

October 30, 2025

Gopalan Enterprises: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term- Fund-based- Term Loan	150.00	186.00	[ICRA]BBB+ (Stable); reaffirmed and assigned for enhanced amount
Long term - Fund based- Cash credit	200.00	200.00	[ICRA]BBB+ (Stable); reaffirmed
Total	350.00	386.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Gopalan Enterprises (GE) factors in the improvement in occupancy levels (100% in July 2025), increase in rental income from the commercial segment, along with the estimated growth in the sales and collections in the residential segment leading to adequate debt protection metrics in FY2026-FY2027. The collections from the residential segment are estimated to improve in FY2026, backed by advanced stage of construction of the ongoing projects, along with the launch of new projects, following moderation in FY2025. The leverage as measured with total debt/cash flow from operations (debt/CFO) is likely to remain adequate at 3.7-3.8 times (PY: ~4.5 times) as of March 2026, while the coverage as measured by the debt service coverage ratio (DSCR) is projected to be adequate at around 1.3-1.4 times as of March 2026 (PY: 1.1 times). Further, GE is expected to receive substantial compensation from Bengaluru Metro Rail Corporation Limited (BMRCL) for land acquisition, which was owned by GE. The rating factors in the established market position of the Gopalan Group (Gopalan Enterprises (India) Pvt. Ltd (GEIPL, rated [ICRA]A- (Stable) holds majority stake in GE)), with a track record of over three decades in the Bengaluru real estate market. ICRA expects GEIPL to provide timely financial support to GE, if need arises, given their financial linkages and GEIPL's reputation sensitivity to default.

The rating, however, remains constrained by the company's exposure to execution, funding, and market risks associated with its ongoing residential projects, as ~14% of the total project cost is yet to be incurred as of March 2025 and upcoming residential projects (saleable area of 4.5 million square feet (msf)). Further, the cash flow adequacy cover for its ongoing residential projects as measured by committed receivables/ (pending construction cost + debt outstanding) is moderate at 37% as of March 2025. Further, the scale of operation for the residential segment is likely to remain moderate in FY2026. The company is exposed to execution, funding, and market risks associated with its under-construction commercial office projects—E Park (leasable area of ~4 msf) in Mysore, to be developed in phases, with total construction cost for the project at Rs. 920 crore (92% yet to be incurred) as of March 2025, with no lease tie-up as on date. Nonetheless, the Group's strong leasing track record provides comfort. The proposed funding mix for the projects in the next three years is in the debt-to-equity ratio of 1.25:1, along with the financial support from GEIPL. GE is likely to raise lease rental discounting (LRD) debt on the existing and future rentals. Additionally, GE's operations are geographically concentrated in Bengaluru, and its revenue from the commercial segment is susceptible to macroeconomic and external factors. The debt coverage metrics remain exposed to volatility in occupancy and interest rates.

The Stable outlook reflects ICRA's expectation that GE will maintain adequate sales velocity in its ongoing and upcoming residential projects leading to improvement in collections, along with a stable operational portfolio of the commercial segment, thereby sustaining adequate debt protection metrics.

Key rating drivers and their description

Credit strengths

Adequate leverage and coverage metrics – With healthy occupancy levels in the commercial leasing segment (1.07 msf of total leasable area) of 100% as of July 2025 (from 91% in January 2024), along with timely rent escalations, the rental income is likely to improve in FY2026 to Rs.58 crore (PY: Rs.50 crore). ICRA notes the advanced stage of construction of the ongoing residential projects, along with the launch of new projects, leading to increase in collections to Rs. 180-190 crore in FY2026 and further to Rs. 280-290 crore in FY2027, thereby improving the cash flow from operations by 10-12% in FY2027. Further, GE's leverage as measured with debt/CFO is estimated to remain adequate at 3.7-3.8 times (PY: ~4.5 times) and the coverage metrics as measured by the DSCR is likely to remain adequate at around 1.3-1.4 times as of March 2026 (PY: 1.1 times) in the medium term. The low leverage provides sufficient headroom to draw additional LRD loans, if required.

Established market position in Bangalore real estate market – The Gopalan Group (GEIPL (rated [ICRA]A-(Stable) holds majority stake in GE) is one of the established real estate developers in Bengaluru with a track record of more than three decades of operations, project completion and deliveries. The Group's diversified presence across residential, commercial, hospitality, and retail segments, including multiplex operations, supports its business profile. The Group has significant land bank located in and around Bangalore that supports its development prospects in the region.

Diversified revenue portfolio with presence in residential and commercial real estate – GE generates revenue from different segments, namely, lease income from commercial property (office and retail mall) and residential segment, all located in Bengaluru. It has two ongoing residential projects and around 6 operational commercial space/malls. It also has one under-construction commercial office space project – E Park (4 msf), Mysore, and 5 upcoming residential projects (in Bengaluru), with a combined saleable area of 4.5 msf, expected to be launched in Q4 FY2026.

