

Unique Estates Development Company Limited

March 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	707.00 (Reduced from 729.00)	CARE A+; Stable	Reaffirmed
Fixed deposit	23.00 (Reduced from 35.00)	CARE A+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of long-term ratings to bank facilities and fixed deposit issuance of Unique Estates Development Company Limited (UEDCL) factors in the promoter group's established track record, and an experienced management team. The rating also derives strength from prime location of mall properties, healthy occupancy levels, and the presence of well-known brands as tenants with strong credit profiles.

The malls house a diverse tenant mix across segments, with long-term associations with the company. The rating further considers additional free cash flows from the future sale of completed residential units, other investment income, a comfortable capital structure, strong coverage indicators, robust liquidity, and presence of an escrow mechanism for lease rent collections.

However, these strengths are partially offset by geographic concentration, inherent rollover risk, significant support extended to other group companies, and the cyclical nature of the retail sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to receive lease rentals at competitive rates on time and optimum level of occupancy rate beyond 97% with collection efficiency of above 95% on sustained basis.
- Significant reduction in exposure towards group companies.
- Sustained growth in revenue with timely execution and scaling up of under construction project.

Negative factors

- Increase in vacancy by 10%.
- Deterioration of overall gearing above 0.60x.
- Reliance on debt significantly higher than anticipation or reduction in liquidity resulting into significant deterioration in financial risk profile of the company.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the rated entity is likely to sustain its growth momentum amid favourable business environment that shall enable it to maintain the envisaged operating performance in the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with established brand image

UEDCL is part of the K Raheja Construction Group and is currently headed by Sandeep Raheja. The group has an experience of over six decades in real estate. K Raheja Construction (promoter group holding 100% in UEDCL), founded in 1956, has successfully completed retail, hospitality, residential, industrial, and commercial projects all over India. The group under its brand, Infiniti, operates two malls, while its portfolio spans multiple asset classes including mall, residential and commercial projects, and hotels

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

spanned across Mumbai, Pune, and Chennai. The promoter and top management of UEDCL are well-qualified and have a strong expertise in developing real-estate projects.

Prime location of malls in the Mumbai micro-market

The company has two operational malls in Mumbai (Andheri and Malad) under the brand name 'Infiniti' (aggregate area 10.72 lakh sq. ft). Both UEDCL's malls are in the Andheri-Borivali Zone, which has healthy occupancy level of ~93%-96% for three-years ending FY24. With one mall in Andheri (West) and the other at Malad (West), they are well-placed to cater to the large residential area of Andheri-Borivali Zone in the northern suburb of Mumbai, where affluence levels are higher than other smaller micro-markets of Mumbai. The malls are well-connected with all modalities of transport and have attracted healthy footfalls due to having healthy mix of anchor, mini-anchor and refreshment tenants. Infiniti Andheri is one of the oldest malls in the western suburbs.

Healthy occupancy rate despite persisting rollover risk

The occupancy level of both malls put together have remained healthy at 96% in FY24 and in 9MFY25 it improved to ~97% owing to continued attractive footfalls post the pandemic. As loan tenure is longer than existing lock-in period of 3-5 years and lease agreements of ~20% are due for renewal in FY26, agreement roll-over risk exists to a certain extent. However, comfort can be drawn from strategic location of the property, fit-out cost being incurred by tenants and longer tenure of lease agreements. Despite competition faced from other nearby malls, both malls have been able to roll over arrangement with its existing customers and have also added new tenants, reducing rollover risk to a large extent.

Reputed tenants having healthy credit risk profile, presence in diversified segments and long-term association with UEDCL

The group has demonstrated track record in maintaining relationship with tenants over the years, as evident through its operations of Andheri mall (operational since 2005), where the company has been able to retain many reputed clients and carry them forward to the Malad Mall. Common tenants across malls are PVR, Pantaloons, and brands from Tata group companies such as Westside, Starbucks, and Tanishq among others. The space is rented on long-term agreements. The malls also house brands including Bounce Inc., Vijay Sales, Croma, Zara, Park Avenue, Nautica, and PUMA. Top 15 clients constitute ~80.73% (PY-79.94%) of rental income for Infiniti Andheri and ~40.51% (PY-40.54%) of the rental income for Infiniti Malad. These players have strong credit profile, reducing the risk of receivables to a large extent.

Additional cash flows from future sale of completed residential units and interest income

The company has access to additional cash flow, amounting to ~₹153.3 crore from unsold inventory of residential units of ~29,200 sq. ft. at Raheja Classique, Andheri. The Occupancy Certificate for the project is in place. There is no balance construction cost to be incurred or outstanding debt against the inventory. Going forward, cash flows from sale of this inventory shall support the company's revenue and liquidity profile; however, with sales velocity in the last two years being low, track record of realisation of additional cash flows from sale of units is yet to be established.

