

August 08, 2025

Prestige Estates Projects Limited: Rating withdrawn for non-convertible debentures and rating outstanding for existing bank loan facility and commercial papers; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	1451.40	1451.40	[ICRA]A+ (Stable); outstanding
Long-term – Non-fund based	496.20	496.20	[ICRA]A+ (Stable); outstanding
Non-convertible debenture	500.00	0.0	[ICRA]A+ (Stable); withdrawn
Long-term – Fund based	20.00	20.00	[ICRA]A+ (Stable); outstanding
Long-term – Unallocated	151.51	151.51	[ICRA]A+ (Stable); outstanding
Commercial paper	530.00	830.00	[ICRA]A1; outstanding and assigned for enhanced amount
Total	3149.11	2949.11	

*Instrument details are provided in Annexure I

Rationale

The rating action for Prestige Estates Projects Limited (PEPL) reflects the healthy operating performance of its residential segment in Q1 FY2026, which is expected to continue in the subsequent quarters of FY2026, supported by the strong sales velocity, adequate committed sales and healthy launch pipeline of the upcoming projects. Backed by healthy demand in Q1 FY2026, PEPL reported pre-sales of Rs. 12,126.4 crore (300% YoY growth) and collections of Rs. 4,522.7 crore (55% YoY growth). Overall, the company's collections are projected to improve to Rs. 17,000 – 18,000 crore in FY2026. Consequently, the cash flow from operations (CFO) is estimated to improve. The cash flow adequacy ratio remained healthy at 98% as on June 30, 2025 in the residential segment. The rating factors in the comfortable leverage ratio, despite considerable increase in its scale of operations in the recent years. While the debt is likely to rise to fund the growth plans, the leverage measured by gross debt/CFO are estimated to remain below 3.0 times in the medium term, aided by expected healthy CFO levels. The company's subsidiary, Prestige Hospitality Ventures Limited (PHVL), has filed a Draft Red Herring Prospectus (DRHP) for Rs. 2,700 crore IPO in April 2025, which will be primarily deployed towards deleveraging. The fund raising, if materialised, will further enhance PEPL's leverage and debt coverage metrics.

The ratings favourably note the Group's diversified operations across various segments, including residential, commercial, retail, hospitality and property management (services). The revenue from the commercial office leasing increased by 6% YoY in FY2025, while that from the retail segment grew by 10% YoY in FY2025. The hospitality division is likely to witness healthy double digit growth in FY2025, supported by a higher average room rent (ARR) and occupancy. The performance of all the key segments is likely to remain healthy in FY2026. Further, the ratings draw comfort from the Group's established operational track record of more than 39 years in the real estate industry, its strong project execution capabilities and sizeable market share in the Bengaluru residential real estate segment.

The ratings are, however, constrained by the Group's exposure to execution risk and market risks arising from its significant expansion plans in the ongoing and upcoming projects in its residential and commercial real estate segments as well as hospitality segment to maintain its growth momentum and strengthen its market presence in the existing as well as new micromarkets. PEPL has a project pipeline of 40-45 msf in the residential real estate segment in FY2026. Further, the Group's expansion to newer geographies exposes it to execution and market risks, as well as risks of any non-performance by JV partners of their obligations. Nevertheless, ICRA takes comfort from the company's track record in the residential and commercial real estate segment and the hospitality segment. Further, the Group remains exposed to the cyclicity risk inherent in residential and commercial real estate business and vulnerability of the hospitality sector to external exogenous shocks.

ICRA has withdrawn the ratings assigned to the non-convertible debenture of Rs. 500.0 crore of Prestige Estates Projects Limited, as the same are fully redeemed, and is in accordance with ICRA's policy on withdrawal of ratings.

The Stable outlook on the long-term rating reflects ICRA's opinion that PEPL will maintain healthy sales and collection in the residential real estate segment, backed by a strong launch pipeline, leading to healthy growth in cash flows from operations and comfortable leverage metrics. The company is expected to benefit from its diversified operations across various segments.

