



Miss on Bookings, Launches to Drive Growth; Maintain BUY

Changes in Estimates post Q4FY25

FY26E: Revenue: 27%; EBITDA: 6%; PAT: 0%

Recommendation Rationale

- Business Development:** The company has clocked pre-sales of Rs 1,271 Cr, missing its guidance of 30% growth. This shortfall was primarily due to the company's inability to launch all the projects planned for the year, including the Bannerghatta and Surat projects. However, it continues to believe that these launch spill-overs will occur in FY26. For FY26, Arvind has guided for ~Rs 4,000 Cr of launches, comprising Rs 2,000 Cr from Bangalore, Rs 1,000 Cr from Gujarat, and the rest ~Rs 1,000 Cr from the MMR regions. The company has added new projects with topline potential of ~Rs 4,450 Cr, including the MMR horizontal township, ITPL Bangalore project, Industrial Park in Ahmedabad, and new plotted development in Sanand. For additional BD in FY26, it has guided on capex of Rs 1,000 Cr, which will convert into topline potential of Rs 5,000 Cr.
- Strong Bookings for Launches:** Arvind has historically proven to have a robust sale on launch trajectory. For the FY25, the Arvind Aqua City and The Park, Devanahalli project saw ~100% sales on launch. These were the primary drivers of its total bookings, with Aquacity contributing Rs 675 Cr and The Park showing Rs 180 Cr. The Forest Trails project also received a good response in Q4FY25, clocking Rs 164 Cr. As a leader in urban lifestyle quality living, Arvind has experienced good sales momentum in its projects, with ~22% of sales driven by referral bookings.
- Upcoming Portfolio:** Arvind continues to follow its no-land-bank strategy, undertaking more projects under an asset-light model. The company's performance is strongly dependent on upcoming launches. It is confident in continuing its previous growth trajectory of ~30% growth for the coming years, based on upcoming launches of ~Rs 4,000 Cr. These launches are geographically diversified among Bangalore, Gujarat and MMR. For its Gujarat portfolio, we expect the Surat project, Industrial Park, and new plots in Ahmedabad. For its Bangalore portfolio, we foresee the Bannerghatta project to be launched by H1FY26, and for its MMR projects, the company is exploring weekend homes projects along with redevelopment projects. Additionally, Arvind has an unsold inventory of ~Rs 1,400 Cr.

Sector Outlook: Positive

Company Outlook & Guidance: We remain positive about the company's long-term prospects.

Current Valuation: EV/EBITDA-based valuation

Current TP: Rs 970/share (Earlier TP: Rs 1,005 /share).

Recommendation: With a 38% upside from the CMP, we maintain our long-term BUY rating on the stock.

Financial Performance: Arvind's bookings stood at Rs 381 Cr, reflecting a 70% QoQ /18% YoY growth. Collections for the quarter were flat at Rs 215 Cr vs Q4FY24 and down 6% QoQ. For FY25, bookings stood at Rs 1,270 Cr, up 15%, and collections stood at Rs 942 Cr, a 7% improvement YoY. Revenue for the quarter was Rs 163 Cr, up 39% YoY, EBITDA at Rs 34 Cr, up 7.2%, and PAT stood at Rs 22 Cr, up 11.8% YoY. For FY25, revenues clocked were Rs 713 Cr, up 109%, EBITDA was at Rs 168 Cr, up by 51%, and PAT stood at Rs 119 Cr, up 133% YoY.

Key Financials (Consolidated)

(Rs Cr)	Q4FY24	Q3FY25	Q4FY25	QoQ (%)	YoY (%)
Net Sales	117	210	163	39	(22.4)
EBITDA	31	59	34	7	(43.5)
EBITDA Margin (%)	26.7	28.3	20.6	(22.9)	(27.2)
Net Profit	20	50	22	12	(56.5)
EPS (Rs)	4.3	11.0	4.8	11.5	(56.5)

Source: Company, Axis Securities Research

(CMP as of 21st May, 2025)

