

Embassy Office Parks REIT

BUY

Sector: Real Estate

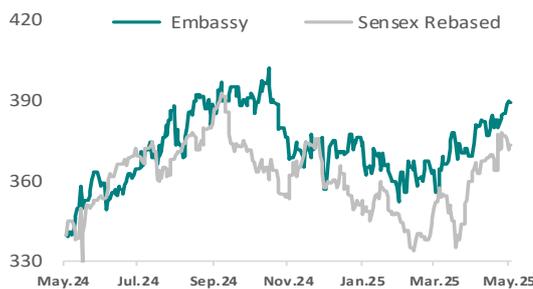
22nd May 2025

Key Changes	Target 	Rating 	Dividend 	Target	Rs. 425		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 389
Mid Cap	EMBASSY:IN	81,597	EMBASSY	542602	12 Months	TER*	+16%

Data as of: 21-05-2025

Company Data			
Market Cap (Rs. cr)	36,914		
52 Week High — Low (Rs.)	433 - 335		
Enterprise Value (Rs. cr)	56,044		
Outstanding Units (Rs cr)	94.8		
Free Float (%)	92.3		
Dividend Yield (%)	5.9		
6m average volume (cr)	0.08		
Beta	0.3		
Face value (Rs)	-		
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Sponsors	7.7	7.7	7.7
Institutions	74.8	74.7	74.6
Non-Institutions	17.5	17.6	17.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	11%	6%	15%
Absolute Sensex	7%	6%	10%
Relative Return	3%	0%	5%

*over or under performance to benchmark index



Consolidated(cr)	FY25A	FY26E	FY27E
Sales	4,039	4,477	4,998
Growth (%)	10	11	12
EBITDA	3,046	3,380	3,775
Margin(%)	75	75	76
PAT Adj.	715	757	950
Growth (%)	-17	6	26
Adjusted EPS	8	8	10
Growth (%)	-17	6	26
P/E	51.6	48.7	38.8
P/FFO	37.6	18.9	16.9
EV/EBITDA	18.4	17.2	15.6
ROE (%)	3.1	3.6	4.6
D/E	0.8	1.0	1.1

Double digit growth guidance in distributions....

Embassy Office Parks REIT is India's first and largest publicly listed Real Estate Investment Trust, which owns and operates a 51msf commercial portfolio, apart from its hotels and solar plant.

- In Q4FY25, Embassy reported 15% YoY revenue growth supported by better occupancies (85% in Q4FY24 v/s 87% in Q4FY25) and strong rental escalations.
- Distributions for the quarter stood at Rs. 5.68, marking 9% YoY growth.
- The total leasing for the quarter was ~1.6msf spread across 31 deals, which include 1.3msf new leasing and 0.3msf renewal.
- The completed commercial portfolio jumped to 40.3msf (36.5 in Q4FY24) with significant improvement in WALE to 8.4 years from 6.8 years, on a YoY basis.
- The mid-point DPU guidance for FY26 is at Rs. 25.25, implying a growth of 10% YoY.
- Looking ahead, Embassy's 6.1msf under construction projects coupled with better outlook occupancies and rental escalations are expected to sustain the distribution growth.

Outlook & Valuation

In FY25, Embassy office parks demonstrated strong performance in terms of both operations and distributions. Looking ahead, Embassy is well positioned to sustain its topline and distribution growth, supported by (1) an addition of ~3msf leasing area in FY26, (2) better occupancies, +300-400bps guidance, (3) potential rental escalations, and (4) a positive outlook on the Indian commercial sector.

Currently, the stock trades at an attractive 7.2% yield to FY27E DPU (the 5-year average is 6.1%). Hence, **we upgrade our rating on the stock to BUY with a target price of 425 based on 15.2x FY27E DPU, implying a TER of 15%** (~6.5% distribution yield and ~9.3% capital appreciation).

* TER (Total Expected Return) = Capital Appreciation + Distribution yield)

Quarterly Financials Consol.

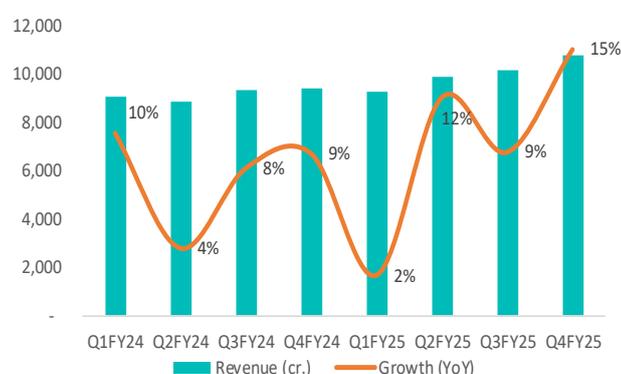
Rs. cr	Q4FY25	Q4FY24	YoY (%)	Q3FY24	QoQ (%)	FY25	FY24	YoY (%)
Sales	1,086	946	15	1,134	-4	4,039	3,685	10
EBITDA	843	758	11	880	-4	3,189	2,972	7
EBITDA margins(%)	78	80	-251bps	78	6bps	79	81	-171bps
EBIT	541	506	7	580	-7	2,095	2,003	5
PBT	-295	328	-190	258	-214	241	1,089	-78
Reported PAT	-243	283	-186	194	-225	1,672	964	73
Adj PAT	183	209	-12	194	-5	715	863	-17
EPS (Rs)	1.9	2.2	-12	2.0	-5	7.5	9.1	-17



