

January 28, 2026

Agra Development Authority: Rating upgraded to [ICRA] BBB+ (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term term loan	500.00	500.00	[ICRA] BBB+ (Stable); Upgraded from [ICRA] BBB (Stable)
Total	500.00	500.00	

*Instrument details are provided in Annexure-I

Rationale

The rating upgrade for Agra Development Authority (ADA) reflects the improved credit profile of the Government of Uttar Pradesh (GoUP), supported by consistently high capital expenditure—above 4.5% of Gross State Domestic Product (GSDP) during FY2023–25—which is favourable for the state’s long-term economic prospects. The rating factors in ADA’s long track record of executing diverse projects, its steady adjusted accruals over the past five years, and its comfortable capital structure as well as debt coverage metrics, which are expected to remain range-bound in the near to medium term. Further, the authority’s strategic importance as the nodal agency for planning, regulation and comprehensive development within the Agra Development Area, along with its strong operational linkages with the GoUP, continue to support the rating.

The rating is, however, constrained by the moderate credit profile of the state government, despite sequential improvement, owing to modest socio-economic indicators and high leverage as a proportion of GSDP. Notwithstanding the healthy capital spending, GoUP’s fiscal deficit as a proportion of GSDP was moderate within 2.0-3.1% during FY2023-FY2025. Nevertheless, the credit profile remains constrained, given the high dependence on central transfers of the GoUP. ICRA takes note of the authority’s financial linkages with the GoUP and its dependency on the GoUP for key revenue-related decisions like revision in rate structures, the highly volatile nature of ADA’s revenues as well as expenditures and a significant scope for improvement in the current accounting practices being followed. ADA would be undertaking various infrastructure development projects in the medium term, which would be partially funded through fresh long-term borrowings. Consequently, ADA’s debt protection metrics are likely to moderate in the medium term, though it is expected to remain within the range-bound levels.

Based on directions of the state government, ADA undertakes various large projects within its jurisdiction, part of which must be funded by ADA from its own accruals. Such debt-funded capex by ADA or transfer of additional funding responsibility on ADA for projects of other Government entities without any revenue consideration or reimbursements, which materially impacts the debt protection metrics would remain a key rating sensitivity.

The Stable outlook reflects ICRA’s expectation that ADA will benefit from its strategic importance to the GoUP and strong state linkages. Its expanding, though volatile, revenue base is also likely to support steady cash accruals, comfortable debt coverage metrics, and a healthy liquidity position.

Key rating drivers and their description

Credit strengths

Satisfactory financial risk profile – ADA has a long track record of executing diverse projects and consistently maintaining positive cash flow position on account of regular inflow from collection of development charges (part of which has been earmarked for carrying out various projects under the infrastructure fund in the balance sheet) and relatively lower expenditure. Moreover, the adjusted operating income, considering the entire development charges, remained healthy at Rs. 174 crore for FY2025, leading to an operating profit of Rs. 167 crore during the same period. ICRA notes that healthy surpluses and limited debt have supported ADA in maintaining a comfortable financial risk profile, as reflected in gearing of (total debt

to TNW) of 0.4 times as on March 31, 2025, and OPBDITA/interest of 2.5 times for FY2025. Going forward, ADA's borrowings are expected to increase for the ongoing project, but leverage and coverage metrics are likely to remain comfortable.

Strategic importance and strong linkages with the GoUP – ADA maintains significant legal, operational, and financial ties with the GoUP, as it is led by the Divisional Commissioner of Agra Division and key state officials. While ADA manages its routine expenses, most of its projects rely on partial or full state funding. Hence, improvement in the credit profile of GoUP, remains a key supporting factor for the rating of ADA. As the main agency for urban development in Agra, an area critical to the state due to its tourism and economic potential (due to its favourable location), ADA handles infrastructure projects such as flyover construction, road widening, lake and park maintenance, and large-scale initiatives like the inner ring road and housing schemes.

