

April 21, 2025

Lulu International Shopping Malls Private Limited: Long-term rating reaffirmed; short-term rating of [ICRA]A2 assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Term loan – Fund based	3148.90	3679.47	[ICRA]BBB+ (Stable); reaffirmed/assigned for enhanced amount
Long-term – Others – Fund based	788.60	1092.18	[ICRA]BBB+ (Stable); reaffirmed/assigned for enhanced amount
Long-term – Others – Non-fund based	20.00	95.00	[ICRA]BBB+ (Stable); reaffirmed/assigned for enhanced amount
Short-term – Others – Non-fund based	0.00	9.38	[ICRA]A2; assigned
Long-term – Unallocated	0.00	81.47	[ICRA]BBB+ (Stable); assigned
Total	3957.5	4957.5	

*Instrument details are provided in Annexure-I

Rationale

To arrive at the ratings of Lulu International Shopping Malls Private Limited (Lulu International/LISMPL), 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 reaffirmation of rating for Lulu International factors in sustained healthy growth of revenues, backed by strong occupancy of more than 95% (across its five retail malls) for the leasable area earmarked for retail operations of non-Group entities, ramp-up of its own retail format stores and amusement park in these five malls (which occupy around 45-50% of the total area) and commencement of new standalone hypermarkets. The consolidated revenues are estimated to increase by 20-25% YoY to Rs. 5,400-5,500 crore in FY2025 and witness 25-30% YoY growth each in FY2026 and FY2027, backed by the addition of new hypermarkets and ramp-up of the existing retail operations. The ratings note the favourable location of all five operational malls (Lulu Kochi, Lulu Trivandrum, Lulu Bengaluru, Lulu Hyderabad and Lulu Lucknow), which are situated in prominent micromarkets of the respective cities, thereby enhancing their marketability resulting in strong occupancy levels and attracting healthy footfalls. The ratings factor in 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, remained constrained by large debt-funded capex plan, slower ramp-up in retail operations in new malls, modest debt protection metrics and exposure to refinancing risk. The company has large capex plans of around Rs. 2,500-3,000 crore during FY2025-FY2028 towards acquisition of land, new mall in Ahmedabad and standalone hypermarkets, which will be primarily 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 debt coverage metrics in FY2026 and FY2027. Further, the company has bullet repayments due each year during FY2026 to FY2028, which are expected to be refinanced with longer tenure debt. The ramp-up of the new upcoming standalone hypermarkets and refinancing of bullet 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 existing and new malls; expected to further ramp-up in near to medium term – The consolidated revenues of Lulu International is estimated to increase by 20-25% YoY to Rs. 5,400-5,500 crore in FY2025 and witness 25-30% YoY growth each in FY2026 and FY2027, backed by ramp-up of the existing retail operations and the addition of new hypermarkets at Calicut, Kottayam, Trissur, Kottiyam and VR Mall, Bangalore. The sustained healthy growth of revenues is driven by strong occupancy of more than 95% (across its five retail malls) for the leasable area earmarked for retail operations of non-Group entities, ramp-up of its own retail format stores and amusement park in these five malls (which occupy around 45-50% of the total area) and commencement of new standalone hypermarkets.

Favourable location of malls – All the 5 malls under the consolidated entity of Lulu International are situated in prominent micromarkets of the respective cities, thereby enhancing their marketability resulting in strong occupancy levels and attracting healthy footfalls. Lulu Kochi Mall, along with Kochi Marriot hotel, is favourably located in Edapally Junction with direct passage from the metro station. Further, Lulu Trivandrum Mall is located near Trivandrum International Airport and Technopark, while the Lulu Bengaluru Mall is situated in Rajaji Nagar with limited competition. The Lulu Mall, Hyderabad is in Kukatpally, which is well connected to the other parts of the city. Lulu Lucknow is in Sushant Golf City, a residential township on the Lucknow-Sultanpur National Highway, with a good catchment area, resulting in healthy footfalls for the mall. As a result, these malls have healthy occupancy levels of ~95% for the leasable area earmarked for retail operations of non-Group entities as of March 2025.