Credit challenges

Moderate scale of operations; exposure to market risk and execution risk for residential segment – The company is exposed to residual execution risk for its ongoing residential projects as ~14% of the total project cost is yet to be incurred as of March 2025. It faces execution and market risks associated with the under-construction and upcoming residential real estate projects. Further, the cash flow adequacy cover for its ongoing residential projects is moderate at 37% as of March 2025. Further, GE has a moderate scale of operations in the residential real estate segment, with estimated collections of Rs. 180-190 crore in FY2026.

Exposure to execution, market and funding risks for under-construction commercial project – At present, GE is developing a large commercial office project–E Park (4 Towers), in Mysuru, being developed in a phased manner with a total area of 4 msf with 92% of the total construction cost yet to be incurred as of July 2025 exposing it to execution risk. Further, it is exposed to market risk and there is no pre-leasing as of date. The proposed funding mix for the projects in the next three years is in the debt-to-equity ratio of 1.25:1, along with the financial support from GEIPL. GE is likely to raise LRD debt on the existing and future rentals, which is yet to be tied up.

Geographical concentration risk and sensitive to external market factors – GE remains exposed to geographical concentration risks, as the operations are primarily concentrated in Bengaluru, and its revenue from commercial segment is susceptible to macroeconomic and external factors. The debt coverage metrics remain exposed to volatility in occupancy and interest rates.

Liquidity position: Adequate

GE's liquidity profile is adequate, with cash and liquid investments of Rs. 17.7 crore as on July 31, 2025. The average utilisation of the fund-based working capital facilities is around 90% in the last 12 months ending July 2025. It has principal repayment obligations of Rs. 33 crore in FY2026, which is expected to be comfortably serviced by the cash flow from operations. Further, the company plans to incur capex of ~Rs. 60 crore in FY2026, which is likely to be met by internal accruals.

Rating sensitivities

Positive factors – The rating could be upgraded if there is a significant increase in its scale of operations and cash flow from operations, backed by higher sales velocity in the residential real estate segment, while maintaining comfortable leverage and debt coverage metrics.

Negative factors – The rating might be downgraded in case of any significant decline in cash flows or weak sales velocity in the residential projects resulting in strain in liquidity or higher leverage. Any considerable increase in indebtedness resulting in deterioration of debt coverage metrics will be a negative factor. The rating might be downgraded in case of weakening of linkages with GEIPL, or if there is a deterioration in the credit profile of GEIPL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD) Realty - Commercial/Residential/Retail
Parent/Group support	The rating considers the implicit support from the Group company, GEIPL, which holds majority stake of 78.3% in GE and the balance is held by promoters of GEIPL. ICRA expects GEIPL to provide financial support to GE, if need arises, given the financial linkages and GEIPL's reputation sensitivity to default.
Consolidation/Standalone	Standalone

About the company

Gopalan Enterprises (GE) is one of the flagship entities of the Gopalan Group, with Gopalan Enterprises (India) Pvt. Ltd (GEIPL) being the other major company. The Gopalan Group was set up in 1985 by Mr. C. Gopalan, an architect and first-generation entrepreneur. GE develops residential real estate projects, with two ongoing developments aggregating to 2.3 msf and five upcoming projects totalling around 4.5 msf. In the commercial segment, the company has operational office and retail assets spanning 1.1 msf, and an additional ~4.0 msf currently under construction.

Key financial indicators (audited)

GE Standalone	FY2023	FY2024
Operating income	266.3	478.6
PAT	38.6	120.2
OPBDIT/OI	31.1%	47.5%
PAT/OI	14.5%	25.1%
Total outside liabilities/Tangible net worth (times)	1.5	1.1
Total debt/OPBDIT (times)	3.7	1.2
Interest coverage (times)	2.9	6.9

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

Current (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	30-Oct-2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	186.00	[ICRA]BBB+ (Stable)	Jul 23, 2024	[ICRA]BBB+ (Stable)	May 04, 2023	[ICRA]BBB+ (Stable)	-	-
						Apr 04, 2023	[ICRA]BBB+ (Stable)	-	-
Cash credit	Long term	200.00	[ICRA]BBB+ (Stable)	Jul 23, 2024	[ICRA]BBB+ (Stable)	May 04, 2023	[ICRA]BBB+ (Stable)	-	-
						Apr 04, 2023	[ICRA]BBB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term loan	Simple
Long-term Fund-based – Cash credit	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	Cash credit	NA	NA	NA	200.0	[ICRA]BBB+ (Stable)
NA	Term loan – I	2022	-	2027	11.2	[ICRA]BBB+ (Stable)
NA	Term loan – II	2022	-	2027	5.8	[ICRA]BBB+ (Stable)
NA	Term loan – III	2017	-	2026	17.3	[ICRA]BBB+ (Stable)
NA	Term loan – IV	2026	-	NA	53.5	[ICRA]BBB+ (Stable)
NA	Term loan – V	2025	-	NA	98.2	[ICRA]BBB+ (Stable)

Source: Company; Not Available

[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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