July 21, 2026

Lulu International Shopping Malls Private Limited: Ratings reaffirmed

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 loan	3,679.47	3,637.79	[ICRA]BBB+ (Stable); reaffirmed	RBI
Long-term – Fund-based – Working capital facilities	1,092.18	873.40	[ICRA]BBB+ (Stable); reaffirmed	RBI
Long-term – Non-fund based – Working capital facilities	95.00	95.00	[ICRA]BBB+ (Stable); reaffirmed	RBI
Short-term – Non fund based	9.38	1.23	[ICRA]A2; reaffirmed	RBI
Long-term – Unallocated	81.47	350.08	[ICRA]BBB+ (Stable); reaffirmed	RBI
Total	**4957.50**	**4957.50**		

**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

To arrive at the ratings of Lulu International Shopping Malls Private Limited (Lulu International), ICRA has consolidated the financials of Lulu International and Lulu India Shopping Mall Private Limited (Lulu India), given the close business, financial and managerial linkages between them.

The rating reaffirmation of Lulu International factors in the expected significant growth in operating income (OI) in FY2027-FY2028, driven by ramp-up of its own retail format stores (in malls and standalone hypermarkets), opening of new retail hypermarket/malls during this period and strong occupancy of more than 95% in leasing division across seven malls. The consolidated OI is expected to increase by 23-25% year-on-year (YoY) in FY2027 to Rs. 7,500-8,000 crore (PY: Rs. 6,308 crore) and witness 14-16% YoY growth in FY2028. On a consolidated basis (including Lulu Lucknow), the company owns and operates seven retail malls across seven cities located at prominent locations with a leasable area of 3.1 million square feet (msf) and strong occupancy of 98.4% as of February 2026. Apart from this, it operates 17 standalone hypermarkets across India. The ratings note the exceptional financial flexibility derived from the strong parentage and resourceful promoters of Lulu International – being a part of the Lulu Group – headquartered in Abu Dhabi, which has vast experience and track record of operations in managing malls, retail operations, real estate and hospitality sectors.

The ratings, however, remain constrained by its debt-funded capex plan, slower ramp-up of retail operations in new malls and some of the new hypermarkets, modest debt protection metrics and exposure to refinancing risk. The company has capex plans of around Rs. 900-1,000 crore during FY2027-FY2028 towards the standalone retail stores and two upcoming malls, which will primarily be debt funded. This along with the high working capital requirements of the retail division is estimated to keep the debt levels elevated. The leverage is likely to remain high with modest coverage metrics in FY2027. Further, it has higher principal repayments due in FY2027 and FY2028. ICRA is given to understand that the company is in the advanced stages of discussion to refinance two loans with an elongated tenure resulting in lower principal repayments in the near term. The ramp-up of its own retail stores (which were recently opened) and refinancing of repayments are critical for improvement in debt protection metrics and will remain the key monitorable. The company's revenues are exposed to adverse macroeconomic and external conditions, which could impact on the tenant's business risk profiles. The ratings note the vulnerability of its debt coverage metrics to factors such as changes in interest rates or material reduction in occupancy levels.

The Stable outlook on Lulu International's ratings reflects ICRA's opinion that the company will be supported by healthy revenue growth, backed by expected ramp-up of the existing assets as well as upcoming hypermarkets and favourable location of the assets.

Key rating drivers and their description

Credit strengths

Healthy increase in revenues driven by retail division; expected to further ramp-up in near to medium term – Lulu International is expected to witness significant growth in OI in FY2027-FY2028, driven by ramp-up of its own retail format stores (in malls and standalone hypermarkets), opening of new retail hypermarket/malls during this period and strong occupancy of more than 95% in the leasing division across seven malls. The consolidated OI is projected to increase by 23-25% YoY in FY2027 to Rs. 7,500-8000 crore (PY: Rs. 6,308 crore) and witness 14-16% YoY growth in FY2028.

Healthy occupancy across retail malls; expected to sustain in the medium term – On a consolidated basis (including Lulu Lucknow), the company owns and operates seven retail malls across seven cities located at prominent locations with a leasable area of 3.1 msf and strong occupancy of 98.4% as of February 2026. Apart from this, it operates 17 standalone hypermarkets across India. With lower scheduled expiries in next 12-18 months, the occupancy is expected to sustain in the medium term.

Strong parentage and resourceful promoters – Lulu International, being a part of the Lulu Group – headquartered in Abu Dhabi, has strong parentage, resourceful promoters and exceptional financial flexibility, along with vast experience and strong track record of operations in managing mall operations, retail commercial retail estate and hospitality sectors. The promoter – Mr. Yousuf Ali, has offered strong security package to the company's current lenders in the form of fixed deposits amounting to Rs. 1,000 crore, against which it has availed a LABOD facility of Rs. 931 crore as on March 31, 2026, by both Lulu International and Lulu India. Further, the promoters have provided personal guarantees to the bank facilities availed by the company.

