

**BUY**

TP: Rs 505 | ▲ 17%

**EMBASSY OFFICE  
PARKS REIT**

| Real Estate (REITs)

| 28 April 2026

## DPU miss on flat QoQ occupancy; higher interest costs loom

- Reported Q4FY26 DPU of Rs 6.50 (-1.1% vs our estimates), as committed occupancy (90%) came in below our expectations (90.8%)
- Leasable area expanded to 43.5msf (+7.9% YoY), in-place rents rose to Rs 95psf/m (+3.3% YoY) and occupancy improved +300bps YoY
- Higher interest expense to weigh on DPU growth. Retain BUY; expect EMBASSY to trade at DPUx of 16.38x based on FY28E DPU

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Over Q4FY26, EMBASSY leased 1.8msf (+12.5% YoY), driven by demand from GCCs (84% of total leasing). **Leasing was concentrated in Chennai and Bengaluru (68% of total absorption) with IT tenants driving 44% of the absorption volumes.**

EMBASSY **improved utilisation**, pushing in-place rents to Rs 95psf/m (+1.1% QoQ, +3.3% YoY) and occupancy to 90% (flat QoQ, +300bps YoY). **Leasable area expanded to 43.5msf (+5.8% QoQ, +7.9% YoY)**, resulting in **NOI of Rs 9,760mn (-0.9% QoQ, +9.4% YoY)**. Over Q4FY26, ~2.0msf of new supply was delivered and ~0.3msf was acquired.

Average cost of debt eased to 7.25% over Q4FY26, as the REIT expanded its share of fixed-rate debt to 60% (51% as of Q4FY25) and improved Net Debt/GAV to 30% (32% as of Q4FY25).

Even as lower-than-expected interest expense and non-recurring non-cash adjustments to NDCF drove NDFC to Rs 23,928mn (+9.5% YoY) and DPU to Rs 25.28 (+9.8% YoY), FY26 revenue from Operations missed our estimates by -0.4% and higher than expected operating costs resulted in NOI missing our estimates by -18.0%.

We continue to believe that EMBASSY operates in an environment constructive for demand to consolidate into its office spaces. **We expect EMBASSY to deliver DPU growth of +10.4% CAGR over FY27E-29E**, as it expands leasable area by +4.2% CAGR, improves occupancy and in-place rents by +600bps and +6.2% CAGR respectively. However, we expect higher interest expense to limit DPU growth.

We retain BUY on EMBASSY and revise our 1Y TP to Rs 505 (-5.2% from Rs 533 previously), based on an updated DPU multiple of 16.38x (16.0x previously) applied to Q1FY28E-Q4FY28E DPU estimates. The updated multiple reflects adjustments for a positive correlation between DPU growth rates and the stock price.

## Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	EMBASSY IN/Rs 433
Market cap	US\$ 4.4bn
Free float	92%
3M ADV	US\$ 7.7mn
52wk high/low	Rs 462/Rs 374
Promoter/FPI/DII	8%/42%/28%

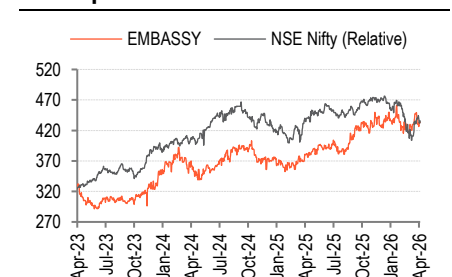
Source: NSE | Price as of 27 Apr 2026

## Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	46,758	51,753	57,400
EBITDA (Rs mn)	37,843	40,210	44,784
Adj. net profit (Rs mn)	5,206	10,393	13,350
DPU (Rs)	25.3	27.7	30.9
Consensus DPU (Rs)	25.5	28.4	31.1
Adj. ROAE (%)	2.4	5.2	7.5
Price/DPU	17.1	15.7	14.0
EV/EBITDA (x)	10.9	10.2	9.2
Adj. EPS growth (%)	(67.6)	99.6	28.5