Credit challenges

Dependence on GoUP for key revenue decisions – ADA remains dependent on the GoUP for revisions in rate structures, and its revenues from development charges and plot sales are vulnerable to real estate market volatility. This exposes the authority to potential challenges in meeting large commitments during years of weak revenue, though its current liquidity provides some buffer. The rating reflects the moderate credit profile of the state government, constrained by weak socio-economic indicators, modest revenue self-reliance and relatively high leverage. The state's capex has been above 4.5% of gross state domestic product (GSDP) during FY2023-2025, benefitting from healthy revenue surplus in the recent years. Notwithstanding the healthy capital spending, the GoUP's fiscal deficit as a proportion of GSDP was moderate within 2.0-3.1% in the same period. However, the credit profile remains constrained by the weak socio-economic indicators of UP and high dependence on central transfers of the GoUP. Uttar Pradesh's per capita income of Rs. 1,08,572 in FY2025 was among the lowest in the country, and the state continues to lag national averages on literacy, urbanisation and infant mortality. The GoUP's own revenues (SOTR and SONTR) accounted for only ~48% of revenue spending during FY2022-2024, lower than many peers, underscoring its limited self-reliance. While the state's leverage declined slightly to 34% of GSDP in FY2024 from 35% in FY2020, it remains higher than several comparable states.

Large debt-funded capex plans to impact debt protection metrics in near to medium term – ICRA expects ADA to undertake various infrastructure projects over the next two to three years, which, if funded through new long-term borrowings, could moderate its debt protection metrics. Higher-than-anticipated capex within Agra, without corresponding revenue, may also exert pressure on the liquidity. ADA is developing integrated townships at Kakua-Bhadai (Rs. 1,700 crore; funding includes ~Rs. 607 crore of term loans) and Raipur-Rahankala (around Rs. 1,500 crore; funding includes Rs. 500 crore term loan). These investments may weaken the debt metrics in the medium term, till the project revenues materialise. Hence, the ability to generate commensurate returns, coupled with ability to close the projects without any cost overruns or delays, which could lead to escalation and require additional funding, will remain a key rating monitorable.

Liquidity position: Adequate

The liquidity position of ADA is expected to remain adequate with healthy revenue surplus and supported by cash and liquid investments of ~Rs. 270 crore (as on January 12, 2026). Moreover, the liquidity of GoUP is adequate, as it has not availed the Ways and Means Advances and/or the Overdraft facilities from the Reserve Bank of India during FY2020-2025 and has large revenue surpluses. While it has sizeable capex planned towards two mixed-use development projects over the medium term, a large proportion of the same is expected to be funded from seed capital/funding support from GoUP and project debt. ADA's repayment obligations are nil in Q4 FY2026 and FY2027. However, the liquidity of the entity remains exposed to risks associated with sudden large expenditure in the future, which will entail funding support from the state and fresh debt.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is an improvement in the credit profile of the state government, while ADA maintains a satisfactory financial risk profile and comfortable liquidity position on a sustained basis.

Negative factors – The rating may be downgraded if there is a significant decline in the authority's own revenues and cash accruals resulting in weakening of debt coverage metrics and liquidity on a sustained basis. The rating would also be under

pressure if there are substantial advances to other state government entities, or additional funding responsibility on ADA for projects of other government entities without any revenue support, which would weaken its liquidity position. Further, any significant debt-funded capital expenditure that would impact ADA's capital structure and debt protection metrics materially, on a sustained basis, would be a credit negative. The rating could also be downgraded if there is a deterioration in the credit profile of the state government.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for State Governments
Parent/Group support	The assigned rating factors in the importance that ADA holds for the GoUP as a statutory body for preparation and control of master plan, acquisition of land, providing social and physical infrastructure including affordable houses in Agra, along with its strong operational as well as financial linkages with the GoUP.
Consolidation/Standalone	The rating is based on standalone financial profile of the entity

About the company

Agra Development Authority (ADA) is a statutory body constituted in September 1974 by the Government of Uttar Pradesh for development of Agra city under the Uttar Pradesh Urban Planning and Development Act 1973. At the time of inception around 144 revenue making areas were covered and today around 169 areas are covered in the entire Agra, having a total area of 620 square kilometre. It also takes care of historical monuments like Taj Mahal, Agra Fort, Fatehpur Sikri, Akbar Tomb etc. along with Archaeological Survey of India (ASI). The main objective of ADA is preparation and control of master plan, acquisition of land, providing social and physical infrastructure including affordable houses in Agra.