Credit challenges

Modest debt protection metrics due to debt-funded expansion plans – Lulu International has debt-funded capex plans, along with slower ramp-up of retail operations in new malls and some of the new hypermarkets resulting in modest debt protection metrics and exposure to refinancing risk. The company has capex plans of around Rs. 900-1,000 crore during FY2027-FY2028 towards the standalone retail stores and two upcoming malls, which will primarily be debt funded. This along with the high working capital requirements of the retail division is estimated to keep the debt levels elevated and the leverage is likely to remain high with modest coverage metrics in FY2027.

Exposure to refinancing risk – The company has higher principal repayments due in FY2027 and FY2028. ICRA is given to understand that the company is in the advanced stages of discussion to refinance two loans with an elongated tenure resulting in lower principal repayments in the near term. The ramp-up of the own retail stores (which were recently opened) and refinancing of repayments are critical for improvement in debt protection metrics and will remain the key monitorable.

Vulnerability to external factors – Lulu International's revenues are exposed to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles. The ratings note the vulnerability of its debt coverage metrics to factors such as changes in interest rates or material reduction in occupancy levels.

Liquidity position: Adequate

The company's liquidity position is adequate. On a consolidated basis, it has scheduled repayments of Rs. 1,347 crore each in FY2027 and FY2028 respectively. However, it plans to refinance the existing loans partly with long tenor loans, which will result in lower principal repayments in the near term. Post factoring in the refinancing, the debt obligations are expected to be met through its estimated cash flow from operations. The company is planning to undertake a capex of Rs. 500-550 crore in FY2027 towards new hypermarkets and malls, which will be debt funded.

Rating sensitivities

Positive factors – The ratings can be upgraded in case of a significant improvement profitability, supported by healthy ramp-up in malls and hypermarkets resulting in improvement in debt protection metrics and liquidity position on a sustained basis.

Negative factors – Pressure on the ratings can arise in case of a delay in ramp-up of the recently commenced malls, upcoming malls and hypermarkets affecting revenues and profitability or significant increase in indebtedness resulting in weakening of liquidity, leverage, and coverage metrics on a sustained basis. Additionally, DSCR of less than 1.1 times, on a sustained basis, could lead to downward rating revision.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Leasing Hotels Retail
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings of Lulu International, ICRA has consolidated the financials of Lulu International and Lulu India Shopping Mall Private Limited, given the close business, financial and managerial linkages among them.

About the company

Promoted by Mr. Yusuff Ali M.A. and Mr. Ashraf Ali M.A (elder brother of Yusuff Ali), Lulu International Shopping Malls Private Limited (Lulu International) was incorporated in 2004 to construct and run shopping malls, hypermarkets, amusement centres, hotels and similar activities in India. It operates six malls located at various locations – Kochi, Trivandrum, Bengaluru, Hyderabad, Kottayam and Palakkad with total leasable area of 2.36 msf with an occupancy of 98.3% as of February 2026. Apart from malls, the company has developed multiple retail hypermarket stores (~17 operational including Hypermarkets in the malls) across locations in South India. Further, the company operates the Kochi Marriot Hotel, a five-star hotel, in partnership with Marriot Hotels India Pvt Ltd in Kochi. The group company Lulu India Shopping Mall Private Limited operates a mall in Lucknow, with a total leasable area of 0.74 msf with occupancy of 98.6% as of February 2026.

Key financial indicators

Consolidated	FY2025	FY2026
	Audited	Provisional
Operating income	5,448.5	6,308.2
OPBDIT/OI	13.3%	14.7%
Total debt/OPBDIT (times)	11.0	9.0
Interest coverage (times)	1.0	1.2

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; KFI are as per IndAS accounting and may not reflect the actual cash flows

