

Independent Auditor's Certificate on compliance with financial covenants of the listed Non-convertible debt securities pursuant to Regulation 15(1)(f) of SEBI (Debenture Trustees) Regulations, 1993 read with Clause 2.1 of Chapter VI of SEBI operational circular for Debenture Trustees dated 31 March 2023

To
The Board of Directors
Mac Charles (India) Limited
1st Floor Embassy Point
150 Infantry Road
Bangalore - 560001

1. This certificate is issued in accordance with the terms of our engagement letter dated 28 July 2023 with Mac Charles (India) Limited ('the Company').
2. The accompanying Statement containing details of compliance with the financial covenants as per the terms of debenture trust deed of the listed debt securities of the Company outstanding as at 30 September 2023 (hereinafter referred to as 'the Statement') has been prepared by the Company's management for the purpose of submission of the Statement along with this certificate to the Debenture Trustee of the Company, pursuant to the requirements of Regulation 15(1)(f) of SEBI (Debenture Trustees) Regulations, 1993 (as amended) ('Debenture Trustees Regulations') read with Clause 2.1 of Chapter VI of SEBI operational circular for Debenture Trustees dated 31 March 2023 (collectively referred to as 'the Regulations'). We have initialled the Statement for identification purposes only.
3. The Company has entered into following agreements/ Debenture Trust Deeds (collectively referred to as 'Debenture Trust Deeds') with the Debenture Trustee for the below securities (collectively referred to as "listed debt securities"):
 - a. Debenture Trust Deed dated 19 July 2021 as amended and restated on 11 May 2023, entered between the Company and Catalyst Trusteeship Limited in relation to senior, secured, redeemable, listed, rated Non Convertible Debentures ("NCDs") of 1,499 NCDs of a nominal value of ₹ 1 million each and 15,010 NCDs of a nominal value of ₹ 0.1 million, in aggregate amounting to ₹ 3,000 million out of which the Company has issued 6,499 senior, secured, redeemable, listed, rated NCDs, in aggregate amounting to ₹ 1,999 million until 30 September 2023.
 - b. Debenture Trust Deed dated 23 August 2022 as amended and restated on 24 March 2023, entered between the Company and Catalyst Trusteeship Limited in relation to 3,200 senior, secured, redeemable, listed, rated NCDs of a nominal value of ₹ 1 million each amounting to ₹ 3,200 million out of which the Company has issued 3,200 senior, secured, redeemable, listed, rated NCD until 30 September 2023.

Management's Responsibility for the Statement

4. The preparation of the Statement, including the preparation and maintenance of all accounting and other relevant supporting records and documents, is solely the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

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5. The management is also responsible for ensuring the compliance with the requirements of the Regulations and the debenture trust deed for the purpose of furnishing this Statement and for providing all relevant information to the Debenture Trustee.

Auditor's Responsibility

6. Pursuant to requirement of the Regulations as referred to in paragraph 2 above, it is our responsibility to express limited assurance in the form of a conclusion as to whether the details included in the accompanying Statement with respect to the compliance with the financial covenants as per the terms of debenture trust deed of the listed debt securities of the Company outstanding as at 30 September 2023 and the amounts used in computation of:
 - a. Net worth of the guarantor, Embassy Property Developments Private Limited ('Guarantor') as mentioned in part II in the accompanying Statement has been accurately extracted from the standalone financial statements of such Guarantor for the year ended 31 March 2023 and;
 - b. Loan to value ratio has been accurately computed basis the unaudited standalone financial results of the Company, underlying books of account and other relevant records and documents maintained by the Company for the period ended 30 September 2023.
7. The unaudited standalone financial results, referred to in paragraph 6 above, have been reviewed by us, on which we have expressed an unmodified conclusion vide our report dated 09 November 2023. Our review of financial results was conducted in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India ('the ICAI'). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to the financial data and thus, provides less assurance than an audit. We have not performed an audit and accordingly, we did not express an audit opinion.
8. The audited standalone financial statements of the Guarantor for the year ended 31 March 2023 referred to in paragraph 6(a) above, were audited by another firm of Chartered Accountants, HRA & Co., who have expressed an unmodified opinion vide their report dated 30 May 2023. The audit of these financial statements were conducted in accordance with Standards of Auditing specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the ICAI. Those Standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.
11. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures selected depend on the auditor's judgment, including the assessment of the areas where a material misstatement of the subject matter information is likely to arise. We have performed the following procedures in relation to the accompanying Statement:
 - a) Obtained the details of financial covenants as stated in debenture trust deeds in respect of the NCDs of the Company outstanding as at 30 September 2023;
 - b) Understood the basis of computation of such financial covenants and verified that the computation of financial covenants as on 30 September 2023 is in accordance with the basis of computation as mentioned in the debenture trust deeds
 - c) Obtained the audited standalone financial statements of Guarantor for the year ended 31 March 2023 from the management of the Company and traced the value of assets and liabilities from such audited standalone financial statements for the purpose of calculation of net worth, as included in the accompanying Statement;
 - d) Obtained the fair valuation reports of the ongoing projects for computation of such financial covenants.

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- e) Obtained necessary representations from the management.