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE

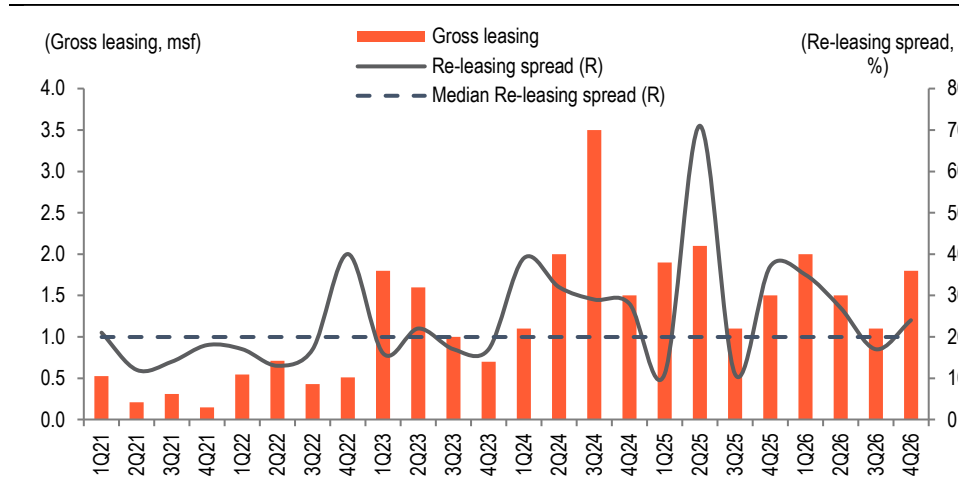


**Fig 1 – Q4FY26 Performance**

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Revenue from operations (Rs mn)	12,047	10,858	10.9	11,935	0.9	12,219	(1.4)
NOI (Rs mn)	9,760	8,924	9.4	9,850	(0.9)	10,198	(4.3)
EBITDA (Rs mn)	9,586	8,681	10.4	9,670	(0.9)	10,101	(5.1)
EBITDA Margin (%)	79.57	79.95	(38bps)	81.02	(145bps)	82.67	(310bps)
NDCF (Rs mn)	6,184	5,397	14.6	6,130	0.9	6,243	(0.9)
Distribution (Rs mn)	6,161	5,384	14.4	6,130	0.5	6,232	(1.1)
DPU (Rs)	6.50	5.68	14.4	6.47	0.5	6.58	(1.1)

