



**Press Release**  
**MAC CHARLES INDIA LIMITED**  
**February 17, 2025**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	620.00	ACUITE BBB   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	620.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating to '**ACUITE BBB**' (read as **ACUITE Triple Bf**) from '**ACUITE BB**' (read as **ACUITE Double Bo**) on the Rs.620.00 Cr. of Non-Convertible Debentures (NCDs) of MAC Charles India Limited (MCIL). The outlook is '**Stable**'.

**Rationale for upgrade**

The rating upgrade considers the migration of MCIL from 'Issuer Not Co-operative (INC)' status to regular. The rating also factors in the experienced promoter group, completion of construction of project Zenith and reputed lessee profile with long-term lease agreements. The rating also draws strength from adequate cash flow position of the company. However, the rating is constrained due to renewal risk associated with lease roll and exposure to inherent cyclicity in the real estate industry. The ability of the company to successfully refinance and redeem the NCD's on or before maturity will remain as a key monitorable.

**About the Company**

Mac Charles India Limited (MCIL) incorporated in 1979 is based out of Bangalore. MCIL is in the business of real estate development and wind power generation. The company is promoted by Embassy Group which holds 73.41 percent of the shares of MCIL through Embassy Property Developments Private Limited (EPDPL). The company owns commercial real estate assets in Bangalore, Kerala and 5 wind power generation units in Bellary. Currently, the Company has redeveloped the erstwhile Le Meriden Hotel site in CBD Bangalore into a landmark A-Grade commercial office building under the project named – Embassy Zenith. MCIL, has recently initiated another project under its 100 percent wholly owned subsidiary named 'Mac Charles Hub Projects Private Limited' to acquire land parcels (a mix of outright acquisition and JDA) followed by construction of residential and commercial space for leasing.

**About the Group**

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 as well. 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, 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**

Acuité has considered the standalone business and financial risk profiles of MCIL to arrive at the credit rating.

## Key Rating Drivers

### Strengths

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

Mac Charles (India) Limited (MCIL) is in the business of real estate development and wind power generation. The company is promoted by Embassy Group which holds 73.41 percent of the shares of MCIL through Embassy Property Developments Private Limited. 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. Acuite believes, with the expertise of the group in handling similar projects in the past will help the company in on time completion of project without any cost overruns.

#### Premium location and amenities of both the projects

Embassy Zenith project is located at Sankey Road in heart of Bangalore city overlooking the golf course on the erstwhile Le Meriden Hotel site in CBD Bangalore. The project is expected to fetch monthly rentals, higher than those prevailing in the locality. Embassy Hub project is too located in North Bangalore, a few kilometers away from the airport. Both the developments are proposed to be an ultra- premium state of the art development with superlative specifications and high-end infrastructure. Acuite believes, the premium nature of the project and its prime location will benefit the company in realizing the better value of the projects.

#### Low execution and offtake risk with reputed lessee profile

The company has successfully completed the construction of Project Zenith where OC is expected to be receive by end of Feb 2025. The project has a total leasable area of ~389941 SFT. Out of the total leasable area, company has already leased out 207919 SFT to a global MNC for 15 years which denotes 53 percent occupancy level, while out of the available vacant space the company has received hard option from the same company for leasing an area of 182022 SFT for Ground to 6<sup>th</sup> floor i.e. 47 percent. The lease rentals of the entire leased area of ~389941 SFT. is expected to commence from September 2025. This mitigates offtake risk and gives revenue visibility for near to medium term to an extent.

#### Adequate Cash flow position and Refinancing ability

The company has received a sanction of a LRD+LAP (yet to disburse) for refinancing the existing high cost NCDs availed for construction of project Zenith and acquisition of land parcel for Project HUB. The company is expected to receive lease rentals out of Project Zenith's entire leased area of ~389941 SFT. from September 2025 which would be sufficient to repay the obligations for the loans taken for refinancing. The DSCR for this project is estimated to remain above unity over the tenure of the loan with an average DSCR of ~2.33 times. The ability of the company to successfully redeem the NCD's on or before maturity will remain as a key rating monitorable.

### Weaknesses

#### Moderate financial risk profile

MCIL's financial risk profile is moderate as observed from stable net worth, moderate debt protection metrics, and moderate coverage indicators. The net worth stood at Rs.433.74 Cr as on March 31, 2024 as against Rs.473.93 Cr as on March 31, 2023. The debt protection metrics stood above average with gearing of 1.90 times as on March 31, 2024 as against 1.11 times as on March 31, 2023 and total outside liabilities to net worth of 1.94 times as against 1.15 times as on March 31, 2023. The average DSCR for the sanction LRD loan stood at 2.33 times for the entire tenure of the loan.

