BUY (Maintained)

CMP: **INR 303** Target Price: **INR 390 (INR 403)** ▲ 29%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

27 July 2023

India | Equity Research | Q1FY24 Results Update

Embassy Office Parks REIT

Real Estate

Gradual recovery on the cards

The Embassy Office Parks REIT (Embassy REIT) delivered a resilient performance in Q1FY24 with NOI of INR7.4bn (up 8% QoQ) and NDCF of INR5.1bn or INR5.4/unit. During the quarter, the REIT manager achieved 1.1msf of leasing and expects to achieve 6.0msf of gross leasing in FY24. While recovery in leasing decisions by GCCs and possible floor-wise denotification on the cards in H2FY24, the REIT manager has now chosen to give formal FY24 guidance range for NOI of INR29.3-31.4bn and NDCF of INR19.4-20.9bn or INR20.5-22.0/unit of distribution vs. I-sec estimate of INR21.8/unit. We retain our BUY rating with a revised Mar'24E NAV based target price of INR390/unit (earlier INR403) owing to balance sheet adjustments and occupancy adjustments post FY25E at asset level. Key risks are a slower recovery in office leasing and higher portfolio vacancy levels.

Stable Q1FY24 performance

The REIT saw overall same-store portfolio occupancy remaining flattish QoQ at 87% (overall portfolio occupancy of 85%) with Q1FY24 NOI of INR7.4bn (increase of 8% QoQ). During the quarter, the REIT manager achieved 1.1msf of gross leasing including 0.4msf of new leases at 68% re-leasing spreads along with 0.49msf of pre-commitments in Bengaluru and renewals of 0.21msf at 15% renewal spread. The REIT manager expects to achieve 6.0msf of overall leasing in FY24.

Cloudy outlook in FY24, recovery hinges on global macro/SEZ floor-wise denotification

As of Mar'23, the REIT portfolio had scheduled expiries of 2.5msf in FY24, which now stand at 2.8msf as of Jun'23. With the probable floor-wise denotification of existing SEZ likely in H2FY24, along with revival in leasing decisions by GCCs, the REIT manager expects overall portfolio vacancy to be marginally lower as compared to Jun'23 levels by Mar'24.

Formal guidance given for FY24E NOI/NDCF

For Q1FY24, the REIT manager declared an NDCF of INR5.1bn or INR5.4/unit and while the REIT manager had refrained from giving NOI/NDCF guidance in May'23, it has now given a formal FY24 guidance range for NOI of INR29.3-31.4bn and NDCF of INR19.4-20.9bn or INR20.5-22.0/unit of distribution vs. I-sec estimate of INR21.8/unit.

Financial Summary

Y/E Mar (INR mn)	FY22A	FY23A	FY24E	FY25E
Net Revenue	29,626	34,195	36,976	43,084
EBITDA	22,981	25,444	27,225	31,648
EBITDA Margin (%)	77.6%	74.4%	73.6%	73.5%
Net Profit	8,884	5,060	6,795	9,347
Distribution/Unit (INR)	21.8	21.7	21.8	24.0
NDCF (INR mn)	20,626	20,578	20,646	22,716
P/E (x)	32.4	56.9	42.3	30.8
Distribution Yield (%)	7.2	7.2	7.2	7.9
RoCE (%)	3.8	3.6	3.9	5.0
RoE (%)	3.4	2.0	2.9	4.4

Adhidev Chattopadhyay
adhidev.chattopadhyay@icicisecurities.com
+91 22 6807 7451
Saishwar Ravekar
saishwar.ravekar@icicisecurities.com

Market Data

Market Cap (INR)	287bn
Market Cap (USD)	3,497mn
Bloomberg Code	EMBASSY IN
Reuters Code	EMBA BO
52-week Range (INR)	379 /288
Free Float (%)	0.0
ADTV-3M (mn) (USD)	4

Price Performance (%)	3m	6m	12m
Absolute	(4.5)	(7.9)	(11.0)
Relative to Sensex	11.4	11.8	22.2

ESG Disclosure	2021	2022	Change
ESG score	45.6	52.0	6.5
Environment	41.4	51.0	9.6
Social	16.6	26.4	9.8
Governance	78.6	78.6	0.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Previous Reports