CMP (Rs)	705
Upside /Downside (%)	38%
High/Low (Rs)	1,025/523
Market cap (Cr)	3,227
Avg. daily vol. (1m)Shrs'000.	51
No. of shares (Cr)	4.5

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	50.3	50.3	50.3
FII	0.4	2.7	2.0
MF's/Banks	2.6	1.1	1.0
Others	46.6	46.0	46.7

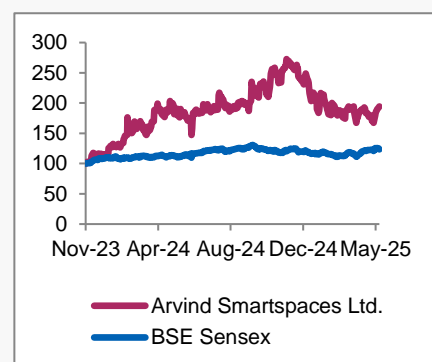
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	713	913	1,233
EBITDA	168	228	308
Net Profit	128	124	172
EPS, Rs	28.2	27.3	37.9
PER, x	24.5	25.3	18.2
EV/EBITDA, x	18.3	14.0	10.3
P/BV, x	5.2	4.4	3.6
ROE, %	21.4	17.4	19.7

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	27.0	-
EBITDA	6.0	-
PAT	0	-

Relative Performance



Source: Ace Equity, Axis Securities Research

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Outlook

Arvind missed its guidance for pre-sales numbers due to a lack of launches. However, the company is positive in maintaining its long-term growth path of ~30%. It follows a no-land-bank strategy, focusing on low cash-outlay projects to ensure strong return ratios. With its entry into the MMR region and a continued strong foothold in Bengaluru and Ahmedabad, the company is strategically expanding its presence. It is expected to sustain a margin of ~25%.

Valuation & Recommendation

We reduce our pre-sales growth forecast to 30% and value the company at an 8x FY27E EBITDA to arrive at a target price of Rs 970/share, indicating a 38% upside from the CMP.

Key Highlights

- **Business Development:** The company is expected to maintain a similar run rate for business acquisitions, targeting ~Rs 5,000 Cr in new BD for FY26 and Rs 1,000 Cr in capex. Its recent acquisition of a mega industrial project in Gujarat is a first-of-its-kind in the region and is expected to generate margins comparable to those of horizontal projects. Both new acquisitions follow an asset-light model with limited cash outflows.
- **Estimated OCF:** The company expects OCF in the range of ~Rs 3,975 Cr to be realised over the next 3 to 4 years. It currently has receivables of Rs 1,516 Cr with ~Rs 1,400 Cr in unsold inventory.
- **Cash Collections:** Although the collections remained flat, the collections-to-sales ratio remains steady. The company saw good execution in projects such as Belair, Uplands, Orchards, and Aquacity.
- **Pre-sales Drivers:** The company's pre-sales missed its yearly guidance due to a lack of launches. Aquacity and The Park projects mainly drove its current pre-sales.
- **New Launch Trends:** Arvind expects Surat project to be launched by the next quarter and Bannerghatta by H1FY26. The company is seeing good demand trends for its weekend house project in MMR and is also focusing on redevelopment projects for the same.

Key Risks to Our Estimates and TP

- **Approval and Launch Delays:** The company needs to maintain a higher run rate of new launches to sustain its growth momentum. To keep up with pre-sales growth, it must follow a rigorous launch trajectory. Any approval delays will result in a delay in launches and, consequently, a slowdown in bookings.
- **Geographical Challenges:** While the company has entered the MMR region, it has yet to establish its sales excellence in this market. Additionally, the Surat project has not been launched due to technical issues, leading to delays.

