

Embassy Office Parks REIT | BUY



Break in the clouds

In its recently held analyst meet, the management of Embassy Office Parks REIT (Embassy) remained confident of a strong FY25, led by demand from Global Captive Centres (GCCs), which continue to set up, expand and move towards higher-valued services in India. Going forward, NOI growth will come from multiple levers including lease-out of vacant areas, contracted escalations, MTM potential and new developments: Embassy has an active development pipeline of 6.9msf (4QFY24-FY28E) with 90% concentrated in Bengaluru, India's leading office market. We reiterate a 'BUY' rating with a Mar'25 TP of INR 390 (total return potential of 13.4%; 7.1% dividend and 6.3% capital appreciation).

- Encouraging demand signs:** In 3QFY24, on the leasing front, Embassy achieved c.3.5msf across 22 deals with GCCs contributing to over 78% of this demand. Overall occupancy inched upwards to 84% (83% in Sep'23) on account of stronger leasing and fewer exits (0.5msf). In continuation with the trend, Embassy expects leasing demand in FY25 to be led by GCCs. Embassy has applied for denotification of two buildings that are completely vacant: i) 0.8msf in Bengaluru and ii) 0.3msf in Pune. The company expects full approvals to come in the next 3-4 months; the cost of such approvals will be c. INR 300-400psf (4-8 months of rentals). This is expected to have a positive impact on leasing momentum.
- NOI can potentially grow by 40% in the next 2-3 years:** Over FY20-23, Embassy's NOI grew by 52% from INR 18.2bn to INR 27.7bn driven by acquisitions, rental growth and hotel launches. Embassy's current portfolio of 45.4msf (including 9.6ms of development pipeline) has a growth potential of c. INR 12bn (40% over FY23 NOI), which can be realised over the next 2-3 years. The organic growth pipeline comprises i) lease-up of 5.7msf of vacant area (INR 3.7bn contribution to NOI), ii) completion of 6.9msf of under-construction assets (INR 7.7bn contribution to NOI) and iii) two new hotels at Embassy Tech Village with 518 keys (INR 0.8bn contribution to NOI). In addition to the organic growth pipeline, the 5% p.a. contracted escalations and 10% MTM potential for the total portfolio will further uplift the NOI.
- ROFO assets to further enhance growth prospects:** Embassy's ROFO pipeline encompasses c. 9msf in key micro-markets of Bengaluru (Embassy Whitefield) and Chennai (Embassy Spendid Techzone). Embassy Whitefield is situated in Outer Ring Road with a total completed area of 1.7msf, current occupancy of 64% and a future development area of 2.5msf. Embassy Spendid Techzone is situated in Pallavaram-Thoraipakkam office corridor with a total completed area of 1.4msf and occupancy of 95%. This asset currently has another 1.6msf under-construction (36% pre-leased) and 2.0msf that can be developed in the future.
- We reiterate 'BUY' with a Mar'25 TP of INR 390:** We expect net operating income (NOI) to accumulate at 11.1% CAGR over FY23-26E. We reiterate 'BUY' with a Mar'25 TP of INR 390 (total return potential of 13.4%; 7.1% dividend and 6.3% capital appreciation).

Sumit Kumar
sumit.kumar@jmf.com | Tel.: (91 22) 66303089

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	390
Upside/(Downside)	7.1%
Previous Price Target	390
Change	0.0%

Key Data – EMBASSY IN

Current Market Price	INR364
Market cap (bn)	INR345.0/US\$4.2
Free Float	100%
Shares in issue (mn)	948.2
Diluted share (mn)	948.2
3-mon avg daily val (mn)	INR1,596.1/US\$19.2
52-week range	372/281
Sensex/Nifty	73,143/22,213
INR/US\$	82.9

Price Performance

%	1M	6M	12M
Absolute	4.1	20.5	19.3
Relative*	0.6	6.9	-3.0

* To the BSE Sensex

Financial Summary

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	27,346	31,643	33,646	37,369	42,469
Sales Growth (%)	28.4	15.7	6.3	11.1	13.6
EBITDA	22,981	25,444	29,316	32,310	36,204
EBITDA Margin (%)	77.6	74.4	79.0	78.6	77.7
Adjusted Net Profit	8,884	5,060	9,041	10,279	12,693
Diluted EPS (INR)	9.4	5.3	9.5	10.8	13.4
Diluted EPS Growth (%)	11.4	-43.0	78.7	13.7	23.5
ROIC (%)	4.0	2.8	4.6	5.3	6.3
ROE (%)	3.4	2.0	3.8	4.5	5.9
P/E (x)	38.9	68.2	38.2	33.6	27.2
P/B (x)	1.3	1.4	1.5	1.6	1.6
EV/EBITDA (x)	20.0	19.1	16.9	15.6	14.2
Dividend Yield (%)	6.0	6.0	5.7	6.3	7.2

Source: Company data, JM Financial. Note: Valuations as of 23/Feb/2024

JM Financial Institutional Securities Limited

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

■ Other key takeaways:

- Embassy's Mumbai assets are doing well with 90%+ occupancy levels.
- With respect to the Embassy's Pune assets i) Techzone should be completely occupied by FY25E (currently 77%), ii) Quibix is doing well with 91% occupancy and iii) Quadron is likely to improve once the metro becomes operational (currently 54%).
- In Noida, Galaxy should achieve 90%+ occupancy in FY25E (currently 84%); leasing at the Oxygen asset (occupancy at 66%) might be slow in the near term due to its distance from New Delhi but should pick up once the Noida airport opens.
- In Bengaluru, the demand for office space is shifting to the North and, thus, the management believes Embassy Business Hub has tremendous potential.
- The management expects GCCs to drive leasing in FY25. As per Colliers, 40-45msf will be absorbed by GCCs over CY24-25.
- Embassy estimates the cost of denotification to be 3 months of rentals for its Bengaluru assets and 7-8 months of rentals for its Pune and Noida assets.
- The management also highlighted that it is seeing several Bengaluru clients expanding to Chennai due to the numerous engineering colleges and talented pool of people in the city. The manufacturing sector is the major demand driver in Chennai.

Portfolio of Embassy Office Parks REIT

Exhibit 1. Office portfolio

Asset	Leasable Area (msf)			WALE (yrs)	Occupancy (%)	Rent (INR psf pm)			GAV	
	Completed Area	Development Area	Total Area			In-Place	Market	MTM (%)	INR mn	% of total
Embassy Manyata	12.4	3.2	15.6	7.0	82%	80	94	18%	190,175	36%
Embassy TechVillage	7.3	2.3	9.6	8.7	94%	78	94	20%	120,697	23%
Embassy Golflinks	3.1	-	3.1	7.4	97%	147	155	5%	36,490	7%
Embassy One	0.3	-	0.3	8.6	78%	149	147	-1%	5,282	1%
Embassy Business Hub	0.4	1.0	1.4	9.9	92%	57	65	14%	5,148	1%
Bengaluru Sub-total	23.5	6.5	30.0	7.6	88%	89	103	15%	357,792	68%
Express Towers	0.5	-	0.5	3.9	90%	270	275	2%	18,845	4%
Embassy 247	1.2	-	1.2	4.0	100%	110	112	2%	18,874	4%
FIFC	0.4	-	0.4	2.7	91%	298	280	-6%	14,905	3%
Mumbai Sub-total	2.0	-	2.0	3.6	96%	177	176	0%	52,624	10%
Embassy Techzone	3.0	2.4	5.5	4.4	77%	54	48	-11%	23,877	5%
Embassy Quadron	1.9	-	1.9	4.8	54%	53	48	-10%	12,172	2%
Embassy Qubix	1.5	-	1.5	3.8	91%	44	48	9%	9,740	2%
Pune Sub-total	6.4	2.4	8.8	4.5	74%	51	48	-6%	45,789	9%
Embassy Oxygen	2.5	0.7	3.3	9.3	66%	54	48	-11%	23,185	4%
Embassy Galaxy	1.4	-	1.4	8.2	84%	45	48	7%	9,617	2%
Noida Sub-total	3.9	0.7	4.6	8.8	72%	50	48	-4%	32,802	6%
Subtotal (Office)	35.8	9.6	45.4	6.9	84%	85	95	10%	489,007	93%

Source: Company, JM Financial

Exhibit 2. Hotels and solar park portfolio

Hotels and Solar Park	Keys / MW			Occupancy (%)	GAV	
	Completed	Development	Total		INR mn	% of total
Hotels						
Four Seasons at Embassy One	230	-	230	45%	8,905	2%
Hilton at Embassy Golflinks	247	-	247	56%	6,075	1%
Hilton at Embassy Manyata (5 & 3 star)	619	-	619	59%	13,405	3%
Hilton & Hilton Garden Inn at Embassy TechVillage (5 & 3 star)	-	518	518	NA	821	0%
Total (Hospitality)	1,096	518	1,614	NA	29,206	6%
Solar Park						
Embassy Energy	100	-	100	NA	8,300	2%
Total (Solar Power)	100	-	100	NA	8,300	2%

Source: Company, JM Financial

Exhibit 3. Under-construction asset; Manyata Block D1 & D2



Source: Company, JM Financial

Note: Total area = 1.4msf, Feb'26 is the target delivery date, 78% is pre-leased

Exhibit 4. Under-construction asset; Manyata Block L4



Source: Company, JM Financial

Note: Total area = 0.8msf, Sep'25 is the target delivery date, 100% is pre-leased

Exhibit 5. Under-construction asset; Techvillage Block 8



Source: Company, JM Financial

Note: Total area = 1.9msf, Oct'24 is the target delivery date, 76% is pre-leased

Exhibit 6. Under-construction asset; Business Hub phase 2



Source: Company, JM Financial

Note: Total area = 1.0msf, Sep'27 is the target delivery date. Embassy also has ROFO from the sponsor on 46 acres of land which is adjacent to the Business Hub phase 1 and phase 2 developments.

