Embassy Developments Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Operational) / Miss (Accounting) **One-line:** EDL is executing a high-velocity transition from a distressed legacy group to a premium developer, with Q4 pre-sales (□2,632 Cr) proving the "Embassy" brand's pull in Mumbai and Bengaluru, even as non-cash accounting adjustments mask the underlying unit economics.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Weak Miss	FY26 Pre-sales hit □4,631 Cr (vs □5,000 Cr guidance); 7.4% miss but Q4 momentum was exceptional.	□
Earnings Quality	Low (Accounting)	Negative EBITDA (□300 Cr) and PAT (-□872 Cr) driven by Ind AS 103 fair-valuation of legacy inventory.	□
Guidance Confidence	Strong	FY27 Pre-sales target raised to □6,000 Cr; backed by □19,400 Cr GDV pipeline of new launches.	□
Management Credibility	Strong	Delivered on the "back-ended" launch promise; Worli (Citadel) RERA secured and sales initiated.	□
Business Quality Signal	Improving	Pivot toward 47%+ cash margin projects; realization/sqft up 40% YoY to □12,935.	□
Key Q&A Exchange	Q#14 - Debt/ Cost	Construction finance for new projects secured at sub-9% despite NCLAT legal irritants.	□
The Street's Primary Anxiety	P&L Timeline	When will losses stop? Mgmt response: 4–6 quarters to flush legacy inventory.	□
Capital Cycle Stage	Growth / Investment	Aggressive launch phase (8.7 msf planned for FY27) requiring □6,336 Cr pending costs.	□
Margin Trajectory	Improving (Forward)	Forward project surplus estimated at □30,848 Cr (Own + DM) representing 45%+ net margins.	□
Pricing Power	Expanding	Luxury plotted development (Paradiso) fully sold out at realizations above initial GDV.	□
FCF Conversion	Distorted	9M spend-to-collection ratio at 79%; PAT is irrelevant due to non-cash reverse merger accounting.	□
Competitive Moat	Widening	3,251-acre fully paid land bank provides zero-cost entry for future phases in high-cost markets.	□
Balance Sheet Strength	Adequate	0.3x Net Institutional Debt/Equity; Gross debt at □5,218 Cr is manageable against project surplus.	□
Working Capital	Stable	Collections in FY26 (□1,673 Cr) trailing sales; focus shifting to receivables (□5,627 Cr).	□
Guidance Track Record	Reliable	Missed FY26 sales target narrowly, but successfully navigated merger and rebranding.	□
Key Vulnerability	Legal Overhang	Canara Bank/Insolvency case remains the primary stock price overhang/ASM trigger.	□
Management Tone	Resolute	Focus on "sins of the past" cleanup vs. "future glory" scaling; avoided over-paying for new land.	□

Sentiment: □Positive (Long-term) / □Neutral (Short-term)

Key Takeaways (Positives & Negatives): * **Positives:** The operational transition is reaching critical mass; Q4 pre-sales of □2,632 Cr were nearly double the Q3 run-rate, validating the Worli/Bengaluru launch strategy. The company is successfully "un-stalling" the legacy Indiabulls portfolio (3,300+ handovers), which restores institutional credibility. The 3,251-acre land bank is a massive "free" option in an environment where competitors are over-bidding for land. * **Negatives:** The P&L is "broken" for at least another year. Non-cash Ind AS 103 adjustments and the close-out of low-margin legacy projects will keep PAT deep in the red. The FY26 collection target was also missed (□1,673 Cr actual vs □2,200 Cr target), highlighting the lag between sales and construction-linked payments. * **The Street's Concern:** Investors are hyper-focused on the legal overhang (Canara Bank case) and the high average cost of debt (14%). Management's response—that new debt is coming in at <9% and the NCLAT has stayed the insolvency—suggests the "financial stress" is perception-driven rather than reality-driven. * **Watchpoint:** The FY27 launch of "Embassy One" (Bengaluru) and "Juhu Project" (Mumbai). Success here is required to hit the □6,000 Cr sales target.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT figures used as primary source. Concall used for Mgmt Commentary and Q3 comparison (Prior Context).

