BOBCAPS
TRUST | INNOVATION | EXCELLENCE

REAL ESTATE | Q3FY26 Review | 20 February 2026

Improving utilisation, expansion of leasable area key for growth

- **Leasing by GCCs (~38% of total office leasing) and 'flight-to-quality' made for a structurally strong environment for REITs**
- **Leased ~3.4msf (-12.8% YoY); occupancy improved ~+373bps YoY to ~92% and avg. in-place rents improved to Rs 89.9psf/m (+4.8% YoY)**
- **Expect annualised DPU growth of 12.6% over FY26E-28E and REITs to trade at an avg. DPU multiple of 16.8x**

Yashas Gilganchi
Research Analyst
research@bobcaps.in

Leasing activity was led by BLR, MUM and HYD as ~24.7msf was leased over Q3FY26. **Supply (~15.3msf) lagged demand,** and was delivered mostly in BLR, HYD and PUN. Leasing in Grade A office assets accounted for the majority (~90%) of the office space leased, leading to a **supportive environment for demand to consolidate into space in REIT managed properties.**

Leasing momentum (for REITs under our coverage) showed signs of moderation, as avg. committed occupancy reached an all-time high of ~92% (+287bps); driving in-place rents higher by ~+5% YoY to ~Rs 90psf/m. We believe that, **as committed occupancy in REIT portfolios exceeds 90%, growth in leasable area remains key to driving NOI growth.**

Leasable area expanded by ~8.2msf, driven mostly by BIRET's acquisition of Ecoworld in BLR (~7.7msf). **We continue to prefer REITs expanding leasable area via acquisition of operational office assets** over REITs resorting to growth via investments in under-construction office assets (longer duration – construction + lease-up).

REITs raised ~Rs 53.2bn of equity and ~Rs 43.0bn of debt capital over Q3FY26, as relatively higher yields made for a tough debt capital market. With the exception of BIRET, we expect REITs to continue relying predominantly on debt capital to fund expansion. However, we do not expect any material reduction in the avg. cost of debt over FY27E, as we believe rates have bottomed out.

Driven by the lease-up of vacant space, contractual lease escalations and incremental income from additional leasable area to the portfolio, we expect NOI to grow by 20.5% over FY26E-28E resulting in annualised DPU growth of 12.6%. We expect REITs under our coverage to trade at an avg. DPU multiple of 16.8x over the next one year.

Recommendation snapshot

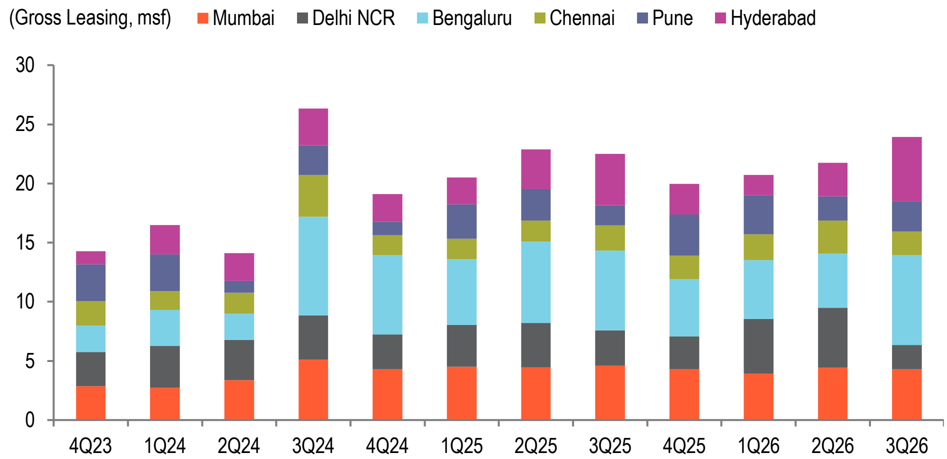
Ticker	Price	Target	Rating
BIRET IN	355	416	BUY
EMBASSY IN	435	533	BUY
MINDSPCE IN	494	546	HOLD

Price & Target in Rupees | Price as of 19 Feb 2026

Robust Leasing Led by GCCs

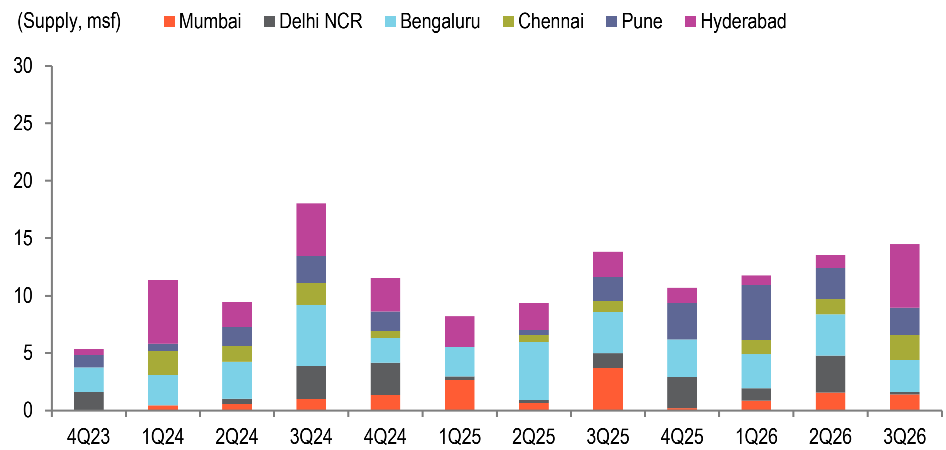
~24.7msf of office space was leased over Q3FY26 (+9.0% QoQ and +3.6% YoY), led by leasing activity in BLR (31%), HYD (22%) and MUM (17%). Supply continued to lag demand despite a pick-up in pace, as ~15.3msf was delivered (+8.3% QoQ and +4.1% YoY), concentrated (70%) mostly in BLR, HYD and PUN. Leasing in Grade A office assets accounted for the majority (~90%) of the office space leased as occupiers prioritised workplace design, efficiency and sustainability standards. We believe that **leasing by GCCs (~38% of space leased) and 'flight- to-quality' made for a structurally strong environment for demand to consolidate into space in REIT managed properties**.