Conclusion

12. Based on our examination and the procedures performed as per paragraph 11 above, evidences obtained, and the information and explanations given to us, along with the representations provided by the management, nothing has come to our attention that cause us to believe that the details included in the accompanying Statement with respect to the compliance with the financial covenants is not per the terms of debenture trust deeds of the listed debt securities of the Company outstanding as at 30 September 2023 and the amounts used in computation of:
 - a. Net worth of the guarantor, Embassy Property Developments Private Limited ('Guarantor') as mentioned in Part II in the accompanying Statement has been accurately extracted from the standalone financial statements of such Guarantor for the year ended 31 March 2023 and
 - b. Loan to value ratio has been accurately computed basis the unaudited standalone financial results of the Company, underlying books of account and other relevant records and documents maintained by the Company for the period ended 30 September 2023.

Other matter

13. The standalone financial statements of the Guarantor as referred to in paragraph 6(a) above for the year ended 31 March 2023 has been audited by HRA & Co., who have expressed an unmodified opinion vide its audit report dated 30 May 2023 and whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our examination of the Statement. Our opinion is not modified in respect of this matter.

Restriction on distribution or use

14. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Regulations. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have or have had as the statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
15. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the requirements of the Regulations, which inter alia, require it to submit this certificate along with the Statement to the Debenture Trustee of the Company, and therefore, this certificate should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Hemant Maheshwari
Partner
Membership No.: 096537
UDIN: 23096537BGVEWB1396

Place: Bengaluru
Date: 09 November 2023

Statement containing details of secured, listed, rated, redeemable non-convertible debentures ('NCDs') of the Company outstanding as at 30 September 2023, the covenants criteria as per the terms of debenture trust deed ('DTD') , and the Company's compliance with such covenants.

I. Details of secured, listed, rated, redeemable NCDs' of the Company outstanding as at 30 September 2023

S.No	ISIN	Series	Outstanding as on 30 September 2023 including interest (Amount in millions)
1	INE435D07011	Zero Coupon, Senior, secured, rated, redeemable and listed NCDs (DTD as amended on 11 May 2023)	999.00
2	INE435D07037	Zero Coupon, Senior, secured, rated, redeemable and listed NCDs (DTD as amended on 11 May 2023)	250.00
3	INE435D07060	Zero Coupon, Senior, secured, rated, redeemable and listed NCDs (DTD as amended on 11 May 2023)	250.00
4	INE435D07086	Zero Coupon, Senior, secured, rated, redeemable and listed NCDs (DTD as amended on 11 May 2023)	500.00
5	NA	Accrued redemption premium on points 1 to 4 above (DTD as amended on 11 May 2022)	486.19
6	INE435D07045	Zero Coupon, Senior, secured, rated, redeemable and listed NCDs (DTD as amended on 24 March 2023)	1,350.00
7	INE435D07052	Zero Coupon, Senior, secured, rated, redeemable and listed NCDs (DTD as amended on 24 March 2023)	1,350.00
8	INE435D07078	Zero Coupon, Senior, secured, rated, redeemable and listed NCDs (DTD as amended on 24 March 2023)	500.00
9	NA	Accrued redemption premium on points 6 to 8 above (DTD as amended on 24 March 2023)	645.56

II. The covenants criteria as per the terms of debenture trust deed, and the Company's compliance with such covenants

Financial Covenants for zero coupon, senior, secured, rated/ unrated, redeemable and listed/ unlisted non-convertible debentures (DTD dated 19 July 2021 as amended and restated on 11 May 2023)

Particulars	Audited financial statements	Remarks
(1) Guarantor Net Worth shall, at all times, be not less than ₹ 10,000 millions	Net worth as on 31 March 2023 for the guarantor is ₹ 20,727.23 millions.	Refer note a below
(2) The Company shall ensure that the Loan to Value Ratio ('LTV') on any LTV Testing Date shall not be more than 66.66%.	31.32% as on 30 September 2023	Refer note b below

Financial Covenants for zero coupon, senior, secured, rated, redeemable and listed non-convertible debentures (DTD dated 23 August 2022 as amended and restated on 24 March 2023)

Particulars	Audited financial statements as at 31 March 2023	Remarks
(1) Guarantor Net Worth shall, at all times, be not less than ₹ 10,000 millions	Net worth as on 31 March 2023 for the guarantor is ₹ 20,727.23 millions.	Refer note a below
(2) The Company shall ensure that the Loan to Value Ratio ('LTV') on any LTV Testing Date shall not be more than 66.66%.	33.32% as on 30 September 2023	Refer note b below

Notes:

- a. Guarantor Net Worth as mentioned in the DTD dated 19 July 2021 and DTD dated 23 August 2022 as amended and restated
- (A) The Company shall ensure that until the Final Settlement Date the Guarantor Net Worth shall, at all times, in relation to Embassy Property Developments Private Limited ("EPDPL"), be not less than ₹ 10,000 million.
- (B) For the purposes of above Paragraph

"Guarantor Net Worth" means on any particular date (a) the aggregate of the Asset Value of all assets of the Guarantor on such date; less (b) the Liabilities of the Guarantor on such date.

