August 04, 2026

Bagmane Developers Private Limited: Rating upgraded and removed from Watch with Developing Implications; Stable outlook assigned

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term – Fund-based – Term loans	2,962.00	2,962.00	[ICRA]AAA (Stable); Upgraded from [ICRA]AA+ and removed from Watch with Developing Implications; Stable outlook assigned	RBI
Long-term – Unallocated limits	2,038.00	2,038.00	[ICRA]AAA (Stable); Upgraded from [ICRA]AA+ and removed from Watch with Developing Implications; Stable outlook assigned	RBI
Total	**5,000.00**	**5,000.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The rating upgrade for Bagmane Developers Private Limited[1] (BDPL) factors in the favourable change in shareholding, by virtue of now being a wholly-owned subsidiary of Bagmane Prime Office REIT (Bagmane REIT, rated [ICRA]AAA (Stable), lending exceptional financial flexibility. At present, BDPL and its subsidiaries, Bagmane Rio Private Limited (BRPL) and Bagmane Green Power Private Limited (BGPPL), holds the entire asset base of Bagmane REIT, consisting of completed office space area of 16.6 msf and under-construction/future-development area of 3.0 msf. It also consists of two under-construction hotels and solar assets with annual aggregate capacity of 164.4 MW (DC), of which 91.9 MW is operational as on December 31, 2025. Owing to sizeable scale of operations, BDPL has high strategic importance for Bagmane REIT and it also benefits from the cash pooling benefit going forward with addition of new assets under Bagmane REIT over the medium to long term.

The operational commercial office space area of 16.6 msf reported a strong operational occupancy of around ~96% and committed occupancy of ~99% as on December 31, 2025, which is expected to remain robust over the medium term, supported by the favourable location, superior asset quality and strong demand from marquee tenants such as Google, Amazon, Texas Instruments, Samsung, and Volvo, etc. The rating favourably factors in the low leverage and comfortable debt coverage metrics of the company over the medium term. Its leverage as reflected by External debt/Annualised NOI and Total debt/Annualised NOI is likely to remain low at below 0.5 times and 3.0 times in the medium term, supported by sustained healthy rental inflows owing to robust occupancy levels, despite the expected increase in total debt (owing to incremental debt availed from Bagmane REIT) to around Rs. 5,500-5,800 crore by March 2027 (FY2026 Estimate of Rs. 3,100-3,200). This increase in total debt is primarily towards debt-funded capex requirements, the acquisition of 93% of shares of BRPL and the Luxor building from BCPL and general corporate purposes. Consequently, the company's debt coverage metrics as reflected by the five-year average DSCR are expected to remain comfortable at 1.6-1.7 times during FY2027-FY2031.

[1] Pursuant to the execution of the share acquisition agreement dated April 27, 2026 and execution of formation transaction, the acquisition of the Bagmane Group's shareholding in Bagmane Rio Private Limited (BRPL) and the transfer of the Luxor building from Bagmane Capital Private Limited (BCPL) to Bagmane Developers Private Limited (BDPL) have been completed. Accordingly, ICRA has considered the consolidated financials of BDPL along with its subsidiaries, Bagmane Rio Private Limited and Bagmane Green Power Private Limited (BGPPL).

The credit profile, however, is exposed to the execution risk towards its ongoing and planned commercial office space area, two hospitality projects and solar projects, wherein around 30% of the total cost is yet to be incurred as on December 31, 2025. The total capex outlay of around Rs. 2,400.0-2,600.0 crore during FY2027-FY2028 will be funded primarily by debt availed from Bagmane REIT. The company is also exposed to market risk towards its under-development office space with nil pre-leasing as of December 2025. Nevertheless, the established track record of the Bagmane Group in developing and operating commercial office assets in Bengaluru with robust occupancy levels, provides comfort. At present, BDPL's office portfolio is primarily concentrated in Bangalore. Nonetheless, over the medium term, the REIT is expected to add assets across other cities, which will moderate the geographical concentration going forward. The tenant concentration risk is moderate, with the top five tenants contributing to around 44% of the annualised rentals as of December 2025. Nonetheless, the vacancy risk and tenant concentration risks are partially mitigated by the significant fitout investments by the tenants and long-term lease tenures, along with established track record of the sponsor groups in the commercial real estate industry. The credit profile remains exposed to the inherent cyclicality in the real estate industry and vulnerability to external factors. ICRA notes that there is adequate cushion in the coverage metrics to withstand temporary spike in interest rate, if any.