Fig 1 – Robust leasing led by GCCs



Source: Cushman & Wakefield, BOBCAPS Research

Fig 2 – New supply lags demand



Source: Cushman & Wakefield, BOBCAPS Research

Improved Utilisation of REIT Portfolios

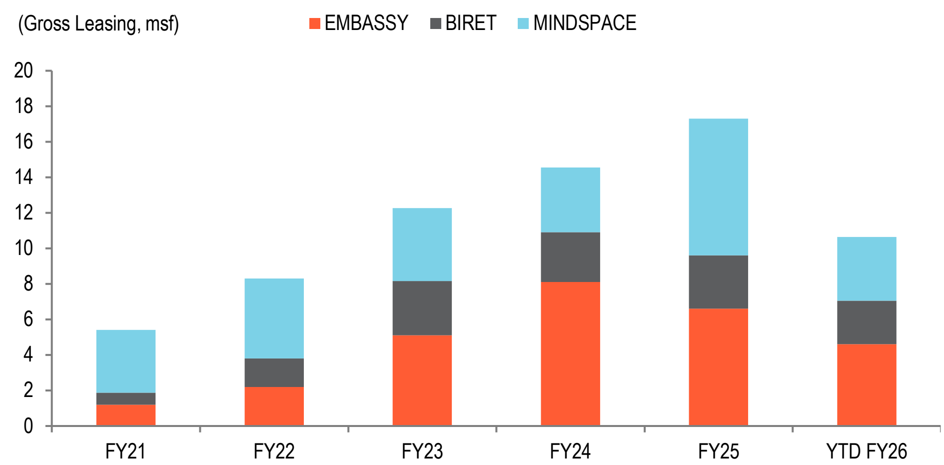
REITs under our coverage leased ~3.4msf (-12.8% YoY, +17.6% QoQ), accounting for ~13.8% of total office space leased over the quarter across India. Avg. committed occupancy improved ~+373bps YoY to 91.6% (90.7% as of Q2FY26) and avg. in-place rents improved to Rs 89.9psf/m (+4.8% YoY, +2.0% QoQ).

EMBASSY continues to lead leasing performance (~4.6msf YTDFY26 vs ~3.6msf peer average) as it benefits from having the largest leasable area (41.1msf vs. 34.9msf peer average) mostly located in BLR. The REIT has consistently achieved the highest leasing volumes over FY22-25, with avg. leasing volume of ~5.5msf/Y vs ~4.4msf/Y peer average.

Over YTDFY26**, BIRET achieved the best utilisation among peers**, having improved committed occupancy to 92% (+500bps vs +287bps peer average) and in-place rents to Rs 101psf/m (+4.1% vs +3.8% peer average). The REIT has consistently been able to charge the highest in-place rents vs peers (Rs 77.3psf/m vs Rs 75.83psf/m) over FY22-25, driven by its high-quality portfolio.

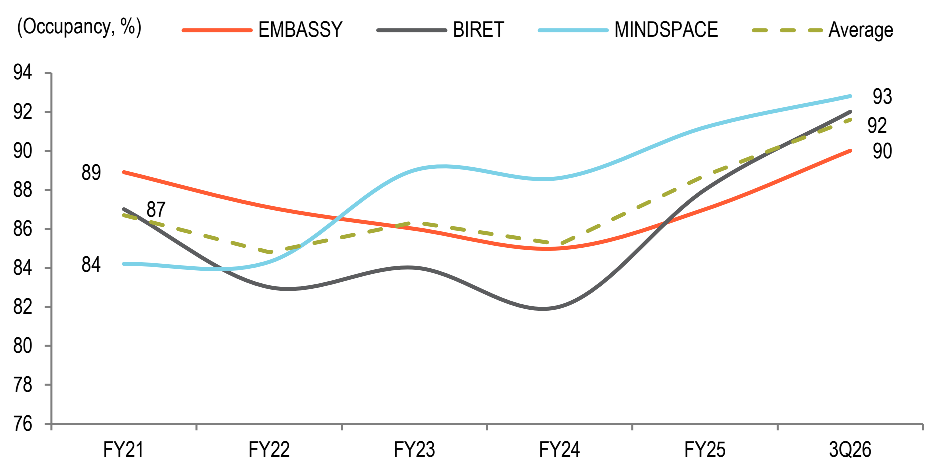
Assuming no material change in leasable area and occupancy**, we expect leasing momentum to moderate over FY26 to ~15msf of total leasing (~17.3msf in FY25 and ~13.7msf over FY22-25).** We believe that **as committed occupancy in REIT portfolios surpasses 90%, growth in leasable area remains key to driving growth.**