Exhibit 7. ROFO pipeline

Embassy Splendid TechZone, Chennai



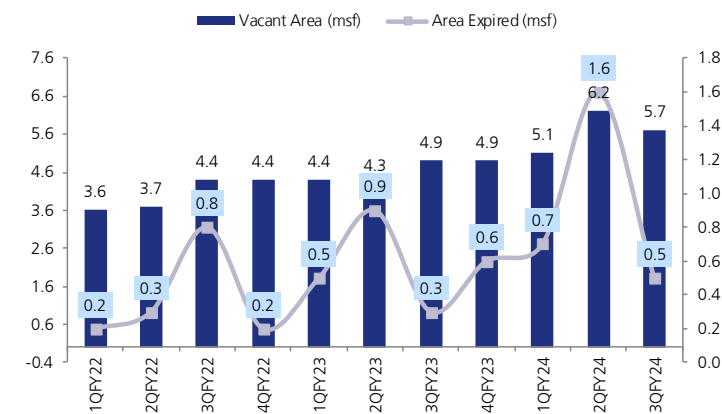
Embassy Whitefield (ETV Backland), Bangalore⁽³⁾



Source: Company, JM Financial

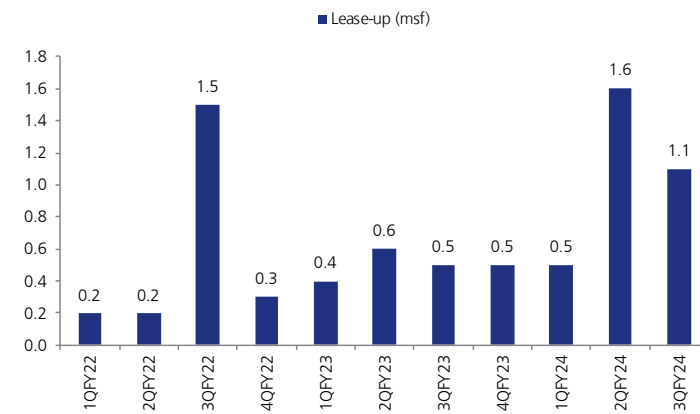
Quarterly Information

Exhibit 8. Quarterly expiries and vacant area



Source: Company, JM Financial

Exhibit 9. Quarterly lease-up of area



Source: Company, JM Financial

Exhibit 10. Total leasable area

Leasable area (msf)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Bengaluru sub-total	27.0	27.0	27.2	27.4	27.4	27.8	28.2	29.6	29.6	29.9	30.0
Embassy Manyata	14.8	14.8	14.8	14.8	14.8	15.2	15.2	15.2	15.2	15.5	15.6
Embassy TechVillage	9.2	9.2	9.2	9.2	9.2	9.2	9.6	9.6	9.6	9.6	9.6
Embassy Golflinks	2.7	2.7	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Embassy One	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Embassy Business Hub	NA	NA	NA	NA	NA	NA	NA	1.4	1.4	1.4	1.4
Mumbai sub-total	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Express Towers	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Embassy 247	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
FIFC	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Pune sub-total	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Embassy Techzone	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Embassy Quadron	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Embassy Qubix	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Noida sub-total	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Embassy Oxygen	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Embassy Galaxy	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Total leasable area	42.4	42.4	42.6	42.6	42.8	43.2	43.6	45.0	45.0	45.3	45.4

Source: Company, JM Financial

Exhibit 11. Total completed area

Completed area (msf)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	
Bengaluru sub-total	20.9	20.9	22.2	22.5	22.5	22.1	22.1	22.1	22.1	22.1	23.1	23.5
Embassy Manyata	11.8	11.8	11.8	11.8	11.8	11.4	11.4	11.4	11.4	12.4	12.4	12.4
Embassy TechVillage	6.1	6.1	7.2	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Embassy Golflinks	2.7	2.7	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Embassy One	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Embassy Business Hub	NA	NA	NA	NA	NA	NA	NA	0.0	0.0	0.0	0.4	0.4
Mumbai sub-total	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Express Towers	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Embassy 247	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
FIFC	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Pune sub-total	5.6	5.6	5.6	5.6	5.6	5.6	6.4	6.4	6.4	6.4	6.4	6.4
Embassy Techzone	2.2	2.2	2.2	2.2	2.2	2.2	3.0	3.0	3.0	3.0	3.0	3.0
Embassy Quadron	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Embassy Qubix	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Noida sub-total	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Embassy Oxygen	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Embassy Galaxy	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Total completed area	32.3	32.3	33.6	33.8	33.8	33.8	34.3	34.3	34.3	35.3	35.8	