Key Highlights

- Net Operating Income (NOI) for the quarter marked a growth of 17% YoY, surpassing the 15% topline growth.
- NDCF at the SPV level marked a lower growth of 7% YoY due to higher interest costs on external debt. However, NDCF at the REIT level improved by 9% YoY.
- Distribution for the quarter of Rs. 5.68 includes Rs. 0.27 interest, Rs. 1.70 dividend, and Rs. 3.71 repayment of debt.
- The management expects the occupancy to reach 90-91% by the end of FY26 from the levels of 87% in FY25.
- The net debt increased by 21% YoY 19,655cr with an interest rate of 7.90%. The company has a 49% floating rate debt as of Q4FY25.
- In the hospitality segment, the occupancy increased 200bps YoY to 66%, and the Average Daily Rate (ADR) marked strong growth of 28% YoY during the same period, Q4FY25.
- In Q4FY25, revenue from the solar plant witnessed a 45% YoY decline due to degrowth in units generated and blended tariff by 36% and 12% YoY, respectively. However, this segment contributes only 2% to revenue.

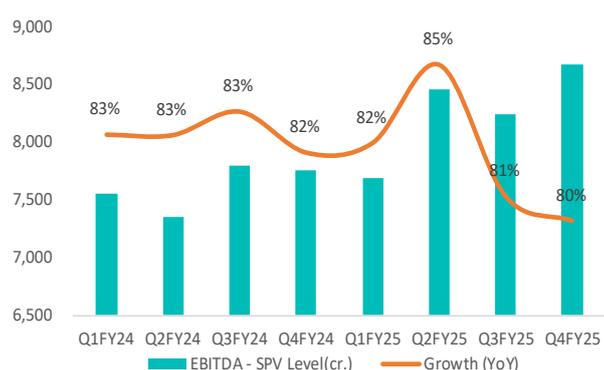
Revenue



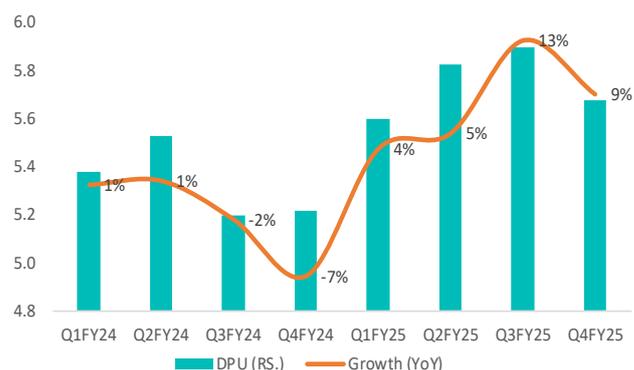
NOI (Net Operating Income)



EBITDA (SPV Level)



DPU (Distribution per Unit)



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	4,529	-	4,477	4,998	-1	-
EBITDA	3,410	-	3,380	3,775	-1	-
Margins (%)	75	-	75	76	20bps	-
Adj. PAT	932	-	757	950	-19	-
DPU (Rs.)	25	-	25	28	2	-



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	3,420	3,685	4,039	4,477	4,998
% change	15	8	10	11	12
EBITDA	2,544	2,769	3,046	3,380	3,775
% change	74	75	75	75	76
Depreciation	1,128	969	1,093	1,194	1,234
EBIT	1,416	1,800	1,953	2,186	2,541
Interest	976	1,087	1,329	1,388	1,504
Other Income	144	203	142	94	105
PBT	584	916	767	892	1,142
% change	-27	57	-16	16	28
Tax	156	125	-1,431	252	317
Tax Rate (%)	27	14	-187	28	28
Reported PAT	506	964	1,672	757	950
Adj.*	3	-101	-958	0	0
Adj. PAT	509	863	715	757	950
% change	-30	69	-17	6	26
No. of shares (cr)	95	95	95	95	95
Adj EPS (Rs)	5	9	8	8	10
% change	-30	69	-17	6	26
DPU (Rs)	22	21	23	25	28
% change	0	-2	8	9	11

Cash Flow

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,712	1,969	1,219	2,204	2,501
Non-cash adj.	723	728	1,727	1,135	1,187
Changes in W.C	130	-106	133	568	512
C.F. Operation	2,566	2,591	3,079	3,907	4,200
Capital exp.	-1,099	-1,629	-1,751	-2,295	-1,578
Change in inv.	-818	194	4	20	20
Other invest.CF	247	255	-13	212	212
C.F - Investment	-1,670	-1,180	-1,760	-2,064	-1,346
Issue of equity	0	0	0	0	0
Issue/repay debt	1,158	845	364	372	-402
Dividends paid	-2,025	-2,059	-2,137	-2,383	-2,647
Other finance.CF	-2	-3	-19	142	172
C.F - Finance	-869	-1,217	-1,792	-1,869	-2,877
Chg. in cash	27	194	-473	-25	-23
Closing cash	817	1,011	663	638	615