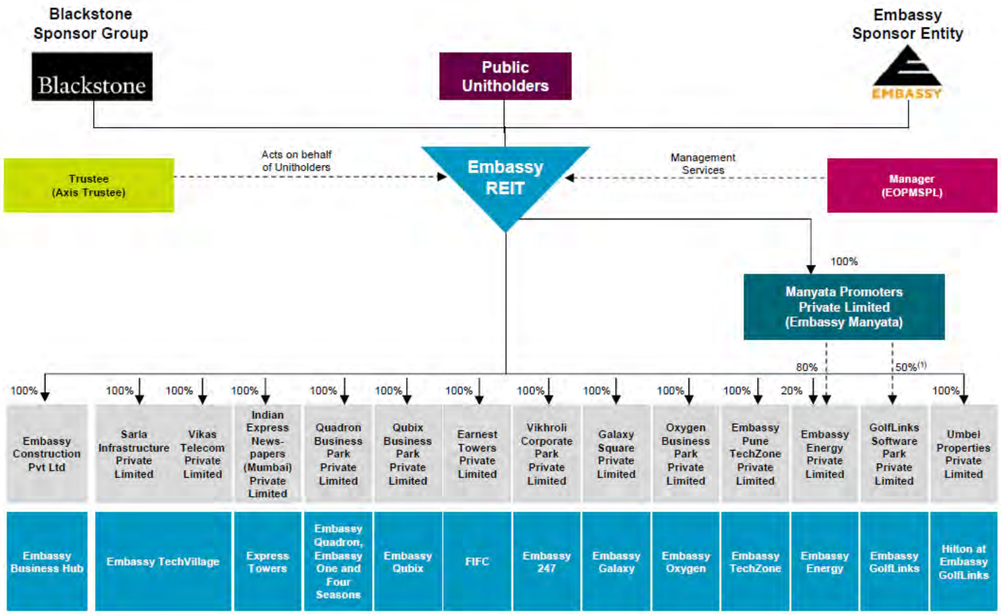
28-04-2023: Q4FY23 results review

28-03-2023: Company update

Company Profile

Embassy Office Parks is India's first listed REIT that owns eight high-quality office parks and four prime city centre office buildings with 34.3msf of completed leasable area and under construction and development pipeline of 10.7msf. In addition to the offices, the REIT owns three operational hotels across 1,096 keys, an under-construction hotel of 518 keys and a solar park with 100MW of output. It was listed on April 1, 2019. Embassy REIT is sponsored by Embassy Group (Embassy Property Developments Private Limited) and Blackstone Group.

Exhibit 1: Embassy Office Parks REIT Company Structure as of June 2023



Source: I-Sec research, Company data, (1) Balance 50% owned by JV partner, (2) The 100% owned entities are held jointly with nominee shareholders for the Embassy REIT

Exhibit 2: Embassy Office Parks REIT Asset Portfolio (as of June 2023)

