Embassy Developments Ltd — Oct 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Inline (on Operations) / Beat (on De-leveraging) **One-line:** Equinox (formerly Indiabulls Real Estate) has successfully transitioned to a net-cash position, clearing the primary balance sheet overhang and setting the stage for a high-value launch cycle in FY26.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Operational velocity (Pre-sales/Collections) stable but sub-scale.	□
Earnings Quality	High (Core driven)	No major one-offs this quarter; losses narrowing.	□
Guidance Confidence	Strong	Specific launch timelines for Thane (Nov'24) and Worli (Q1FY26).	□
Management Credibility	Improving	Leadership transition (Sachin Shah) and rebranding to Equinox.	□
Business Quality Signal	Improving	Pivot from distressed legacy to a growth-oriented developer.	□
Key Q&A Exchange	N/A — PPT_ONLY	Not applicable	□
The Street's Primary Anxiety	Execution of mega-projects	Worli project (□8,199 Cr GDV) is critical for valuation re-rating.	□
Capital Cycle Stage	Investment	Massive land bank (3,232 acres) awaiting monetization.	□
Margin / Return Ratio Trajectory	Improving	Adj. EBITDA losses narrowed from -□11 Cr to -□4 Cr QoQ.	□
Pricing Power	Stable	Average realizations holding at □21,006/sqft for Sky Forest.	□
FCF Conversion & Quality	Distorted	Net Cash surplus driven by equity/warrant infusion (□1,770 Cr).	□
Competitive Moat Signals	Stable	Ownership of 3,200+ acres provides long-term inventory runway.	□
Balance Sheet Strength	Strong	Net Cash surplus of □412 Cr; Debt/Equity at 0.1x.	□
Working Capital Efficiency	Improving	Collections (□213 Cr) significantly exceed Construction Spend (□128 Cr).	□
Mgmt Guidance Track Record	Mixed	Rebranding complete; awaiting RERA for Thane launch.	□
Key Vulnerability / Red Flag	Launch Delays	Heavy concentration of future GDV in Worli (65% of upcoming).	□
Management Tone	Confident	Strategic focus on "Re-Energizing Business Growth Model."	□

Sentiment: □Positive

Key Takeaways: Positives: * **Balance Sheet Transformation:** The company has shifted from a debt-heavy profile to a Net Cash position of ₹412 Cr, primarily aided by warrant/equity infusions of ₹1,770 Cr in H1FY25. * **Clean-up Complete:** The rebranding to "Equinox India" and the exit from the "Indiabulls" legacy marks a fundamental shift in business quality and governance perception. * **Mega-Launch Visibility:** The launch pipeline of ₹12,591 Cr GDV, including the high-margin Worli project (₹8,199 Cr), provides a clear path to revenue scale-up in FY26. * **Execution Momentum:** Collections (₹213 Cr) grew 30% YoY, providing healthy liquidity for construction spends which stood at ₹128 Cr for the quarter.

Negatives: * **Sub-scale Core Operations:** Current quarterly pre-sales of ₹118 Cr and area sold of 68,000 sq ft are low for a company with a ₹4,500 Cr+ equity base. * **Continued Operating Losses:** Despite improvements, the company remains loss-making at the PAT level (-₹28 Cr for Q2), indicating that revenue hasn't reached the critical mass required for fixed-cost absorption. * **Watchpoint:** The company is awaiting RERA approval for the Thane project (0.5 msf) scheduled for Nov '24; any delay here would push back the FY25 growth targets.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column absent.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (₹Cr)	118	↑ 168.2%	↓ 29.3%	↑	First entry
Area Sold ('000 sq ft)	68	↓ 51.1%	↓ 10.5%	↓	First entry
Pre-tax Operating CF (Coll.)	213	↑ 29.9%	↓ 2.7%	↑	First entry
Realization (Avg ₹/sqft)	17,353	↑ 450%	↓ 21%	↑	Mix-dependent
Revenue Potential (Net Surplus)	11,278	First entry	First entry	→	Project Sold+Unsold
Revenue (₹Cr)	166	↑ 100%	↓ 29%	↑	Based on Rev-Rec
PAT (₹Cr)	(28)	↑ 97% (loss)	↓ 55% (loss)	↑	Adj for one-offs
Land Bank (Acres)	3,232	First entry	First entry	→	Strategic asset
D/E Ratio (x)	0.1x	↓ 0.1x	→	↑	Strong deleverage
Net Debt / (Cash) (₹Cr)	(412)	↑ 5% (cash)	↑ 329% (cash)	↑	Net Cash surplus

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹Cr)	YoY Growth	Margin (%)	Trend	vs Co. Avg	Key Development
Residential	Not Specified	N/A	N/A	N/A	N/A	Thane Ph 2 mock flat ready
Commercial	Not Specified	N/A	N/A	N/A	N/A	Focus on Gurugram SCO/Retail

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	New Launches (FY25)	Thane (0.5 msf) in Nov'24	Needs RERA approval within weeks to hit Nov target.	First entry	RERA Delay
Guidance	New Launches (FY26)	Worli (1.6 msf) in Q1FY26	Needs ₹2,000 Cr+ quarterly pre-sales to monetize GDV.	First entry	Scale Risk
Guidance	GDV Pipeline	₹12,591 Cr (Upcoming)	Average realization must stay >₹25,000/sqft.	First entry	Pricing
Strategy	Geography	Focus on MMR, NCR, Bengaluru	Requires aggressive BD in South India markets.	First entry	Competition
Balance	Leverage	Maintain prudent structure	Currently Net Cash; no immediate risk.	Delivered	None

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
First entry	N/A	N/A	N/A

STOP HERE.