



**Press Release**  
**EMBASSY PROPERTY DEVELOPMENTS PRIVATE LIMITED**  
**May 14, 2025**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
<b>Non Convertible Debentures (NCD)</b>	2365.00	PP-MLD   ACUITE BB+   Stable   Upgraded	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	2365.00	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long term rating to **'PP-MLD ACUITE BB+' (read as Principal Protected - Market Linked Debentures ACUITE double B plus)** from **'PP-MLD ACUITE C' (read as Principal Protected Market Linked Debenture ACUITE C)** on the Rs.2,365.00 Cr. Principal Protected - Market Linked Debentures (PPMLDs) of Embassy Property Developments Private Limited (EPDPL). The outlook is **'Stable'**.

**Rationale for Rating upgrade**

The rating upgrade is on account of curing of default as reflected in timely servicing of debt obligations by EPDPL till April 2024 (closed facility) as confirmed by debenture trustee and reflected in Credit Information Bureau Report (CRIF). The rating upgrade further takes comfort from established presence of Embassy group in the commercial real estate segment and its financial flexibility arising from EPDPL's investments, including Embassy REIT providing recurring dividend income to EPDPL along with flexible repayment terms of MLD's. The rating also factors in the improved operating performance of the company along with the improvement in the financial risk profile on account of deleveraging of the balance sheet. The rating, however remained constrained on account of moderate refinancing risk and risk related to monetization of commercial real estate assets leading to timely redemption of debentures.

**About the Company**

Embassy Property Developments Private Limited (EPDPL) was incorporated in 1996, it is a flagship company of leading real estate Embassy Group, based out of Bangalore. EPDPL is engaged in development of commercial, residential and retail projects. Embassy Group was incorporated in 1993 by Mr. Jitendra Virwani. The group has developed 55+ Million Sq. Ft. In its legacy of expertise spanning 25 years, Embassy Group has covered the entire value chain of real estate from land acquisition to the development, marketing and operation of assets. In addition, the Embassy group owns properties in the hospitality segment and is developing industrial parks and warehouses across India. It also has an extensive land bank of 1000+ acres across India. The operation spread across Indian and international markets that include Bangalore, Chennai, Pune, Coimbatore, Trivandrum, Serbia and Malaysia. The group from time-to-time partners with several established market players Like, Blackstone, Warburg Pincus, Taurus Investments as well as different financial institutions to execute projects.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

## **Key Rating Drivers**

### **Strengths**

#### **Established presence of Embassy group in the commercial real estate segment**

The Embassy group is among the largest commercial real estate developers in the country. EPDPL is engaged in development of commercial, residential and retail projects. The group has business parks in locations such as Bangalore and Pune, with upcoming projects in Chennai, and Trivandrum. The group has developed 55+ Million Sq.

Ft. In its legacy of expertise spanning 25 years, Embassy Group has covered the entire value chain of real estate from land acquisition to the development, marketing and operation of assets. In addition, the Embassy Sponsor owns properties in the hospitality segment. The rating also draws strength from the free cash flow generation from group entities, including the facility management services and common area management companies of the group.

#### **Demonstrated financial flexibility arising from EPDPL's investments, including Embassy REIT**

EPDPL, being the flagship company of the group, has moderate financial flexibility resulting from its investments in the completed commercial real estate portfolio, including its stake in Embassy REIT providing recurring dividend income to EPDPL.

#### **Flexible repayment terms of MLD's**

EPDPL has outstanding (including accrued interest) MLDs of Rs. 1756 Cr. as on April 30, 2025. The MLD's issued have flexible terms of repayment for coupons as well as principal, these favourable terms support financial flexibility in terms of RIET dividend sweeps with no obligation of repayments of interest and principal which is feature of the underlying instrument which supports company's liquidity.

