**Press Release**

**MAC CHARLES INDIA LIMITED**

**Rating Reaffirmed and Withdrawn**

| **Product** | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|---|---|---|
| **Non Convertible Debentures (NCD)** | 50.00 | ACUITE BBB \| Stable \| Reaffirmed | - |
| **Non Convertible Debentures (NCD)** | 570.00 | Not Applicable \| Withdrawn | - |
| **Total Outstanding Quantum (Rs. Cr)** | 50.00 | - | - |
| **Total Withdrawn Quantum (Rs. Cr)** | 570.00 | - | - |

## Rating Rationale

Acuite has reaffirmed its long-term rating of **'ACUITE BBB' (read as ACUITE Triple B)** on the Rs.50.00 Cr. of Non-Convertible Debentures (NCDs) of MAC Charles India Limited (MCIL). The outlook is **'Stable'**.
Acuité has withdrawn its long-term rating on Rs.570.00 crore of Non-Convertible Debentures (NCDs) of MAC Charles India Limited (MCIL) without assigning any rating as it has been redeemed. The rating is being withdrawn on account of request received from the company.

**Rating Rationale**
The rating reaffirmation factors in the experienced promoter group, adequate cash flow position of the company along with reputed lessee profile. The rating also draws comfort from adequate cash flow position marked by above unity project DSCR during the tenure of the debt. However, the rating is constrained due to refinancing risk and risk associated with timely renewal of lease agreements. The rating also factors in the exposure to inherent cyclicality in the real estate industry.

## 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 also 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 strong lessee profile:**
The project Zenith has successfully completed the construction with a total leasable area of ~389941 SFT. The overall occupancy stands at 100 per cent to Apple India Private Limited, thus no or limited lessee risk exist.

**Adequate Cash flow position:**
Project Zenith has a leasable area of 389941 SFT The company has taken LRD loan for refinancing the existing loans availed for construction. The company has started receiving lease rentals from October 2025 and it will be sufficient to repay the loan taken for refinancing. The debt service coverage ratio (DSCR) for this project is estimated to remain above unity over the tenure of the loan with an average DSCR of ~1.09 times.

### Weaknesses

**Moderate financial risk profile:**
MCIL's financial risk profile was comfortable as observed from stable net worth, moderate debt protection metrics, and moderate coverage indicators. The net worth stood at Rs.407.71 Cr as on March 31, 2025, from Rs. 433.74 Cr as on March 31, 2024, on account of loses

made by the company in FY2025. The gearing of the company stood at 2.57 times as on March 31, 2025, as against 1.90 times as on March 31, 2024, and total outside liabilities to net worth of 2.62 times as on March 31, 2025, as against 1.94 times as on March 31, 2024. The debt protection metrics was above average with average project DSCR of 1.09 times. The financial risk profile deteriorated in FY2025 due to increase in total debt primarily long-term debt to Rs.1040.13 Cr as on March 31, 2025, as against Rs.823.72 Cr as on March 31, 2024.

**Susceptibility to cyclicality 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.

## Rating Sensitivities

- Timely repayment of existing debt
- Timely renewal of lease agreements, ensuring consistency and adequacy of cash flows.

## Liquidity Position
**Adequate**

The Zenith project is already completed and are generating cashflows from October 2025 from the lease rentals which are adequate to serve the debt obligation towards repayment of LRD loan taken for refinancing of existing debt. The average debt service coverage ratio (DSCR) for the project stood above unity for the entire tenure of the loan. The average DSCR stood at 1.09 times.

## Outlook: Stable

## Other Factors affecting Rating
None

**Key Financials**

| Particulars | Unit | FY 25 (Actual) | FY 24 (Actual) |
|---|---|---|---|
| Operating Income | Rs. Cr. | 9.83 | 11.38 |
| PAT | Rs. Cr. | (59.07) | (40.54) |
| PAT Margin | (%) | (600.90) | (356.12) |
| Total Debt/Tangible Net Worth | Times | 2.57 | 1.90 |
| PBDIT/Interest | Times | 0.43 | 0.43 |