Property	Leasable Area (msf)/Keys/MW			WALE[2]	Occupancy	Rent (₹ psf / mth)		
	Completed	Development	Total	(yrs)	(%)	In-place	Market	MTM (%)
Embassy Manyata	11.4	3.9	15.2	6.5	91%	76	93	22%
Embassy TechVillage	7.3	2.3	9.6	9.1	97%	77	94	22%
Embassy GolfLinks[1]	3.1	-	3.1	6.2	95%	132	155	17%
Embassy One	0.3	-	0.3	8.2	60%	144	147	2%
Embassy Business Hub	0.0	1.4	1.4	-	-	-	67	0%
Bengaluru Sub-total	**22.0**	**7.6**	**29.6**	**7.3**	**94%**	**85**	**103**	**20%**
Express Towers	0.5	-	0.5	3.9	82%	284	275	(3%)
Embassy 247	1.2	-	1.2	3.5	95%	111	112	1%
FIFC	0.4	-	0.4	3.2	91%	300	280	(7%)
Mumbai Sub-total	**2.0**	**-**	**2.0**	**3.5**	**91%**	**181**	**176**	**(3%)**
Embassy TechZone	3.0	2.4	5.5	4.1	65%	54	48	(10%)
Embassy Quadron	1.9	-	1.9	4.9	50%	53	48	(9%)
Embassy Qubix	1.5	-	1.5	4.8	91%	43	48	11%
Pune Sub-total	**6.4**	**2.4**	**8.8**	**4.5**	**66%**	**50**	**48**	**(4%)**
Embassy Oxygen	2.5	0.7	3.3	9.1	67%	54	48	(11%)
Embassy Galaxy	1.4	-	1.4	6.4	60%	46	47	3%
Noida Sub-total	**3.9**	**0.7**	**4.6**	**8.3**	**65%**	**51**	**48**	**(7%)**
Subtotal (Office)	**34.3**	**10.7**	**45.0**	**6.6**	**85%**	**82**	**95**	**15%**
Four Seasons at Embassy One	230 Keys	-	230 Keys	-	36%	-	-	-
Hilton at Embassy GolfLinks	247 Keys	-	247 Keys	-	63%	-	-	-
Hilton & Hilton Garden Inn at Embassy Manyata (5 & 3 star)	619 Keys	-	619 Keys	-	54%	-	-	-
Hilton & Hilton Garden Inn at Embassy TechVillage (5 & 3 star)	-	518 Keys	518 Keys	-	NA	-	-	-
Embassy Energy	100MW	-	100MW	-	NA	-	-	-
Subtotal (Infrastructure Assets)	**1,096 Keys / 100MW**	**518 Keys**	**1,614 Keys / 100MW**					
Total	**34.3 msf/1,096 Keys/100MW**	**10.7 msf / 518 Keys**	**45.0 msf / 1,614 Keys /100MW**					

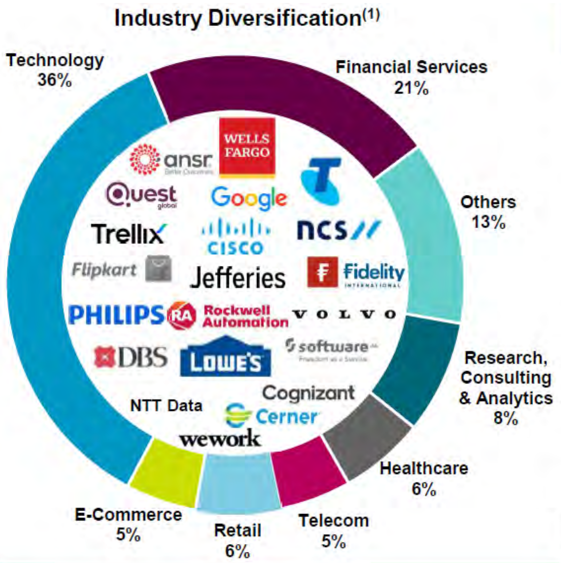
Source: I-Sec research, Company data, WALE = Weighted Average Lease Expiry

Exhibit 3: Q1FY24 Walkdown of Financial Metrics

Particulars (₹ mn)	Q1 FY2024	Q1 FY2023	YoY Variance (%)	Q4 FY2023	QoQ Variance (%)	
Revenue from Operations	9,136	8,294	10%	8,676	5%	
Property Taxes and Insurance	(326)	(295)	10%	(355)	(8%)	NOI
Direct Operating Expenses	(1,434)	(1,226)	17%	(1,519)	(6%)	
Net Operating Income	**7,376**	**6,773**	**9%**	**6,802**	**8%**	
Other Income	437	203	115%	212	107%	
Dividends from Embassy GolfLinks	233	395	(41%)	175	33%	
Property Management Fees[1]	(182)	(174)	5%	(180)	1%	NDCF at SPV level
Indirect Operating Expenses	(313)	(273)	15%	(296)	6%	
EBITDA	**7,551**	**6,925**	**9%**	**6,712**	**12%**	
Working Capital Adjustments	54	453	(88%)	1,145	(95%)	Distribution
Cash Taxes	(334)	(178)	87%	(312)	7%	
Principal Repayment on external debt	(1)	(49)	(98%)	(10)	(90%)	
Interest on external debt	(773)	(725)	7%	(871)	(11%)	
Non-Cash Adjustments	(201)	(117)	71%	(143)	40%	
NDCF at SPV level	**6,297**	**6,309**	**0%**	**6,521**	**(3%)**	
Distribution from SPVs to REIT	6,316	6,272	1%	6,509	(3%)	
Distribution from Embassy GolfLinks	567	332	NR	470	NR	
Interest on external debt	(1,709)	(1,466)	17%	(1,565)	9%	
REIT Management Fees[1]	(58)	(59)	(1%)	(62)	(7%)	
Other Inflows at REIT level (Net of Expenses)	(13)	(24)	(46%)	(26)	(50%)	
NDCF at REIT level	**5,103**	**5,056**	**1%**	**5,325**	**(4%)**	
Distribution	**5,100**	**5,052**	**1%**	**5,318**	**(4%)**	