Key rating drivers and their description

Credit strengths

Estimated healthy operating performance in residential segment – The company's residential segment is expected to witness healthy performance in FY2026, primarily driven by strong sales velocity, adequate committed sales and healthy launch pipeline of the upcoming projects. Backed by healthy demand in Q1 FY2026, PEPL reported pre-sales of Rs. 12,126.4 crore (300% YoY growth) and collections of Rs. 4,522.7 crore (55% YoY growth). In FY2026, PEPL's collections are projected to improve to Rs. 17,000 – 18,000 crore and consequently, the CFO is estimated to improve. The cash flow adequacy ratio remained healthy at 98% as on June 30, 2025 in the residential segment.

Comfortable leverage – PEPL has a comfortable leverage ratio, despite considerable increase in its scale of operations in the recent years. While the debt is likely to rise to fund the growth plans, the leverage measured by gross debt/CFO are estimated to remain below 3 times in the medium term, supported by the expected healthy CFO levels. The company's subsidiary, PHVL, also has filed a DRHP for Rs. 2,700 crore IPO in April 2025, which will be primarily deployed towards deleveraging. The fund raising, if materialised, will further enhance PEPL's leverage and debt coverage metrics.

Leading real estate developer with long track record, strong market position and diversified portfolio – PEPL has over 39 years of experience in real estate development and is one of the leading real estate developers in South India. It has completed 307 real estate projects, with a developable area of ~199 msf as on June 30, 2025. It has developed a diversified portfolio of real estate projects focusing on residential, commercial, hospitality and retail segments. Besides, it offers a variety of services, such as property management services, sub-leasing and fit-out services. It has 63 ongoing projects across segments, with a total developable area of ~115 msf as on March 31, 2025. The performance of all the key segments is likely to remain healthy in FY2026.

Credit challenges

Risks associated with large-scale, ongoing and upcoming projects – In order to maintain the growth momentum and strengthen its market presence in the existing as well as new micromarket, the company has significant plans of expanding its ongoing portfolio under the residential real estate sector with launch of around 40- 45 msf in FY2026, exposing it to execution and market risks. Further, given the substantial investments in the commercial real estate segment and hospitality segment including large-sized projects in Mumbai and New Delhi, the company remains is vulnerable to funding and execution risks. The Group's expansion to newer geographies exposes it to execution and market risks, as well as risks of any non-performance

by JV partners of their obligations. Nevertheless, ICRA takes comfort from the company’s track record in the residential and commercial real estate segments and the hospitality segment.

Exposed to inherent cyclicality in real estate sector – The company remains exposed to the inherent cyclicality in the real estate industry, such as declining property prices, a slowdown in economy and reduction in housing demand. Further, the hospitality and leasing segments are exposed to risks arising from the cyclicality in the sector and vulnerability to exogenous shocks, which could impact the cash flows. Nonetheless, ICRA takes comfort from the company’s track record in the residential and commercial real estate segment and hospitality segment.

Environmental and social risks

Environmental considerations – The real estate segment is exposed to risks from increasing environmental norms, which impact operating costs, including higher costs of raw materials such as building materials and compliance expenses related to pollution control regulations. Environmental clearances are required for project commencements and lack of timely approvals can affect its business operations. The impact of changing environmental regulations on licences obtained for property development could also create credit risks.

Social considerations – In terms of social risks, the post-pandemic environment has been favourable to real estate developers, as demand for quality homes with a good social infrastructure has increased. Further, rapid urbanisation and a high proportion of the workforce population (aged 25-44 years) will support demand for real estate in India, thereby benefitting PEPL. This is further supported by the healthy sales trend reported over the recent quarters.

Liquidity position: Adequate

The company’s liquidity profile is adequate, with cash and liquid investments of Rs. 3,110.7 crore as on March 31, 2025 (including RERA balance of around Rs. 1,470 crore). Its debt servicing obligations in FY2026 can be serviced comfortably from the cash flow from operations and available liquidity.