Balance Sheet

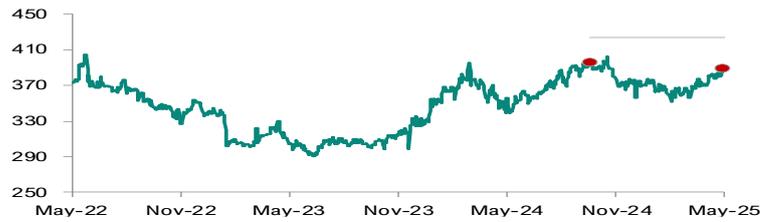
Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	875	1,027	677	651	649
Account Receivable	50	35	82	82	82
Inventories	4	5	5	5	5
Other Cur. Assets	216	258	351	351	351
Investments	3,124	2,964	3,020	3,000	2,995
Gross Fixed Assets	33,486	35,815	39,043	40,642	41,061
Net Fixed Assets	30,875	32,542	34,999	35,616	35,783
CWIP	1,267	1,803	2,086	2,571	2,588
Intangible Assets	7,591	7,379	6,793	6,581	6,528
Other Assets	2,410	1,362	936	936	936
Total Assets	46,412	47,376	48,948	49,792	49,915
Current Liabilities	245	254	255	270	274
Provisions	1,713	1,664	2,241	2,447	2,503
Debt Funds	14,805	16,808	19,807	22,055	22,532
Other Liabilities	5,280	5,376	3,883	3,883	3,883
Equity Capital	28,826	28,826	28,826	28,826	28,826
Reserves & Surplus	-4,458	-5,552	-6,065	-7,691	-8,104
Shareholder's Fund	24,368	23,274	22,761	21,136	20,722
Total Liabilities	46,412	47,376	48,948	49,792	49,915
BVPS	257	246	240	223	219

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab & Return					
EBITDA margin (%)	74.4	75.1	75.4	75.5	75.5
EBIT margin (%)	41.4	48.9	48.4	48.8	50.8
Net profit mgn.(%)	14.9	23.4	17.7	16.9	19.0
ROE (%)	2.1	3.7	3.1	3.6	4.6
ROCE (%)	3.6	4.5	4.6	5.1	5.9
W.C & Liquidity					
Receivables (days)	5.4	3.4	7.4	6.7	6.0
Inventory (days)	0.4	0.5	0.4	0.4	0.3
Payables (days)	19.8	16.9	19.6	17.8	15.9
Current ratio (x)	4.7	5.2	4.4	4.0	4.0
Quick ratio (x)	3.8	4.2	3.0	2.7	2.7
Turnover & Leverage					
Net debt to asset (x)	0.4	0.5	0.5	0.6	0.6
Total asset turn. (x)	0.1	0.1	0.1	0.1	0.1
Int. covge. ratio (x)	1.5	1.7	1.5	1.6	1.7
Adj. debt/equity (x)	0.6	0.7	0.8	1.0	1.1
Valuation					
EV/Sales (x)	14.9	14.3	13.9	13.0	11.8
EV/EBITDA (x)	20.0	19.0	18.4	17.2	15.6
P/E (x)	72.4	42.7	51.6	48.7	38.8
P/FFO (x)	22.6	19.9	37.6	18.9	16.9



Recommendation Summary (last 3 years)



Dates	Rating	Target
08.Oct.24	Accumulate	424
22.May.25	Buy	425

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

DISCLAIMER & DISCLOSURES

Certification: I, Arun Kailasan, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please [Click here](#)

Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC (a subsidiary of holding company in Oman engaged in Financial Services), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above-mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. Disclosures regarding Ownership:

GIL confirms that:

- (i)It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.
- (ii)It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

- (i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.
- (ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

2. Disclosures regarding Compensation:

During the past 12 months, GIL or its Associates:

- (a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

3. Disclosure by GIL regarding the compensation paid to its Research Analyst:

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. Disclosure regarding the Research Analyst's connection with the subject company: It is affirmed that I, Arun Kailasan, Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

5. Disclosure regarding Market Making activity: Neither GIL/its Analysts have engaged in market making activities for the subject company.

6. Disclosure regarding conflict of interests: GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

7. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

8. Clients are required to keep contact details, including email id and mobile number/s updated with the GIL at all times.

9. In the course of providing research services by GIL, GIL cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit GIL to execute any trade on their behalf.

10. GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

11. Standard Warning: "Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

12. Disclosures regarding Artificial Intelligence tools: Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

GRIEVANCES

Step 1: The client should first contact the RA using the details on its website or following

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam.; Phone: +91 484-2901367; Email: compliance@geojit.com. For Grievances: grievances@geojit.com. **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>

Corporate Identity Number: U66110KL2023PLC080586, SEBI Stock Broker Registration No: INH000019567; Depository Participant : IN-DP-781-2024.

