

October 07, 2026

Veegaland Developers Limited: [ICRA] BBB+ (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long Term –Fund based– Term loan	164.71	[ICRA] BBB+ (Stable); assigned	RBI
Long Term –Fund based – Overdraft	93.50	[ICRA] BBB+ (Stable); assigned	RBI
Long Term -Unallocated limits	241.79	[ICRA] BBB+ (Stable); assigned	RBI
Total	500.00		

*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 assigned to the bank facilities for Veegaland Developers Limited (VDL) factors in an expected improvement in the company's sales and collections, supported by adequate sales velocity for its ongoing and recently launched projects, comfortable construction progress and launch pipeline along with strong debt protection metrics. The company is currently undertaking 12 projects with total saleable area of around 1.9 million square feet (msf), of which approximately 64% had been sold, resulting in healthy committed receivables of Rs. 402 crore and a comfortable cash flow adequacy ratio¹ of 53%. Sales and collections are expected to increase by around 30-33% and 40-45%, respectively, in FY2027, driven by the launch of new projects and sustained demand in existing developments. Consequently, the cashflow from operations is expected to improve by around 42-45% in FY2027; this coupled with estimated low debt levels is expected to result in healthy debt protection metrics with Total External Debt/CFO in the range of 0.8-0.9 times as of March 2027. The coverage metrics are also expected to remain healthy, with DSCR expected to remain healthy in the range of 2.9-3.1 times for FY2027. The rating further derives comfort from the established presence of VDL in the residential real estate market of Kerala of around two decades, and the strong financial flexibility arising from its association with the V-Guard Group.

The rating is however, constrained by the moderate scale of operations with an ongoing residential portfolio comprising 1.9 million square feet (msf) of saleable area as of June 2026. The rating is further exposed to project execution and market risk for the ongoing and upcoming launch pipeline; the company is yet to incur around 58% of the total project cost as of June 2026 exposing it to execution risk as majority of the cost is expected to be incurred through customer advances. The company is further exposed to market risk for the unsold area for its ongoing project as 36% of the area is yet to be sold and has a launch pipeline of around 0.5 msf over the next 6-12 months. Further, the company's operations are highly concentrated in Kerala region, thereby exposing it to geographical concentration risk. Notwithstanding the company's established track record in Kerala market, it remains vulnerable to the inherent cyclicity in the real estate industry, which is highly dependent on macro-economic factors, and exposes its sales to any downturn in demand.

The Stable outlook reflects ICRA's opinion that the company will continue to maintain healthy sales velocity as well as collections in its ongoing and planned projects along with healthy debt protection metrics, benefitting from its established position in the Kerala real estate market.

¹ Cashflow adequacy ratio = Committed receivables from sold inventory / (total pending cost + Debt outstanding)

Key rating drivers and their description

Credit strengths

Expected improvement in sales and collections – The company is currently undertaking 12 projects with total saleable area of around 1.9 million square feet (msf), of which approximately 64% had been sold, resulting in healthy committed receivables of Rs. 402 crore and a comfortable cash flow adequacy ratio of 53%. Sales and collections are expected to increase by around 30-33% and 40-45%, respectively, in FY2027, driven by the launch of new projects and sustained demand in existing developments.

Strong leverage and coverage metrics – In line with the improvement in sales and collections, the cashflow from operations are also expected to improve by around 42-45% in FY2027, this coupled with estimated low debt levels is expected to result in healthy debt protection metrics with Total External Debt/CFO in the range of 0.8-0.9 times as of March 2027. The coverage metrics are also expected to remain healthy, with DSCR expected to remain healthy in the range of 2.9-3.1 times for FY2027.

Established experience in residential real estate market – The rating derives comfort from the established market presence of Veegaland Group with a track record of around two decades in the Kerala real estate industry, particularly in Trivandrum and Kochi with presence in Thrissur and Kozhikode as well, with company's comfortable project execution and sales capabilities. The company has successfully completed and delivered projects on a timely basis aggregating saleable area of ~1.1 msf, primarily in Kerala. Further, being a part of the V-Guard group, the company enjoys strong financial flexibility.