Source: Company data, I-Sec research, (1) Property management fees includes 3% of facility rentals from only Commercial Office segment and does not include fees on Hospitality and Other segments and REIT Management fees is 1% of REIT distribution

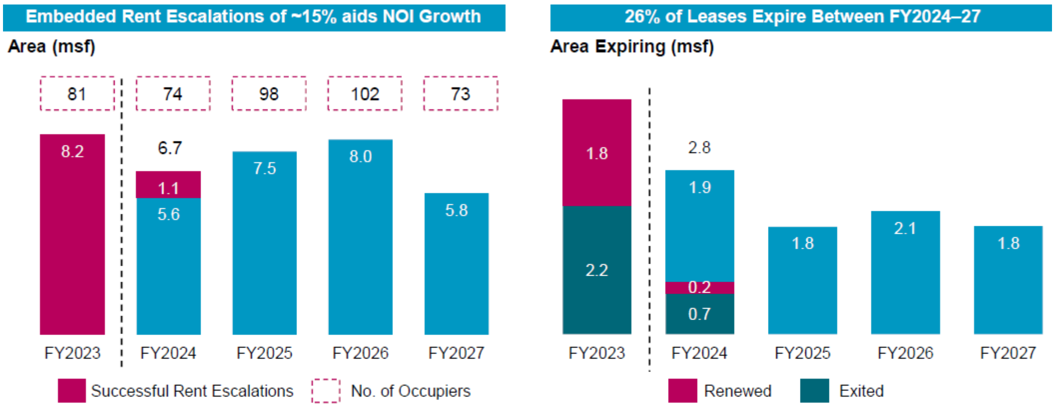
Exhibit 4: Embassy REIT Sectoral and Tenant Wise Breakup (as of Jun'23)



Top 10 Occupiers	Sector	% of Rentals
JP Morgan	Financial Services	6.7%
Global Technology and Consulting Major	Technology	6.4%
Cognizant	Technology	5.8%
NTT Data	Technology	3.4%
Wells Fargo	Financial Services	3.2%
ANSR	Consulting	3.1%
Flipkart	E-Commerce	2.8%
WeWork	Co-working	2.1%
American Retail Major	Retail	1.9%
Nokia	Telecom	1.7%
Total		**37.2%**

Source: I-Sec research, Company data, (1) Represents industry diversification percentages based on Embassy REIT's share of gross rentals

Exhibit 5: Mark-to-Market opportunity for REIT portfolio

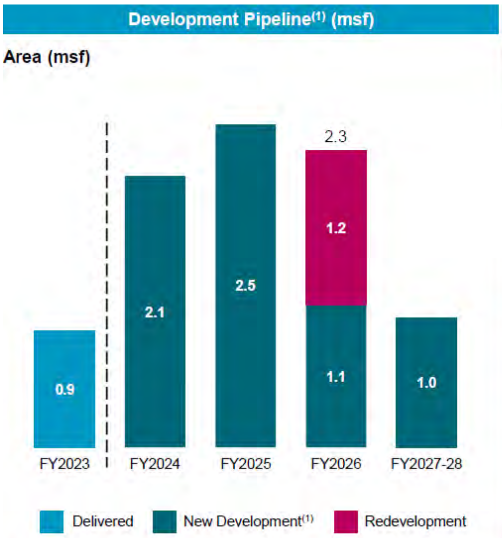


Rent Escalations Due	14%	14%	14%	15%
Post-escalation MTM Opportunity	19%	4%	NM	28%