Comfortable leverage profile

Overall gearing improved at 0.47x in FY24 with debt equity and overall gearing ratios below unity as on March 31, 2024. The presence of DSR equivalent to two-month instalment (including interest) and escrow of lease rental for the malls provides comfort. Debt coverage metrics marked by total debt to gross cash accruals (TD/GCA) stood at 3.73x in FY24. Interest coverage for FY24 stood at 2.72xx compared to 5.86x in FY23 due to drawdown of further loan.

Key weaknesses

Geographical concentration

The company has two operational malls under the brand name Infiniti (aggregate area-10.72 lakh sq. ft). Both malls are in the Andheri-Borivali Zone Mumbai (Andheri and Malad), thus, the company is exposed to geographic concentration risk. Downturn in such micro-markets will impact the company's revenues going forward. However, considering the large catchment area it serves, this acts as a mitigant to an extent.

High exposure in group companies from advances with no fixed repayment obligations

K Raheja Construction Group primarily has main business operations in three companies UEDCL, Palm Grove Beach Hotels Private Limited and Ferani Hotels Private Limited. These companies and the promoter have formed a partnership firm Park View Developers, where surplus funds in all group companies are parked and utilised for capex within the group, providing financial support/flexibility for the entire group. As on March 31, 2024, UEDCL has investments in partnership firm Park View Developers of ~₹1,273 crore (PY: ₹1,119 crore), which is currently used by other group companies and are repayable from surplus generated by the group companies in the future. There is no fixed repayment obligation on group companies.

Capex planned in Chennai

UEDCL had drawn further money from its existing lease rental discounting (LRD) facility to buy substantial stake in a Chennai based company holding ~16-acre land. The company plans to develop a mixed-use project comprising mall and residential/commercial. UEDCL acquired majority stake in this family-owned Chennai-based company and is in talks to buy the balance stake. The company has not planned capex for the next one year. The construction plans and means of finance are not yet finalised.

Liquidity: Adequate

UEDCL has principal repayments amounting to ₹14.40 crore in FY26. As on January 31, 2025, UEDCL has free cash and bank balance (including FD) of ~₹224 crore. The company also has an overdraft facility of ₹50 crore (as a sub limit of term loan) sanctioned by Indian Bank, which is moderately utilised. UEDCL has invested ~₹1273 crore in Parkview Developers, which is used by other group companies, which is repayable from surplus generated by companies in the future. There is no fixed repayment obligation on any of the group companies. The company maintains debt service reserve accounts (DSRA) covering two month of debt service obligations, which provided additional cushion.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy on Default Recognition](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Criteria for debt backed by lease rentals discounting](#)

[Rating Methodology for Real Estate Sector](#)

About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

Incorporated in 1974, UEDCL (CIN: U45200MH1974PLC017190) is part of the K Raheja Constructions Group. The company is engaged in developing and managing malls and developing residential real estate project. The company has two operational malls in Mumbai (Andheri and Malad) under the brand name Infiniti (aggregate area-10.72 lakh sq. ft). Both malls are in the Andheri-Borivali Zone, which had average of ~93-96% occupancy level in the last three years. Apart from these two malls, UEDCL also has units in completed residential building Raheja Classique at Oshiwara, Mumbai.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	299.53	295.35
PBILDT	184.05	169.58
PAT	163.73	183.28
Overall gearing (times)	0.26	0.47
Interest coverage (times)	6.20	2.98

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fixed Deposit	-	-	-	-	23.00	CARE A+; Stable
Fund-based - LT-Bank Overdraft	-	-	-	-	44.00	CARE A+; Stable
Fund-based - LT-Term Loan	-	-	-	31-03-2037	663.00	CARE A+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	663.00	CARE A+; Stable	1)CARE A+; Stable (02-Apr-24)	1)CARE A+; Stable (03-Apr-23)	1)CARE A; Stable (08-Apr-22)	1)CARE A (CW with Negative Implications) (06-Apr-21)
2	Fixed Deposit	LT	23.00	CARE A+; Stable	1)CARE A+; Stable (02-Apr-24)	1)CARE A+; Stable (03-Apr-23)	1)CARE A; Stable (22-Jun-22) 2)CARE A (FD); Stable (08-Apr-22)	1)CARE A (FD) (CW with Negative Implications) (06-Apr-21)
3	Fund-based - LT-Bank Overdraft	LT	44.00	CARE A+; Stable	1)CARE A+; Stable (02-Apr-24)	1)CARE A+; Stable (03-Apr-23)	1)CARE A; Stable (08-Apr-22)	1)CARE A (CW with Negative Implications) (06-Apr-21)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple
2	Fund-based - LT-Bank Overdraft	Simple
3	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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