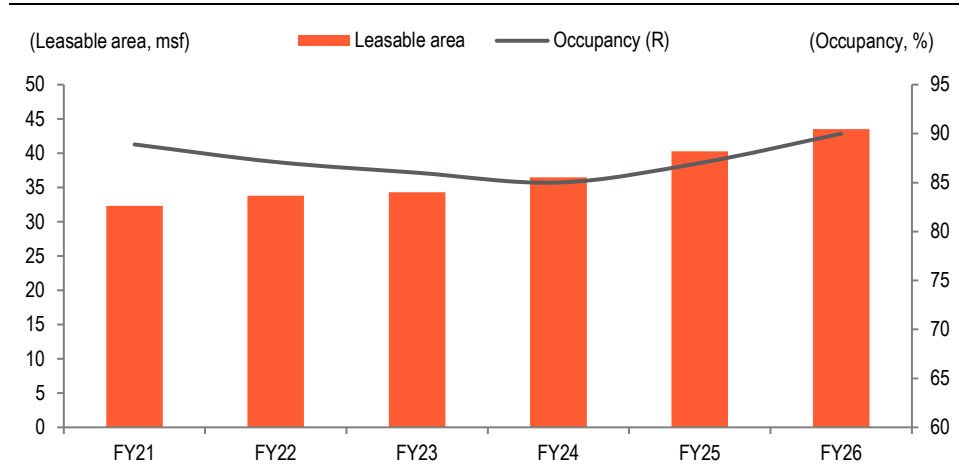
Source: Company, BOBCAPS Research

**Fig 2 – 1.8msf was leased over Q4FY26 (+12.5% YoY)**



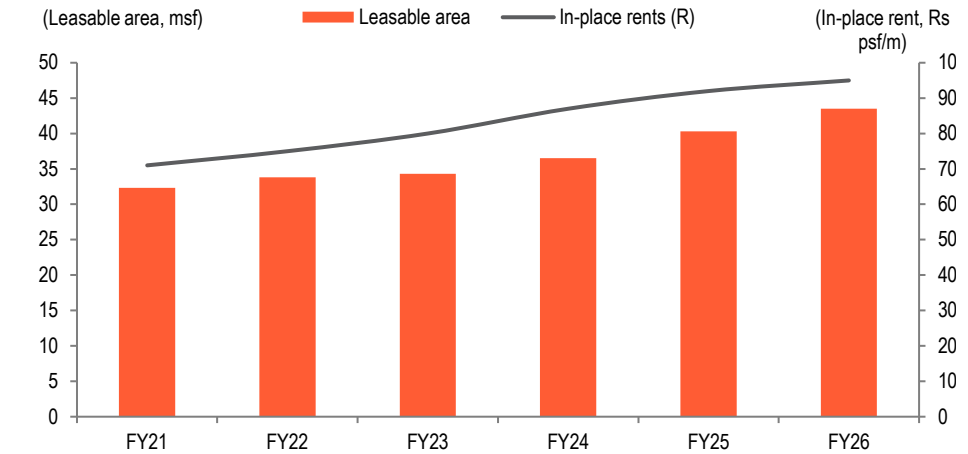
Source: Company, BOBCAPS Research

**Fig 3 – Occupancy has improved, as leasable area has expanded**



Source: Company, BOBCAPS Research

**Fig 4 – High demand resulting in healthy in-place rent growth (+3.3% YoY)**

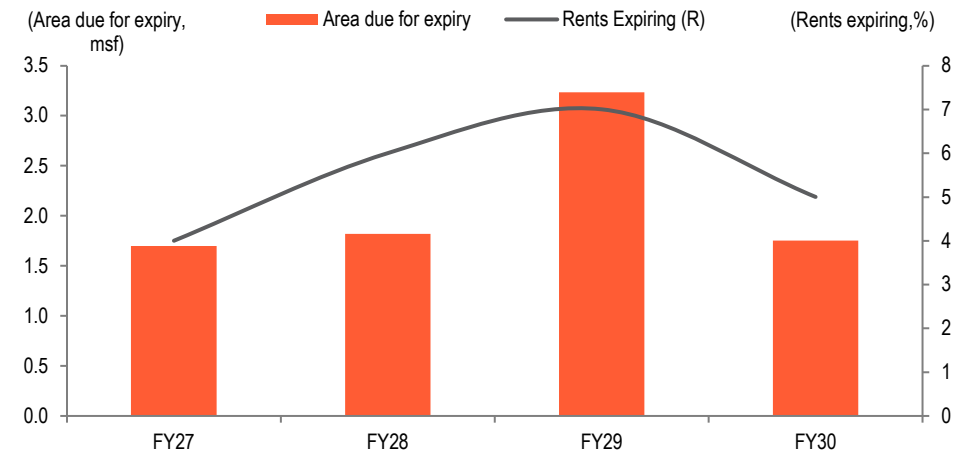


Source: Company, BOBCAPS Research

### Re-leasing and the absorption of vacant space to drive utilisation

Over FY27E-29E, we expect contractual rent escalations (+4.5% CAGR) and the re-leasing of ~6.7msf to contribute an additional NOI of ~Rs 1,715mn. Additionally, over the period, we believe improved occupancy, especially driven by infrastructure upgrades in Pune, will help improve overall occupancy by ~600bps.