Source: Company, JM Financial

Exhibit 12. Occupancy likely to inch up going forward

Occupancy (%)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Bengaluru sub-total	94%	94%	92%	92%	92%	93%	93%	92%	94%	89%	88%
Embassy Manyata	94%	92%	88%	88%	87%	88%	89%	89%	91%	81%	82%
Embassy TechVillage	98%	99%	99%	99%	99%	98%	98%	97%	97%	97%	94%
Embassy Golflinks	97%	97%	94%	94%	99%	100%	100%	97%	95%	97%	97%
Embassy One	6%	6%	33%	33%	33%	45%	45%	60%	60%	78%	78%
Embassy Business Hub	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	92%
Mumbai sub-total	81%	81%	84%	82%	83%	86%	87%	90%	91%	96%	96%
Express Towers	90%	88%	88%	81%	78%	81%	82%	83%	82%	90%	90%
Embassy 247	81%	81%	84%	84%	84%	87%	89%	93%	95%	100%	100%
FIFC	73%	73%	78%	78%	86%	86%	91%	91%	91%	91%	91%
Pune sub-total	74%	75%	74%	75%	74%	72%	65%	66%	66%	69%	74%
Embassy Techzone	88%	88%	86%	86%	84%	80%	63%	65%	65%	70%	77%
Embassy Quadron	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	54%
Embassy Qubix	84%	90%	89%	89%	90%	89%	91%	90%	91%	91%	91%
Noida sub-total	84%	84%	79%	79%	79%	79%	79%	77%	65%	62%	72%
Embassy Oxygen	76%	76%	76%	76%	73%	72%	72%	67%	67%	68%	66%
Embassy Galaxy	99%	99%	84%	85%	89%	92%	93%	96%	60%	52%	84%
Total occupancy	89%	89%	87%	87%	87%	87%	86%	86%	85%	83%	84%

Source: Company, JM Financial

Exhibit 13. In-place rent growing at a healthy rate

In-place rent (INR psf pm)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Bengaluru sub-total	73	74	76	77	79	81	82	82	85	90	89
Embassy Manyata	62	62	64	65	66	69	71	72	76	81	80
Embassy TechVillage	71	72	74	74	76	77	77	77	77	78	78
Embassy Golflinks	120	122	125	128	127	128	131	131	132	146	147
Embassy One	159	162	142	150	150	145	145	144	144	149	149
Embassy Business Hub	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	57
Mumbai sub-total	176	175	178	180	182	181	183	182	181	176	177
Express Towers	266	265	275	277	277	281	281	283	284	269	270
Embassy 247	102	103	104	109	110	110	111	111	111	108	110
FIFC	301	294	298	300	298	296	296	296	300	298	298
Pune sub-total	46	47	47	47	48	49	49	50	50	51	51
Embassy Techzone	49	49	49	50	51	52	53	53	54	54	54
Embassy Quadron	49	49	49	49	52	52	52	53	53	53	53
Embassy Qubix	41	41	41	42	42	42	42	43	43	44	44
Noida sub-total	42	43	44	45	45	46	47	47	51	51	50
Embassy Oxygen	48	48	49	50	51	52	54	54	54	54	54
Embassy Galaxy	35	35	34	35	36	37	39	39	46	45	45
In-place rent	71	72	74	75	77	79	80	80	82	85	85

Source: Company, JM Financial

Exhibit 14. Market rents broadly stable

Market rent (INR psf pm)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Bengaluru sub-total	103	100	101	102	102	102	102	103	103	103	103
Embassy Manyata	92	92	93	93	93	93	93	93	93	94	94
Embassy TechVillage	92	93	94	94	94	94	94	94	94	94	94
Embassy Golflinks	148	148	149	150	150	150	150	155	155	155	155
Embassy One	147	147	147	147	147	147	147	147	147	147	147
Embassy Business Hub	NA	NA	NA	NA	NA	NA	NA	67	67	65	65
Mumbai sub-total	177	177	176	176	177	176	177	178	176	176	176
Express Towers	270	270	270	270	270	270	270	275	275	275	275
Embassy 247	110	110	110	112	112	112	112	112	112	112	112
FIFC	270	270	270	275	275	275	275	280	280	280	280
Pune sub-total	48	48	48	48	48	48	48	48	48	48	48
Embassy Techzone	48	48	48	48	48	48	48	48	48	48	48
Embassy Quadron	48	48	48	48	48	48	48	48	48	48	48
Embassy Qubix	48	48	48	48	48	48	48	48	48	48	48
Noida sub-total	50	50	51	51	50	50	50	48	48	48	48
Embassy Oxygen	54	54	54	54	54	54	54	48	48	48	48
Embassy Galaxy	45	45	45	45	45	45	45	47	47	48	48
Market rent	91	91	92	93	93	94	94	94	95	95	94