**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
• 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.

## Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|---|---|---|---|---|
| 17 Feb 2025 | Non-Covertible Debentures (NCD) | Long Term | 135.00 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| | Non-Covertible Debentures (NCD) | Long Term | 135.00 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| | Non-Covertible Debentures (NCD) | Long Term | 30.00 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| | Non-Covertible Debentures (NCD) | Long Term | 99.90 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| | Non-Covertible Debentures (NCD) | Long Term | 25.00 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| | Non-Covertible Debentures (NCD) | Long Term | 25.00 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| | Non-Covertible Debentures (NCD) | Long Term | 20.00 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| | Non-Covertible Debentures (NCD) | Long Term | 50.00 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| | Non-Covertible Debentures (NCD) | Long Term | 100.10 | ACUITE BBB \| Stable (Upgraded from ACUITE BB) |
| 17 Jan 2025 | Non-Covertible Debentures (NCD) | Long Term | 135.00 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 135.00 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 30.00 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 99.90 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 25.00 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 25.00 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 20.00 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 50.00 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 100.10 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ \| Stable) |
| 23 Jan 2024 | Non-Covertible Debentures (NCD) | Long Term | 135.00 | ACUITE BB+ \| Stable (Reaffirmed) |
| | Non-Covertible Debentures (NCD) | Long Term | 135.00 | ACUITE BB+ \| Stable (Reaffirmed) |
| | Non-Covertible Debentures (NCD) | Long Term | 30.00 | ACUITE BB+ \| Stable (Reaffirmed) |
| | Non-Covertible Debentures (NCD) | Long Term | 99.90 | ACUITE BB+ \| Stable (Reaffirmed) |
| | Non-Covertible Debentures (NCD) | Long Term | 25.00 | ACUITE BB+ \| Stable (Reaffirmed) |
| | Non-Covertible Debentures (NCD) | Long Term | 25.00 | ACUITE BB+ \| Stable (Reaffirmed) |
| | Non-Covertible Debentures (NCD) | Long Term | 20.00 | ACUITE BB+ \| Stable (Reaffirmed) |
| | Non-Covertible Debentures (NCD) | Long Term | 50.00 | ACUITE BB+ \| Stable (Reaffirmed) |

| | | | | |
|---|---|---|---|---|
| | Non-Covertible Debentures (NCD) | Long Term | 100.10 | ACUITE BB+ \| Stable (Reaffirmed) |
| 20 Feb 2023 | Non-Covertible Debentures (NCD) | Long Term | 300.00 | ACUITE BB+ \| Stable (Downgraded from ACUITE BBB- \| Stable) |
| | Non-Covertible Debentures (NCD) | Long Term | 320.00 | ACUITE BB+ \| 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 | INE435D07144 | Non-Convertible Debentures (NCD) | 21 Dec 2022 | Not avl. / Not appl. | 24 Aug 2026 | 30.00 | Simple | ACUITE BBB \| Stable \| Reaffirmed |
| Not Applicable | INE435D07144 | Non-Convertible Debentures (NCD) | 21 Dec 2022 | Not avl. / Not appl. | 24 Aug 2026 | 20.00 | Simple | ACUITE BBB \| Stable \| Reaffirmed |
| Not Applicable | INE435D07086 | Non-Convertible Debentures (NCD) | 22 May 2023 | Not avl. / Not appl. | 26 Jul 2025 | 50.00 | Simple | ACUITE Not Applicable \| Withdrawn |
| Not Applicable | INE435D07094 | Non-Convertible Debentures (NCD) | 26 Dec 2023 | Not avl. / Not appl. | 26 Jul 2025 | 100.10 | Simple | ACUITE Not Applicable \| Withdrawn |
| Not Applicable | INE435D07110 | Non-Convertible Debentures (NCD) | 24 Aug 2022 | Not avl. / Not appl. | 24 Aug 2026 | 135.00 | Simple | ACUITE Not Applicable \| Withdrawn |
| Not Applicable | INE435D07136 | Non-Convertible Debentures (NCD) | 20 Sep 2022 | Not avl. / Not appl. | 24 Aug 2026 | 135.00 | Simple | ACUITE Not Applicable \| Withdrawn |
| Not Applicable | INE435D07011 | Non-Convertible Debentures (NCD) | 26 Jul 2021 | Not avl. / Not appl. | 26 Jul 2025 | 99.90 | Simple | ACUITE Not Applicable \| Withdrawn |
| Not Applicable | INE435D07037 | Non-Convertible Debentures (NCD) | 12 Aug 2022 | Not avl. / Not appl. | 26 Jul 2025 | 25.00 | Simple | ACUITE Not Applicable \| Withdrawn |
| Not Applicable | INE435D07060 | Non-Convertible Debentures (NCD) | 15 Dec 2022 | Not avl. / Not appl. | 26 Jul 2025 | 25.00 | Simple | ACUITE Not Applicable \| Withdrawn |

**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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