Rating sensitivities

Positive factors – PEPL’s ratings might be upgraded in case of sustained growth in sales and collection in the residential real estate segment and healthy leasing in the commercial segment, leading to robust growth in cash flows from operations and comfortable leverage metrics, while sustaining a healthy liquidity position. In addition, improvement in the debt profile through a reduced share of high-cost debt will be a key rating monitorable.

Negative factors – Pressure on PEPL’s ratings could arise if the company’s cash flows or leverage position is impacted by any sustained weakness in sales in the residential segment, or large debt-funded investments in land, or commercial real estate projects. Specific metrics which could put pressure on the ratings include gross debt/CFO exceeding 3 times on a consistent basis, or if there is a decline in the cover of receivables from the sold area over the pending costs and debt in the residential segment (including corporate debt) to lower than 50%.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD) Realty - Commercial/Residential/Retail Rating Methodology for hotels Policy on withdrawal of credit ratings
Parent/Group support	Not applicable

Consolidation/Standalone

For arriving at the ratings, ICRA has consolidated the financials of PEPL, along with its operational subsidiaries, joint ventures (JVs), and associate companies on account of the strong business and financial linkages among these entities. The list of companies that are consolidated to arrive at the ratings is given in Annexure II

About the company

PEPL is the flagship company of the Prestige Group. It started operations as Prestige Estates and Properties, a partnership firm, in 1986. It was subsequently converted into a private limited company in 1997 and into a public company in 2009. The company is promoted by Mr. Irfan Razack and his brothers, who together hold 60.94% of the shares. The remaining shares are held by institutional investors and other public shareholders, as on June 30, 2025.

Prestige has over 39 years of experience in real estate development and is one of the leading real estate developers in South India. It has completed 307 real estate projects, with a developable area of close to 199 msf as on June 30, 2025. It has developed a diversified portfolio of real estate projects focusing on the residential, commercial, hospitality and retail segments. Besides, Prestige offers a variety of services such as property management services, sub-leasing and fitout services. It has 63 ongoing projects across segments, with a total developable area of around 125 msf as on June 30, 2025.

Key financial indicators (audited)

PEPL consolidated	FY2023	FY2024	FY2025
Operating income	8,315.0	7877.1	7349.4
PAT	1,050.0	1618.0	659.6
OPBDIT/OI	25.1%	31.7%	34.8%
PAT/OI	12.6%	20.5%	9.0%
Total outside liabilities/Tangible net worth (times)	2.5	3.1	2.6
Total debt/OPBDIT (times)	4.5	5.4	5.2
Interest coverage (times)	2.6	2.0	1.9

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

		FY2026		Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	August 8, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based limits	Long Term	20.00	[ICRA]A+ (Stable)	May 08, 2024	[ICRA]A+ (Stable)	July 28, 2023	[ICRA]A+ (Stable)	Nov 16, 2022	[ICRA]A+ (Stable)
				July 23, 2024	[ICRA]A+ (Stable)	Feb 06, 2024	[ICRA]A+ (Stable)	-	-
				Sept 30, 2024	[ICRA]A+ (Stable)	-	-	-	-
				Mar 06, 2025	[ICRA]A+ (Stable)	-	-	-	-
Non-fund based limits	Long Term	496.20	[ICRA]A+ (Stable)	May 08, 2024	[ICRA]A+ (Stable)	July 28, 2023	[ICRA]A+ (Stable)	Nov 16, 2022	[ICRA]A+ (Stable)
				July 23, 2024	[ICRA]A+ (Stable)	Feb 06, 2024	[ICRA]A+ (Stable)	-	-
				Sept 30, 2024	[ICRA]A+ (Stable)	-	-	-	-
				Mar 06, 2025	[ICRA]A+ (Stable)	-	-	-	-
Term loans	Long Term	1,451.40	[ICRA]A+ (Stable)	May 08, 2024	[ICRA]A+ (Stable)	July 28, 2023	[ICRA]A+ (Stable)	Nov 16, 2022	[ICRA]A+ (Stable)
				July 23, 2024	[ICRA]A+ (Stable)	Feb 06, 2024	[ICRA]A+ (Stable)	-	-
				Sept 30, 2024	[ICRA]A+ (Stable)	-	-	-	-
				Mar 06, 2025	[ICRA]A+ (Stable)	-	-	-	-
Long Term-Unallocated	Long Term	151.51	[ICRA]A+ (Stable)	July 23, 2024	[ICRA]A+ (Stable)	-	-	-	-