Source: Company, JM Financial

Exhibit 15. Asset-wise revenue from operations

Revenue from operations (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ	YoY
Embassy Manyata	2,901	2,961	2,939	2,860	3,028	2,970	3,218	8%	9%
Hilton Manyata	285	392	449	502	520	501	563	12%	25%
Embassy TechVillage	2,004	2,133	2,027	1,970	2,131	2,091	2,024	-3%	0%
Embassy One Assets	14	14	27	56	69	75	76	1%	181%
Embassy Business Hub	NA	NA	NA	NA	NA	NA	51	NM	NM
Express Towers	331	319	334	313	352	355	396	12%	19%
Embassy 247	342	350	387	374	402	405	436	8%	13%
FIFC	266	304	295	299	318	347	319	-8%	8%
Embassy Techzone	374	371	365	387	407	414	408	-1%	12%
Embassy Quadron	194	195	195	167	204	206	209	1%	7%
Embassy Qubix	218	217	218	155	214	218	213	-2%	-2%
Embassy Oxygen	398	397	403	372	375	360	359	0%	-11%
Embassy Galaxy	175	180	192	196	164	131	146	11%	-24%
Hilton at Embassy Golflinks	186	220	212	228	232	250	250	0%	18%
Four Seasons at Embassy One	197	190	241	292	262	250	334	34%	39%
Embassy Energy	409	328	369	506	457	320	365	14%	-1%
Total – Asset Portfolio	8,294	8,571	8,653	8,677	9,135	8,893	9,367	5%	8%
Embassy Golflinks	1,417	1,469	1,548	1,702	1,516	1,587	1,556	-2%	1%

Source: Company, JM Financial

Exhibit 16. Asset-wise NOI

Net Operating Income (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ	YoY
Embassy Manyata	2,477	2,591	2,511	2,428	2,567	2,528	2,725	8%	9%
Hilton Manyata	56	154	201	190	270	241	326	35%	62%
Embassy TechVillage	1,776	1,867	1,778	1,684	1,852	1,852	1,756	-5%	-1%
Embassy One Assets	3	-1	11	29	43	35	40	14%	264%
Embassy Business Hub	NA	NA	NA	NA	NA	NA	40	NM	NM
Express Towers	293	282	301	278	310	313	353	13%	17%
Embassy 247	301	306	345	332	359	360	392	9%	14%
FIFC	239	279	270	273	289	321	290	-10%	7%
Embassy Techzone	329	318	304	306	324	347	336	-3%	11%
Embassy Quadron	151	145	149	116	160	162	167	3%	12%
Embassy Qubix	189	186	190	120	192	191	186	-3%	-2%
Embassy Oxygen	331	317	343	287	289	274	283	3%	-17%
Embassy Galaxy	140	142	163	151	121	93	110	18%	-33%
Hilton at Embassy Golflinks	73	106	93	87	107	126	120	-5%	29%
Four Seasons at Embassy One	37	36	51	69	66	52	125	140%	145%
Embassy Energy	378	310	342	453	429	294	348	18%	2%
Total – Asset Portfolio	6,773	7,038	7,052	6,803	7,378	7,189	7,597	6%	8%
Embassy Golflinks	1,128	1,199	1,277	1,424	1,243	1,239	1,262	2%	-1%

Source: Company, JM Financial

Exhibit 17. NDCF walkdown; distribution in 3QFY24 declined largely due to higher interest and depreciation costs

In INR mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ	YoY
Facility Rentals	5,860	5,954	6,001	5,983	6,213	6,092	6,485	6%	8%
Income from Hotels	668	802	902	1,022	1,014	1,000	1,148	15%	27%
Income from Generation of Energy	409	328	369	506	457	320	365	14%	-1%
Maintenance Services and Other	1,357	1,487	1,382	1,165	1,451	1,481	1,367	-8%	-1%
Revenue from Operations	8,294	8,571	8,654	8,676	9,136	8,893	9,364	5%	8%
Property Taxes	-256	-282	-272	-306	-280	-298	-300	1%	10%
Insurance	-39	-46	-46	-49	-46	-45	-42	-7%	-9%
Direct Operating Expenses	-1,226	-1,206	-1,287	-1,519	-1,434	-1,362	-1,424	5%	11%
Net Operating Income (NOI)	6,773	7,038	7,049	6,802	7,376	7,189	7,599	6%	8%
Property Management Fees	-174	-171	-171	-180	-182	-193	-209	8%	22%
Repairs to Buildings	-38	-33	-43	-43	-39	-21	-5	-76%	-88%
Other Indirect Operating Expenses	-235	-244	-149	-253	-274	-160	-201	26%	35%
Dividend from Golflinks	395	175	175	175	233	117	175	50%	0%
Other Income	203	275	316	212	437	418	448	7%	42%
EBITDA	6,925	7,041	7,177	6,712	7,551	7,349	7,807	6%	9%
Working Capital changes	453	629	313	1,145	54	619	-62	NM	NM
Cash Taxes	-178	-460	-278	-312	-334	-408	-373	-9%	34%
Principal repayment on external debt	-49	-1	-9	-10	-1	-1	-1	0%	-89%
Interest on external debt	-725	-856	-876	-871	-773	-664	-855	29%	-2%
Non-Cash Adjustments and Others	-117	-177	-273	-143	-201	-243	-299	23%	10%
NDCF (SPV Level)	6,309	6,176	6,054	6,521	6,296	6,652	6,217	-7%	3%
Distributions from SPVs to Trust	6,272	6,171	6,048	6,509	6,316	6,694	6,381	-5%	6%
Distributions from Golflinks to Trust	332	642	625	470	567	566	471	-17%	-25%
Interest and other Income at Trust	-1,466	-1,493	-1,493	-1,565	-1,709	-1,889	-1,812	-4%	21%
REIT Management Fees	-59	-60	-58	-62	-58	-62	-60	-3%	3%
Trust level expenses	-24	-78	-77	-26	-13	-66	-39	-41%	-49%
NDCF (REIT Level)	5,056	5,182	5,045	5,325	5,103	5,244	4,941	-6%	-2%
Distribution from Embassy REIT	5,052	5,175	5,033	5,318	5,100	5,242	4,929	-6%	-2%
Interest	616	815	654	815	654	1,147	1,213	6%	85%
Dividend	2,683	2,085	2,114	2,664	2,256	2,180	1,460	-33%	-31%
Amortization of SPV level debt	1,754	2,275	2,265	1,839	2,180	1,915	2,256	18%	0%
Other Income	NA	NA	NA	NA	9	0	0	NM	NM