Fig 3 – Pace of leasing showing signs of moderation



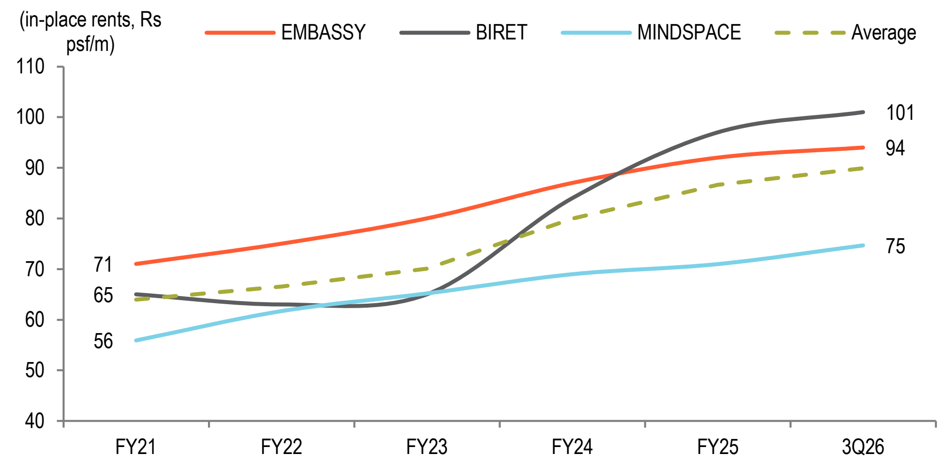
Source: Company, BOBCAPS Research

Fig 4 – Occupancy approaching stabilisation levels



Source: Company, BOBCAPS Research

Fig 5 – Average in-place rents up +4.8% YoY

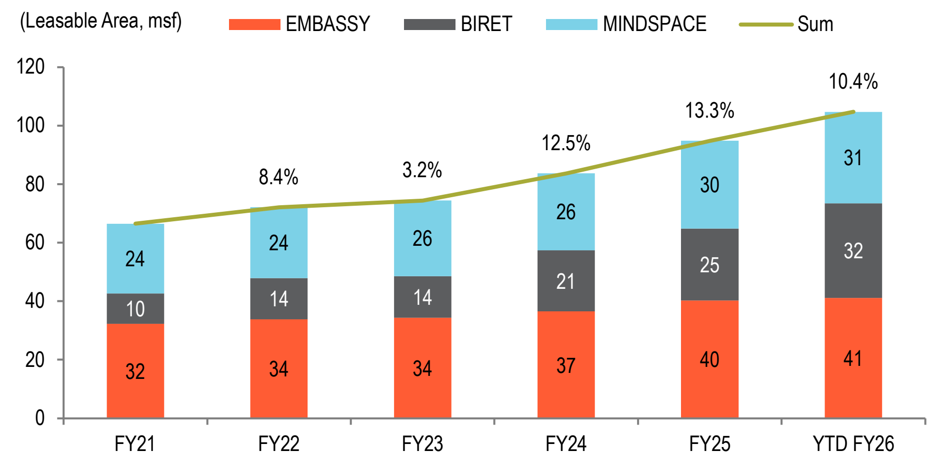


Source: Company, BOBCAPS Research

Acquisitions Driving Growth in Leasable Area

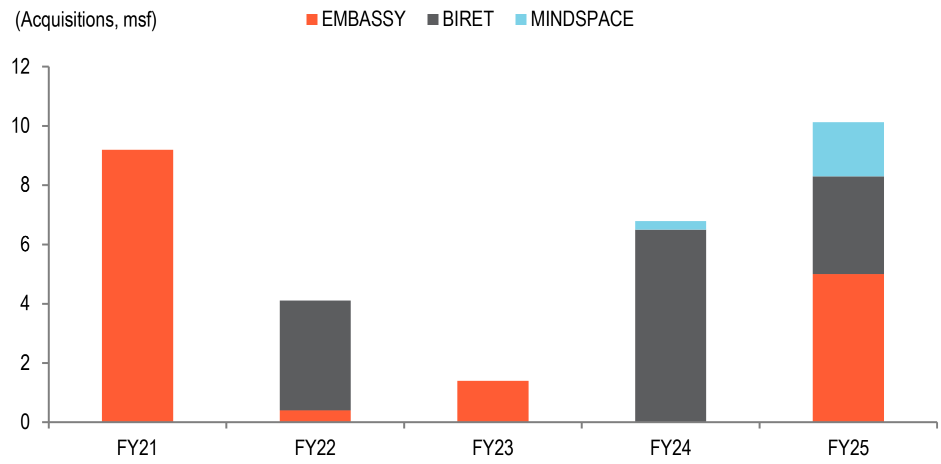
Over Q3FY26, REITs under our coverage expanded leasable area by ~8.2msf, driven mostly by BIRET's acquisition of Ecoworld in BLR (~7.7msf). Over FY22-25, leasable area expanded at an annualised rate of 9.3% with REITs relying on a combination of the acquisition of office assets and investing in under-construction office projects. Over the period, BIRET expanded leasable area the most (annualised rate 24.2%), as it relies mostly on acquisitions. **We continue to prefer REITs expanding leasable area via acquisition of operational office assets** over REITs resorting to growth via investments in under-construction office assets (longer duration – construction + lease-up).

Fig 6 – Sustainable growth in leasable area



Source: Company, BOBCAPS Research

Fig 7 – Faster growth via acquisitions

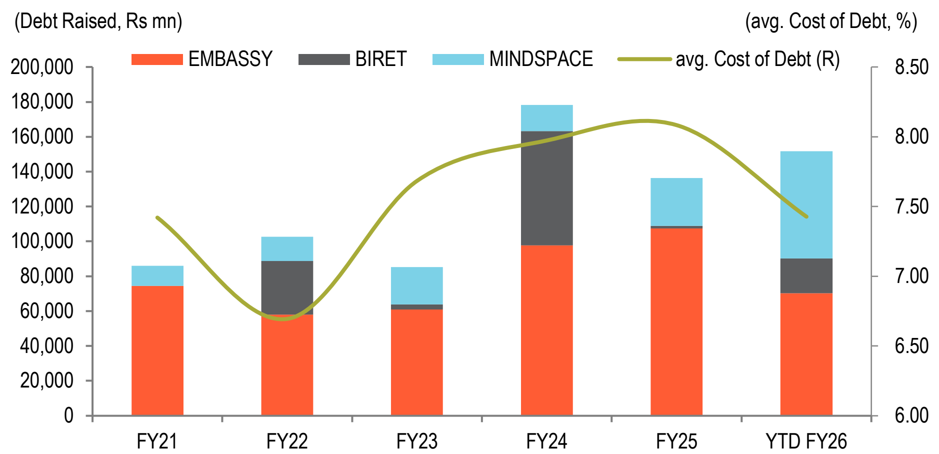


Source: Company, BOBCAPS Research

Debt Main Source of Growth Capital

Over Q3FY26, REITs under our coverage raised ~Rs 53.2bn of equity and ~Rs 43.0bn of debt capital. However, over FY23-25, REITs have primarily relied on debt capital to fund the expansion in leasable area. Successful re-financing transactions over Q3FY26 lowered the avg. cost of debt by ~3bps QoQ and ~72bps YoY respectively, given the benefits from their high AAA ratings and pre-determined lending agreements, despite the relatively harder yields prevalent in the market.