Credit challenges

Moderate scale of operations – The company's scale of operations remains moderate with an ongoing residential portfolio comprising of only 1.9 msf of saleable area as of June 2026.

Exposed to project execution and market risk – The rating is exposed to project execution and market risk for the ongoing and upcoming launch pipeline and the company is yet to incur around 58% of the total project cost as of June 2026 exposing it to execution risk as majority of the cost is expected to be incurred through customer advances. The company is further exposed to market risk for the unsold area for its ongoing project as 36% of the area is yet to be sold and has a launch pipeline of around 0.5 msf over the next 6-12 months.

Exposed to geographical concentration risk and cyclicity inherent in real estate business – The company remains exposed to the inherent cyclicity in the real estate industry, a slowdown in economy and reduction in housing demand. It is also vulnerable to exogenous shocks, which could impact the cash flows. In addition, the company faces geographic concentration risk with all of its ongoing projects being located in Kerala region, thereby exposing it to the fluctuations in a single market's performance.

Environmental and social risks

In terms of social risks, the trend post-pandemic has been favourable for residential real estate developers as demand for quality home with good social infrastructure has increased. Further, rapid urbanisation and a high proportion of workforce population (aged 25-44 years) will support the long-term demand for the real estate sector in India.

The real estate segment is exposed to risks of increasing environmental norms impacting operating costs, including higher cost of compliance with pollution control regulations. Environmental clearances are required for commencement of projects and lack of timely approvals can affect its business operations. The impact of changing environmental regulations on licenses taken for property development could create credit risks.

Liquidity position: Adequate

The company had free cash and bank balance is Rs. 33.2 crores as of March 31, 2026 (including RERA balance of Rs. 17.5 crore) along with undrawn OD limits of around Rs 55.5 crores as of June 30, 2026. The promoters in the past have supported the entity and if needed, are expected to support any funding gap or working capital requirements of the company. Further, the company has repayment obligations of Rs 40 crores in FY2027 and Rs 61 crores in FY2028, which are expected to be comfortably met through its cash flow from operations.

Rating sensitivities

Positive factors – The rating may be upgraded if there is significant increase in sales and collections resulting in healthy cash flow from operations while maintaining strong leverage and coverage metrics on a sustained basis.

Negative factors – Downward pressure on the rating could arise in case of subdued sales and/or collections, of if there is any significant delay in completion of ongoing projects resulting in weakening of the company's liquidity position or any large debt funded land investment leading to deterioration in leverage or coverage metrics on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail
Parent/Group support	NA
Consolidation/Standalone	Standalone

About the company

Veegaland Developers Limited, incorporated on August 10, 2007, is a real estate development Company engaged in the planning, construction and sale of residential apartment projects in the state of Kerala, India. Veegaland Developers Limited is part of broader V-Guard Group (V-Guard, Wonderla, Veegaland & V-star). The company operates under the brand name of 'Veegaland Homes'. As of June 30, 2026, the company is undertaking 12 residential real estate projects in Kochi, Trivandrum, Kozhikode and Thrissur in the state of Kerala, India having total saleable area of around 1.8 msf. Over the past 14 years, company has successfully completed 10 projects aggregating to 1.10 msf of saleable area in Kerala.