Source: Company, JM Financial

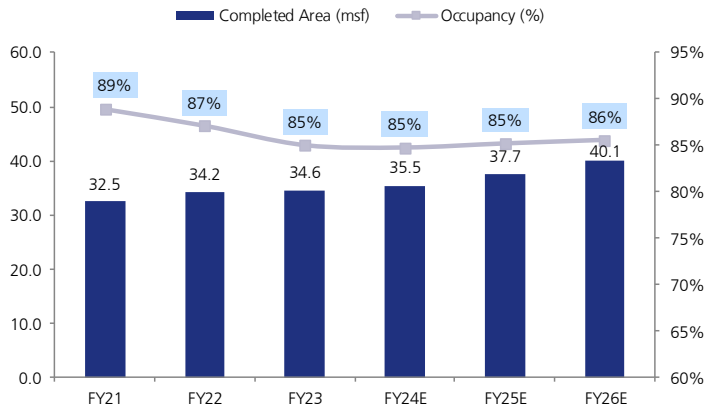
Annual Financials and Estimates

Exhibit 18. 9MFY24 lease expiries at 2.9msf; 0.6msf expected to expire in 4QFY24E

Lease Expiry (msf)	FY24E	FY25E	FY26E	FY27E
Renewed	1.1	NA	NA	NA
Exited	2.9	NA	NA	NA
Expiring	0.6	1.4	2.0	1.9
Total	4.6	1.4	2.0	1.9

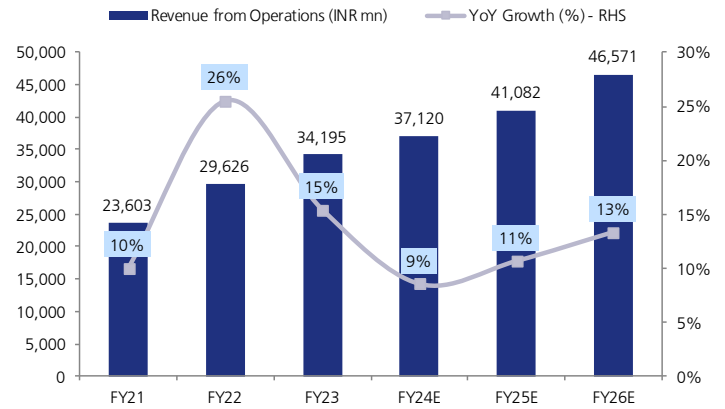
Source: Company, JM Financial

Exhibit 19. c. 5msf of area addition by FY26E...