Metric	Current Qtr (Q4)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (□Cr)	2,632	+128% (FY26)	+89%	↑	Driven by Q4 launches of Worli (Citadel) and Verde Phase 2.
Area Sold (msf)	1.80	+63% (FY26)	+50%	↑	Volume expansion led by Bengaluru residential demand.
Pre-tax OCF (Coll.) (□ Cr)	577	-10% (FY26)	+39%	↑	Lag in collections vs sales due to early-stage construction.
Realization/sqft (□)	14,622	+40% (FY26)	+25%	↑	Mix shift toward Worli and luxury villas in Bengaluru.
Rev Potential Locked (□Cr)	57,874	First entry	→	→	Total GDV including DM and planned projects.
Revenue (□Cr)	1,732	-20%	Not in doc	↓	Accounting recognition lumpy based on OC received.
PAT (□Cr)	-323	+63% (Loss)	Not in doc	→	Negative due to Ind AS 103 fair value adjustments.
Land Bank (acres)	3,251	+3%	→	→	Fully paid-up; West (2,530), North (542), South (178).
D/E Ratio (Net Inst)	0.3x	→	→	→	Strong equity base of □9,964 Cr following merger.
Gross Debt (□Cr)	5,218	+15%	Not in doc	↓	Increasing to fund launch pipeline/working capital.

2B. SEGMENT BREAKDOWN

Segment	GDV (□ Cr)	Area (msf)	Projected Surplus	Trend	vs Co Avg	Key Development
Ongoing Projects	5,272	Not in doc	□1,858 Cr	→	Below	Managing legacy completion/deliveries.
FY26 Launches	14,728	Not in doc	□10,098 Cr	↑	Above	Worli Citadel (8% sold) is the primary driver.
FY27 Upcoming	19,400	10.5	□6,964 Cr	↑	Inline	Includes marquee Juhu & Sky Terraces (DM).
Planned Projects	23,470	20.3	□11,317 Cr	→	Inline	Massive long-term pipeline in MMR and Bengaluru.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Pre-Sales	□6,000 Cr (FY27).	□1,500 Cr / qtr. Highly feasible given Q4 FY26 was □2,632 Cr.	□(Missed FY26)	Medium
Guidance	Collections	□3,000 Cr (FY27).	□750 Cr / qtr. Aggressive vs FY26 actual of □1,673 Cr.	□(Missed FY26)	**High**
Guidance	Launches	10.5 msf (FY27).	Requires 3-4 major RERAs (Juhu, Whitefield, Hub).	□(Met FY26)	Low
Strategy	Debt	Reduce cost from 14% to 10%.	Requires refi of high-cost Kotak/ legacy debt with PSU banks.	First entry	Medium
Strategy	Asset Sale	Monetize non-core Panvel land.	Opportunistic; not baked into core GDV guidance.	□(Ongoing)	Low
Macro	Demand	Luxury market seeing "Halo effect" in Bengaluru.	Sustaining □15k+ realization in Hebbal/North BLR.	□	Low
Balance	Deleveraging	Project surplus to pay down debt.	□30,848 Cr total surplus is 6x gross institutional debt.	□	Medium

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	3.0	N. Dharmawat / Auram	Inventory	Business Overview	"What is the inventory of unsold projects and OC-received projects?"	Unsold inventory stands at ₹4,500 Cr and sold receivables at ₹4,000 Cr as the immediate priority. Execution of this existing stock provides a low-risk cash flow bridge before new launches.	None	5.0	Specific data provided
2	2.5	N. Dharmawat / Auram	Pipeline	Business Overview	"What is the GDV across all projects?"	Total company GDV is ₹52,000 Cr, excluding the second commercial phase of Knowledge Park and raw land banks. This suggests substantial NAV headroom not yet captured in the current sales guidance.	None	4.0	Directional with evidence
3	4.0	N. Dharmawat / Auram	Debt	Financials	"What is the total debt at consol level?"	Gross institutional debt is ₹3,700 Cr with an additional ₹1,100 Cr in shareholder debt, totaling ~₹4,800 Cr. The balance sheet is more levered than the PPT "Net Debt" figure suggests, but remains within sector norms.	None	5.0	Clear and quantified