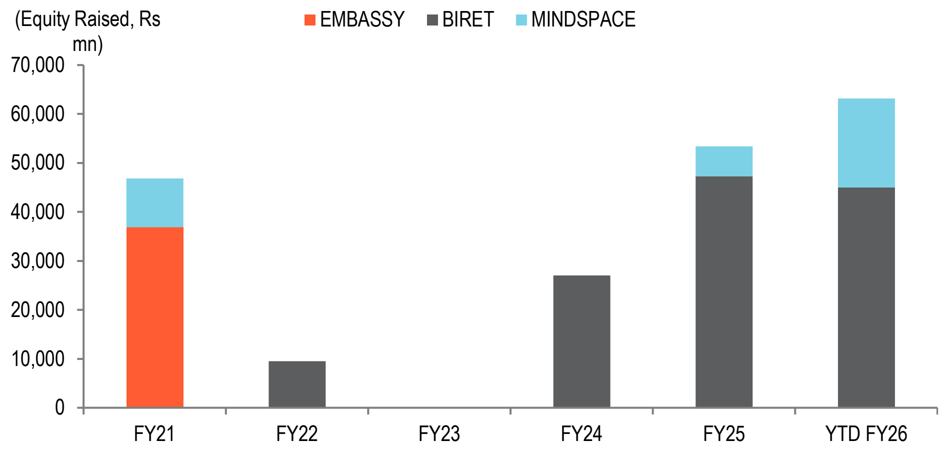
Fig 8 – Expansion funded mainly via debt capital



Source: Company, BOBCAPS Research

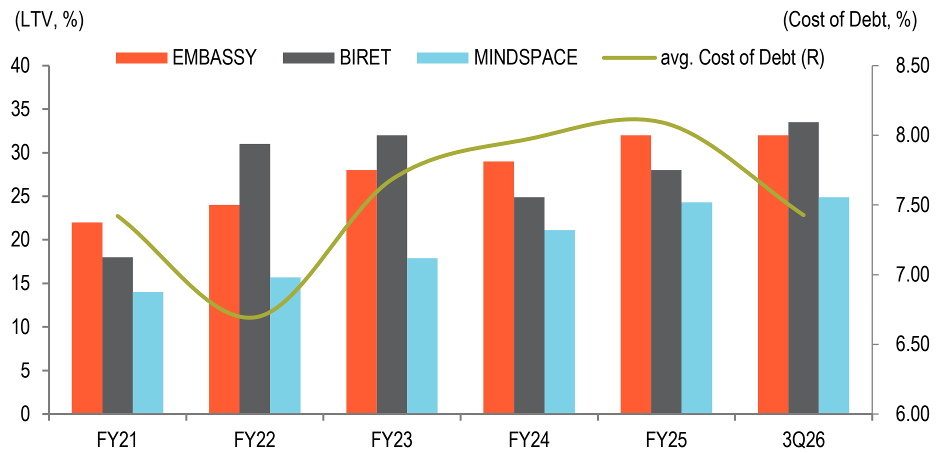
With the exception of BIRET, **we expect REITs to continue relying predominantly on debt capital to fund expansion. However, we do not expect any material reduction in the avg. cost of debt over FY27E, as we believe rates have bottomed out**. Should rates increase over FY27E-28E, EMBASSY and MINDSPACE are the most exposed to refinancing risk with ~48% and ~46% of total outstanding debt maturing over the period, respectively.

