

Press Release

Nam Estates Private Limited

July 26, 2022



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	1000.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	1000.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating of '**ACUITE BBB-' (CE) (read as ACUITE Triple B Minus (Credit Enhancement))** to '**ACUITE BB+**' (read as **ACUITE Double B Plus**) on the Rs.1,000 Cr Non-convertible debentures (NCD) of Nam Estates Private Limited (NEPL). The rating is flagged as "Issuer Not Cooperating" and is based on the best available information. Acuite has not been able to obtain adequate information on the existing projects of NEPL and has factored in the increased information risks in the rating action.

Acuite has also withdrawn the CE suffix in line with its revised rating criteria on CE ratings.

About the Company

Nam Estates Private Limited (NEPL) is a group company of Embassy Group. The company was established in 1995 and is based out of Bangalore. The company holds the Embassy Springs project in its books. Embassy Group was incorporated in 1993 by Mr. Jitendra Virwani. The group is one of the leading real estate developers. 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.

Analytical Approach

To arrive at the rating, Acuite has considered the standalone business and financial risk profiles of NEPL and also factored in the support from Embassy Property development Pvt Ltd (EPDPL) by the way of unconditional and irrevocable guarantee (the guarantee, however is set to lapse at the time of merger of NEPL with India Bulls Real estate Limited (IBREL). The analytical approach has been revised from a Credit Enhancement (CE) to a standalone rating along with an implicit notch up for the support from the Embassy Group. This is done to bring the analytical approach in line with Acuite's revised rating criteria w.r.t. credit enhancements.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower has submitted limited information before the due date.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

"Limited information provided by the issuer / available for Acuite to comment upon."

Material Covenants

None

Liquidity Position

"Limited information provided by the issuer / available for Acuite to comment upon."

Outlook

Not applicable

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	396.62	59.15
PAT	Rs. Cr.	(609.46)	(48.71)
PAT Margin	(%)	(153.66)	(82.35)
Total Debt/Tangible Net Worth	Times	13.90	(1.78)
PBDIT/Interest	Times	(0.14)	0.33

Status of non-cooperation with previous CRA

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Jul 2021	Non Convertible Debentures	Long Term	1000.00	ACUITE BBB- (CE) Stable (Assigned)
12 Jul 2021	Proposed Non Convertible Debentures	Long Term	1000.00	ACUITE Provisional BBB- (CE) Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Non-Covertible Debentures (NCD)	28-07-2021	19.0	28-07-2026	1000.00	ACUITE BB+ Downgraded Issuer not co-operating*

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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