

## India Ratings Affirms Bakeri Urban Development's NCDs and Bank Loan Facilities at 'IND BB'/Stable

Feb 24, 2026 | Residential | Commercial Projects

India Ratings and Research (Ind-Ra) has affirmed Bakeri Urban Development Private Limited's (BUDPL) debt instruments as follows:

### Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Non-convertible debentures*	-	-	-	INR1,050	IND BB/Stable	Affirmed
Bank loan facilities	-	-	-	INR100	IND BB/Stable	Affirmed

\*Details in Annexure

### Analytical Approach

Ind-Ra continues to take a fully consolidated view of BUDPL, its associate companies: Bakeri Residence LLP and Bakeri Spaces LLP as well as its holding company, Bakeri Projects Private Limited (BPPL; debt rated at 'IND BB'/Stable; holds 100%), owing to the strong legal, operational and financial linkages among them. BPPL has provided a corporate guarantee for BUDPL's NCDs.

### Detailed Rationale of the Rating Action

The ratings reflect the group's muted sales traction in its plotted development schemes, due to subdued demand conditions, along with the execution and saleability risks associated with its ongoing projects, including Sylvan Golf & Country Homes Plots, Sujal Apartments Redevelopment, Stella in GIFT City, and the commercial project, Sakar Scintilla in GIFT City Special Economic Zone (SEZ). As of December 2025, these projects achieved only around 30% construction progress and 23% sales, constrained by the sluggish real estate market environment in Gujarat. The group is, however, taking steps to diversify geographically to mitigate market concentration risk.

Furthermore, the group's completed projects exhibit moderate booking levels, and overall sales and collections remained modest, leading to continued reliance on customer advances to meet the balance construction costs of ongoing developments.

Nevertheless, the ratings draw comfort from the promoters' established experience and the long-operational track record of the Bakeri group in the real estate sector, which provides stability to the business profile.

### List of Key Rating Drivers

#### Weaknesses

- Offtake risk in ongoing projects; high execution and funding risks for new project with planned lease rental discounting (LRD) conversion
- Slow-paced sales and weak market absorption in several completed and ongoing projects

- Financial closure yet to be achieved
- High debt obligations likely to constrain cash flows and elevate dependence on customer advances

## Strengths

- Strategic fiscal benefits strengthening tenant interest in GIFT SEZ
- Experienced management with strong presence in Gujarat and diversifying project pipeline

## Detailed Description of Key Rating Drivers

### **Offtake Risk in Ongoing Projects; High Execution and Funding Risks for New Project with Planned LRD**

**Conversion:** The Bakeri Group continues to exhibit modest sales and collection momentum across its ongoing residential and plotted development portfolio as on 31 December 2025. The group received bookings for 289 units (40% of 720 units) and sold 1.24 million square feet (msf; 23% of total 5.41 msf) as on 31 December 2025. The company had committed receivables of INR2,565 million, against the balance construction cost of INR4,935 million, indicating continued dependence on incremental sales and timely collections to fund project cost-to-go. This status excludes the recently commenced commercial project, 'Sentella', which is at an early stage and has not yet contributed meaningfully to bookings. Ind-Ra expects the booking momentum to improve over the medium term, supported by advancing construction milestones and better market visibility as the projects near completion.

In addition to the ongoing portfolio, the group is developing the 'Sakar Scintilla', a commercial project in GIFT City, with a total saleable area of 0.95 msf, on a land allotted under a 20-year lease. The project cost is INR5,163 million, with targeted completion by March 2029 (approximately a 3.5-year construction period). As of December 2025, only about 8% of the construction cost had been incurred, reflecting a nascent stage of execution and thus high execution risk, particularly considering the obligations under the lease-cum-development agreement with GIFT SEZ Limited. Funding visibility is partial, with INR3,000 million (58%) of debt tied up, while the remaining 42% is likely to be funded through promoter contribution and unsecured loans, thereby mitigating near-term funding risk.

The entire asset is planned to be leased, and the company intends to convert the construction facility through an LRD structure after the completion and leasing, which should lower refinancing risk, subject to achieving timely lease tie-ups at remunerative rentals. Disbursements are linked to stage-wise construction progress and proportionate promoter infusion, making execution progress, promoter support, and leasing traction key monitorables through the construction cycle and leading up to the proposed LRD conversion.