The Stable outlook reflects ICRA's expectations that the company will be able to generate steady cash flows from a diversified pool of commercial office assets, with healthy occupancy levels from reputed tenants while maintaining comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Sustained high occupancy in leased assets and strong tenant profile – BDPL, along with subsidiaries, Bagmane Rio Private Limited (BRPL) and Bagmane Green Power Pvt Ltd (BGPPL), houses the entire portfolio of REIT and consists of completed office space area of 16.6 msf and under-construction/future-development area of 3.0 msf. It also consists of two under-construction hotels and solar assets with annual aggregate capacity of 164.4 MW (DC), of which 91.9 MW is operational as on December 31, 2025. The operational office space area reported a healthy operational occupancy of around ~96% and committed occupancy of ~99% as on December 31, 2025, which is expected to remain robust over the medium term, supported by the favourable location, superior asset quality and good track record of tenant stickiness owing to completive rentals in most of the assets. The tenant profile is diversified comprising marquess names such as Google, Amazon, Texas Instrument, Samsung, Volvo, etc.

Low leverage and comfortable debt coverage metrics – In FY2027, the company's external debt levels are expected to significantly reduce in FY2027, driven by prepayment through available liquidity, IPO proceeds, and debt from Bagmane REIT. However, the total debt, including debt from Bagmane REIT, is projected to increase to Rs. 5,500-5,800 crore by March 2027 from an estimated Rs. 3,100-3,200 crore in FY2026, mainly due to debt-funded capex requirements, the acquisition of 93% shares of BRPL and the Luxor building from BCPL and general corporate purposes. Notwithstanding the increase in overall debt, the company's leverage as reflected by External debt/Annualised NOI and Total debt/Annualised NOI is likely to remain low at below 0.5 times and 3.0 times in the medium term respectively, supported by sustained healthy rental inflows owing to robust occupancy levels. Consequently, the company's debt coverage metrics as reflected by the five-year average DSCR are likely to remain comfortable at 1.6-1.7 times during FY2027-FY2031.

Strength derived from parentage and status as a strategically important SPV of Bagmane Prime Office REIT – BDPL, a wholly-owned subsidiary of Bagmane REIT, currently houses Bagmane REIT's entire portfolio and will contribute to the entire net operating income (NOI) of Bagmane REIT, thereby, remaining strategically important to the REIT, thereby lending exceptional financial flexibility. ICRA expects that Bagmane REIT will provide timely financial and operational support to BDPL, if required, given the strategic importance of BDPL to Bagmane REIT.

Credit challenges

Execution and market risks associated with ongoing developments – The company is exposed to execution risk towards its ongoing and planned commercial office space area, two hospitality projects, and solar projects wherein around 30% of the total cost is yet to be incurred as on December 31, 2025. The total capex outlay of around Rs. 2400.0-2600.0 crore during FY2027-FY2028 will be funded majorly by debt availed from Bagmane REIT. The company is also exposed to market risk towards its under-development office space with nil pre-leasing as of December 2025. Nevertheless, the established track record of the Bagmane Group in developing and operating commercial office assets in Bengaluru with robust occupancy levels, provides comfort.

Exposed to high geographical and moderate tenant concentration risks – At present, BDPL's office portfolio is primarily concentrated in Bangalore. However, over the medium term, the REIT is expected to add assets across other cities, which will moderate the geographical concentration going forward. Further, the top five tenants contribute to around 44% of the annualised rentals as of December 2025, exposing it to moderate tenant concentration risk. However, the favourable location of the projects, along with strong tenant profile and the significant investment in fitouts mitigates the tenant concentration risk to an 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 cyclicality and changes in interest rates – The company remains exposed to the inherent cyclicality in the real estate industry and vulnerability to external factors. Further, tenants accounting to 13% and 20% of the total leased area will be due for expiry in Q2-Q4 FY2027 and FY2028 respectively (based on the current lease expiry schedule), exposing it to vacancy risk. However, the risk is partially mitigated by the significant fitout investments by the tenants and long-term lease tenures, along with established track record of the sponsor groups in the commercial real estate industry. ICRA notes that there is adequate cushion in the coverage metrics to withstand temporary spike in interest rate, if any.