				Sept 30, 2024	[ICRA]A+ (Stable)	-	-	-	-
				Mar 06, 2025	[ICRA]A+ (Stable)	-	-	-	-
Commercial paper	Short Term	300.00	[ICRA]A1	-	-	-	-	-	-
Commercial paper	Short Term	530.00	[ICRA]A1	May 08, 2024	[ICRA]A1	July 28, 2023	[ICRA]A1	-	-
				July 23, 2024	[ICRA]A1	Feb 06, 2024	[ICRA]A1	-	-
				Sept 30, 2024	[ICRA]A1	-	-	-	-
				Sept 30, 2024	[ICRA]A1	-	-	-	-
				Mar 06, 2025	[ICRA]A1	-	-	-	-
Non-convertible debenture	Long Term	0.00	[ICRA]A+ (Stable); withdrawn	May 08, 2024	[ICRA]A+ (Stable)	July 28, 2023	[ICRA]A+ (Stable)	Nov 16, 2022	[ICRA]A+ (Stable)
				July 23, 2024	[ICRA]A+ (Stable)	Feb 06, 2024	[ICRA]A+ (Stable)	-	-
				Sept 30, 2024	[ICRA]A+ (Stable)	-	-	-	-
				Mar 06, 2025	[ICRA]A+ (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Term loan	Simple
Long-term Non-fund based	Simple
Non-convertible debenture	Simple
Long-term Fund-based	Simple
Commercial paper	Very simple
Unallocated – Long term	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 (Rs. crore)	Current Rating and Outlook
NA	Term loan	FY2013-FY2024	NA	Jan 2036	1,451.4	[ICRA]A+(Stable)
NA	Non-fund based	-	-	-	496.20	[ICRA]A+(Stable)
INE811K07075	NCD [^]	Nov 29, 2021	8.9%	Nov 29, 2024	240.00	[ICRA]A+(Stable); withdrawn
INE811K07083	NCD ^{^^}	Nov 29, 2021	8.9%	Nov 29, 2026	260.00	[ICRA]A+(Stable); withdrawn
NA	Fund-based	-	-	-	20.00	[ICRA]A+(Stable)
INE811K14030	Commercial Paper	Aug 14, 2024	-	Aug 13, 2025	230.00	[ICRA]A1
INE811K14048	Commercial Paper	Nov 24, 2024	-	Nov 25, 2025	300.00	[ICRA]A1
NA	Commercial Paper*	-	-	-	300.00	[ICRA]A1
NA	Unallocated	-	-	-	151.51	[ICRA]A+(Stable)

Source: Company; [^]NCDs has been redeemed; *Yet to be placed; ^{^^}NCDs are prepaid and redeemed completely prior to the due date

