July 21, 2026

Lulu India Shopping Mall Private Limited (formerly Lulu Lucknow Shopping Mall Private Limited): Rating 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	1,135.00	1,022.95	[ICRA]BBB (Stable); reaffirmed	RBI
Long-term – Fund-based – Overdraft	100.00	100.00	[ICRA]BBB (Stable); reaffirmed	RBI
Long-term – Non-fund-based – Bank guarantee	20.00	20.00	[ICRA]BBB (Stable); reaffirmed	RBI
Long-term – Unallocated	-	112.05	[ICRA]BBB (Stable); reaffirmed	RBI
Total	**1,255.00**	**1,255.00**		

**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

The rating reaffirmation for Lulu India Shopping Mall Private Limited (Lulu India) factors in the favourable location of the mall in Lucknow resulting in healthy occupancy of ~98.6% as of February 2026 (95% as of February 2025), which is expected to sustain with no major scheduled lease expiries over the next 12-18 months. Lulu India operates Lulu Lucknow Mall, with total leasable area of 0.74 million square feet (msf), of which 0.44 msf is earmarked for non-Lulu stores. Its operating income (OI) stood at Rs. 655 crore in FY2026 and is estimated to improve by 5-8% in FY2027, driven by leasing income from non-Lulu stores and retail income from Lulu Hypermarket. The rating also notes the strong parentage being a part of the Lulu Group, which has vast experience in hospitality, retail and mall operations. ICRA expects the Group company, Lulu International Shopping Mall Private Limited (Lulu International, rated at [ICRA]BBB+ (Stable)/[ICRA]A2) to extend timely support to Lulu India, in case of any cash flow mismatches, given the close business, financial and managerial linkages.

The rating, however, is constrained by the high leverage and estimated moderate debt service coverage ratio (DSCR) in FY2027 as the retail division is yet to ramp-up. Nevertheless, there is a track record of timely financial support from Lulu International to Lulu India whenever needed. The company maintains debt servicing reserve account (DSRA) for three months of principal and interest obligation.

Further, Lulu India is likely to face stiff competition from the existing malls in the city. Nevertheless, the high patronage enjoyed by Lulu's own retail outlets including its amusement division (Funtura) and current tie-ups with the established brands are expected to attract footfalls to the mall. The rating considers the exposure of Lulu India's revenues to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles. The rating notes the vulnerability of its debt coverage metrics to factors such as changes in interest rates or material reduction in occupancy levels.

The outlook on the rating is Stable, supported by ICRA's expectation of ramp-up in retail division operations and the consequent improvement in debt protection metrics in the medium term.

Key rating drivers and their description

Credit strengths

Strong parentage and resourceful promoters – Lulu India, 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.

Favourable project location – Lulu Lucknow Mall is located within the Sushant Golf City on the Lucknow-Sultanpur National Highway, with a good catchment area, resulting in healthy footfalls and ramp-up in occupancy to ~98.6% as of February 2026 (95% as of February 2025), which is expected to sustain with no major scheduled lease expiries over the next 12-18 months. Lulu India operates Lulu Lucknow Mall, with a total leasable area of 0.74 msf, of which 0.44 msf is earmarked for non-Lulu stores. Its OI stood at Rs. 655 crore in FY2026 and is estimated to improve by 5-8% in FY2027, driven by leasing income from non-Lulu stores and retail income from Lulu Hypermarket.

Credit challenges

Elevated leverage and moderate debt coverage metrics – The company has a high leverage and estimated moderate DSCR in FY2027 as the retail division is yet to ramp-up. However, there is a track record of timely financial support from Lulu International to Lulu India whenever a need has arisen. The company maintains a DSRA for three months of principal and interest obligation.

Stiff competition and vulnerability to external factors – Lulu India is likely to face stiff competition from the existing malls in the city. Nevertheless, the high patronage enjoyed by Lulu's own retail outlets including its amusement division (Funtura) and the current tie-ups with the established brands are expected to attract footfalls to the mall. The rating considers the exposure of Lulu India's revenues to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles. The rating 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. It has cash balance of Rs. 79 crore as on March 31, 2026. It has principal repayment obligations of Rs. 88 crore and Rs. 98 crore in FY2027 and FY2028, respectively. The same will be met through the cash flow from operations, existing liquidity and support from Lulu International, if required. The company does not have major capex plans in the medium term.

Rating sensitivities

Positive factors – The rating could be upgraded in case of a significant increase in revenues and profitability, backed by ramp-up of the retail store performance resulting in improvement in debt protection metrics and liquidity position on a sustained basis. Specific credit metrics that could lead to an upgrade of Lulu Lucknow's rating include five-year average DSCR greater than 1.1 times.

Negative factors – Sustained delay in ramp-up of operations of the retail store performance in Lulu Lucknow Mall may result in a rating downgrade. Further, any significant increase in indebtedness or lack of timely support or weakening of the credit profile of Lulu International Shopping Mall Private Limited would be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Leasing Retail
Parent/Group support	Group company – Lulu International Shopping Malls Private Limited The rating factors in the expected timely financial support from Lulu International Shopping Malls Private Limited (flagship company of Lulu Group in India) to Lulu India to protect its reputation from the consequences of a group entity's distress.
Consolidation/Standalone	Standalone

About the company

Lulu India Shopping Mall Private Limited (Lulu India) owns a retail mall – Lulu Lucknow with a leasable area of 0.74 msf at Lucknow. The mall opened in July 2022 and has a healthy occupancy of 98.6% as of February 2026 including Lulu's own stores and external stores. Lulu's own retail outlets (including Funtura) occupy 0.29 msf and other outlets occupy 0.44 msf. Lulu India is a part of the Lulu Group, which is promoted by Mr. Yusuff Ali and Mr. Ashraf Ali.