Fig 9 – Limited reliance on equity capital



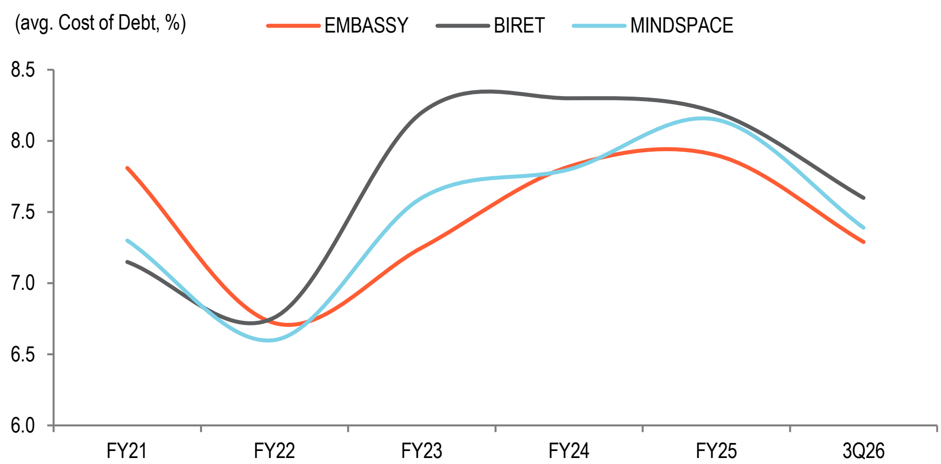
Source: Company, BOBCAPS Research

Fig 10 – Avg. LTV up to ~30%



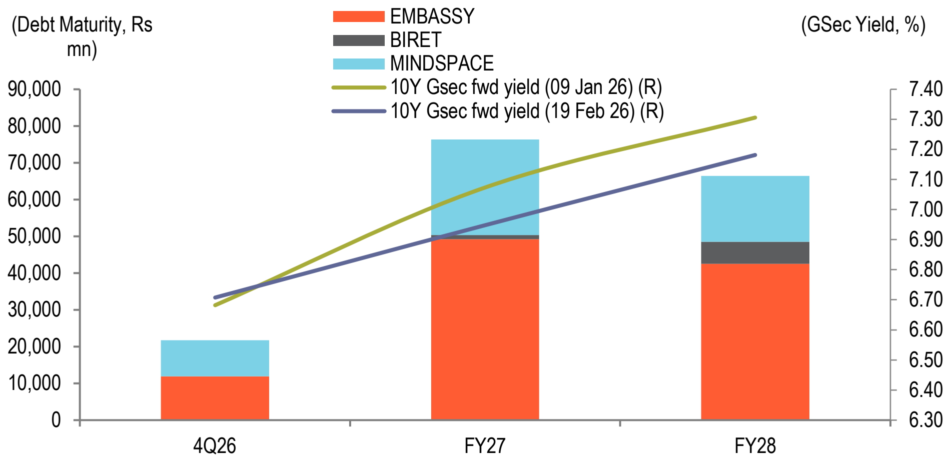
Source: Company, BOBCAPS Research

Fig 11 – Investment grade ratings and pre-determined lending agreements lowered avg. cost of debt down



Source: Company, BOBCAPS Research

Fig 12 – EMBASSY and MINDSPACE are most exposed to re-financing risk



Source: Company, BOBCAPS Research

Valuation Methodology

We believe a REIT's value is driven by its ability to make accretive investments to grow area under management and its ability to grow distributions/dividend (driving distribution/dividend yields). Driven by the lease-up of vacant space, contractual lease escalations and incremental income from additional leasable area to the portfolio, we expect NOI to grow by 20.5% over FY26E-28E resulting in annualised DPU growth of 12.6%. We expect REITs under our coverage to trade at an avg. DPU multiple of 16.8x over the next one year.

Fig 13 – DPU growth to drive multiple expansion

	FY23-FY25 DPU Growth (%)	avg. DPUx (FY23-FY25)	TTM DPU Growth (%)	avg. TTM DPUx	FY26E-28E DPU Growth (%)	Justified fwd DPUx
EMBASSY	1.9	15.8x	8.5	16.1x	13.6	16.0x
MINDSPACE	6.0	17.0x	17.8	17.3x	12.2	18.0x
BIRET	(4.5)	14.7x	12.8	14.7x	12.0	16.5x
Average	**1.1**	**15.8x**	**13.0**	**16.1x**	**12.6**	**16.8x**

Source: BOBCAPS Research, Company

Key Risks

- A material slow-down in hiring/employee headcount in the IT/ITeS sector that could put occupancy in REIT portfolios under pressure
- A change in the pace of expansion in leasable area, limiting growth in rents and DPU
- Higher-than expected interest rates that increase cost of funds for REITs