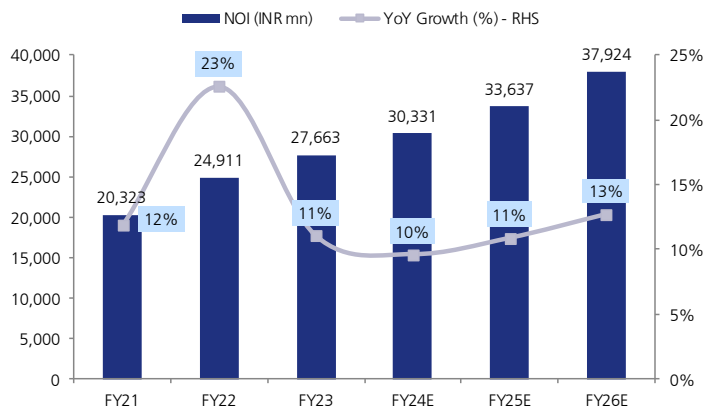
Source: Company, JM Financial

Exhibit 20. ...leading to significant revenue growth



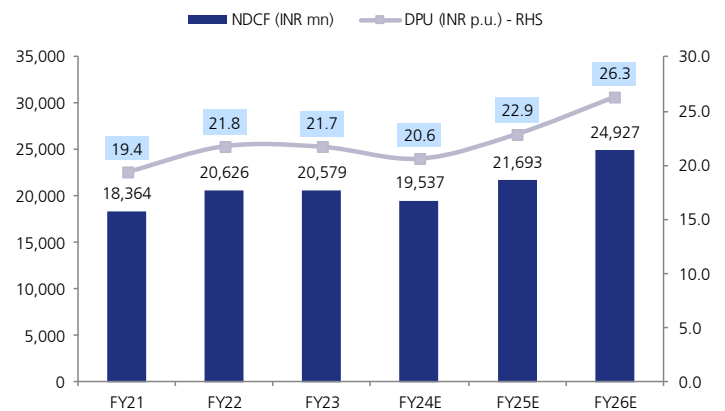
Source: Company, JM Financial

Exhibit 21. NOI to follow similar trend as revenue



Source: Company, JM Financial

Exhibit 22. Distributions to pick up from FY25E



Source: Company, JM Financial

Exhibit 23. NDCF to grow on the back of area expansion, strong leasing and rising rentals

Particulars (INR mn unless specified)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY23-26E CAGR (%)
Completed Area	32.5	34.2	34.6	35.5	37.7	40.1	
Facility Rentals	18,476	22,162	23,798	26,007	28,989	32,684	11.2%
Growth (%)		20%	7%	9%	11%	13%	
Revenue from Operations	23,603	29,626	34,195	37,120	41,082	46,571	10.8%
Growth (%)		26%	15%	9%	11%	13%	
NOI	20,323	24,911	27,663	30,331	33,637	37,924	11.1%
Growth (%)		23%	11%	10%	11%	13%	
NOI Margin (%)	86%	84%	81%	82%	82%	81%	
EBITDA	21,078	25,837	27,856	30,233	33,304	37,152	10.1%
Growth (%)		23%	8%	9%	10%	12%	
EBITDA Margin (%)	89%	87%	81%	81%	81%	80%	
NDCF	18,364	20,626	20,579	19,537	21,693	24,927	6.6%

Source: Company, JM Financial

Valuation

Exhibit 24. Mar'25 TP of INR 390	
In INR mn	Mar'25
Enterprise Value (Rs mn)	527,643
Less: Net debt	158,200
Equity Value (INR mn)	369,443
Shares Outstanding (mn)	948
Target Price (INR)	390
CMP (INR)	364
Upside (%)	7%