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. 980 crore. Further the promoters have provided personal guarantees to the bank facilities availed by the company.

Credit challenges

Large debt-funded capex plans to result in high leverage and modest coverage metrics – Lulu International has large debt funded capex plan, slower ramp-up in retail operations in new malls, high working capital requirements of the retail division, modest debt protection metrics and exposure to refinancing risk. The company has large capex plans of around Rs. 2,500-3,000 crore during FY2025-FY2028 towards acquisition of land, new mall in Ahmedabad and standalone hypermarkets, which will be primarily 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 debt coverage in FY2026 and FY2027.

Exposure to refinancing risk – The company has bullet repayments due each year during FY2026 to FY2028, which are expected to be refinanced with a longer tenure debt. The ramp-up of the new upcoming standalone hypermarkets and refinancing of bullet 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 rating also notes 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 consolidated basis, it has scheduled repayment obligations of Rs. 468 crore in FY2026 and Rs. 461 crore in FY2027. However, LISMPL plans to refinance the existing loans partly with long tenor loans, which will result in lower principal repayments. Post factoring in the refinancing, the debt obligations are expected to be met through estimated cash flow from operations. The company is planning to undertake a capex of Rs. 600-650 crore in FY2026 towards new hypermarkets and malls, which will be debt funded.

Rating sensitivities

Positive factors – The ratings can be upgraded in case of 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	Retail Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD) Hotels
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating of LISMPL, 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 was incorporated in 2004 to construct and run shopping malls, hypermarkets, amusement centres, hotels and similar activities. Commenced in March 2013, the company operates Lulu Kochi Mall in Kochi with a carpet area of 0.63 msf, of which 0.29 msf of carpet area is used by its own retail outlets such as Lulu Hypermarket, Lulu Fashion store, Lulu Connect, Lulu Celebrate and an amusement park with Funtura brand. The rest of the area in the mall is leased out to a number of international and national brands. In addition, it operates a five-star hotel, Kochi Marriot Hotel, in partnership with Marriot Hotels India Pvt Ltd in Kochi.

Following the success of the Kochi mall, the company expanded its operations by constructing a similar format shopping mall at Trivandrum with a 0.63 msf of leasable area, which has started operations from December 2021 and a shopping mall at Bengaluru with 0.46 msf of leasable area, which started operations from October 2021. It has expanded its portfolio by taking on lease the existing Manjeera Mall in Hyderabad in September 2023. Further, the company has developed multiple retail hypermarkets in cities such as Coimbatore, Thriprayar, Bengaluru, Palakad, Calicut, Lucknow, etc.

Key financial indicators (Audited)

Consolidated	FY2023	FY2024
Operating income (OI)	3243.6	4386.2
OPBDIT/OI	14.4%	14.4%
Total debt/OPBDIT (times)	12.5	11.1
Interest coverage (times)	1.2	1.1

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore.

OPBDIT: Operating profits before depreciation, interest and tax. KFI are as per IndAS accounting and may not reflect actual cash flows