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4	4.5	Rusmik Oza / 9 Rays	Legacy	Financials	"How much investment was done to revive erstwhile Indiabulls projects?"	Roughly □200 Cr was spent in 9M FY26 to take stalled projects like Sky Forest and Vizag to OC stage. Clearing these "inherited sins" allows the company to exit the low-margin legacy cycle and enter the high-margin Embassy cycle.	None	5.0	Specific timeline given
5	3.5	Rusmik Oza / 9 Rays	Land	Strategy	"What is the update on the 1,400-acre Nasik land bank?"	Management is seeking an amicable settlement with MIDC to debond SEZ land for industrial plots where cost basis is only □70 Cr. A successful resolution represents a massive one-time windfall potential given the low historical cost.	Exact surplus value	3.0	Vague but consistent
6	4.0	Rusmik Oza / 9 Rays	Commercial	Strategy	"What is the timeline for the Whitefield East Business Park?"	Construction has commenced on 2.7 msf Phase 1; monetization (sale to REIT vs. holding for annuity) will be decided in 3-4 years. This preserves optionality to	Decision on exit	3.0	Directional with evidence

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						either deleverage quickly or build a recurring income stream.			
7	4.5	Gaurav Khanna / CapGrow	Guidance	Management	"Guidance of □5,000 Cr but only reached □2,000 Cr in 9M?"	Management admitted a Q3/Q4-heavy weighting due to the Dec 30 Worli RERA; they remained confident in hitting the target. (Note: PPT reveals they eventually landed at □4,631 Cr—a minor miss).	None	4.0	Specific timeline given
8	4.0	Rohit Chaudhary	Governance	Governance	"Do you see any other legacy issues that could come out to haunt us?"	Management believes the balance sheet cleanup is 95% complete after two years of pre-merger effort. While irritants like Canara Bank exist, no systemic "hidden" liabilities are expected.	None	4.0	Directional with evidence
9	3.0	Rohit Chaudhary	Strategy	Strategy	"What is the strategy post-2030... asset-light vs asset-heavy?"	Focus will remain asset-light (JDAs) in the medium term to maximize IRR, shifting to asset-heavy only once massive project surpluses are realized. This	None	3.0	Vague but consistent

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						disciplined capital allocation protects the balance sheet during the current high-interest cycle.			
10	4.5	Siddhartha / Sagun	EBITDA	Financials	"Is negative EBITDA because of pricing pressure or demand mismatch?"	Negative EBITDA is purely an accounting legacy; historical sales from 10 years ago are being recognized now against current completion costs. Investors should monitor "Cash Surplus" margins (47%+) as the true indicator of current project health.	None	5.0	Clear and quantified
11	3.5	Roshan / Inven	Financials	Financials	"When will the balance sheet show profitability?"	Positive PAT is expected in 4–6 quarters once Embassy-branded project OCs begin to dominate the P&L mix. Short-term stock performance will likely decouple from P&L as cash flows turn positive first.	Specific quarter	2.0	Hedged response
12	4.5		Worli	Business Overview	"Worli... what is	The Mumbai campaign		3.0	

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		Amish Kanani / Knowise			holding the launch, or is it a soft launch?"	started in January post-Dec 30 RERA; pricing is intentional to be competitive and build brand awareness. Aggressive early pricing in Worli is a strategy to capture volume and secure the FY27 guidance.	Specific launch price		Directional with evidence
13	4.0	Amish Kanani / Knowise	Debt	Financials	"What is the current cost of capital?"	Weighted average cost is 14%, but new construction finance is being quoted at sub-9%. A 500bps reduction in interest costs over 18 months is a primary driver for forward earnings re-rating.	None	4.0	Clear and quantified
14	4.5	Amish Kanani / Knowise	Governance	Governance	"Are bankers giving us a normal treatment [despite NCLAT case]?"	SBI and Bank of Baroda are continuing to engage for new project finance, viewing the legal case as a non-merit irritant. Banker support is the ultimate litmus test for management's institutional credibility.	None	5.0	Verifiable claim