Key financial indicators

Standalone	FY2025	FY2026
	Audited	Provisional
Operating income	610.7	654.3
OPBDIT/OI	17.8%	22.9%
Total debt/OPBDIT (times)	14.6	10.4
Interest coverage (times)	0.7	1.1

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					
				FY2026		FY2025		FY2024	
	Type	Amount Rated (Rs. crore)	July 21, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term Loan	Long Term	1,022.95	[ICRA]BBB (Stable)	Apr 21, 2025	[ICRA]BBB (Stable)	Sep 27, 2024	[ICRA]BBB (Stable)	Jun 20, 2023	[ICRA]BBB (Stable)
Fund-based – Overdraft	Long Term	100.00	[ICRA]BBB (Stable)	Apr 21, 2025	[ICRA]BBB (Stable)	-	-	-	-
Non-fund based – Bank guarantee	Long Term	20.00	[ICRA]BBB (Stable)	Apr 21, 2025	[ICRA]BBB (Stable)	-	-	-	-
Unallocated	Long Term	112.05	[ICRA]BBB (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term Loan	Simple
Long-term – Fund-based – Overdraft	Simple
Long-term – Non-fund-based – Bank Guarantee	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**	FY2017	-	FY2040	1,022.95	[ICRA]BBB (Stable)	RBI
NA	**Fund-based – Overdraft**	-	-	-	100.00	[ICRA]BBB (Stable)	RBI
NA	**Non-fund-based – Bank guarantee**	-	-	-	20.00	[ICRA]BBB (Stable)	RBI
NA	**Unallocated**	-	-	-	112.05	[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 – Not Applicable

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3358
ashish.modani@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Abhishek Lahoti
+91 40 6939 6433
abhishek.lahoti@icraindia.com

D Mohammed Rabbani
+91 40 6939 6455
d.rabbani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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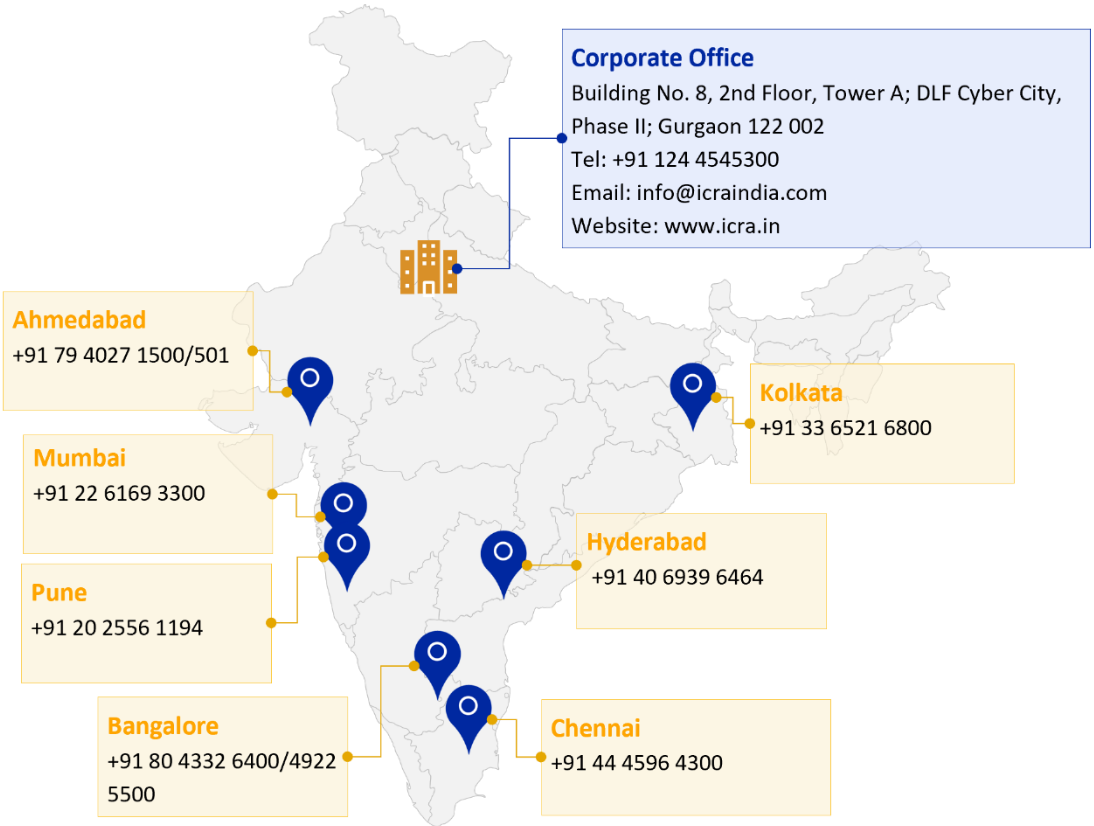
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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