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Date	Rating	FY2025		FY2024		FY2023	
					Date	Rating	Date	Rating	Date	Rating
Long-term - Term loan - Fund based	Long Term	3679.47	21-Apr-2025	[ICRA]BBB+ (Stable)	27-SEP-2024	[ICRA]BBB+ (Stable)	20-JUN-2023	[ICRA]BBB+ (Stable)	-	-
Long-term - Others - fund based	Long Term	1092.18	21-Apr-2025	[ICRA]BBB+ (Stable)	27-SEP-2024	[ICRA]BBB+ (Stable)	20-JUN-2023	[ICRA]BBB+ (Stable)	-	-
Short-term - Others - Non-fund based	Short Term	9.38	21-Apr-2025	[ICRA]A2	-	-	-	-	-	-
Long-term - Unallocated	Long Term	81.47	21-Apr-2025	[ICRA]BBB+ (Stable)	-	-	20-JUN-2023	[ICRA]BBB+ (Stable)	-	-
Long-term - Others - Non-fund based	Long Term	95.00	21-Apr-2025	[ICRA]BBB+ (Stable)	27-SEP-2024	[ICRA]BBB+ (Stable)	20-JUN-2023	[ICRA]BBB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Term loan – Fund based	Simple
Long-term – Others – Fund based	Simple
Short-term – Others – Non-fund based	Very Simple
Long-term – Unallocated	Not applicable
Long-term – Others – Non-fund based	Very 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/Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	FY2020	-	FY2036	3679.47	[ICRA]BBB+ (Stable)
NA	Fund-based - Working capital facilities	-	-	-	1092.18	[ICRA]BBB+ (Stable)
NA	Non-fund based - Working capital facilities	-	-	-	95.00	[ICRA]BBB+ (Stable)
NA	Non-fund based	-	-	-	9.38	[ICRA]A2
NA	Unallocated	-	-	-	81.47	[ICRA]BBB+ (Stable)

Source: Company

[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 LISMPL

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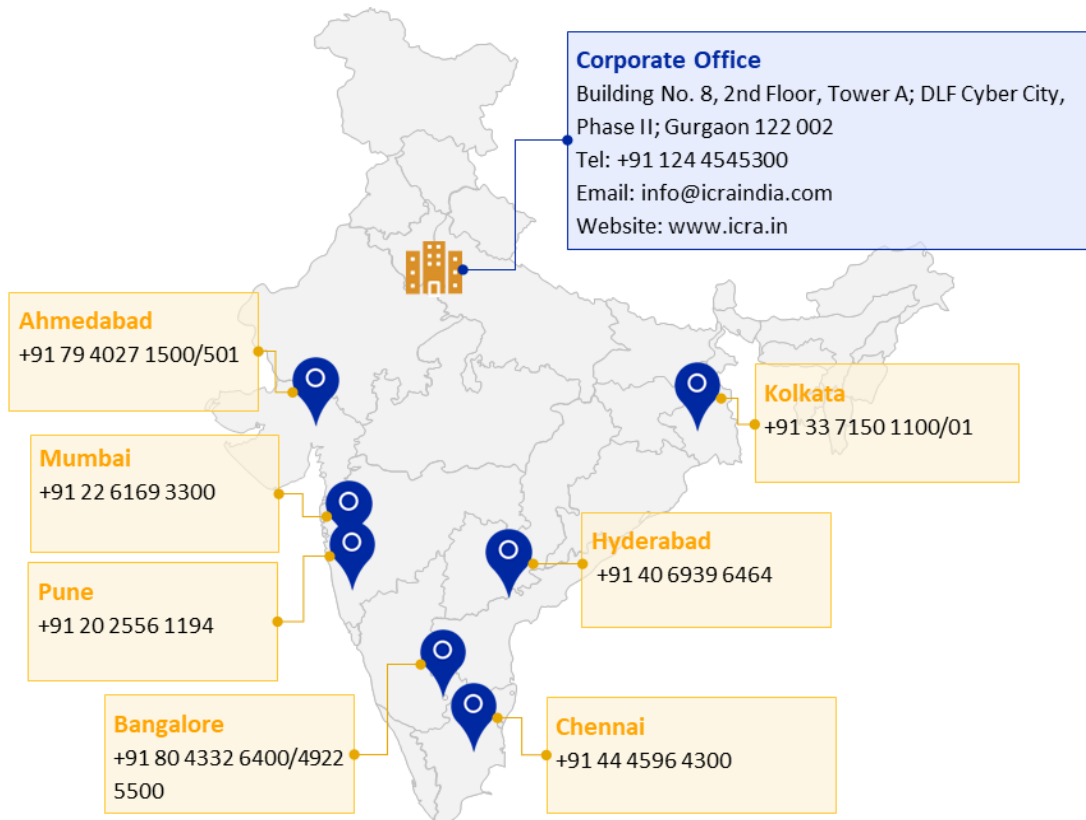
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