**Slow-Paced Sales and Weak Market Absorption in Several Completed and Ongoing Projects:** The group continues to experience slow-paced sales and weak market absorption across several completed and ongoing projects, despite full construction status in many cases. Completed projects such as Serenity Meadows, Sarvesh Apartments, Serenity Proximus-1, Sakar 9, Sansita, Serenity Pastures and Serendeeep Mansions, with all of which reaching 100% completion in 2022–2023, continue to record muted sales traction due to limited buyer absorption at prevailing price points.

Similarly, ongoing developments such as Samasta Arcade (100% complete in December 2025 but with modest booking levels) and Sylvan Golf & Country Homes Plots (construction progress increasing from 46.35% in 2024 to about 52% in 2025) are witnessing sluggish absorption, reflecting subdued demand for plotted and commercial developments in Gujarat.

In addition, although Serenity Proximus-2 achieved about 87% of the construction progress in December 2025, it continues to be affected by ongoing litigation with the previous landowners, constraining marketability and delays sales conversion. Ind-Ra will monitor the group's ability to revive sales momentum, enhance absorption levels, and monetise completed inventory, which remains critical for strengthening cash-flow visibility over the medium term.

**Financial Closure Yet to Be Achieved:** As on 31 December 2025, the ongoing projects such as Sylvan Golf & Country Homes Plots; Sujal Apartments Redevelopment; and Stella in GIFT City; and the commercial project, Sakar Scintilla in GIFT City Special Economic Zone (SEZ), were approximately 30% complete, and the balance project cost, including the newly launched, Sakar Scintilla of INR9,709 million, is proposed to be funded through a mix of debt and predominantly customer advances. The group had debt of INR3,430 million available to fund the ongoing portfolio, including the Sakar

Scintilla commercial project. After considering the project debt and the committed receivables, Ind-Ra estimates that the group would be required to achieve additional sales of around INR3,714 million, representing 29% of the total project cost, to fully tie up the funding requirement for completion.

As of December 2025, the group had achieved financial closure for approximately 61% of the project cost, with 39% still pending, indicating continued reliance on incremental sales and collections to bridge the funding gap, which is likely to persist in the near term. Disbursements under the sanctioned facilities remain linked to stage-wise construction progress and proportionate promoter contribution, making timely promoter infusion a key monitorable over the medium term.

**High Debt Obligations Likely to Constrain Cash Flows and Elevate Dependence on Customer Advances:** The group has high scheduled debt obligations, with annual repayments of INR655 million–745 million over the next three years up to FY28, along with finance costs of INR390 million–502 million. These sizeable outflows are likely to consume a major portion of customer advances, thereby reducing the internal liquidity available for construction and project progress, consistent with the pressure observed in the past 12 months. In addition, BUDPL has outstanding NCDs of INR2,712 million (including accrued interest) due for redemption in FY37; however, as these instruments are fully subscribed by promoter entities and are expected to be rolled over without cash outflow, the near- to medium-term refinancing risk remains limited. Nonetheless, the elevated debt burden heightens the group's reliance on sustained sales and timely collections to maintain adequate liquidity for project execution.

**Strategic Fiscal Benefits Strengthening Tenant Interest in GIFT SEZ:** The project's benefits from its location within GIFT SEZ, Gandhinagar, which provides access to significant fiscal incentives including corporate tax exemptions, zero-rated goods and service tax (GST) treatment, and waivers on stamp duty and customs duties resulting in structurally lower operating costs for prospective tenants. Occupiers in the International Financial Services Centre (IFSC) zone further gain from reduced minimum alternate tax (MAT) applicability and exemptions on key financial-sector levies, enhancing the overall economic attractiveness of tenancy. The project's riverfront-adjacent site in Sector 14E within the SEZ, coupled with its proximity to major financial institutions and multinational occupiers, positions it strongly within a high-growth business district. Supported by GIFT City's advanced infrastructure and multimodal connectivity, the location is likely to aid sustained leasing traction and strengthen the project's medium-term marketability.

**Experienced Management with Strong Presence in Gujarat and Diversifying Project Pipeline:** The Bakeri Group benefits from a long operating history and established brand in the Gujarat real estate market, supported by consistent execution and quality delivery across its projects. The group is now diversifying beyond its core Ahmedabad–Gandhinagar market, with an upcoming a new residential project, Stella Residency, in Bengaluru and has also invested in other projects in different location. The future pipeline comprises a mix of residential, commercial, retail and student-housing developments indicating healthy growth visibility and a gradual expansion of the group's geographic and product footprint.