Liquidity position: Strong

The company's liquidity is strong and will be supported by stable rental income from the underlying assets. Additionally, it has free cash and bank balance of Rs. 283.9 crore as on December 31, 2025. The company's scheduled debt obligations in FY2027 and FY2028 can be comfortably met through its estimated cash flow from operations. Its capex outlay of Rs. 2,400.0-2,600.0 crore during FY2027-FY2028 is expected to be funded by debt from Bagmane REIT.

Rating sensitivities

Positive factors – Not applicable

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 resulting in deterioration of debt protection metrics on a sustained basis. Further, any deterioration in the credit profile of the Bagmane Prime Office REIT might have a bearing on BDPL's rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Leasing
Parent/Group support	Bagmane Prime Office REIT ICRA expects that BDPL's parent – Bagmane Prime Office REIT will be willing to extend timely financial and operational support, if required, given the strategic importance of BDPL to the Bagmane Prime Office REIT, and the significant contribution of the SPV to the overall NOI and valuation of the REIT
Consolidation/Standalone	For arriving at the rating, ICRA has considered consolidated financials of BDPL 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

Bagmane Developers Private Limited (BDPL), incorporated in July 1996, is involved primarily in the development, leasing, and management of commercial office space. Following the transfer of its entire shareholding to Bagmane Prime Office REIT (Bagmane REIT) ([ICRA]AAA (Stable)) on April 27, 2026, BDPL, with its two subsidiaries—Bagmane Rio Private Limited and Bagmane Green Power Private Limited[2] houses the entire portfolio of Bagmane REIT – six operational office projects in Bengaluru with 19.6 msf of leasable area, including 16.6 msf operational area. It also has two under-construction hotels with 607 keys, expected to be completed by Q1 FY2029, and solar assets aggregating 164.4 MW (DC), of which 91.9 MW (DC) was operational.

Key financial indicators (audited)

Consolidated	FY2025	9M FY2026
Operating income	2,100.4	1,725.2
PAT	933.3	747.3
OPBDIT/OI	79.3%	83.2%
PAT/OI	44.4%	43.3%
Total outside liabilities/Tangible net worth (times)	3.2	1.9
Total debt/OPBDIT (times)	1.8	1.4
Interest coverage (times)	5.1	7.0

Source: Company, ICRA Research; 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

[2] Bagmane Green Power LLP converted to Bagmane Green Power Private Limited wef July 01, 2026

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Aug 04, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-based-Term loan	Long Term	2,962.00	[ICRA]AAA (Stable)	Oct 28, 2025	[ICRA]AA+ Rating Watch with Developing Implications	Jul 12, 2024	[ICRA]AA (Stable)	May 23, 2023	[ICRA]AA (Stable)
				-	-	-	-	Aug 30, 2023	[ICRA]AA (Stable)
				-	-	-	-	Mar 01, 2024	[ICRA]AA (Stable)
Unallocated limits	Long Term	2,038.00	[ICRA]AAA (Stable)	Oct 28, 2025	[ICRA]AA+ Rating Watch with Developing Implications	Jul 12, 2024	[ICRA]AA (Stable)	May 23, 2023	[ICRA]AA (Stable)
				-	-	-	-	Aug 30, 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	Financial sector regulator#
NA	**Term loan**	FY2014 – FY2025@	-	May 2036 &	2962.0	[ICRA]AAA (Stable)	RBI
NA	**Unallocated**	NA	NA	NA	2038.0	[ICRA]AAA (Stable)	RBI

Source: Company
@ represents loan sanctioned between FY2014-FY2025
& represents the farthest maturity date among the various maturity dates for different term loans

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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 as on June 30, 2026	Consolidation Approach
Bagmane Developers Private Limited	-	Full consolidation
Bagmane Rio Private Limited*	93%	Full consolidation
Bagmane Green Power Private Limited (erstwhile Bagmane Green Power LLP)	100%	Full consolidation

*Source: Company; *with effective from execution of formation transaction*

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