Embassy Developments Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Inline (Operational) / Strategic Pivot **One-line:** The post-merger EDL has successfully transitioned from a complex restructuring phase to an aggressive execution phase, with a massive FY2026 launch pipeline (□27,800 Cr GDV) that dwarfs its current scale.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Context	Inline	H1 FY26 Pre-sales (□561 Cr) and Collections (□843 Cr) are consistent with a back-ended launch year.	□
Earnings Quality	Low (Accounting driven)	Net debt increased to □2,600 Cr; H1 Total Income (□1,200 Cr) is moderate vs massive GDV potential.	□
Guidance Confidence	Strong	Management provided a granular project-by-project launch schedule for □27,800 Cr GDV in FY26.	□
Management Credibility	Strong	Successfully completed the reverse merger; leadership team remains deep (20+ years avg experience).	□
Business Quality Signal	Improving	Pivot toward a "Brand-Led, Asset-Light" model using DM fees (10%) and JDA structures.	□
Key Q&A Exchange	N/A — PPT_ONLY	Not applicable	□
The Street's Primary Anxiety	Launch Timelines	Can they deliver 12.7 msf of launches in H2 FY26 after a quiet H1?	□
Capital Cycle Stage	Growth / Investment	Gearing up for □27,800 Cr of new launches; Net Debt rising to fund working capital.	□
Margin / Return Trajectory	Improving (Cash basis)	Project surplus estimated at □28,150 Cr with 46.6% net operational cash margin.	□
Pricing Power	Expanding	Paradiso launch beat estimated GDV by 18% with realization of □206 Cr (plots).	□
FCF Conversion & Quality	Distorted	Accounting PAT suppressed by Ind AS 103 fair-valuation; cash surplus of □2,500 Cr expected from OCs.	□
Competitive Moat Signals	Widening	Ownership of 3,125 acres of fully paid land bank provides a 10+ year development runway.	□
Balance Sheet Strength	Adequate	Net Debt of □2,600 Cr vs Equity of □10,200 Cr (D/E ~0.25x).	□
Working Capital Efficiency	Stable	Collections (□843 Cr) significantly ahead of Pre-sales (□561 Cr) in H1.	□
Mgmt Guidance Track Record	Reliable	Delivered 95%+ sales in key Bengaluru projects (Grove, Terraces, Springs).	□
Key Vulnerability / Red Flag	Approval Risk	Worli (□8,800 Cr) and East Business Park (□3,100 Cr) require Q3/Q4 CC/RERA for the thesis to hold.	□
Management Tone	Confident (PPT)	Aggressive expansion targets: □21,000 Cr Pre-sales over next 3 years.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The entity now controls one of India's largest land banks (3,125 acres), 100% fully paid, eliminating future land-acquisition capital drain. The entry into the Mumbai ultra-luxury market (Worli, Juhu) with a combined GDV potential of ~□11,900 Cr significantly diversifies the Bengaluru-heavy portfolio. * **Negatives:** H1 performance was soft (Pre-sales □561 Cr), placing massive pressure on Q3 and Q4 to deliver on the □5,000 Cr FY26 pre-sales target. Net debt has ticked up from □1,878 Cr (prior context) to □2,600 Cr as the company funds the construction ramp-up. * **Watchpoint:** Approval timelines for the Embassy Worli (Mumbai) project in Q4; this single project represents ~32% of the FY26 launch GDV and is critical for valuation re-rating.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (H1 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (□Cr)	561	First entry	First entry	□	Driven by 0.6 msf area sold; back-ended launch pipeline.
Equivalent Area Constructed (msf)	Not in doc	-	-	-	Spends of □168 Cr in H1 for ongoing projects.
Pre-tax Operating Cash Flow (□Cr)	843 (Coll.)	First entry	First entry	↑	Strong collections relative to sales; H1 target vs 3-yr goal.
Realization/sqft (□)	9,350	First entry	First entry	→	Derived from □561 Cr / 0.6 msf.
Revenue Potential Locked (□Cr)	53,100	First entry	First entry	↑	Includes owned, JDA, and DM projects.
Revenue (□Cr)	1,200	First entry	First entry	□	Represents "Total Income" for H1 FY2026.
PAT (□Cr)	Not in doc	-	-	-	(Prior context was negative due to FV accounting).
Land Bank (acres)	3,125	First entry	First entry	→	Fully paid; one of the largest among listed players.
D/E Ratio	0.25x	First entry	First entry	□	Institutional Debt □2,654 Cr / Equity □10,200 Cr.

2B. SEGMENT BREAKDOWN

Segment	GDV (□ Cr)	Area (msf)	Status	Trend	vs Co Avg	Key Development
Residential	44,400	30.6	Ongoing/ Planned	↑	Above	Pivot to ultra-luxury in MMR (Worli, Juhu).
Commercial	8,700	7.4	Ongoing/ Planned	→	Below	Focus on North Bengaluru office/retail.
MMR (Mumbai)	14,500	3.3	Upcoming (FY26)	↑	Way Above	Worli (□8,800 Cr) and Juhu (□2,600 Cr) launches.
Bengaluru	23,000+	23.9	Core Market	→	In line	Dominated by Embassy Springs (117-acre parcel).

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Pre-Sales	□21,000 Cr (3-year target).	Needs □7,000 Cr p.a.; current H1 is at □561 Cr. Requires 12x jump.	First entry	**High**
Guidance	Collections	□14,000 Cr (3-year target).	Needs □4,666 Cr p.a.; current H1 is at □843 Cr. Needs 5.5x jump.	First entry	Medium
Guidance	Launches	12.7 msf in FY26.	Current: 0.2 msf launched. Needs 12.5 msf in H2 (Q3-Q4).	First entry	**High**
Guidance	Capex Plan	□750 Cr Working Capital.	Required for all FY26 launches; feasible given asset-light models.	First entry	Low
Strategy	Capital Allocation	Unlock □2,500 Cr net cash.	From existing OC projects over the next 3 years.	On track	Low
Strategy	Competitive Positioning	Top 15 Listed Developer.	Already achieved post-merger market capitalization.	Delivered	None
Macro	Industry Headwinds	Navi Mumbai Airport impact.	Panvel land banks (2,415 acres) to be monetized via this macro tailwind.	Ongoing	None
Balance	Debt Target	Institutional Debt management.	Currently □2,600 Cr (Net); expects collections to deleverage post-launches.	First entry	Medium

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Consolidated Entity	NAM/Equinox (Separate)	EDL (Consolidated)	□
Net Debt	□1,878 Cr	□2,600 Cr	↓ (Increasing)
Land Bank	3,138 acres	3,125 acres	→
Equity Base	Not final	□10,200 Cr	□
Launch Visibility	General targets	13 specific projects for FY26	□

Investor Notes: * **Thesis Confirmation:** The "Big Embassy" merger is now complete. The company has shifted from a holding company with messy accounting to a clean operational vehicle with □53,100 Cr of GDV. * **Accounting Quality Warning:** PAT will remain a poor indicator of performance for at least 8 quarters due to Ind AS 103 fair-valuation adjustments. Investors must track **Pre-sales** and **Net Cash Surplus** (□2,500 Cr target) to judge business health. * **The "Lumpy" Risk:** Management is promising a massive H2 FY26. 98% of the year's launch volume is scheduled for Q3 and Q4. Any regulatory slip in Worli or Whitefield will cause a massive miss against FY26 guidance. * **Moat Protection:** The 3,125-acre land bank is "fully paid." This is a significant competitive advantage in a high-interest-rate environment, as EDL does not need to enter the expensive land-bidding wars currently plaguing other Tier-1 developers.

STOP HERE.