



Press Release
BANGALORE DEVELOPMENT AUTHORITY
May 27, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	500.00	ACUITE A+ Stable Assigned	-
Bank Loan Ratings	500.00	-	ACUITE A1+ Assigned
Total Outstanding Quantum (Rs. Cr)	1000.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of 'ACUITE A+' (read as ACUITE A plus) and the short term rating of 'ACUITE A1+' (read as ACUITE A one plus) on the Rs. 1,000.00 Cr. bank facilities of Bangalore Development Authority (BDA). The outlook is 'Stable'.

Rationale for rating assigned

The rating assigned reflects the long and healthy track record of project developments by BDA in the city of Bangalore. Further, the rating derives comfort from the strong liquidity position and financial risk profile with healthy net worth and minimal dependence on external debt for project executions. However, these strengths are partially offset by the high implementation risk and land clearance issues, long gestation period of projects and susceptibility of operations to state guidelines.

About the Company

Bangalore Development Authority (BDA) is a statutory body established by the Government of Karnataka (Gok) in 1976. The authority undertakes various developmental works in the Bangalore Metropolitan Area such as development of residential layouts, creation of infrastructure facilities like roads, bridges, flyovers, underpasses, development of lakes, forestry, etc. Currently, the authority is undertaking the development of the Dr. Shivarama Karantha Layout (DSKL).

About the project

The DSKL project was initially planned in 2007, but due to land acquisition issues, construction was started in 2020. Under this project, approximately 32,550 residential plots are being developed at a total cost of Rs. 3,158.01 Cr of which Rs. 1,917.38 Cr has been incurred till April 30, 2025, while the balance expenditure is expected to be completed by end of FY2026. Of the total developed plots of 32,550, nearly 64% shall be allotted to farmer/ landowners, ~14% shall be corner sites which is expected to be sold within 4-5 years and balance to be allotted to public. BDA has plans to allot ~5,667 plots to public in FY2026 at an average price of Rs. 4,900 /sq ft. The allotment is expected to be done in June 2025.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered a standalone approach while assessing the business and financial risk profile of Bangalore Development Authority (BDA).

Key Rating Drivers

Strengths

Healthy track record of developments in Bangalore

The BDA was established under an Act passed by the State Legislature to promote and secure the development of the Bangalore Metropolitan Area. It undertakes development of residential layouts, creation of infrastructure facilities like roads, bridges, flyovers, underpasses, development of lakes, in the city of Bangalore. Some of the marquee developments executed in the past include the Kempegowda Layout, Arkavathy Layout, Nandini Layout, Rajaji Nagar, Banashankari Layout, etc. It has also contributed to the development of various amenities such as the Outer Ring Road, maintenance of Hebbal flyover, Sumanahalli flyover, etc. The authority is estimated to have recorded a revenue income of Rs. 2,423.53 Cr. in FY2025 (Rs. 1,335.29 Cr. in FY2024) from the auction of sites, allotment of sites, allotment of flats, etc.

Currently, the authority is undertaking the development of Dr. K Shivarama Karanth Layout, wherein 32,550 residential plots are being developed. The authority aims to generate capital receipts worth Rs. 4,214.54 Cr. from the allocation of 5,667 sites of this layout in FY2026. Further, it also receives operational and managerial aid, if needed from the GoK for execution of the projects and majority of its board representatives are officers of GoK. Acuité believes that BDA will continue to benefit from its position as a strategically important entity of GoK engaged in implementing infrastructure development in the city of Bangalore.

Strong financial risk profile

Over the years, BDA has developed a strong network, which stood at Rs. 3,450.74 Cr. on March 31, 2024, improved from Rs. 2,978.06 Cr on March 31, 2023. The authority generally undertakes development of projects through internal accruals with low reliance on external debt which leads to low gearing. For the current DSKL Layout, the authority has availed a line of credit of Rs. 500 Cr. for funding the construction and balance cost has been incurred through internal accruals. Further, being a strategically important arm of the GoK and strong historical track record of executions, it enjoys financial flexibility in terms of raising funds from financial institutions.

Weaknesses

Moderate project implementation and demand risk

Out of the total cost of the DSKL project, only 60 percent of the cost has been incurred till date, balance to be incurred in FY2026. Further, the allotment process of 5,667 residential units (of total units of 32,550) is still awaiting clearance from the High court, expected to be received by June 2025. Therefore, the implementation risk for the project persists on account of delayed construction and pending allotment for the sites. However, given the healthy execution record of BDA, the risk is mitigated to some extent. Further, out of the plots available for public, 10 percent are reserved for the EWS/SC/ST segment and the balance available for the general public is also estimated to be allotted at relatively lower prices as compared to the market prices, therefore, the demand risk is expected to be low.

Operations susceptible to State guidelines and land acquisition

The operations of the BDA are dependent on the state policies and development plans, approval from the government is required for proceeding with their development, as well as for availing external funding or for utilizing/acquisition of resources. Land acquisition issue is also one of the prominent issues faced by any authority. BDA is also facing this issue, which can be observed from the initial planned date of the DSKL project in 2007, which was significantly delayed due to the issues pertaining to land acquisition. While the same has been partly resolved, however, some part of the land (920 acres) is still under arbitration.

Rating Sensitivities

- Timely completion of the DSKL Layout without significant cost and time over runs
- Timely allotment of DSKL sites
- Significant increase in borrowings affecting the financial risk profile

Liquidity Position

Strong

The authority has an operational track record of more than four decades, that has helped it to accumulate healthy cash and bank balances, which stood at Rs. 311.71 Cr. on March 31, 2024. The liquidity is expected to improve further, post allocation of sites in the layout.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1335.29	1582.84
PAT	Rs. Cr.	472.68	303.56
PAT Margin	(%)	35.40	19.18
Total Debt/Tangible Net Worth	Times	0.09	0.00
PBDIT/Interest	Times	2156.15	34980.58

The audit report for the past three years is pending with Comptroller & Audit General of India.

Status of non-cooperation with previous CRA (if applicable)

None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Public Finance - Urban Local Bodies: <https://www.acuite.in/view-rating-criteria-57.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	500.00	Simple	ACUITE A+ Stable Assigned
Union Bank of India	Not avl. / Not appl.	Short-term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	500.00	Simple	ACUITE A1+ Assigned

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About Acuité Ratings & Research

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