



**Press Release**  
**PRESTIGE PROPERTIES**  
**August 07, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	177.00	ACUITE BBB-   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	177.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) on Rs. 177.00 Cr. bank facilities of Prestige Properties (PP). The outlook is 'Stable'.

**Rationale for rating assigned**

The rating assigned takes into consideration the long-standing experience of the promotor group in the real estate sector. The rating factors the steady revenue stream under lease arrangement from reputed clients having escalation clauses and lock-in periods. The rating draws additional comfort with the presence of debt service reserve account (DSRA) for one quarter of principal and interest obligation, routing of lease rentals through escrow account and utilization of rentals under a waterfall mechanism. The average debt service coverage ratio over the debt tenure is moderate at around 1.5x, however, any increase in interest rates shall be a key rating monitorable. The rating is, however, constrained on account of low net worth and significant loans & advances to related parties. Further, the susceptibility of operations to the lessee's performance along with occupancy and renewal risk and the firm's partnership structure, including the risk of capital withdrawal shall remain a key rating monitorable.

**About the Company**

Incorporated in 2006, Prestige Properties (PP) constituted as an Association of Persons (AOP), is a real estate entity currently engaged in the leasing of the commercial properties. The entity has six commercial units in Silver Utopia, Andheri, Mumbai, with a combined leasable area of approximately 82,600 sq.ft. The commercial space – Silver Utopia is located at prime business location in Mumbai, which was constructed by the Silver Group in 2012, comprising of 15 units out of which 9 units have been sold and the remaining 6 units have been leased out. The promoters of the entity are Mr. Mukesh M. Mehta, Ms. Nancy Mukesh Mehta and Ms. Forum Mukesh Mehta.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of PP to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Strong promoter group**

Prestige Properties is a part of Silver Group, which has an established track record of operations spanning more than four decades in the real estate sector in Mumbai with total delivered work of more than 4.5 million sq. ft. The

group currently has three ongoing residential projects in Mumbai.

**Reputed clientele with no vacant space**

The lessee's include reputed clients across sectors such as financial services, logistics, infrastructure, and co-

working spaces with an average client relationship tenure of 2–3 years. The agreement includes a lock-in period of 36 to 60 months, along with y-o-y rental escalations (generally 15 percent every three years, others 5 percent y-o-y) with an average lease tenure of five years. Hence, on account of full occupancy levels and periodic rental escalations, the operating revenue of the entity has reflected steady growth which stood at Rs. 21.34 Cr. in FY25 (Prov.) compared to Rs. 18.84 Cr. in FY24 and Rs. 16.57 Cr. in FY23. This also includes other income generated through car parking charges, canteen rent, etc. Further, the entity incurs nearly 10 percent of the revenue as their operational expenses which includes renovations, housekeeping, and other maintenance activities.

#### **Presence of DSRA, escrow account with waterfall mechanism**

The entity is required to maintain DSRA equivalent to one quarter of debt servicing (principal & interest) throughout the tenor of the facilities. In addition to that, all the lease rentals route through the escrow account and payment is utilized as per the waterfall mechanism.

Acuité believes that such structured mechanism allows the entity to have better control over its cash flows and debt servicing abilities.

### **Weaknesses**

#### **Low net worth & significant loans and advances to related parties**

The net worth of the entity improved due to profit accretions but stood low at Rs. 50.58 Cr. as on March 31, 2025 (Prov.) against Rs. 35.70 Cr. as on March 31, 2024. Further, the net worth includes unsecured loans from related parties of Rs. 9.39 Cr. which are subordinated to the bank debt as per lender stipulation. Further, the entity has significant current assets which primarily consists of loans & advances to associate concerns (Rs. 34.78 Cr. as on March 31, 2025 (Prov.)) and other related parties (Rs. 88.88 Cr. as on March 31, 2025 (Prov.)) recoverability of which shall be a key rating monitorable. The entity also has tax receivables of Rs. 22.74 Cr. as on March 31, 2025 (Prov.), expected to be received in the near to medium term.

#### **Capital withdrawal, contract renewal & interest rate risk**

The entity's constitution as a AOP firm exposes it to discrete risks, including the possibility of withdrawal of capital by the members. Further, the entity's ability to meet its repayment obligations will depend on the continued and timely flow of rentals as per the agreed terms. Events such as increase in interest rates, delays in receipt of rentals, early exits, or renegotiations by lessees due to lower-than-expected business performance may disrupt cash flow streams, thereby affecting the entity's debt-servicing ability. Moreover, the occupancy levels for the entity is highly dependent on timely renewal of lease agreements which shall remain a key rating monitorable.

#### **Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)**

The entity maintains a Debt Service Reserve Account (DSRA) equivalent to one quarter of principal and interest payments along with escrow mechanism.

#### **Stress case Scenario**

Acuité believes that, given the presence of one quarter of DSRA and waterfall payment in escrow mechanism, the entity will be able to service its debt on time, even in a stress scenario.

### **Rating Sensitivities**

- Adequate and timely receipts of rentals along with continued levels of occupancy
- Any change in the debt or interest rates impacting the DSCR levels

#### **Liquidity Position Adequate**

The liquidity position of the entity is adequate supported by receipt of lease rentals routed through an escrow mechanism under a well-defined waterfall format. Further, on an average the DSCR is expected to remain around ~1.5x over the debt tenure, which shall be a key rating monitorable. Also, the entity is maintaining a DSRA of Rs. 5.00 Cr. with the bankers as of March 31, 2025 (Prov.) providing additional cushion to liquidity. Further, the cash and bank balances of the entity stood at Rs. 0.11 Cr. as on March 31, 2025 (Prov.).

#### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	21.34	18.84
PAT	Rs. Cr.	5.05	1.01
PAT Margin	(%)	23.69	5.36
Total Debt/Tangible Net Worth	Times	3.35	3.55
PBDIT/Interest	Times	1.35	1.07

### Status of non-cooperation with previous CRA (if applicable)

Infomercials, vide its press release dated May 16th, 2025 had denoted the rating of Prestige Properties as 'TVR BB+/Negative' Downgraded and Issuer not co-operating.

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>
- Lease Rental Discounting : <https://www.acuite.in/view-rating-criteria-106.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History :

Not Applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Lease Rental Discounting	15 May 2023	Not avl. / Not appl.	15 Sep 2036	82.85	Simple	ACUITÉ BBB- Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Lease Rental Discounting	15 Dec 2023	Not avl. / Not appl.	15 Mar 2037	2.44	Simple	ACUITÉ BBB- Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Lease Rental Discounting	15 Sep 2024	Not avl. / Not appl.	15 Mar 2037	14.23	Simple	ACUITÉ BBB- Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Lease Rental Discounting	12 Dec 2023	Not avl. / Not appl.	31 Dec 2039	68.51	Simple	ACUITÉ BBB- Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.97	Simple	ACUITÉ BBB- Stable   Assigned

## Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Akshit Agrawal Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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