#### **Weaknesses**

##### **Susceptibility of delay in planned monetization of assets and refinancing risk**

EPDPL's total debt consists of NCDs, term loans from banks, LRD Loans and inter corporate borrowings totalling to Rs.4527.91 Cr. in FY25 (Prov.) as compared to Rs.5037.94 Cr. in FY24 which includes the portion of interest that is accrued but not due of Rs. 865.25 Cr. and Rs. 942.66 Cr. respectively during the same period. The subdued market scenario in the real estate sector in Bangalore since the last few years had affected the cash flows from the existing projects leading to higher dependence on the refinancing of the external bank debt. There is put option right given to lender exercisable in July'26 for the MLD loans & at that point of time, the company may roll over or refinance with another lender. However, the company has successfully refinanced its existing debt obligations in the past. Additionally, in July 2026, MLD 3 will mature, making its repayment through asset monetization or refinancing will be a key monitorable. EPDPL plans to either monetize its assets and prepay the debt or refinance a part of the debt prior to their due dates. Acuité believes that timeliness and adequacy of such refinancing and monetization measures, resulting into easing of its liquidity position remains a key rating sensitivity factor.

##### **Susceptibility to cyclical and regulatory risks impacting real estate industry**

EPDPL is exposed to the risk of volatile prices on account of frequent demand supply mismatches in the industry. This is primarily attributable to the high residential property prices due to persistent rollover of bank debt which has had a cascading effect on the overall financing costs. Given the high degree of financial leverage, the high cost of borrowing inhibits the real estate developers' ability to reduce prices. Further, the industry is exposed to regulatory risk, which is likely to impact players such as EPDPL, thereby impacting its operating capabilities.

#### **ESG Factors Relevant for Rating**

EPDPL undertakes multiple CSR activities and has an existing CSR policy. In FY22, the company has supported for implementing holistic health and hygiene program with focus on preventive healthcare, nutrition and sanitation at government schools in Bangalore. Further, Embassy Group is engaged in multiple ESG initiatives including supporting government schools in Bangalore, public spaces clean up in Bangalore, installation of segregated garbage bins in Bangalore CBD, transformation of 101 under fly-over pillars, among others. Additionally, all the projects undertaken by Embassy Group have IGBC Green Gold Certification or higher. Embassy group has an active engagement towards improvising education, sustainable infrastructure, community engagement and corporate connect. The group aims to facilitate students of Government Schools with a safe learning environment for skill development through holistic interventions in Education, Health and Infrastructure. It has supported more than 85 government schools through educational and infrastructure interventions, build around 10 new government schools amongst others. Embassy group drives positive change by providing infrastructure-based solutions with new frontline services for environmental sustainability and community healthcare, it promotes grassroot results to global problems in the communities it is a part of. Embassy group is a proud partner of TAICT's (The Anonymous Indian Charitable Trust) Ecogram Waste Management Project, which aims to catalyse communities to develop and implement strategic infrastructure for sustainable environmental management. It has completed several initiatives of public spaces clean-up, installation of segregated garbage, mobile cancer detection unit amongst others.

#### **Rating Sensitivities**

- Timely redemption of MLD's
- Timely execution of planned monetization of assets or refinancing of debt
- Improvement in the capital structure

#### **All Covenants**

For MLD Facility 1, MLD Facility 4

- Restoration LTV - 1.45x
- Top-up Trigger 1 – Top-up at Security Cover Ratio falling to 1.30x to be restored back to Restoration LTV (1.45x) within 1
- 5 business days
- Top-up Trigger 2 - Top-up at Security Cover Ratio falling to 1.22x to be restored back to Restoration LTV (1.45x) within 3 business days. In case of non-compliance, the lender shall be entitled to deem the occurrence as an EOD and immediately accelerate the facility.
- If the Security Cover Ratio falls to or below 1.2x, then lender shall have right to accelerate the facility and enforce security without any prior notice

### **For MLD Facility 3**

Security Cover Ratio on o/s amount to be assessed as per following security calculation

- Excess of security value from 6Cr REIT Units less 1.25 times the o/s amount in MLD Facility 1 and MLD Facility 4 b)
- Value of 1,66,32,928 units of Embassy Office Parks REIT pledged on 1st ranking basis c)
- Value of IBREL shares