"Asset Value" means in relation to any asset of the Guarantor, on any particular date.

(i) The fair value of such asset, as set out in a valuation report which is (i) prepared by an independent valuer acceptable to Debenture Trustee; and (ii) not more than 3 Months older than such date; or

(ii) If the fair value of such asset cannot be determined based on the requirements set out in paragraph above, the book value of such asset as set out in the last audited financial statements of the Guarantor.

"Liabilities" means on any particular date and in relation to the Guarantor, aggregate of all the liabilities (including contingent liabilities) of the Guarantor as set out in the last audited financial statements of the Guarantor

“**Guarantor**” here means Embassy Property Developments Private Limited (EPDPL), a company incorporated under the laws of India with corporate identification number U85110KA1996PTC020897 and having its registered office at I Floor, Embassy Point #150 Infantry Road Bangalore, Karnataka 560001 India.

All Assets Value as per the audited standalone financial statements of EPDPL as on 31 March 2023	93,222.25 million
All liability Value (including contingent liabilities) as per the audited standalone financial statements of EPDPL as on 31 March 2023	72,495.02 million
Guarantors net worth as on 31 March 2023	20,727.23 million

b. Loan to Value

The Company shall ensure that the Loan to Value Ratio (LTV) on any LTV Testing Date shall not be more than 66.66%.

(A) As mentioned in DTD dated 19 July 2021 as amended and restated on 11 May 2023

“**LTV Testing Date**” means the following dates

The first Pay In Date or the last date of each 6 Month period falling thereafter

“**Pay In Date**” means, in relation to each Tranche of Debentures, the date on which each applicant for such Tranche of Debentures makes payment to the Company for the Debentures to be allotted to it in accordance with the relevant Information Memorandum, and which is identified in the relevant Information Memorandum as the “Pay In Date”

LTV formula as per the debentres trust deed **LTV = [CSO/EV] x100**

“**CSO**” is on any day the aggregate amount of the Common Secured Obligations as at that date provided that where the Loan to Value Ratio is being calculated as at (i) any Pay In Date, such calculation shall be made as if all the Debentures proposed to be allotted on such Pay In Date have already been paid for and allotted;

Therefore CSO = Common Secured obligation for ₹ 2,485.19 million debentures allotted (Including interest)

“**EV**” is, on any date, the aggregate value of the Immovable Assets (Project) mortgaged in favour of the Common Security Trustee, set out in the then most recent Valuation Report provided by the Company, pursuant to this Deed.

Therefore EV = Fair value of immovable Assets project (Zenith) as on 30 September 2023 being ₹ 7,934 million.

LTV as on LTV Testing date (30 September 2023) **31.32%**

(B) As mentioned in DTD dated 23 August 2022 as amended and restated on 24 March 2023

“**LTV Testing Date**” means the following dates:

(a) the first Pay In Date;

(b) the date falling at the end of 90 days from the First Deemed Date of Allotment;

(c) the date falling at the end of 180 days from the First Deemed Date of Allotment; and

(d) thereafter, on every 31 March and 30 September respectively.

“**Pay In Date**” means, in relation to each Tranche of Debentures, the date on which each applicant for such Tranche of Debentures makes payment to the Company for the Debentures to be allotted to it in accordance with the relevant Placement Memorandum, and which is identified in the relevant Placement Memorandum as the “Pay In Date”.

LTV formula as per the debentres trust deed **LTV = [D/EV] x100**

“**D**” is on any day the aggregate amount of the Debt (net of funds held in the MCIL Designated Account and the Hub SPV Designated Account) as at that date provided that where the Loan to Value Ratio is being calculated as at any Pay In Date, such calculation shall be made as if all the Debentures proposed to be allotted on such Pay In Date have already been paid for and allotted; and

Therefore D = Debt obligation net of funds held of ₹ 1,542.68 million debentures allotted (Including interest net of funds held)

“**EV**” is, on any date, the aggregate value of the Project Land mortgaged in favour of the Debenture Trustee, set out in the then most recent Valuation Report provided by the Company, pursuant to this Deed. Provided that once the Company completes construction up to ground floor of Project (Zenith) to the satisfaction of the Debenture Trustee and obtains all Authorisations in relation to the same, “EV” shall mean on any date, the aggregate value of (i) the Project Land mortgaged in favour of the Debenture Trustee, set out in the then most recent Valuation Report provided by the Company, pursuant to this Deed, and (ii) Zenith Surplus.

Therefore EV = Fair value of the Project Land mortgaged as on 30 September 2023 being ₹ 4,630.45 million.

LTV as on LTV Testing date (30 September 2023) **33.32%**

Management Declaration

We confirm that the Company has complied with all the following covenants as included in the DTD dated 19 July 2021 and 23 August 2022 as amended and restated:

A. Part (a) negative covenants mentioned in para 10.2 of debenture trust deed

B. Part (b) negative covenants mentioned in para 10.2 of debenture trust deed

C. Part (c) informative covenants mentioned in para 10.2 of debenture trust deed

For Mac Charles (India) Limited.

Name : Harish Anand
Designation : Director

Place : Bangalore