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	PEPL Ownership as of March 31, 2025	Consolidation Approach
Apex Realty Management Private Limited	100.00%	Full Consolidation
Avyakth Cold Storages Private Limited	100.00%	Full Consolidation
Dollars Hotel & Resorts Private Limited	65.92%	Full Consolidation
ICBI (India) Private Limited	82.57%	Full Consolidation
K2K Infrastructure (India) Private Limited	100.00%	Full Consolidation
Kochi Cyber Greens Private Limited	100.00%	Full Consolidation
Northland Holding Company Private Limited	100.00%	Full Consolidation
Prestige (BKC) Realtors Private Limited	100.00%	Full Consolidation
Prestige Acres Private Limited	100.00%	Full Consolidation
Prestige Bidadi Holdings Private Limited	99.94%	Full Consolidation
Prestige Builders and Developers Private Limited	100.00%	Full Consolidation
Prestige Construction Ventures Private Limited	100.00%	Full Consolidation
Prestige Exora Business Parks Limited	100.00%	Full Consolidation
Prestige Falcon Malls Private Limited	100.00%	Full Consolidation
Prestige Falcon Mumbai Realty Private Limited	90.00%	Full Consolidation
Prestige Falcon Realty Ventures Private Limited	100.00%	Full Consolidation
Prestige Garden Estates Private Limited	100.00%	Full Consolidation
Prestige Garden Resorts Private Limited	100.00%	Full Consolidation
Prestige Hospitality Ventures Limited	100.00%	Full Consolidation
Prestige Leisure Resorts Private Limited	100.00%	Full Consolidation
Prestige Lonavala Estates Private Limited (w.e.f. Dec 15, 2023)	100.00%	Full Consolidation
Prestige Mall Management Private Limited	100.00%	Full Consolidation
Prestige Mulund Realty Private Limited	100.00%	Full Consolidation
Prestige Office Management Private Limited (w.e.f. 21 January 2025)	100.00%	Full Consolidation
Prestige Pallavaram Estates Private Limited (w.e.f. 6 January 2025)	100.00%	Full Consolidation
Prestige Projects Private Limited	76.00%	Full Consolidation
Prestige Retail Ventures Limited	100.00%	Full Consolidation
Prestige Sterling Infra projects Private Limited	90.00%	Full Consolidation

Prestige Summit Convention Private Limited (w.e.f. 20 March 2025)	100.00%	Full Consolidation
Prestige Warehousing & Cold Storage Services Private Limited	92.36%	Full Consolidation
Sai Chakra Hotels Private Limited	100.00%	Full Consolidation
Shipco Infrastructure Private Limited	70.00%	Full Consolidation
Village-De-Nandi Private Limited	100.00%	Full Consolidation
Ace Realty Ventures	100.00%	Full Consolidation
Albert Properties	72.66%	Full Consolidation
Eden Investments & Estates	77.50%	Full Consolidation
Evergreen Industrial Estate (w.e.f. 29th August 2023)	99.99%	Full Consolidation
Maheshwaram Land Holdings (w.e.f. 7th August 2024)	99.99%	Full Consolidation
Morph*	40.00%	Full Consolidation
Prestige AAA Investments	51.00%	Full Consolidation
Prestige Alta Vista Holdings	99.00%	Full Consolidation
Prestige Century Landmark	55.00%	Full Consolidation
Prestige Century Megacity*	45.00%	Full Consolidation
Prestige Falcon Business Park	99.00%	Full Consolidation
Prestige Goa Hospitality Ventures (w.e.f. 21 February 2025)	100.00%	Full Consolidation
Prestige Habitat Ventures	99.00%	Full Consolidation
Prestige Kammanahalli Investments	75.00%	Full Consolidation
Prestige Nottinghill Investments	51.00%	Full Consolidation
Prestige Office Ventures	99.99%	Full Consolidation
Prestige Ozone Properties*	47.00%	Full Consolidation
Prestige Property Management & Services	97.00%	Full Consolidation
Prestige Realty Ventures (w.e.f. 29 March 2024)	99.90%	Full Consolidation
Prestige Southcity Holdings	51.00%	Full Consolidation
Prestige Sunrise Investments	99.99%	Full Consolidation
Prestige Whitefield Developers*	47.00%	Full Consolidation
PSN Property Management and Services	50.00%	Full Consolidation
Silver Oak Projects	99.99%	Full Consolidation
Southeast Realty Ventures	99.99%	Full Consolidation
The QS Company	98.00%	Full Consolidation
Apex Realty Ventures LLP	60.00%	Full Consolidation
Prestige Devenahalli Developers LLP*	45.00%	Full Consolidation
Prestige OMR Ventures LLP	100.00%	Full Consolidation
Prestige Valley View Estates LLP	51.05%	Full Consolidation
Prestige Whitefield Investments and Developers LLP	99.99%	Full Consolidation
Turf Estate Joint Venture LLP (w.e.f. 29 August 2023)	100.00%	Full Consolidation
Villaland Developers LLP	99.00%	Full Consolidation
West Palm Developments LLP	61.00%	Full Consolidation
Bamboo Hotel and Global Centre (Delhi) Private Limited	50.00%	Equity Method
Dashanya Tech Parkz Private Limited	50.00%	Equity Method
Pandora Projects Private Limited	50.00%	Equity Method
Prestige Beta Projects Private Limited	40.00%	Equity Method
Techzone Technologies Private Limited (w.e.f. 23 May 2023)	48.07%	Equity Method
Thomsun Realtors Private Limited	50.00%	Equity Method
Prestige MRG ECO Ventures	50.00%	Equity Method
Prestige Vaishnai Realty Ventures (w.e.f. 3 April 2023)	50.00%	Equity Method
Prestige Vaishnai Projects (w.e.f. 03 May 2023)	38.00%	Equity Method
Prestige Vaishnai Hospitality Ventures (w.e.f. 28 March 2025)	50.00%	Equity Method
Worli Urban Development Project LLP	50.00%	Equity Method
WSI Falcon Infra Projects Private Limited (w.e.f. 30 December 2024)	49.00%	Equity Method