MTM opportunity(1)	29%	49%	21%	11%
Rents Expiring(2)	6%	6%	9%	5%

Source: I-Sec research, Company data, (1) MTM potential computed basis market rent per latest CBRE estimate and in-place rent for respective leases, (2) Refers to annualized rent obligations

Exhibit 6: Embassy REIT development pipeline



- ₹40 bn total capex, ₹25 bn pending cost to be spent
- ₹9 bn incremental NOI upon stabilization

Current Development Status	
Embassy TechVillage (Block 8, 1.9 msf) (Block 6, 0.4 msf)	▸ Towers A, B, C & D – Basement works in advanced stage and superstructure works underway. Masonry works initiated ▸ Targeting Sep'24 delivery ▸ Block 6 – Site mobilization and approvals underway ▸ Targeting Dec'25 delivery
Embassy Manyata: 3.5 msf (M3 A, 1.0 msf) (M3 B, 0.6 msf) (D1/D2, 1.2 msf) (Block L4, 0.7 msf)	▸ M3 Block A – OC expected by Aug'23 ▸ M3 Block B – Superstructure works underway. MEP works ongoing ▸ Awaiting acquisition of transferable development rights and building approvals ▸ Block D1/D2 Redevelopment – Consultants appointed, and demolition works underway ▸ Targeting Dec'25 delivery ▸ Block L4 – Substructure works ongoing ▸ Targeting Jun'25 delivery
Embassy Hub(2) (Ph 1, 0.4 msf) (Ph 2, 1.0 msf)	▸ Philips BTS – Targeting Sep'23 delivery ▸ Phase 2 – Site mobilization and securing approvals in progress
Embassy Oxygen (Tower 1, 0.7 msf)	▸ External development and finishing works in progress ▸ Targeting Nov'23 delivery

Source: Company data, I-Sec research, (1) Excludes 518 hotel keys at Embassy Tech Village; (2) Embassy Business Hub comprises a total leasable area of approximately 2.1msf upon completion of Phase 1 and Phase 2. Of this, Embassy REIT's area share of entitlement is 1.4msf

Exhibit 7: Debt profile of Embassy REIT as of 30th June 2023

Debt Maturity Schedule (Rs. mn)