**Fig 5 – Rents expiring**

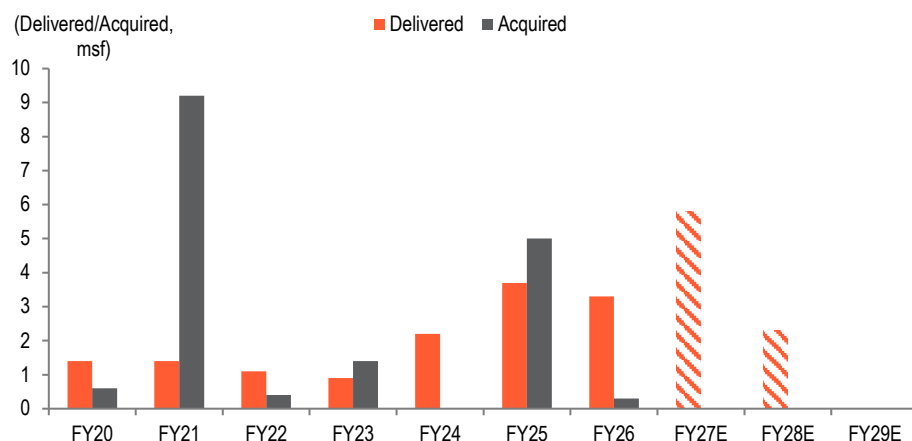


Source: Company, BOBCAPS Research

### Growth in leasable area through new development

As of Q4FY26, EMBASSY reported a development pipeline that is expected to add ~8.1msf of new supply through FY29E — which will result in incremental NOI of ~Rs 8,180mn to flow through over FY27E-29E. Management remains open to acquiring 3<sup>rd</sup> party assets, and has access to a potential pipeline of ~12.6msf. Based on the REIT’s past performance, we remain optimistic about possible acquisitions over the period; but in the absence of any concrete timelines, we do not build in any upside from the acquisitions in our estimates.

**Fig 6 – Office Space Delivered and Acquired**

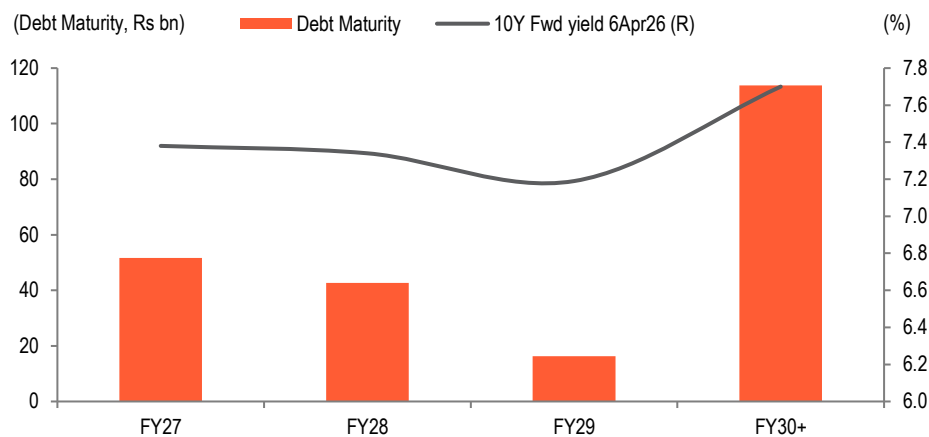


Source: Company, BOBCAPS Research

### Higher interest expense likely to pressure DPU growth

~49% of outstanding debt is scheduled to expire over FY27E-29E. Despite ~60% of outstanding debt be fixed, given expectations of higher rates, we believe that EMBASSY is unlikely to report any further reduction in its avg. cost of debt over the period, as the REIT refinances substantial debt in a rising interest rate environment. We expect higher interest expense to weigh on DPU growth over the period.