Source: Company, ICRA Research; * Subsidiary based on the terms of the partnership deed

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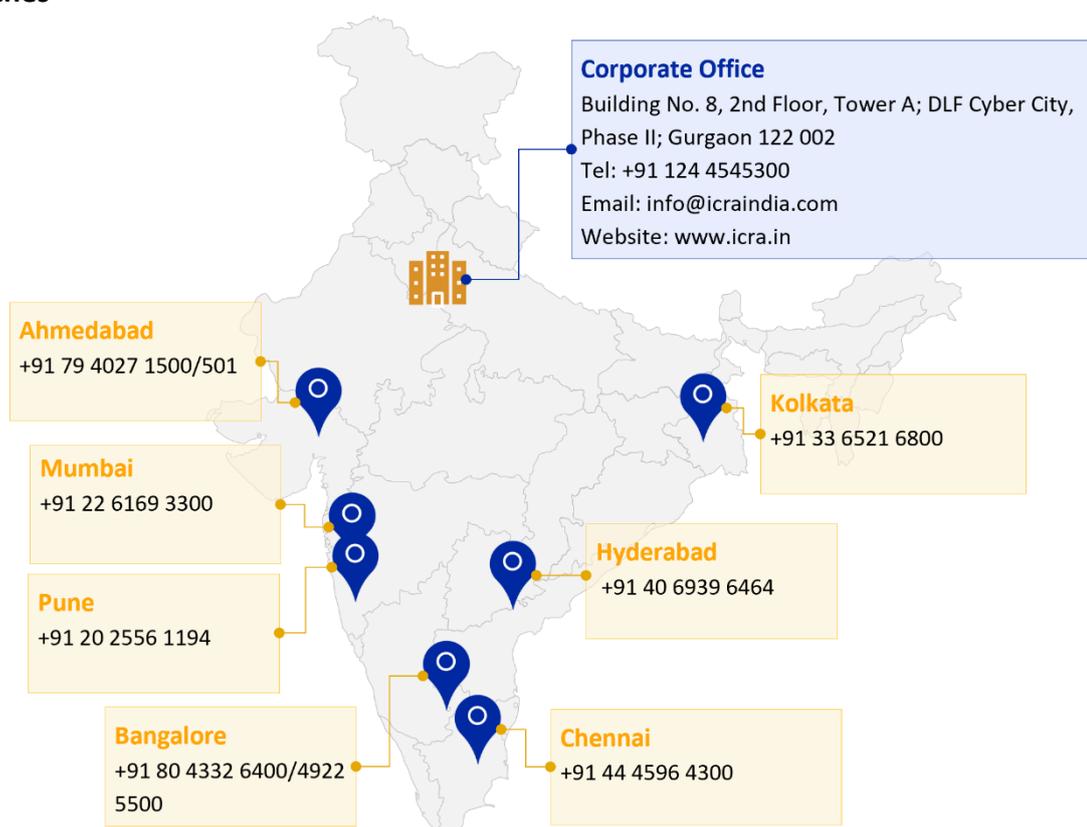
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