Stock performance

Fig 14 – BIRET

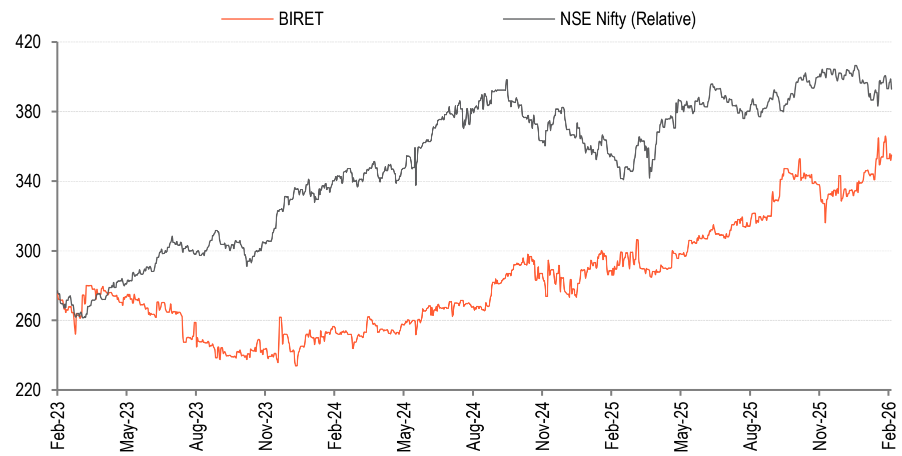


Fig 15 – EMBASSY

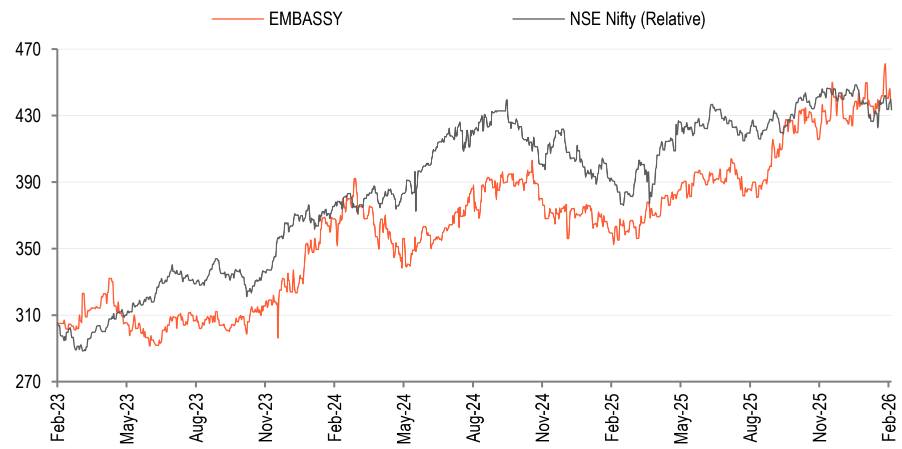
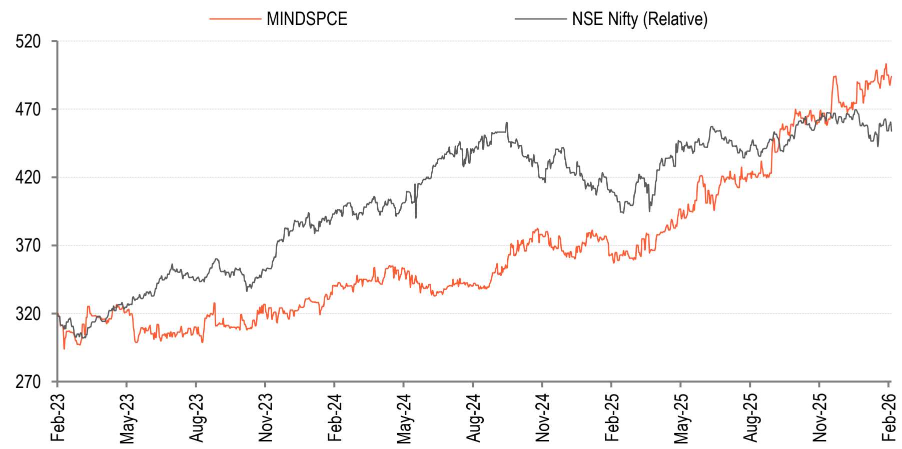


Fig 16 – MINDSPCE



Source: NSE

Financials – BIRET

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**18,546**	**24,709**	**30,670**	**46,107**	**49,448**
EBITDA	13,273	18,113	23,027	35,861	36,979
Depreciation	(4,110)	(4,298)	(4,372)	(4,511)	(4,511)
EBIT	9,162	13,815	18,654	31,350	32,468
Net interest inc./(exp.)	(8,518)	(10,745)	(8,307)	(8,893)	(9,429)
Other inc./(exp.)	0	0	0	0	0
Exceptional items	0	0	0	0	0
EBT	645	3,070	10,347	22,457	23,039
Income taxes	(683)	(883)	(1,422)	(5,451)	(6,912)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	(541)	(641)	(1,062)	(1,091)
Reported net profit	**(38)**	**1,646**	**8,283**	**15,944**	**15,036**
Adjustments	0	0	0	0	0
Adjusted net profit	**(38)**	**1,646**	**8,283**	**15,944**	**15,036**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,043	1,018	1,825	1,825	1,825
Other current liabilities	616	1,029	1,025	1,025	1,025
Provisions	1,187	22	25	25	25
Debt funds	1,20,069	90,585	1,67,292	1,79,142	1,81,240
Other liabilities	10,593	13,118	13,947	13,947	13,947
Equity capital	1,09,101	1,51,107	2,08,954	2,08,954	2,08,954
Reserves & surplus	13,512	8,999	(9,991)	(14,192)	(22,141)
Shareholders' fund	1,22,613	1,60,106	1,98,964	1,94,763	1,86,814
Total liab. and equities	**2,56,121**	**2,65,878**	**3,83,077**	**3,90,726**	**3,84,875**
Cash and cash eq.	3,703	5,746	6,854	7,764	6,424
Accounts receivables	731	672	966	966	966
Inventories	0	0	0	0	0
Other current assets	2,996	1,968	2,023	2,023	2,023
Investments	2,38,376	2,35,969	3,52,332	3,59,071	3,54,560
Net fixed assets	407	832	804	804	804
CWIP	1,199	1,751	2,292	2,292	2,292
Intangible assets	0	3	2	2	2
Deferred tax assets, net	4,622	3,909	3,613	3,613	3,613
Other assets	4,087	15,028	14,191	14,191	14,191
Total assets	**2,56,121**	**2,65,878**	**3,83,077**	**3,90,726**	**3,84,875**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**14,132**	**19,156**	**22,030**	**30,410**	**30,067**
Capital expenditures	(21,406)	(2,875)	(1,20,990)	(11,250)	0
Change in investments	159	2,035	1,050	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(21,246)**	**(840)**	**(1,19,940)**	**(11,250)**	**0**
Equities issued/Others	23,054	35,000	45,000	0	0
Debt raised/repaid	(35,008)	(41,629)	(17,701)	(6,001)	(8,393)
Interest expenses	(10,211)	(9,387)	(8,137)	(8,893)	(9,429)
Dividends paid	(7,332)	(9,432)	(14,564)	(21,207)	(24,076)
Other financing cash flows	37,056	9,077	88,437	17,851	10,491
Cash flow from financing	**7,559**	**(16,371)**	**95,035**	**(18,250)**	**(31,407)**
Chg in cash & cash eq.	**445**	**1,946**	**1,108**	**910**	**(1,340)**
Closing cash & cash eq.	**3,703**	**5,746**	**6,854**	**7,764**	**6,424**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	(0.3)	3.0	11.6	17.9	16.9
Adjusted EPS	(0.3)	3.0	11.6	17.9	16.9
DPU	17.8	19.3	21.4	23.8	27.0
Book value per share	279.2	263.4	265.5	218.6	209.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	12.8	9.6	7.7	5.1	4.8
EV/EBITDA	17.8	13.1	10.3	6.6	6.4
P/DPU	20.0	18.4	16.6	14.9	13.1
P/BV	1.3	1.3	1.3	1.6	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	(5.9)	53.6	80.1	71.0	65.3
Interest burden (PBT/EBIT)	7.0	22.2	55.5	71.6	71.0
EBIT margin (EBIT/Revenue)	49.4	55.9	60.8	68.0	65.7
Asset turnover (Rev./Avg TA)	9.2	9.5	9.5	11.9	12.8
Leverage (Avg TA/Avg Equity)	2.0	1.8	1.8	2.0	2.0
Adjusted ROAE	0.0	1.2	4.6	8.1	7.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	50.8	33.2	24.1	50.3	7.2
EBITDA	56.5	36.5	27.1	55.7	3.1
Adjusted EPS	107.1	1172.8	289.6	54.0	(5.7)
Profitability & Return ratios (%)					
EBITDA margin	71.6	73.3	75.1	77.8	74.8
EBIT margin	49.4	55.9	60.8	68.0	65.7
Adjusted profit margin	(0.2)	6.7	27.0	34.6	30.4
Adjusted ROAE	0.0	1.2	4.6	8.1	7.9
ROCE	3.8	5.4	5.0	8.3	8.7
Ratios (x)					
Gross asset turnover	0.1	0.1	0.1	0.1	0.1
Current ratio	0.4	0.7	0.8	0.9	0.8
Net interest coverage ratio	1.1	1.3	2.2	3.5	3.4
Adjusted debt/equity	1.1	0.7	0.9	1.0	1.1