									Principal Repayment Schedule						
Description	Rating	Fixed/ Floating	Total Facility	Balance Facility	Outstanding Principal	Amortized Cost	Interest Rate	Maturity Date	FY24	FY25	FY26	FY27	FY28	FY29 & Beyond	Total
At REIT															
Embassy Office Parks REIT Series II NCD	CRISIL AAA/Stable	Fixed	15,000	-	15,000	14,980	6.97%	Oct-23[1]	15,000	-	-	-	-	-	15,000
Embassy Office Parks REIT Series III NCD	CRISIL AAA/Stable	Fixed	26,000	-	26,000	25,936	6.40%	Feb-24[2]	26,000	-	-	-	-	-	26,000
Embassy Office Parks REIT Series IV NCD	CRISIL AAA/Stable	Fixed	3,000	-	3,000	2,983	6.80%	Sep-26[3]	-	-	-	3,000	-	-	3,000
Embassy Office Parks REIT Series V NCD (Tranche A)	CRISIL AAA/Stable	Fixed	20,000	-	20,000	19,940	6.25%	Oct-24[4]	-	20,000	-	-	-	-	20,000
Embassy Office Parks REIT Series V NCD (Tranche B)	CRISIL AAA/Stable	Fixed	11,000	-	11,000	10,950	7.05%	Oct-26[5]	-	-	-	11,000	-	-	11,000
Embassy Office Parks REIT Series VI NCD	CRISIL AAA/Stable	Fixed	10,000	-	10,000	9,959	7.35%	Apr-27[6]	-	-	-	-	10,000	-	10,000
Embassy Office Parks REIT Series VII NCD	CRISIL AAA/Stable	Fixed	10,500	-	10,500	10,469	7.77%	Jun-25[7]	-	-	10,500	-	-	-	10,500
Term Loan	-	Floating	10,000	-	10,000	9,969	7.99%	Feb-35	-	-	-	75	937	8,989	10,000
Sub-total (A)			**105,500**	**-**	**105,500**	**105,186**	**6.91%**		**41,000**	**20,000**	**10,500**	**14,075**	**10,937**	**8,989**	**105,500**
At SPV															
Term Loan (Embassy Manyata)	CARE AAA/Stable	Floating	10,250	-	10,250	10,289	7.85%	Oct-26	-	-	-	10,250	-	-	10,250
Term Loan (Embassy Manyata)	CRISIL AAA/Stable	Floating	3,380	250	3,130	3,102	8.35%	May-33	-	-	-	-	-	3,130	3,130
Construction Finance (Embassy Manyata)	CRISIL AAA/Stable	Floating	5,500	550	4,871	4,844	8.35%	May-31	-	-	198	396	791	3,486	4,871
Term Loan (Embassy Manyata)	CRISIL AAA/Stable	Floating	4,500	1,790	2,644	2,636	8.15%	Dec-37	-	46	60	69	88	2,381	2,644
VTPL Series I NCD (Green Bond)	CRISIL AAA/Stable	Fixed	4,950	-	4,950	4,942	7.65%	Aug-25[8]	-	-	4,950	-	-	-	4,950
Term Loan (Embassy TechVillage)	CARE AAA/Stable	Floating	7,212	550	6,662	6,640	8.29%	Oct-25	-	-	6,662	-	-	-	6,662
Term Loan (Embassy TechVillage)	CARE AAA/Stable	Floating	4,330	-	4,284	4,282	8.07%	Oct-25	13	43	4,228	-	-	-	4,284
Construction Finance (Embassy TechVillage)	Not Rated	Floating	6,670	5,700	970	970	8.49%	Dec-25	-	-	970	-	-	-	970
Term Loan (Embassy Oxygen)	CARE AAA/Stable	Floating	2,000	-	1,749	1,749	8.55%	Aug-24	701	1,048	-	-	-	-	1,749
Term Loan (Embassy Business Hub)	Not Rated	Floating	2,250	350	1,900	1,890	8.37%	Mar-25	-	1,900	-	-	-	-	1,900
ECPL Series I NCD	CRISIL AAA/Stable	Fixed	2,500	-	2,500	2,487	8.10%	May-26[9]	-	-	-	2,500	-	-	2,500
Overdraft Facility (Various)	CARE AAA/Stable	Floating	4,000	-	4,000	3,997	7.99%	Various	225	225	2,550	1,000	-	-	4,000
Others	-	-	109	-	109	109	NM	Various	109	-	-	-	-	-	109
Sub-total (B)			**57,652**	**9,190**	**48,020**	**47,935**	**8.09%**		**1,048**	**3,262**	**19,618**	**14,214**	**879**	**8,998**	**48,020**
Total (A+B)			**163,152**	**9,190**	**153,520**	**153,122**	**7.28%**		**42,048**	**23,262**	**30,118**	**28,289**	**11,815**	**17,986**	**153,520**

Source: Company data, I-Sec research

Exhibit 8: Net Debt of Embassy REIT as of June 2023 (in INR mn)

Gross Debt	153,122
Less: Cash and cash equivalents	4,255
Net Debt	**148,867**

Source: I-Sec research, Company data

Valuations

REITs derive cash flows in the form of interest, debt repayment and dividend payments from owned assets which have differing cash flow profiles. Unlike assets in Infrastructure Trusts like toll/annuity roads or power transmission assets which have a fixed tenure of operations, the underlying assets in REITs which consist of offices, malls and hotels are perpetual in nature and carry an element of capital appreciation as well through escalation in rentals, addition of new assets and ramp up in occupancies. Hence, the total return offered by a REIT should be measured as a mix of annual distributions and capital appreciation of the units of the REIT. Hence, we prefer a DCF-based approach which captures the upside from uptick in rental income along with the annual distribution of at least 90% of the Net Distributable Cash Flow (NDCF) to REIT unitholders.

Our key assumptions include:

- 5% annual increase in rentals from FY24E.
- Cap rate of 8% on Net Operation Income (NOI) of each asset.
- WACC of 12.0% assuming 0.3x debt/equity with cost of equity of 1% and cost of debt of 9.5%.

We retain our BUY rating with a revised Mar'24E NAV based target price of INR390/unit (earlier INR403) owing to balance sheet adjustments and occupancy adjustments post FY25E at asset level. Key risks to our call are a slower recovery in office leasing and higher portfolio vacancy levels.