Source: Company, JM Financial

Exhibit 25. Total expected returns	
Total Return till Mar'25	(%)
Capital Appreciation	7.1%
Dividend Received	6.3%
Total	13.4%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	27,346	31,643	33,646	37,369	42,469	
Sales Growth	28.4%	15.7%	6.3%	11.1%	13.6%	
Other Operating Income	2,280	2,552	3,474	3,713	4,101	
Total Revenue	29,626	34,195	37,120	41,082	46,571	
Cost of Goods Sold/Op. Exp	85	390	410	430	452	
Personnel Cost	229	590	649	714	785	
Other Expenses	6,332	7,771	6,745	7,628	9,129	
EBITDA	22,981	25,444	29,316	32,310	36,204	
EBITDA Margin	77.6%	74.4%	79.0%	78.6%	77.7%	
EBITDA Growth	24.2%	10.7%	15.2%	10.2%	12.1%	
Depn. & Amort.	7,965	11,284	9,082	9,162	9,242	
EBIT	15,016	14,160	20,235	23,148	26,962	
Other Income	1,269	1,441	1,050	950	851	
Finance Cost	8,285	9,761	11,675	13,180	14,273	
PBT before Excep. & Forex	8,000	5,840	9,610	10,918	13,541	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	8,000	5,840	9,610	10,918	13,541	
Taxes	79	1,558	1,333	1,468	1,638	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	962	778	764	829	790	
Reported Net Profit	8,884	5,060	9,041	10,279	12,693	
Adjusted Net Profit	8,884	5,060	9,041	10,279	12,693	
Net Margin	30.0%	14.8%	24.4%	25.0%	27.3%	
Diluted Share Cap. (mn)	948.2	948.2	948.2	948.2	948.2	
Diluted EPS (INR)	9.4	5.3	9.5	10.8	13.4	
Diluted EPS Growth	11.4%	-43.0%	78.7%	13.7%	23.5%	
Total Dividend + Tax	20,626	20,579	19,537	21,693	24,927	
Dividend Per Share (INR)	21.8	21.7	20.6	22.9	26.3	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	8,000	5,840	9,610	10,918	13,541	
Depn. & Amort.	7,965	11,284	9,082	9,162	9,242	
Net Interest Exp. / Inc. (-)	7,385	8,637	10,624	12,230	13,422	
Inc (-) / Dec in WCap.	1,770	-980	19	22	25	
Others	266	2,131	-497	-543	-594	
Taxes Paid	-1,717	-1,257	-1,333	-1,468	-1,638	
Operating Cash Flow	23,670	25,655	27,505	30,320	33,997	
Capex	-14,010	-10,921	-9,586	-8,872	-8,332	
Free Cash Flow	9,660	14,735	17,920	21,448	25,665	
Inc (-) / Dec in Investments	660	-8,185	1,500	1,500	1,500	
Others	1,530	2,409	1,966	1,945	1,799	
Investing Cash Flow	-11,820	-16,696	-6,119	-5,427	-5,033	
Inc / Dec (-) in Capital	-38	-20	0	0	0	
Dividend + Tax thereon	-20,947	-20,246	-19,537	-21,693	-24,927	
Inc / Dec (-) in Loans	12,267	21,439	9,586	8,872	8,332	
Others	-6,421	-9,862	-10,314	-11,038	-11,413	
Financing Cash Flow	-15,140	-8,690	-20,265	-23,860	-28,009	
Inc / Dec (-) in Cash	-3,290	269	1,121	1,033	956	
Opening Cash Balance	9,175	7,904	8,173	9,294	10,327	
Closing Cash Balance	5,885	8,173	9,294	10,327	11,283	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	258,867	243,683	233,187	221,773	209,538	
Share Capital	288,262	288,262	288,262	288,262	288,262	
Reserves & Surplus	-29,395	-44,579	-55,075	-66,489	-78,724	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	121,014	148,055	158,356	168,527	178,693	
Def. Tax Liab. / Assets (-)	51,656	51,705	51,705	51,705	51,705	
Total - Equity & Liab.	431,537	443,443	443,248	442,005	439,936	
Net Fixed Assets	395,885	397,328	397,832	397,542	396,632	
Gross Fixed Assets	317,537	320,814	322,331	323,054	323,157	
Intangible Assets	78,023	75,910	74,897	73,884	72,871	
Less: Depn. & Amort.	0	0	0	0	0	
Capital WIP	325	605	605	605	605	
Investments	0	8,158	6,658	5,158	3,658	
Current Assets	55,984	58,510	60,004	61,445	62,869	
Inventories	11	36	39	43	48	
Sundry Debtors	606	504	529	556	583	
Cash & Bank Balances	5,884	8,173	9,294	10,327	11,283	
Loans & Advances	0	0	0	0	0	
Other Current Assets	49,483	49,797	50,141	50,519	50,955	
Current Liab. & Prov.	20,333	20,554	21,246	22,141	23,224	
Current Liabilities	4,721	5,600	5,648	5,700	5,757	
Provisions & Others	15,612	14,954	15,598	16,441	17,467	
Net Current Assets	35,651	37,956	38,758	39,304	39,645	
Total - Assets	431,537	443,443	443,248	442,005	439,936	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	30.0%	14.8%	24.4%	25.0%	27.3%	
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	
Leverage Factor (x)	1.6	1.8	1.9	2.0	2.1	
RoE	3.4%	2.0%	3.8%	4.5%	5.9%	

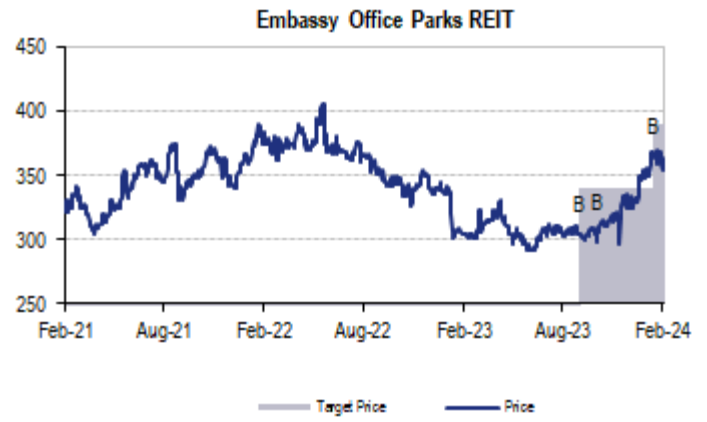
Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	273.0	257.0	245.9	233.9	221.0	
ROIC	4.0%	2.8%	4.6%	5.3%	6.3%	
ROE	3.4%	2.0%	3.8%	4.5%	5.9%	
Net Debt/Equity (x)	0.4	0.6	0.6	0.7	0.8	
P/E (x)	38.9	68.2	38.2	33.6	27.2	
P/B (x)	1.3	1.4	1.5	1.6	1.6	
EV/EBITDA (x)	20.0	19.1	16.9	15.6	14.2	
EV/Sales (x)	15.5	14.2	13.3	12.3	11.0	
Debtor days	7	5	5	5	5	
Inventory days	0	0	0	0	0	
Creditor days	17	20	24	24	22	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
24-Sep-23	Buy	340	
27-Oct-23	Buy	340	0.0
6-Feb-24	Buy	390	14.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.