Source: Company, BOBCAPS Research

Financials – EMBASSY

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**38,883**	**41,813**	**46,858**	**52,610**	**60,087**
EBITDA	29,724	31,888	36,974	40,775	46,904
Depreciation	(8,853)	(17,826)	(11,670)	(11,670)	(11,670)
EBIT	20,871	14,061	25,304	29,105	35,234
Net interest inc./(exp.)	(10,872)	(13,286)	(15,050)	(16,608)	(17,726)
Other inc./(exp.)	892	1,155	1,865	2,100	2,640
Exceptional items	0	0	0	0	0
EBT	10,891	1,930	13,890	14,597	20,149
Income taxes	(1,250)	14,123	(2,637)	(3,227)	(4,451)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**9,640**	**16,053**	**11,254**	**11,370**	**15,697**
Adjustments	0	0	0	0	0
Adjusted net profit	**9,640**	**16,053**	**11,254**	**11,370**	**15,697**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	425	534	860	860	860
Other current liabilities	14,839	17,854	19,062	19,062	19,062
Provisions	3	4	8	8	8
Debt funds	1,68,080	1,98,073	2,18,755	2,42,920	2,55,677
Other liabilities	57,670	45,402	45,607	45,607	45,607
Equity capital	2,88,262	2,88,262	2,88,262	2,88,262	2,88,262
Reserves & surplus	(55,520)	(60,651)	(75,909)	(92,962)	(1,09,187)
Shareholders' fund	2,32,742	2,27,612	2,12,353	1,95,301	1,79,075
Total liab. and equities	**4,73,759**	**4,89,478**	**4,96,646**	**5,03,758**	**5,00,289**
Cash and cash eq.	10,114	6,630	799	2,412	4,368
Accounts receivables	348	820	866	866	866
Inventories	51	45	42	42	42
Other current assets	2,738	3,645	6,953	6,953	6,953
Investments	30	670	708	708	708
Net fixed assets	0	0	0	0	0
CWIP	1,512	3,129	4,485	4,485	4,485
Intangible assets	3,51,691	3,74,115	3,82,084	3,87,583	3,82,158
Deferred tax assets, net	162	121	142	142	142
Other assets	1,07,114	1,00,302	1,00,567	1,00,567	1,00,567
Total assets	**4,73,759**	**4,89,478**	**4,96,646**	**5,03,758**	**5,00,289**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**25,866**	**30,793**	**35,284**	**38,407**	**44,006**
Capital expenditures	(16,294)	(17,510)	(15,250)	(17,131)	(6,206)
Change in investments	1,945	(1,087)	403	0	0
Other investing cash flows	2,552	2,065	(6,954)	1,120	1,120
Cash flow from investing	**(11,797)**	**(16,531)**	**(21,801)**	**(16,011)**	**(5,086)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	19,647	17,344	20,289	24,165	12,757
Interest expenses	(11,200)	(13,703)	(15,083)	(16,608)	(17,726)
Dividends paid	(20,590)	(21,374)	(24,413)	(28,340)	(31,995)
Other financing cash flows	15	(190)	(106)	0	0
Cash flow from financing	**(12,128)**	**(17,923)**	**(19,314)**	**(20,783)**	**(36,964)**
Chg in cash & cash eq.	**1,940**	**(3,661)**	**(5,831)**	**1,613**	**1,956**
Closing cash & cash eq.	**10,114**	**6,630**	**799**	**2,412**	**4,368**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	10.2	16.9	11.9	12.0	16.6
Adjusted EPS	10.2	16.9	11.9	12.0	16.6
DPU	21.3	23.0	26.6	29.9	33.8
Book value per share	245.5	240.1	224.0	206.0	188.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	10.6	9.9	8.8	7.8	6.9
EV/EBITDA	13.9	12.9	11.2	10.1	8.8
P/DPU	20.4	18.9	16.4	14.6	12.9
P/BV	1.8	1.8	1.9	2.1	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	88.5	831.6	81.0	77.9	77.9
Interest burden (PBT/EBIT)	52.2	13.7	54.9	50.2	57.2
EBIT margin (EBIT/Revenue)	53.7	33.6	54.0	55.3	58.6
Asset turnover (Rev./Avg TA)	8.3	8.7	9.5	10.5	12.0
Leverage (Avg TA/Avg Equity)	2.0	2.1	2.2	2.5	2.7
Adjusted ROAE	4.0	7.0	5.1	5.6	8.4

