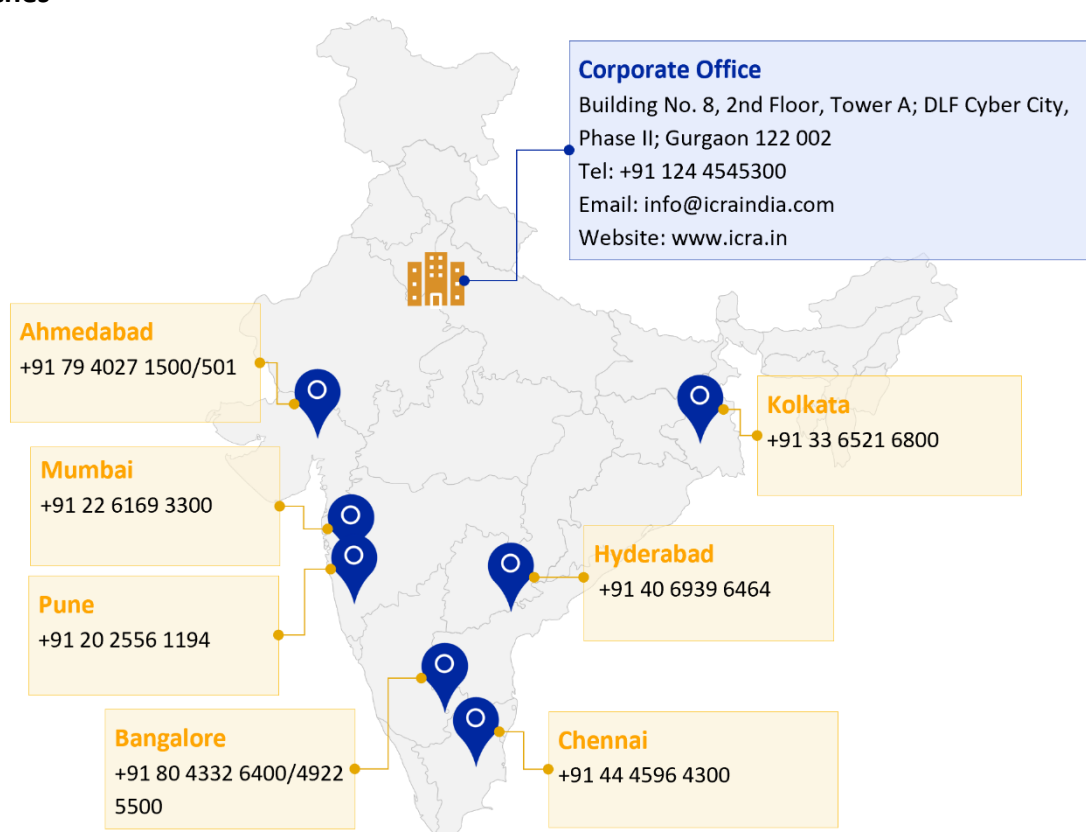
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