Exhibit 9: Return profile of Embassy REIT

Embassy REIT Cash Flows (INR mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Revenue from Operations*	21,449	23,603	29,626	34,195	36,976	43,084
Net Operating Income (NOI)*	**18,169**	**20,324**	**24,913**	**27,661**	**29,306**	**34,274**
EBITDA*	16,656	18,508	22,981	25,444	27,225	31,648
NDCF at SPV level^	16,943	18,740	24,785	25,058	27,583	30,288
NDCF at REIT level^	**18,866**	**18,356**	**20,638**	**20,608**	**20,646**	**22,716**
NDCF Distribution Payout (%)	100%	100%	100%	100%	100%	100%
NDCF Distribution by REIT^	**18,866**	**18,364**	**20,626**	**20,578**	**20,646**	**22,716**
Distribution per Unit	24.4	21.5#	21.8	21.7	21.8	24.0
Distribution Yield (%)	**8.0**	**6.0#**	**7.2**	**7.2**	**7.2**	**7.9**

Source: I-Sec research, Company data, *excludes Golflinks and includes Tech Village from Q4FY21 onwards, ^ includes Golflinks, #assuming proforma diluted shares post ETV acquisition which was done in Dec'20

Exhibit 10: Valuation of Embassy REIT (in INR mn)

Enterprise Value	533,363
Less: Mar'24 REIT level net debt*	154,001
Less: Security deposits	9,824
Equity Value	369,538
Equity Value per Unit	**390**

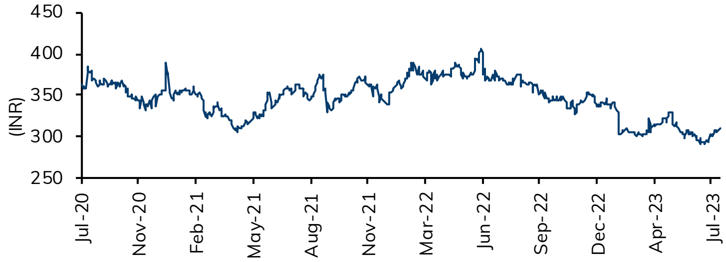
Source: I-Sec research estimates, *adjusted for NDCF distribution in Q4FY24

Exhibit 11: Sensitivity of Target Price to Cap Rate and Cost of Equity

		Cost of Equity (%)					
	Target Price = 390	**10%**	**11%**	**12%**	**13%**	**14%**	**15%**
Cap Rate (%)	**6%**	630	587	546	508	473	440
	7%	548	510	474	440	409	380
	8%	486	452	419	**389**	361	334
	9%	438	407	377	349	324	299
	10%	400	370	343	318	294	271
	11%	368	341	315	292	269	248

Source: I-Sec research, Company data

Exhibit 12: Price Chart



Source: Bloomberg

Financial Summary

Exhibit 13: Profit & Loss

(INR mn, year ending Mar)

	FY22A	FY23A	FY24E	FY25E
Revenue from operations	**29,626**	**34,195**	**36,976**	**43,084**
Operating expenses	4,713	6,534	7,670	8,810
Net Operating Income (NOI)	**24,913**	**27,661**	**29,306**	**34,274**
NOI margin (%)	84.1%	80.9%	79.3%	79.6%
Other expenses/REIT expenses	1,932	2,217	2,081	2,626
EBITDA	**22,981**	**25,444**	**27,225**	**31,648**
% margins	77.6%	74.4%	73.6%	73.5%
Depreciation & Amortisation	7,965	11,284	11,465	11,585
Interest expenses	8,285	9,761	9,614	10,565
Other Income	1,269	1,441	1,513	1,589
Exceptional items	-	-	-	-
PBT	**8,000**	**5,840**	**7,659**	**11,087**
Less: Taxes	79	1,558	1,915	2,772
PAT before Minority/Associate	**7,922**	**4,282**	**5,744**	**8,315**
Minority Interest	962	777	1,050	1,031
Net Income (Adjusted)	**8,884**	**5,060**	**6,795**	**9,347**

Source Company data, I-Sec research

Exhibit 14: Balance sheet

(INR mn, year ending Mar)

