

June 23, 2025

Karle Homes Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – fund based – Term loan	250.00	71.60	[ICRA]BBB- (Stable); reaffirmed
Total	250.00	71.60	

Rationale

The reaffirmation on the long-term rating of Karle Homes Private Limited (KHPL) factors in the advanced stages of construction of project Karle Vario (at ~96%) with occupancy certificate expected to be received by July 2025 and healthy sales from its completed project Karle Zenith. On a consolidated basis, ~97% of area has been sold till April 2025, leading to a committed receivable of ~Rs. 117 crore. Further, the ongoing project, Karle Vario, as of April 2025, has a pending cost of Rs. 14 crore and debt outstanding (both for Vario and Zenith combined) amounting to ~Rs. 71.6 crore, leading to a healthy cashflow adequacy ratio¹ of 137% (PY: 93%). The rating continues to factor in the location-specific advantage of the company's ongoing and completed project, being a part of the Karle Town Centre, Nagavara, Bengaluru, which is an integrated township project developed by the Karle Group. The rating favourably considers the vast experience of the Karle Group's promoters in developing residential and commercial projects.

The rating, however, is constrained by the projects being susceptible to moderate market risk, with around 14 unsold units (both combined) as of April 2025. Timely sales and collections from the projects will remain a key monitorable. With no launches planned under KHPL in the medium term, KHPL's scale of operations is expected to remain moderate with collections likely to be Rs. 110-120 crore in FY2026 (PY: Rs. 175 crore). Further, the debt coverage metrics is expected to remain moderate in FY2026. ICRA notes that Karle Group (Karle Infra Private Limited) has provided support of ~Rs. 55 crore during FY2024-FY2025 and will provide timely support, in case the need arises. The company is also exposed to geographical and asset concentration risks. ICRA notes that the company is vulnerable to the inherent cyclicity in the residential real estate sector, which can expose it to any sharp changes in the underlying demand trend in the markets where it operates.

The Stable outlook on the [ICRA]BBB- rating reflects ICRA's opinion that KHPL will continue to benefit from the location-specific advantage which will enhance the marketability and the healthy cash flow adequacy.

Key rating drivers and their description

Credit strengths

Healthy cash flow adequacy – On a consolidated basis, ~97% of area has been sold till April 2025 leading to committed receivables of ~Rs. 117 crore. Further, the ongoing project, Karle Vario, as of April 2025, has a pending cost of Rs. 14 crore and debt outstanding (both for Vario and Zenith combined) amounting to ~Rs. 71.6 crore, leading to a healthy cash flow adequacy ratio of 137% (PY: 93%).

Location-specific advantage of project – The current ongoing project, Karle Vario and the completed project, Karle Zenith, is located in Karle Town Centre, Nagavara, Bengaluru, which is an integrated township project developed by the Karle Group. The project is strategically located near the Nagavara Lake and Manyata Tech Park and is well connected to other micro markets of the city by road.

¹ Adequacy of committed cash flows = (Receivables from sold area)/(Pending Cost +Debt Outstanding)

Experience of promoters in real estate industry –Karle Group has over two decades of experience in developing residential and commercial real estate projects in Bengaluru. KHPL and Karle Infra Private Limited (KIPL) are two major Karle Group companies which are exclusively together taking up the development of a community centric township named ‘Karle Town Centre (KTC)’ in Nagavara, Bengaluru.

Credit challenges

Moderate market risks – The completed project, Karle Zenith, and ongoing project, Karle Vario, is susceptible to moderate market risk, with around 14 unsold units (both combined) as of April 2025. Timely sales and collections from the projects will remain a key monitorable.

Modest scale of operations – With no launches planned under KHPL in the medium term, it’s scale of operations is expected to remain moderate with collections likely to be Rs. 110-120 crore in FY2026 (PY: Rs. 175 crore).

Geographical concentration risk and inherent cyclicity in real estate sector – With no upcoming project, the company is exposed to geographical and asset concentration risks. Further, KHPL is vulnerable to the inherent cyclicity in the residential real estate sector, which can expose it to any sharp changes in the underlying demand trend in the markets, wherein it operates.

Liquidity position: Adequate

The company’s liquidity position remains adequate, with unencumbered cash and cash equivalent of around Rs. 4.1 crore. The scheduled principal repayment obligation of ~Rs.74 crore in FY2026 can adequately be serviced through the estimated cash flow from operations. Additionally, Karle Group will provide timely support, in case the need arises.

Rating sensitivities

Positive factors – The rating could be upgraded in case of significant increase in scale of operations resulting in improved liquidity position and debt coverage metrics on a sustained basis.

Negative factors – The rating may be downgraded in case of any significant delay in collection of committed receivables or delay in receipt of occupancy certificate, increase in indebtedness, or loans and advances to Group companies adversely impacting the debt protection metrics and liquidity position on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Karle Homes Private Limited (KHPL), as part of the Bengaluru based Karle Group, is involved in the development of residential apartments and luxury houses in Bengaluru. The company has completed Karle Zenith project, which is a luxury housing project with 396 apartments and is currently constructing 375 apartments under the project 'Karle Vario', which is expected to be completed by the end of June 2025 (RERA end date being December 2025). The project is located in Nagavara, Bengaluru, in Karle Town Centre, which is a mixed-use development project consisting of office space and residential units and is being developed by the Karle Group.

Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	115.0	104.9
PAT	-16.6	-7.7
OPBDIT/OI	9.2%	11.3%
PAT/OI	-14.4%	-7.4%
Total outside liabilities/Tangible net worth (times)	-3.9	-4.2
Total debt/OPBDIT (times)	31.6	27.4
Interest coverage (times)	0.4	0.6

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

Rating history for past three years

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun 23, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long-term	71.60	[ICRA]BBB-(Stable)	-	-	Mar 28, 2024	[ICRA]BBB-(Stable)	Feb 09, 2023	[ICRA]BBB-(Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – fund based – 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	Long term – fund based – Term loan	FY2023	NA	March 2026	71.60	[ICRA]BBB- (Stable)

Source: Company

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Annexure II: List of entities considered for consolidated analysis – Not Applicable

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