**Fig 7 – Debt Maturity**



Source: Company, BOBCAPS Research

**Fig 8 – EMBASSY Snapshot**

EMBASSY	2021	2022	2023	2024	2025	4Q26
Leasable Portfolio (msf)	32.30	33.80	34.30	36.50	40.30	43.50
Occupancy (%)	88.9	87.1	86.0	85.0	87.0	90.0
in-place Rent (₹psf/m)	71.00	75.00	80.00	87.00	92.00	95.00
re-leasing Spreads (%)	18.0	18.0	16.0	31.0	24.0	24.0
WALE (Y)	7.0	7.0	6.6	6.8	8.4	8.5
DPU	21.48	21.76	21.71	21.33	23.01	6.50
LTV (%)	22.0	24.0	28.0	29.0	32.0	30.0
Average Cost of Debt (%)	7.8	6.7	7.3	7.8	7.9	7.3

Source: Company, BOBCAPS Research

### Valuation methodology

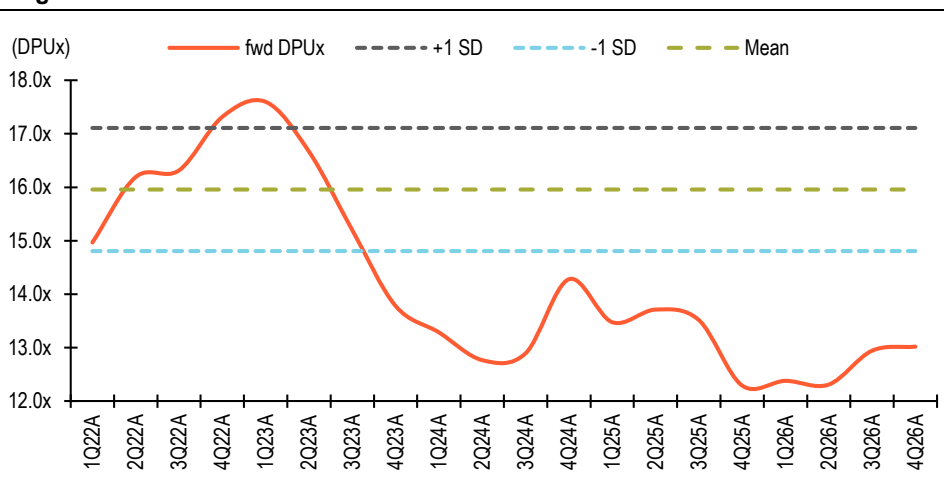
Despite higher occupancy and in-place rents we believe higher interest costs are likely to weigh on cash flows resulting in DPU growth of +10.3% over FY27-FY29E. We maintain BUY on EMABSSY and revise 1Y TP to Rs 505 (-5.2% from Rs 533 previously) based on an DPU multiple of 16.38x (from 16.0x previously) applied to Q1FY28E-Q4FY28E DPU estimates. The DPU multiple has been adjusted for a positive correlation between DPU growth rates and the stock price.

**Fig 9 – Revised estimates**

	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
DPU (Rs)	27.7	30.9	34.0	29.7	33.6	-	(6.9)	(8.2)	-
NDCF (Rs mn)	26,256.7	29,283.4	32,237.6	28,215.7	31,884.3	-	(6.9)	(8.2)	-
Occupancy (%)	92.0	94.0	96.0	93.0	93.0	-	(100bps)	100bps	-
In-place rents (Rs psf/m)	94.6	95.6	96.7	94.1	95.1	-	0.5	0.5	-

Source: BOBCAPS Research

**Fig 10 – EMBASSY**



Source: Company, BOBCAPS Research

### Key Risks to our estimates:

- Stagnant or slower-than-expected recovery in occupancy and thus, in-place rents
- pace of developments limiting upside from incremental income
- Higher interest costs if expiring debt is re-financed at higher-than-expected rates