Key financial indicators (audited)

Veegaland Developers Limited	FY2025	FY2026
Operating income	192.4	251.0
PAT	20.4	26.6
OPBDITA/OI	15.6%	15.7%
PAT/OI	10.6%	10.6%
Total outside liabilities/Tangible net worth (times)	4.0	0.8
Total debt/OPBDITA (times)	5.9	2.2
Interest coverage (times)	6.0	6.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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:

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Oct 07, 2026	Date	Rating	Date	Rating	Date	Rating
Long Term –Fund based- Term loan	Long Term	164.71	[ICRA]BBB+(Stable)	-	-	-	-	-	-
Long Term –Fund based – Overdraft	Long Term	93.50	[ICRA]BBB+(Stable)	-	-	-	-	-	-
Long Term - Unallocated limits	Long Term	241.79	[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 -Unallocated limits	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 /sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator [#]
NA	Long Term –Fund based- Term loan	-	7.35%-7.65%	FY2035	164.71	[ICRA]BBB+(Stable)	RBI
NA	Long Term –Fund based – Overdraft	-	7.25%-8.25%	-	93.50	[ICRA]BBB+(Stable)	RBI
NA	Long Term - Unallocated limits	NA	NA	NA	241.79	[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

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Rohan Kanwar Gupta

+91 124 4545 808

rohan.kanwar@icraindia.com

Sweta Shroff

+91 124 4545 307

sweta.shroff@icraindia.com

Yash Garg

+91 124 4545 337

yash.garg@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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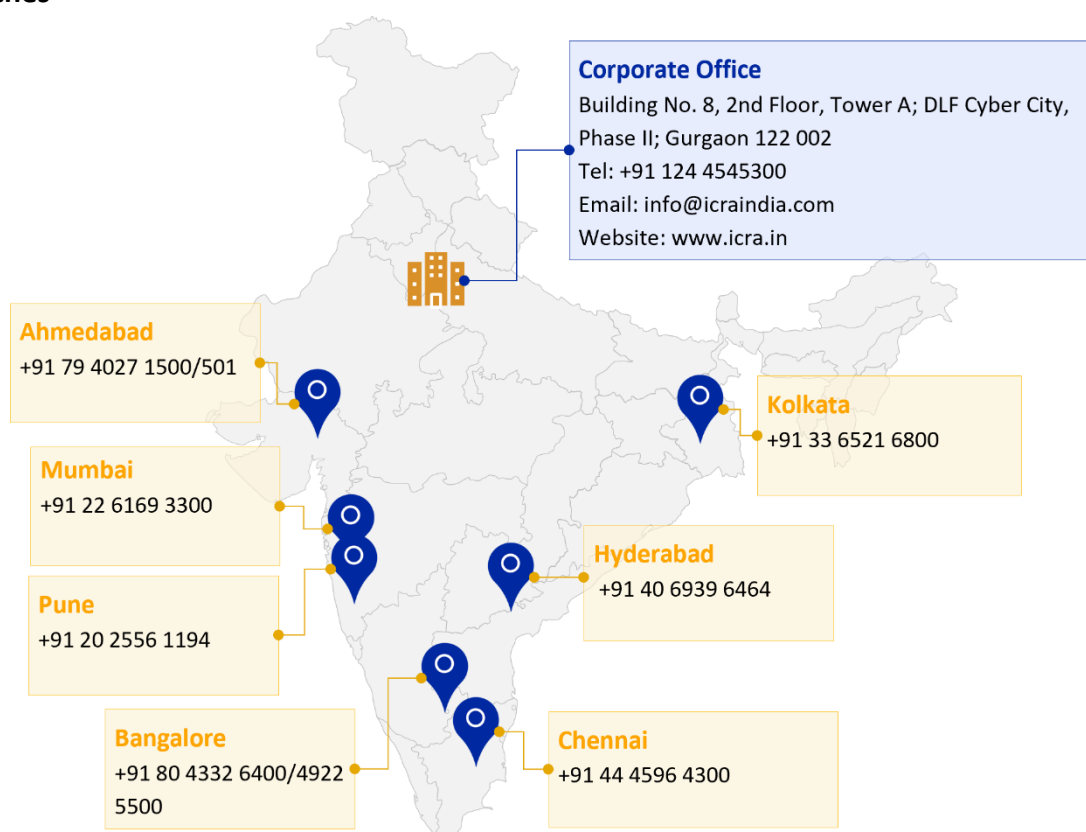
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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