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	9.1	7.5	12.1	12.3	14.2
EBITDA	10.6	7.3	16.0	10.3	15.0
Adjusted EPS	90.5	66.5	(29.9)	1.0	38.1
Profitability & Return ratios (%)					
EBITDA margin	76.4	76.3	78.9	77.5	78.1
EBIT margin	53.7	33.6	54.0	55.3	58.6
Adjusted profit margin	24.8	38.4	24.0	21.6	26.1
Adjusted ROAE	4.0	7.0	5.1	5.6	8.4
ROCE	5.0	3.4	5.8	6.5	8.0
Ratios (x)					
Gross asset turnover	0.1	0.1	0.1	0.1	0.1
Current ratio	0.3	0.2	0.2	0.2	0.2
Net interest coverage ratio	1.9	1.1	1.7	1.8	2.0
Adjusted debt/equity	1.0	1.2	1.3	1.6	1.8

Source: Company, BOBCAPS Research

Financials – MINDSPCE

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**24,769**	**26,756**	**32,710**	**39,999**	**44,856**
EBITDA	17,996	19,682	24,876	30,665	34,157
Depreciation	(3,827)	(4,060)	(4,772)	(4,888)	(4,888)
EBIT	14,169	15,622	20,104	25,777	29,269
Net interest inc./(exp.)	(4,571)	(5,573)	(8,770)	(10,604)	(11,190)
Other inc./(exp.)	(125)	(334)	221	86	86
Exceptional items	(364)	(33)	(448)	0	0
EBT	9,109	9,682	11,108	15,259	18,165
Income taxes	(3,494)	(4,544)	(4,548)	(6,467)	(7,845)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**5,615**	**5,137**	**6,560**	**8,792**	**10,320**
Adjustments	0	0	0	0	0
Adjusted net profit	**5,615**	**5,137**	**6,560**	**8,792**	**10,320**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,088	1,313	1,198	1,198	1,198
Other current liabilities	10,644	10,703	12,237	12,237	12,237
Provisions	7	12	10	10	10
Debt funds	69,728	1,01,098	1,30,150	1,40,040	1,49,207
Other liabilities	7,694	10,372	12,279	12,279	12,279
Equity capital	1,62,839	1,65,821	1,87,159	1,87,159	1,87,159
Reserves & surplus	(13,554)	(17,716)	(30,293)	(38,886)	(49,144)
Shareholders' fund	1,49,285	1,48,106	1,56,866	1,48,273	1,38,015
Total liab. and equities	**2,38,446**	**2,71,603**	**3,12,741**	**3,14,037**	**3,12,946**
Cash and cash eq.	3,250	6,379	2,560	850	3,254
Accounts receivables	1,092	587	533	533	533
Inventories	44	50	56	56	56
Other current assets	8,879	6,906	9,139	9,139	9,139
Investments	33	39	43	43	43
Net fixed assets	0	0	0	0	0
CWIP	0	648	838	838	838
Intangible assets	2,19,734	2,47,740	2,90,441	2,93,448	2,89,953
Deferred tax assets, net	301	723	643	643	643
Other assets	5,113	8,531	8,488	8,488	8,488
Total assets	**2,38,446**	**2,71,603**	**3,12,741**	**3,14,037**	**3,12,946**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**15,267**	**20,168**	**21,979**	**23,785**	**25,899**
Capital expenditures	(10,828)	(14,882)	(42,912)	(7,894)	(1,393)
Change in investments	(3,759)	(111)	(601)	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(14,587)**	**(14,993)**	**(48,699)**	**(7,894)**	**(1,393)**
Equities issued/Others	3,400	0	18,195	0	0
Debt raised/repaid	27,360	49,582	86,454	35,893	27,036
Interest expenses	(4,561)	(7,220)	(8,556)	(10,604)	(11,190)
Dividends paid	(12,107)	(12,437)	(15,743)	(16,886)	(20,079)
Other financing cash flows	(15,727)	(34,653)	(57,854)	(26,004)	(17,868)
Cash flow from financing	**(1,635)**	**(4,727)**	**22,497**	**(17,601)**	**(22,102)**
Chg in cash & cash eq.	**(955)**	**448**	**(4,222)**	**(1,710)**	**2,404**
Closing cash & cash eq.	**3,350**	**3,143**	**2,560**	**850**	**3,254**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	8.9	7.8	9.5	12.8	15.2
Adjusted EPS	8.9	7.8	9.5	12.8	15.2
DPU	19.2	22.0	24.0	26.0	31.0
Book value per share	251.7	243.1	241.9	228.7	212.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	12.1	11.2	9.2	7.5	6.7
EV/EBITDA	16.7	15.3	12.1	9.8	8.8
P/DPU	25.8	22.5	20.6	19.0	16.0
P/BV	2.0	2.0	2.0	2.2	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	61.6	53.1	59.1	57.6	56.8
Interest burden (PBT/EBIT)	64.3	62.0	55.3	59.2	62.1
EBIT margin (EBIT/Revenue)	57.2	58.4	61.5	64.4	65.3
Asset turnover (Rev./Avg TA)	10.6	10.5	11.2	12.8	14.3
Leverage (Avg TA/Avg Equity)	1.5	1.7	1.9	2.1	2.2
Adjusted ROAE	3.7	3.5	4.3	5.8	7.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	7.5	8.0	22.3	22.3	12.1
EBITDA	15.4	9.4	26.4	23.3	11.4
Adjusted EPS	85.3	(11.7)	20.9	35.8	18.4
Profitability & Return ratios (%)					
EBITDA margin	72.7	73.6	76.0	76.7	76.1
EBIT margin	57.2	58.4	61.5	64.4	65.3
Adjusted profit margin	22.7	19.2	20.1	22.0	23.0
Adjusted ROAE	3.7	3.5	4.3	5.8	7.2
ROCE	6.9	6.4	7.5	9.6	10.9
Ratios (x)					
Gross asset turnover	0.1	0.1	0.1	0.1	0.1
Current ratio	0.4	0.5	0.3	0.2	0.3
Net interest coverage ratio	3.1	2.8	2.3	2.4	2.6
Adjusted debt/equity	0.6	0.8	1.0	1.1	1.3

Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 01 February 2030**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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.

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as **"MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.