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>41,813</b>	<b>46,758</b>	<b>51,753</b>	<b>57,400</b>	<b>60,586</b>
EBITDA	31,888	37,843	40,210	44,784	47,460
Depreciation	(17,826)	(12,658)	(12,658)	(12,658)	(12,658)
EBIT	14,061	25,185	27,553	32,126	34,802
Net interest inc./(exp.)	(13,286)	(14,950)	(16,373)	(17,508)	(18,091)
Other inc./(exp.)	1,155	1,152	1,320	1,672	2,042
Exceptional items	0	0	0	0	0
EBT	1,930	13,156	12,499	16,290	18,752
Income taxes	14,123	(7,950)	(2,106)	(2,940)	(3,519)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>16,053</b>	<b>5,206</b>	<b>10,393</b>	<b>13,350</b>	<b>15,233</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>16,053</b>	<b>5,206</b>	<b>10,393</b>	<b>13,350</b>	<b>15,233</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	534	1,083	1,083	1,083	1,083
Other current liabilities	17,854	18,929	18,929	18,929	18,929
Provisions	4	11	11	11	11
Debt funds	1,98,073	2,23,848	2,49,467	2,62,223	2,67,780
Other liabilities	45,402	52,310	52,310	52,310	52,310
Equity capital	2,88,262	2,88,262	2,88,262	2,88,262	2,88,262
Reserves & surplus	(60,651)	(80,460)	(99,631)	(1,18,986)	(1,39,113)
Shareholders' fund	2,27,612	2,07,802	1,88,631	1,69,276	1,49,150
<b>Total liab. and equities</b>	<b>4,89,478</b>	<b>5,03,982</b>	<b>5,10,430</b>	<b>5,03,832</b>	<b>4,89,262</b>
Cash and cash eq.	6,630	9,697	8,461	8,927	5,315
Accounts receivables	820	990	990	990	990
Inventories	45	40	40	40	40
Other current assets	3,645	3,971	3,971	3,971	3,971
Investments	670	736	736	736	736
Net fixed assets	0	0	0	0	0
CWIP	3,129	5,835	5,835	5,835	5,835
Intangible assets	3,74,115	3,81,777	3,89,461	3,82,397	3,71,439
Deferred tax assets, net	121	160	160	160	160
Other assets	1,00,302	1,00,777	1,00,777	1,00,777	1,00,777
<b>Total assets</b>	<b>4,89,478</b>	<b>5,03,982</b>	<b>5,10,430</b>	<b>5,03,832</b>	<b>4,89,262</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>30,793</b>	<b>35,217</b>	<b>37,882</b>	<b>41,849</b>	<b>44,624</b>
Capital expenditures	(17,510)	(18,796)	(23,267)	(8,518)	(4,625)
Change in investments	(1,087)	456	0	0	0
Other investing cash flows	2,065	1,829	1,136	1,136	1,136
<b>Cash flow from investing</b>	<b>(16,531)</b>	<b>(16,511)</b>	<b>(22,131)</b>	<b>(7,382)</b>	<b>(3,489)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	17,344	22,516	25,619	12,757	5,557
Interest expenses	(13,703)	(14,793)	(16,373)	(17,508)	(18,091)
Dividends paid	(21,374)	(23,186)	(26,232)	(29,250)	(32,211)
Other financing cash flows	(190)	(202)	0	0	0
<b>Cash flow from financing</b>	<b>(17,923)</b>	<b>(15,665)</b>	<b>(16,987)</b>	<b>(34,001)</b>	<b>(44,746)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(3,661)</b>	<b>3,041</b>	<b>(1,236)</b>	<b>466</b>	<b>(3,612)</b>
<b>Closing cash &amp; cash eq.</b>	<b>6,630</b>	<b>9,697</b>	<b>8,461</b>	<b>8,927</b>	<b>5,315</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	16.9	5.5	11.0	14.1	16.1
Adjusted EPS	16.9	5.5	11.0	14.1	16.1
DPU	23.0	25.3	27.7	30.9	34.0
Book value per share	240.1	219.2	199.0	178.6	157.3