Top-up can be done by pledging additional REIT units, IBREL shares or cash

- Restoration LTV: 1.45x
- Top-up Trigger 1 – Top-up at Security Cover Ratio falling to 1.3x to be restored back to Restoration LTV within 15 business days
- Top-up Trigger 2 - Top-up at Security Cover Ratio falling to 1.22x to be restored back to Restoration LTV (1.45x) within 3 business days. In case of non-compliance, the lender shall be entitled to deem the occurrence as an EOD, and immediately accelerate the facility
- If the Security Cover Ratio falls to or below 1.2x, then lender shall have right to accelerate the facility and enforce security without any prior notice

### **Other Covenants**

- Refinancing of any existing debt including interest due thereon is allowed. No separate permissions required for any security creation for the same.
- Any debt borrowed by any Embassy group entity wherein EPDPL has provided any security (may or may not be backed by CG) shall be considered part of incremental debt covenant
- No change in shareholding of EPDPL and JVHPL, except within the Promoter and his family
- No change in shareholding of REIT Manager
- The Issuer shall provide the Debenture Trustee with compliance certificate, annual audited and half-yearly unaudited financial accounts of EPDPL within a time period agreed upon in the Transaction Documents

### **Liquidity Position**

#### **Adequate**

The group operates in real estate business, which is largely illiquid and highly cyclical and it usually takes time to monetize these assets. Existing debt of the group includes loans obtained for general corporate purpose and acquisition and moderately susceptible to refinancing risk. The group in the past has been able to demonstrate moderate financial flexibility and ability to borrow against the value of its investments in various commercial real estate assets and investments. The debt obligations that due for repayment in the near to medium term are planned to be serviced by monetization of its assets or refinancing of debt. The company has cash and bank balance of Rs. 7.99 Cr. in FY25(Prov.) as against Rs. 24.84 Cr. in FY24. The company has generated significantly high net cash accruals of Rs. 1405.33 Cr. in FY25(prov.) as against Rs. 200.78 Cr. in FY24. Acuité believes, the liquidity position of the group will remain adequate considering the asset heavy business model.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	1399.26	543.07
PAT	Rs. Cr.	1395.28	175.02
PAT Margin	(%)	99.72	32.23
Total Debt/Tangible Net Worth	Times	0.97	1.71
PBDIT/Interest	Times	2.94	1.31

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

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

Yes

**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>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 May 2024	Principal protected market linked debentures	Long Term	275.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD B+   Stable)
	Principal protected market linked debentures	Long Term	1080.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD B+   Stable)
	Principal protected market linked debentures	Long Term	750.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD B+   Stable)
	Principal protected market linked debentures	Long Term	260.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD B+   Stable)
16 May 2023	Principal protected market linked debentures	Long Term	600.00	ACUITE Not Applicable (Withdrawn)
	Principal protected market linked debentures	Long Term	200.00	ACUITE Not Applicable (Withdrawn)
	Proposed principal protected market linked debentures	Long Term	180.00	ACUITE Not Applicable (Withdrawn)
	Proposed principal protected market linked debentures	Long Term	160.00	ACUITE Not Applicable (Withdrawn)
	Principal protected market linked debentures	Long Term	275.00	ACUITE PP-MLD B+   Stable (Upgraded from ACUITE PP-MLD C)
	Principal protected market linked debentures	Long Term	1080.00	ACUITE PP-MLD B+   Stable (Upgraded from ACUITE PP-MLD C)
	Principal protected market linked debentures	Long Term	750.00	ACUITE PP-MLD B+   Stable (Upgraded from ACUITE PP-MLD C)
	Principal protected market linked debentures	Long Term	260.00	ACUITE PP-MLD B+   Stable (Upgraded from ACUITE PP-MLD C)
13 Dec 2022	Non-Convertible Debentures (NCD)	Long Term	275.00	ACUITE PP-MLD C (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	1080.00	ACUITE PP-MLD C (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	600.00	ACUITE PP-MLD C (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	200.00	ACUITE PP-MLD C (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	750.00	ACUITE PP-MLD C (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	260.00	ACUITE PP-MLD C (Assigned)
	Proposed Non Convertible Debentures	Long Term	180.00	ACUITE Provisional PP-MLD C (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	160.00	ACUITE Provisional PP-MLD C (Reaffirmed)
30 Nov 2022	Proposed Non Convertible Debentures	Long Term	180.00	ACUITE Provisional PP-MLD C (Assigned)
	Proposed Non Convertible Debentures	Long Term	420.00	ACUITE Provisional PP-MLD C (Assigned)
11 Nov 2022	Non-Convertible Debentures (NCD)	Long Term	275.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	1080.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	750.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	600.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	200.00	ACUITE PP-MLD C (Downgraded from ACUITE PP-MLD BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	2.84	ACUITE BBB- (Reaffirmed & Withdrawn)
	Non-Convertible Debentures (NCD)	Long Term	200.00	ACUITE PP-MLD BB+   Stable (Downgraded (Negative to Stable) from ACUITE PP-MLD BBB   Negative)