## Liquidity

**Stretched:** At end-December 2025, the group's ongoing projects (excluding Sakar Scintilla) had an expected receivables of INR2,565.6 million from sold units, with 40% of inventory sold (289 out of 720 units), against a pending construction cost of INR4,935 million which is likely to be completed from a mix of loan and higher dependency on customer advances. The group has total debt repayments of around INR2,088 million and a finance cost of INR1,374 million over FY26–FY28, which pressures its liquidity. The Bakeri group had cash and cash equivalents of INR10.12 million in FYE25. The agency expects the liquidity to remain under pressure if the finished inventory is not liquidated, given the sizeable, committed construction cost for under construction and new projects, along with sizeable scheduled debt repayments.

## Rating Sensitivities

### For NCD and bank loan facilities ratings

**Negative:** Delays in the selling of the ready inventory (completed project), slow sales in the ongoing projects, a slowdown in project completion and/or collection, leading to a further pressure on the liquidity position will be negative for the ratings.

**Positive:** A ramp-up in the execution of the project Stella, faster liquidity of the ready inventory (completed project), a significant increase in the sales realisation leading to an improvement in the liquidity position, could lead to a positive rating action.

## Disclosures for CE Rating

### Disclosures for ratings backed by 'specified support considerations'

#### 1) UNSUPPORTED RATING

Ind-Ra has affirmed the unsupported rating at 'IND BB'/Stable.

As per SEBI Master Circular, in the case of listed or proposed to be listed debt securities, an unsupported rating is to be disclosed in cases where there is a presence of a specified support considerations, even though the instruments do not carry a CE suffix rating. The unsupported ratings are arrived at without factoring in the explicit credit enhancement (CE). It helps in understanding the extent of credit enhancement factored into the instrument rating.

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The analytical approach, detailed key rating drivers, liquidity and sensitivities for unsupported rating are same as those of the NCD and bank loans ratings.

#### 2) INSTRUMENT COVENANTS

Refer to Annexure II

#### 3) ADEQUACY OF CE STRUCTURE

BPPL is BUDPL's 100% parent and has provided a corporate guarantee for the rated NCDs. Since the guarantee does not meet Ind-Ra's requirement and does not specify the timeline for invocation to ensure payment on the due date, Ind-Ra has not considered the same as an explicit credit enhancement and hence not added the CE suffix to the NCD rating.

## Any Other Information

**Standalone profile:** BUDPL's sales and collection velocity stood at INR157.30 million in the 12 months ended December 2025. Its revenue stood at INR266.99 million in FY25 (FY24: INR223.08 million) while EBITDA was INR105.84 million (INR81.92million). BUDPL has one ongoing project namely Sylvan Golf & Country Homes -Plotted development project which is 52% completed and 16% sold out as of December 2025. BUDPL has a ready inventory of INR2,225 million from its completed projects, which are available for liquidation in the near- to medium term. It has repayment obligation of INR234 million-257 million in the next two years ended FY27.

## ESG Issues

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on BUDPL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please [click here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please [click here](#).

## About the Company

Incorporated in 1996, BUDPL is a 100% subsidiary company of BPPL. The company is engaged in the business of construction, development, sale, management and operation of townships, plotted development, housing projects, commercial premises and other related activities. The Bakeri group was set up in 1959 and has developed over 25 msf of

plotted development and 17 msf of constructed properties in Ahmedabad.

## Key Financial Indicators

### Consolidated

Particulars	FY25	FY24
Revenue (INR million)	776.41	628.27
EBITDA (INR million)	242.94	260.70
EBITDA margin (%)	31.29	41.49
Gross interest coverage (x)	4.03	1.22
Net leverage (x)	13.64	8.35
Source: Bakeri Group; Ind-Ra		

### Standalone

Particulars	FY25	FY24
Revenue (INR million)	266.99	223.08
EBITDA (INR million)	105.84	81.92
EBITDA margin (%)	39.64	36.72
Gross interest coverage (x)	1.28	0.84
Net leverage (x)	22.48	30.08
Source: BUDPL; Ind-Ra		

## Status of Non-Cooperation with previous rating agency

BUDPL is listed under the non-cooperation by issuer category by Brickwork Ratings India Pvt Ltd due to the inadequate information provided by the company.

## Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating	Historical Rating/Outlook			
				25 February 2025	05 March 2024	22 September 2023	10 March 2023
Non-convertible debentures	Long-term	INR1,050.00	IND BB/Stable	IND BB/Stable	IND BB/Stable		IND BB/Stable
Bank loan facilities	Long-term	INR100.00	IND BB/Stable	IND BB/Stable	IND BB/Stable		IND BB/Stable
Issuer Rating	Long-term	-				WD	IND BB/Stable
Unsupported rating	Long-term	-	IND BB/Stable	IND BB/Stable	IND BB/Stable		IND BB/Stable

## Bank wise Facilities Details

The details are as reported by the issuer as on (24 Feb 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Karur Vysya Bank	Working Capital Demand Loan	100	IND BB/Stable

## Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank Loan Facilities	Low
Non convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## Annexure

### Annexure I- Details of Instruments

Instrument Name/Type	ISIN	Date of Issuance	Coupon Rate (% p.a.)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCD	INE325U08271*	29 February 2016	10	29 April 2036	INR150	IND BB/Stable
NCD	INE325U08289^	1 March 2016	10	30 April 2036	INR150	IND BB/Stable
NCD	INE325U08347**	3 March 2016	10	1 May 2036	INR150	IND BB/Stable
NCD	INE325U08321^^	4 March 2016	10	3 May 2036	INR150	IND BB/Stable
NCD	INE325U08339~	5 March 2016	10	4 May 2036	INR150	IND BB/Stable
NCD	INE325U08313~~	22 August 2016	10	21 April 2037	INR100	IND BB/Stable
NCD	INE325U08305@	23 August 2016	10	22 April 2037	INR100	IND BB/Stable
NCD	INE325U08297#	24 August 2016	10	23 April 2037	INR100	IND BB/Stable
	<b>Total utilised limit</b>				<b>INR1,050</b>	

\* INE325U08198 has been replaced with INE325U08271

^ INE325U08206 has been replaced with INE325U08289

\*\* INE325U08214 has been replaced with INE325U08347

^^ INE325U08222 has been replaced with INE325U08321

~ INE325U08230 has been replaced with INE325U08339

~~ INE325U08248 has been replaced with INE325U08313

@ INE325U08255 has been replaced with INE325U08305

# INE325U08263 has been replaced with INE325U08297

Source: NSDL, BUDPL

### ANNEXURE II - KEY TERMS OF NCDs & INSTRUMENT COVENANTS

Particulars	Key Terms
<b>Facilities</b>	<ul style="list-style-type: none"> <li>· <b>Tranche 1:</b> INR150 million</li> <li>· <b>Tranche 2:</b> INR150 million</li> <li>· <b>Tranche 3:</b> INR150 million</li> <li>· <b>Tranche 4:</b> INR150 million</li> <li>· <b>Tranche 5:</b> INR150 million</li> <li>· <b>Tranche 6:</b> INR100 million</li> <li>· <b>Tranche 7:</b> INR100 million</li> <li>· <b>Tranche 8:</b> INR100 million</li> </ul>
<b>Nature of Instrument</b>	Rated listed redeemable non-convertible unsecured debentures
<b>Object of the Issue</b>	The object of the Issue is to raise funds through private placement basis for the purpose of discharging the debt obligation of the company, to meet the working capital & capital expenditure requirement and for general corporate business purposes.
<b>Coupon Rate</b>	10% p.a. compounding cumulative
<b>Coupon payment dates</b>	Payable at the time of maturity
<b>Coupon Type</b>	Fixed coupon type
<b>Security</b>	Unsecured However, the holding company of BUDPL (i.e. BPPL) has provided an unconditional and irrecoverable corporate guarantee to IDBI Trusteeship Service Limited to ensure timely repayment of the principal amount along with accrued interest on due date
<b>Final Redemption Date</b>	23 April 2037

**Events of Default**

1. Non-payment of loan dues
2. Breach of covenants and undertakings
3. Misrepresentation
4. Insolvency
5. Cessation of business
6. Winding up

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## About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

## Solicitation Disclosures

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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## APPLICABLE CRITERIA AND POLICIES

## **Corporate Rating Methodology**

## **Policy for Credit Enhanced (CE) Ratings**

## **Parent and Subsidiary Rating Linkage**

## **The Rating Process**

### **DISCLAIMER**

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