	FY22A	FY23A	FY24E	FY25E
Assets				
Total Current Assets	32,439	35,550	34,584	33,182
of which cash & cash eqv.	6,116	8,754	6,054	1,015
Total Current Liabilities & Provisions	23,124	12,396	13,111	14,145
Net Current Assets	9,315	23,154	21,473	19,037
Other non-current assets/Goodwill	64,045	64,045	64,045	64,045
Investments	23,635	23,081	22,581	22,081
Net Fixed Assets	3,24,735	3,20,615	3,13,157	3,04,967
Capital WIP	7,105	12,668	13,519	18,704
Total Assets	**4,28,835**	**4,43,564**	**4,34,775**	**4,28,834**
Liabilities				
Borrowings	1,18,223	1,48,055	1,60,055	1,75,055
Net Worth	2,58,867	2,43,683	2,22,894	2,01,953
Minority Interest	-	-	-	-
Deferred Taxes	51,745	51,826	51,826	51,826
Total Liabilities	**4,28,835**	**4,43,564**	**4,34,775**	**4,28,834**

Source Company data, I-Sec research

Exhibit 15: Quarterly trend

(INR mn, year ending Mar)

	Sep-22	Dec-22	Mar-23	Jun-23
Net Sales	8,571	8,654	8,676	9,136
% growth (YOY)	16.6	16.8	15.9	10.2
Net Operating Income	7,037	7,049	6,802	7,376
Margin %	82.1	81.5	78.4	80.7
NDCF (SPV level)	6,174	6,054	6,522	6,296
Extraordinaries	-	-	-	-
NDCF (REIT level)	5,182	5,045	5,326	5,103

Source Company data, I-Sec research

Exhibit 16: Cashflow statement

(INR mn, year ending Mar)

	FY22A	FY23A	FY24E	FY25E
Operating Cashflow	21,389	24,353	25,762	28,801
Working Capital Changes	2,281	1,302	(1,018)	(2,603)
Capital Commitments	(14,010)	(10,921)	(11,670)	(16,088)
Free Cashflow	**9,660**	**14,735**	**13,074**	**10,110**
Other investing cashflow	2,189	5,776	3,067	3,131
Cashflow from Investing Activities	**(11,820)**	**(16,697)**	**(8,603)**	**(12,957)**
Issue of Share Capital	(38)	(20)	-	-
Inc (Dec) in Borrowings	12,267	21,439	12,000	15,000
Interest Costs	(6,421)	(9,862)	(9,614)	(10,565)
Distribution	(20,986)	(20,267)	(20,646)	(22,716)
Cash flow from Financing Activities	**(15,178)**	**(8,710)**	**(18,260)**	**(18,280)**
Chg. in Cash & Bank balance	**(3,329)**	**249**	**(2,120)**	**(5,039)**
Closing cash & balance	**6,116**	**8,754**	**6,054**	**1,015**

Source Company data, I-Sec research

Exhibit 17: Key ratios

(Year ending Mar)

	FY22A	FY23A	FY24E	FY25E
Per Share Data (INR)				
Earnings per Unit	9.4	5.3	7.2	9.9
Distribution per unit (DPU)	21.8	21.7	21.8	24.0
Book Value per Unit (BV)	273.1	257.1	235.1	213.1
Growth (%)				
Net Sales	25.5	15.4	8.1	16.5
EBITDA	24.2	10.7	7.0	16.2
PAT	27.2	(43.0)	34.3	37.6
Valuation Ratios (x)				
P/E	32.4	56.9	42.3	30.8
P/BV	1.1	1.2	1.3	1.4
Distribution Yield	7.2	7.2	7.2	7.9
Operating Ratios				
Debt/EBITDA (x)	5.1	5.8	5.9	5.5
Net D/E	0.4	0.6	0.7	0.9
Profitability Ratios				
RoE	3.4	2.0	2.9	4.4
RoCE	3.8	3.6	3.9	5.0
EBITDA Margins	77.6	74.4	73.6	73.5
Net Income Margins	30.0	14.8	18.4	21.7

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Adhidev Chattopadhyay, MBA (Finance); Saishwar Ravekar MBA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities and affiliates 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 certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122