06 Sep 2022	Non-Convertible Debentures (NCD)	Long Term	275.00	ACUITE PP-MLD BB+   Stable (Downgraded (Negative to Stable) from ACUITE PP-MLD BBB   Negative)
	Non-Convertible Debentures (NCD)	Long Term	1080.00	ACUITE PP-MLD BB+   Stable (Downgraded (Negative to Stable) from ACUITE PP-MLD BBB   Negative)
	Non-Convertible Debentures (NCD)	Long Term	750.00	ACUITE PP-MLD BB+   Stable (Downgraded (Negative to Stable) from ACUITE PP-MLD BBB   Negative)
	Non-Convertible Debentures (NCD)	Long Term	600.00	ACUITE PP-MLD BB+   Stable (Downgraded (Negative to Stable) from ACUITE PP-MLD BBB   Negative)
02 Aug 2022	Non-Convertible Debentures (NCD)	Long Term	2.84	ACUITE BBB-   Negative (Reaffirmed(Stable to Negative))
	Non-Convertible Debentures (NCD)	Long Term	275.00	ACUITE PP-MLD BBB   Negative (Reaffirmed(Stable to Negative))
	Non-Convertible Debentures (NCD)	Long Term	1080.00	ACUITE PP-MLD BBB   Negative (Reaffirmed(Stable to Negative))
	Non-Convertible Debentures (NCD)	Long Term	600.00	ACUITE PP-MLD BBB   Negative (Reaffirmed(Stable to Negative))
	Non-Convertible Debentures (NCD)	Long Term	200.00	ACUITE PP-MLD BBB   Negative (Reaffirmed(Stable to Negative))
	Non-Convertible Debentures (NCD)	Long Term	750.00	ACUITE PP-MLD BBB-   Negative (Reaffirmed(Stable to Negative))

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE003L07069	Principal protected market linked debentures	03 Apr 2020	Not avl. / Not appl.	02 Mar 2030	275.00	Complex	PP-MLD   ACUITE BB+   Stable   Upgraded ( from ACUITE PP-MLD C )
Not Applicable	INE003L07077	Principal protected market linked debentures	03 Apr 2020	Not avl. / Not appl.	02 Mar 2030	1080.00	Complex	PP-MLD   ACUITE BB+   Stable   Upgraded ( from ACUITE PP-MLD C )
Not Applicable	INE003L07184	Principal protected market linked debentures	30 Jul 2021	Not avl. / Not appl.	30 Jul 2026	650.00	Complex	PP-MLD   ACUITE BB+   Stable   Upgraded ( from ACUITE PP-MLD C )
Not Applicable	INE003L07200	Principal protected market linked debentures	09 Dec 2022	Not avl. / Not appl.	07 Dec 2028	260.00	Complex	PP-MLD   ACUITE BB+   Stable   Upgraded ( from ACUITE PP-MLD C )
Not Applicable	INE003L07184	Principal protected market linked debentures	30 Jul 2021	Not avl. / Not appl.	30 Jul 2026	100.00	Complex	PP-MLD   ACUITE BB+   Stable   Upgraded ( from ACUITE PP-MLD C )

## Contacts

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