ADA has strong legal, operational and financial linkages with the GoUP, reflected by the composition of its authority, which is headed by the Divisional Commissioner, Agra Division. ADA is administered by the Housing and Urban Planning Department (HUPD), GoUP, as per the provisions of the relevant Act. ADA is governed by its authority, members of which are nominated by the state government. The Divisional Commissioner of Agra heads the authority as a Chairman and other senior government officials from various departments and agencies are nominated by the state government. The regular operations of HMDA are supervised by the Vice Chairperson, who is also a member of the authority.

Key financial indicators (audited)

	FY2024	FY2025
Operating income (Rs. Crore)	175.3	174.3
PAT (Rs. Crore)	153.2	112.6
OPBDIT/OI (%)	112.4%	96.1%
PAT/OI (%)	87.4%	64.6%
Total outside liabilities/Tangible net worth (times)	1.2	1.1
Total debt/OPBDIT (times)	2.0	3.5
Interest coverage (times)	3.3	2.5

Source: Company, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; All ratios are as per ICRA's calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs. crore)	Jan 28, 2026	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	500.00	[ICRA] BBB+ (Stable)	Oct 10, 2024	[ICRA] BBB (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Term loan	Simple

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	September 03, 2025	-	-	500.00	[ICRA] BBB+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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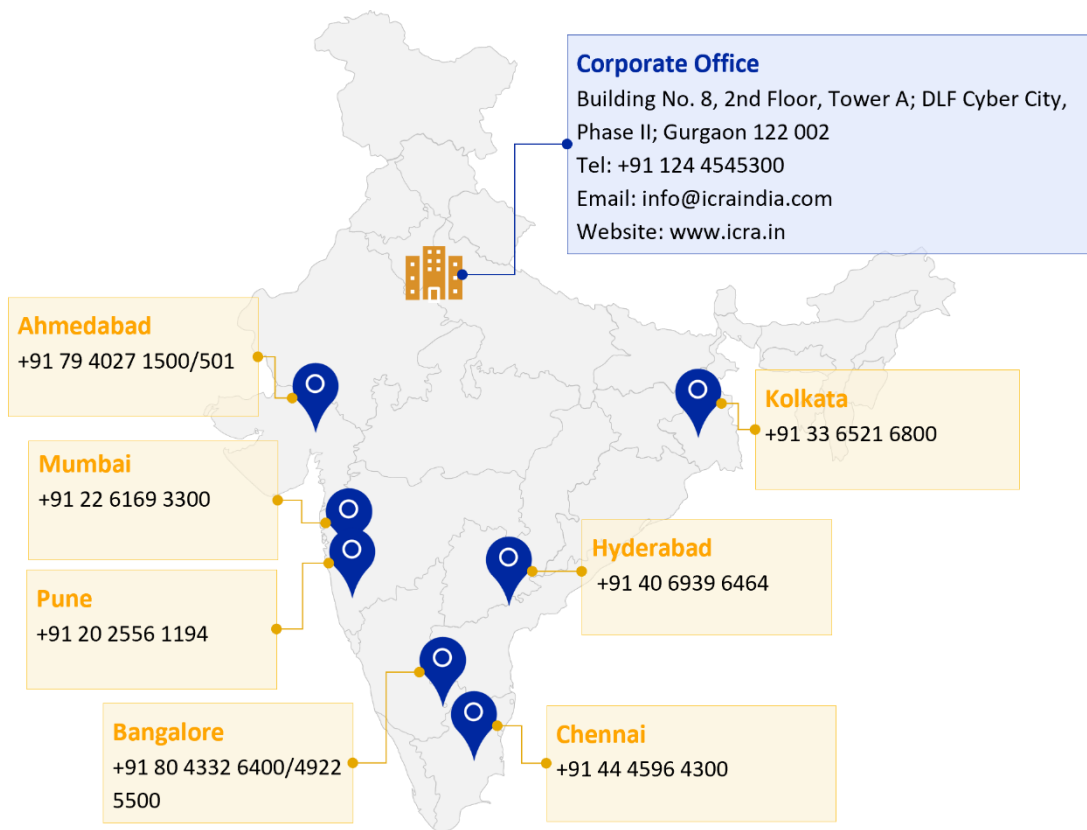
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