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	9.8	8.8	7.9	7.2	6.8
EV/EBITDA	12.9	10.9	10.2	9.2	8.7
P/DPU	18.8	17.1	15.7	14.0	12.8
P/BV	1.8	2.0	2.2	2.4	2.8

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	831.6	39.6	83.1	82.0	81.2
Interest burden (PBT/EBIT)	13.7	52.2	45.4	50.7	53.9
EBIT margin (EBIT/Revenue)	33.6	53.9	53.2	56.0	57.4
Asset turnover (Rev./Avg TA)	8.7	9.4	10.2	11.3	12.2
Leverage (Avg TA/Avg Equity)	2.1	2.3	2.6	2.8	3.1
Adjusted ROAE	7.0	2.4	5.2	7.5	9.6

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	7.5	11.8	10.7	10.9	5.6
EBITDA	7.3	18.7	6.3	11.4	6.0
Adjusted EPS	66.5	(67.6)	99.6	28.5	14.1
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	76.3	80.9	77.7	78.0	78.3
EBIT margin	33.6	53.9	53.2	56.0	57.4
Adjusted profit margin	38.4	11.1	20.1	23.3	25.1
Adjusted ROAE	7.0	2.4	5.2	7.5	9.6
ROCE	3.4	5.8	6.3	7.4	8.3
<b>Ratios (x)</b>					
Gross asset turnover	0.1	0.1	0.1	0.1	0.1
Current ratio	0.2	0.2	0.2	0.2	0.2
Net interest coverage ratio	1.1	1.7	1.7	1.8	1.9
Adjusted debt/equity	1.2	1.4	1.7	2.0	2.3

Source: Company, BOBCAPS Research

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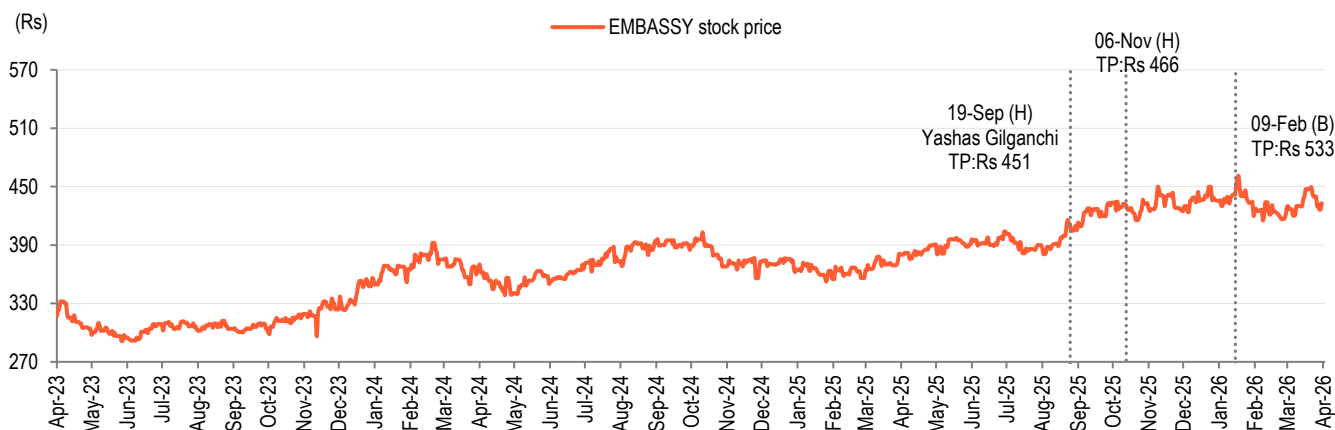
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- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): EMBASSY OFFICE PARKS REIT (EMBASSY IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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