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15	4.0	Deepak / SVAN	Cash Flow	Financials	"What is the construction and approval budget for the next three years?"	FY26 launch funding is already secured; FY27 projects in Embassy Springs require minimal capital due to existing master plan approvals. This high "capital efficiency" allows the company to scale without massive new equity raises.	Specific □Cr budget	3.0	Vague but consistent
16	3.0	Varun Dujari / Vinayak	ROE	Financials	"When can we turn 11%-12% ROE positive?"	Management declined to give a specific ROE date, citing reverse merger accounting noise. This suggests ROE will remain a "blind spot" for fundamental analysts for the next 24 months.	Specific date	1.0	Evasive
17	3.5	Varun Dujari / Vinayak	Strategy	Strategy	"Promoter's pledge is down [up]... aren't you worried?"	Management is not worried as the family has assets across three entities; the plan is to pay down shareholder loans using project surplus. High promoter pledge remains a structural risk	Specific pledge reduction date	2.0	Deflected

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						that will keep a "valuation discount" on the stock.			

PATTERN FLAGS & SENTIMENT Analysts were primarily focused on the **"Indiabulls Hangover"**—specifically when the accounting losses would cease and whether more legal "skeletons" (like the Canara Bank case) would emerge. Management was consistent in steering the conversation toward **"Project Surplus" and "Cash Collections"** rather than Ind AS 103 P&L figures, which they successfully framed as a historical artifact rather than an operational reality.

The **Worli (Citadel)** project is the clear lightning rod for the FY27 thesis. Analysts expressed skepticism regarding sales velocity in a crowded luxury market, but management's response regarding competitive pricing and a "brand-building" first phase appeared to satisfy the room.

Analyst Sentiment Verdict: Skeptical on accounting, but bullish on the land bank. The management successfully navigated the concall by highlighting banker support (sub-9% debt) as a proxy for institutional health. However, the lack of a clear timeline for PAT-positive status and the high promoter pledge remain unresolved frictions that prevent a full valuation re-rating.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Prior Context)	What Q&A / PPT Revealed	Gap / Walk-back	Risk to Thesis
FY26 Pre-sales	5,000 Cr target.	4,631 Cr actual.	7.4% miss on volume.	Low (Momentum is high).
FY26 Collections	2,200 Cr target.	1,673 Cr actual.	24% miss on cash inflow.	**High** (Liquidity/Debt refi).
Profitability	Improving trajectory.	PAT negative for 4–6 more quarters.	Longer "cleansing" period.	Medium (Market perception).

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3/9M)	This Quarter (Q4/FY26)	Direction
Pre-sales Momentum	1,392 Cr (Q3)	2,632 Cr (Implied Q4)	↑ (Sharp Acceleration)
Realization/sqft	11,677	14,622	↑ (Premiumization)
Regulatory Status	Worli RERA pending	Worli RERA received; 8% sold	(Launch de-risked)
Guidance	FY26 Focus	FY27 6,000 Cr Sales Target	↑ (Growth Outlook)
Debt Mix	14% Cost of Capital	Refi talks at sub-9%	↑ (Interest Savings)
Accounting Losses	107 Cr EBITDA Loss (9M)	300 Cr EBITDA Loss (FY26)	↓ (P&L Deterioration)
Governance	Legal stay obtained	ASM stock tagging persisting	↓ (Liquidity Overhang)

Investor Notes: * **Thesis Confirmation:** The "Embassy Premium" is successfully traveling to Mumbai. The realization jump from 11.6k to 14.6k/sqft proves the product mix shift is working. * **Earnings Quality:** Ignore

PAT. The business generated ₹1,673 Cr in collections while spending ₹868 Cr (9M) on construction. The core cash engine is functional. * **The Debt Lever:** The company is currently paying ~₹700 Cr in annual interest (14% on ₹5k Cr debt). If they successfully refi to 9%, ₹250 Cr flows directly to the bottom line—this is the single largest "hidden" catalyst for FY27. * **Watchpoint:** The Feb 19 NCLAT hearing (mentioned in transcript) is the binary event. A dismissal of the insolvency case should trigger the exit from ASM and a significant re-rating.

STOP HERE.