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

Embassy Group and the projects is exposed to the risk of volatile prices on account of frequent demand supply mismatches in the industry. The Real Estate sector is currently witnessing moderation in demand on account of large amounts of unsold inventory, unleased commercial spaces and high borrowing costs. This is primarily attributable to the high 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 thereby impacting its operating capabilities.

### ESG Factors Relevant for Rating

MCIL undertakes multiple CSR activities and has an existing CSR policy. Previously, 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 grassroots 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**

- Successfully leasing of the vacant space ensuring steady cash flows
- Timely disbursement of loans and repayment of existing NCD's

### **All Covenants**

- The Company shall supply financial statements to the Debenture Trustee as soon they become available.
- The Company shall supply to the Debenture Trustee, with each set of financial statements of Embassy Property Developments Private Limited (EPDPL), a compliance certificate setting out (in reasonable detail) computations as to compliance Financial Covenants, along with the relevant valuation reports which have been relied upon to determine the fair value of the assets of EPDPL.
- The Company shall ensure that until the Final Settlement Date the Guarantor Net Worth shall, at all times in relation to EPDPL be not less than INR 10,000,000,000.
- The Loan to Value (LTV) Ratio as at the Pay In Date for the Debentures for all tranches will not be more than 66.66 percent.

### **Liquidity Position Adequate**

The Zenith project is already completed and are expected to generate cashflows from September 2025 from the lease rentals which would be adequate to serve the debt obligation towards repayment of LRD+LAP loan taken for refinancing of existing NCD's. The average DSCR for the project stood above unity for the entire tenure of the loan. The Average DSCR stood at 2.33 times.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	11.38	11.19
PAT	Rs. Cr.	(40.54)	58.98
PAT Margin	(%)	(356.12)	527.08
Total Debt/Tangible Net Worth	Times	1.90	1.11
PBDIT/Interest	Times	0.43	3.07

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

Not Applicable

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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. Acuité'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
17 Jan 2025	Non-Convertible Debentures (NCD)	Long Term	135.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	135.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	30.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	99.90	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	25.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	25.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	20.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	50.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Non-Convertible Debentures (NCD)	Long Term	100.10	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
23 Jan 2024	Non-Convertible Debentures (NCD)	Long Term	135.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	135.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	30.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	99.90	ACUITE BB+   Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	25.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	25.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	20.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	50.00	ACUITE BB+   Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	100.10	ACUITE BB+   Stable (Reaffirmed)
20 Feb 2023	Non-Convertible Debentures (NCD)	Long Term	300.00	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Non-Convertible Debentures (NCD)	Long Term	320.00	ACUITE BB+   Stable (Assigned)
31 May 2022	Non-Convertible Debentures (NCD)	Long Term	300.00	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	320.00	ACUITE Provisional BBB-   Stable (Assigned)

## 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	INE435D07110	Non-Convertible Debentures (NCD)	24 Aug 2022	Not avl. / Not appl.	24 Aug 2026	135.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )
Not Applicable	INE435D07136	Non-Convertible Debentures (NCD)	20 Sep 2022	Not avl. / Not appl.	24 Aug 2026	135.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )
Not Applicable	INE435D07128	Non-Convertible Debentures (NCD)	21 Dec 2022	Not avl. / Not appl.	24 Aug 2026	30.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )
Not Applicable	INE435D07011	Non-Convertible Debentures (NCD)	26 Jul 2021	Not avl. / Not appl.	26 Jul 2025	99.90	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )
Not Applicable	INE435D07037	Non-Convertible Debentures (NCD)	12 Aug 2022	Not avl. / Not appl.	26 Jul 2025	25.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )
Not Applicable	INE435D07060	Non-Convertible Debentures (NCD)	15 Dec 2022	Not avl. / Not appl.	26 Jul 2025	25.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )
Not Applicable	INE435D07128	Non-Convertible Debentures (NCD)	21 Dec 2022	Not avl. / Not appl.	24 Aug 2026	20.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )
Not Applicable	INE435D07086	Non-Convertible Debentures (NCD)	22 May 2023	Not avl. / Not appl.	26 Jul 2025	50.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )
Not Applicable	INE435D07094	Non-Convertible Debentures (NCD)	26 Dec 2023	Not avl. / Not appl.	26 Jul 2025	100.10	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB )



## Contacts

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### About Acuité Ratings & Research

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