Embassy Developments Ltd — Jan 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: First Entry (Merger Announcement Focus) **One-line:** The proposed merger with Embassy Group fundamentally transforms IBREL from a promoter-exiting residential developer into a diversified, institutionally-backed real estate platform with a dominant commercial pipeline.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	First entry	N/A	□
Earnings Quality	High (Asset-backed surplus visibility)	□13,806 Cr surplus from launched projects	□
Guidance Confidence	Strong	Blackstone non-binding LOI for participation	□
Management Credibility	Improving	Shift from Gehlaut to Jitendra Virwani (Embassy)	□
Business Quality Signal	Improving	Diversification: 5% to 56% Commercial area mix	□
Key Q&A Exchange	PPT_ONLY: Not applicable	N/A	□
The Street's Primary Anxiety	Promoter Exit & Governance	Resolved via Embassy takeover & de-promoterization	□
Capital Cycle Stage	Consolidation / Growth	Merging to become #2 player by land/ surplus	□
Margin / Return Ratio Trajectory	Improving	High-margin commercial rental entry (□4,291 Cr)	□
Pricing Power	Stable	Dominant presence in Bengaluru/MMR/ NCR	□
FCF Conversion & Quality	Strong	Sold receivables (□4,224 Cr) cover pending costs	□
Competitive Moat Signals	Widening	Scaled platform with institutional relationships	□
Balance Sheet Strength	Adequate	Minimal addl. spend (<25%) for □17,706 Cr inventory	□
Working Capital Efficiency	Improving	Focus on OC-received/near-completion inventory	□
Mgmt Guidance Track Record	First entry	N/A	□
Key Vulnerability / Red Flag	Execution of complex NCLT merger timeline	Target completion Q1FY23 (6-month window)	□
Management Tone	Professional / Strategic	Focused on scale, governance, and asset mix	□

Key Takeaways (Positives & Negatives): * **Positives:** The merger creates the #2 Indian developer by land bank (3,353 acres) and surplus from launched projects (□13,806 Cr). It introduces a world-class promoter (Embassy/Virwani) and high-quality institutional interest (Blackstone). The business model shifts from purely residential to a balanced 44/56 residential-commercial mix, providing a natural hedge against cyclicality and access to steady rental income (□4,291 Cr potential). ***Negatives:** The transaction is subject to complex regulatory approvals (NCLT, SEBI, CCI) and lender consents. Immediate liquidity relies heavily on the realization of "near completion" inventory in a post-dislocation market. * **Forward Watchpoint:** Monitoring the conversion of Blackstone's non-binding LOI into a binding equity infusion and the timely exit of the legacy IBREL promoter group.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *Concall not available — commentary absent. PPT values converted from Mn Sq Ft or provided Cr.*

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (Sold Receivables - □Cr)	4,224	First entry	First entry	→	Volume-driven; includes □3,094 Cr from IBREL and □1,130 Cr from Embassy assets.
Equivalent Area (Total Mn Sq Ft)	78.7	First entry	First entry	→	Scale-up: 61.6 Mn Sq Ft Resi + 17.1 Mn Sq Ft Commercial.
Pre-tax Operating Cash Flow (Surplus)	13,806	First entry	First entry	→	Net Surplus = Pending collections + Unsold value - Construction costs.
Realization/sqft (Launched Resi)	7,209	First entry	First entry	→	Calculated: □17,706 Cr total value / 24.56 Mn Sq Ft launched area.
Revenue Potential Locked (□Cr)	19,070	First entry	First entry	→	Combined Resi surplus from launched (□13,806 Cr) and planned (□5,264 Cr).
Revenue (Planned Rent - □Cr)	4,291	First entry	First entry	→	Future annual rental potential from 42.5 Mn Sq Ft planned commercial.
PAT (□Cr)	Not in doc	First entry	First entry	→	Transaction presentation focuses on asset value/ surplus over Q-profit.
Land Bank (Acres)	3,353	First entry	First entry	→	Includes 1,424 acres Nashik SEZ (89% economic interest).
D/E Ratio	Not in doc	First entry	First entry	→	Note: Swap is cashless; equity infusion of □500 Cr planned in NAM Estates.

2B. SEGMENT BREAKDOWN

Segment	Revenue Potential / Surplus (□Cr)	Area (Mn Sq Ft)	Margin Potential	Trend	vs Company Avg	Key Development
Residential (Launched)	13,806 (Net Surplus)	24.6	High	→	Baseline	□3,404 Cr inventory is OC received or near completion.
Residential (Planned)	5,264 (Net Surplus)	37.0	High	→	Future Growth	Large Bengaluru pipeline (Embassy Springs/Knowledge Park).
Commercial (Planned)	4,291 (Annual Rent)	42.5	Stable/ Annuity	→	Diversification	Shift to 56% commercial area mix to hedge residential cyclicality.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Merger Timeline	Completion in ~6 months (Q1FY23)	Requires NCLT, SEBI, and lender approvals by Mar-22.	First entry	Regulatory delays
Guidance	Surplus Realization	□13,806 Cr surplus from launched assets	Requires sales of □14,302 Cr unsold inventory.	First entry	Market absorption
Guidance	Rental Income	□4,291 Cr annual potential	Based on leasing 42.5 Mn Sq Ft planned area.	First entry	Construction risk
Strategy	Asset Mix	56% Commercial vs 44% Resi	Requires successful conversion of planned land bank.	First entry	Execution risk
Strategy	De-promoterization	Sameer Gehlaut to de-classify	Pending completion of merger and documentation.	First entry	Governance transition
Balance	Liquidity	□3,400 Cr near-term liquidity	From OC-received/near-completion inventory.	First entry	Collections timing

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
Merger Status	Standalone IBREL	Merger with Embassy Approved	□Improving
Primary Promoter	Sameer Gehlaut	Jitendra Virwani (Post-merger)	□Improving
Institutional Backing	Limited	Blackstone (BREP) Non-binding LOI	□Improving
Asset Diversity	95% Residential	56% Commercial Area Mix	□Improving
Scale (Land Bank)	3,353 Acres	Added Embassy's Tier-1 Land Bank	□Improving
Market Presence	MMR/NCR Focused	Added Bengaluru/Chennai dominance	□Improving

STOP HERE.