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	July 21, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long Term	3,637.79	[ICRA]BBB+ (Stable)	Apr 21, 2025	[ICRA]BBB+ (Stable)	Sep 27, 2024	[ICRA]BBB+ (Stable)	Jun 20, 2023	[ICRA]BBB+ (Stable)
Fund based – Working capital facilities	Long Term	873.40	[ICRA]BBB+ (Stable)	Apr 21, 2025	[ICRA]BBB+ (Stable)	Sep 27, 2024	[ICRA]BBB+ (Stable)	Jun 20, 2023	[ICRA]BBB+ (Stable)
Non-fund based – Working capital facilities	Long Term	95.00	[ICRA]BBB+ (Stable)	Apr 21, 2025	[ICRA]BBB+ (Stable)	Sep 27, 2024	[ICRA]BBB+ (Stable)	Jun 20, 2023	[ICRA]BBB+ (Stable)
Non-fund based	Short term	1.23	[ICRA]A2	Apr 21, 2025	[ICRA]A2	-	-	-	-
Unallocated	Long Term	350.08	[ICRA]BBB+ (Stable)	Apr 21, 2025	[ICRA]BBB+ (Stable)	-	-	Jun 20, 2023	[ICRA]BBB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based – Term loan	Simple
Long term – Fund-based – Working capital facilities	Simple
Long term – Non-fund based – Working capital facilities	Simple
Short term – Non fund based	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 in Rs. crore	Current rating and outlook	Financial Sector Regulator#
NA	**Fund-based – Term loan**	FY2022	-	FY2037	3,637.79	[ICRA]BBB+ (Stable)	RBI
NA	**Fund-based – Working capital facilities**	-	-	-	873.40	[ICRA]BBB+ (Stable)	RBI
NA	**Non-fund based – Working capital facilities**	-	-	-	95.00	[ICRA]BBB+ (Stable)	RBI
NA	**Non fund based**	-	-	-	1.23	[ICRA]A2	RBI
NA	**Unallocated**	-	-	-	350.08	[ICRA]BBB+ (Stable)	RBI

Source: Company

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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	LISMPL Ownership	Consolidation Approach
Lulu India Shopping Malls Private Limited	*	Full Consolidation

*Source: ICRA Research, Company; *Lulu India Shopping Malls Private Limited is 100% owned by the promoters of Lulu International*

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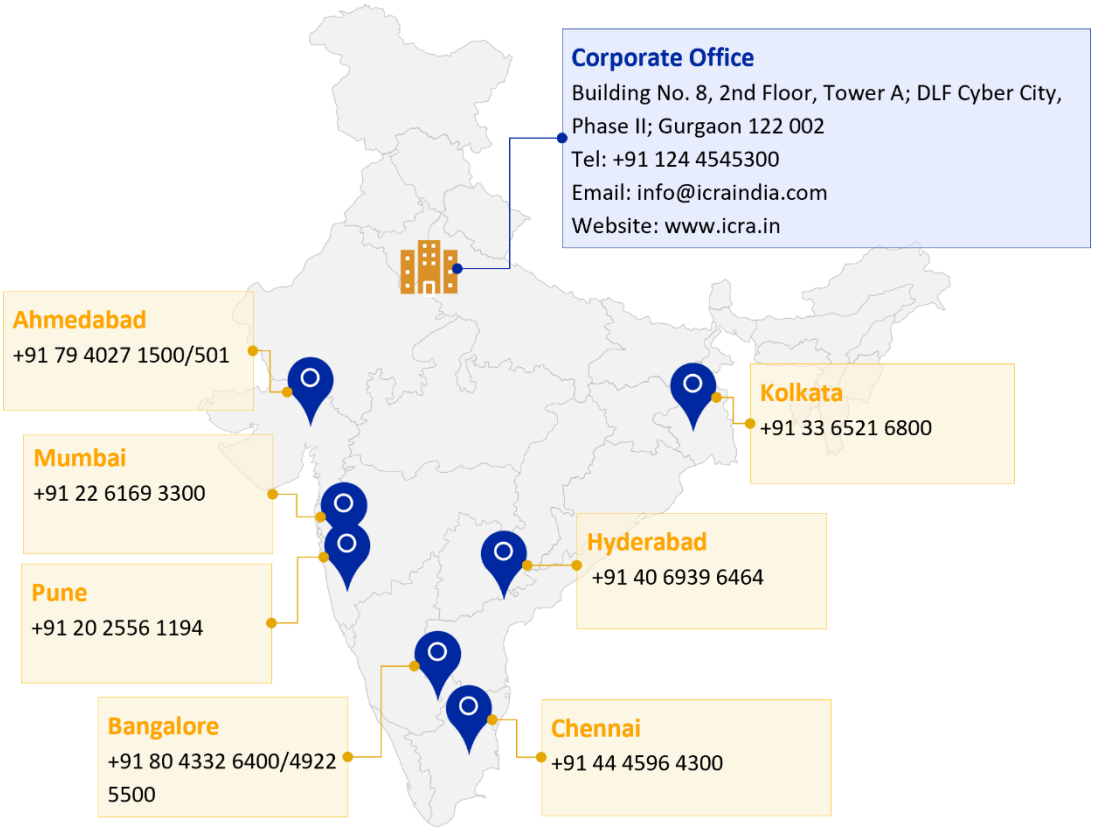
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