Operational Highlights

(Rs Cr)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Bookings (Pre-Sales)	369	280	323	201	464	224	381
Collections	263	194	215	248	249	229	215
Cumulative Bookings	369	649	972	201	665	889	1,270
% Pre-Sales Guidance Completion				13%	44%	59%	85%

Change in Estimates

	Old Est.		Revised Est.		% Revision	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	721	-	913	1,233	27%	-
EBITDA	216	-	228	308	6%	-
PAT	124	-	124	172	0%	-
EPS	27.2	-	27.3	37.9	0%	-

Source: Company, Axis Securities Research

Results Review

Y/E Mar (Rs Cr)	Q4FY24	Q3FY25	Q4FY25	YoY growth %	QoQ growth %
Revenue from Operations	117.4	210.2	163.1	39.0	(22.4)
Total operating costs	86.0	150.7	129.5	50.5	(14.1)
% sales	0.7	0.7	0.8	8.3	10.7
Construction Cost	64.0	37.9	51.2	(20.0)	35.3
Land Development Cost	74.7	64.4	70.5	(5.5)	9.5
Changes in Inventory	(97.1)	6.4	(80.6)	(17.0)	(1,362.8)
Employee costs	18.0	17.3	26.0	44.4	49.6
Other expenses	26.4	24.7	62.4	135.9	152.1
EBITDA	31.3	59.4	33.6	7.2	(43.5)
% margin	26.7	28.3	20.6	(22.9)	(27.2)
Depreciation	1.2	1.2	1.3	3.9	1.9
EBIT	30.1	58.2	32.3	7.3	(44.5)
Finance Costs	4.5	5.1	7.8	74.8	52.4
Other income	2.7	5.3	11.1	304.0	107.9
PBT	28.4	58.4	35.6	25.3	(39.1)
Net Tax	8.9	8.2	13.8	55.1	68.1
Group PAT	19.5	50.2	21.8	11.8	(56.5)
% margin	0.2	0.2	0.1	(19.5)	(44.0)
Non-Controlling Interests	4.0	2.4	2.6	(34.8)	6.7
Adjusted PAT	15.5	47.7	19.2	23.9	(59.8)
Reported EPS	4.3	11.0	4.8	11.5	(56.5)

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net sales	713	913	1,233
Growth, %	109.1	28.0	35.0
Other operating income	-	-	-
Total income	713	913	1,233
Raw material expenses	(163)	(356)	(481)
Employee expenses	(73)	(128)	(173)
Other Operating Expenses	(309)	(201)	(271)
EBITDA (Core)	168	228	308
Growth, %	50.9	35.7	35.0
Margin, %	23.6	25.0	25.0
Depreciation	(5)	(4)	(4)
EBIT	163	224	304
Growth, %	53	37	36
Margin, %	23	25	25
Interest paid	(21)	(55)	(62)
Other Income	23	15	14
Share of profits from associates	0	0	0
Pre-tax profit	165	185	256
Tax provided	(46)	(61)	(85)
Profit after tax	119	124	172

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Cash & bank	56	(44)	(24)
Marketable securities at cost	220	220	220
Inventory	1,489	1,953	2,329
Other current assets	208	208	208
Total current assets	1,973	2,336	2,732
Gross fixed assets	74	94	114
Less: Depreciation	(16)	(20)	(24)
Add: Capital WIP	25	25	25
Net fixed assets	83	99	115
Non-current assets	133	133	133
Total assets	2,671	3,050	3,462
Current liabilities	1,617	1,867	2,117
Provisions	6	6	6
Total current liabilities	1,623	1,873	2,123
Non-current liabilities	239	255	255
Total liabilities	1,863	2,128	2,378
Paid-up capital	46	46	46
Reserves & surplus	552	666	828
Shareholders' equity	808	922	1,084
Total equity & liabilities	2,671	3,050	3,462

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
PBT	165	185	256
Add: Depreciation	5	4	4
Interest Paid	21	55	62
Op profit before WC changes	191	244	322
Cash from Operations	(33)	290	322
Taxes paid	(51)	(61)	(85)
Cash from Operating Activities	(84)	229	237
Change in Fixed Assets	(84.5)	(20.0)	(20.0)
Net Cash from Investing Activities	(109)	(20)	(20)
Interest paid	(18)	(55)	(62)
Dividend paid	(16)	(10)	(10)
Net Cash from Financing	186	(46)	(72)
Net cash for the period	(8)	163	146
Cash at end of period	55	218	364
Others	1	1	1
Cash as per Balance sheet	56	220	365

Source: Company, Axis Securities Research

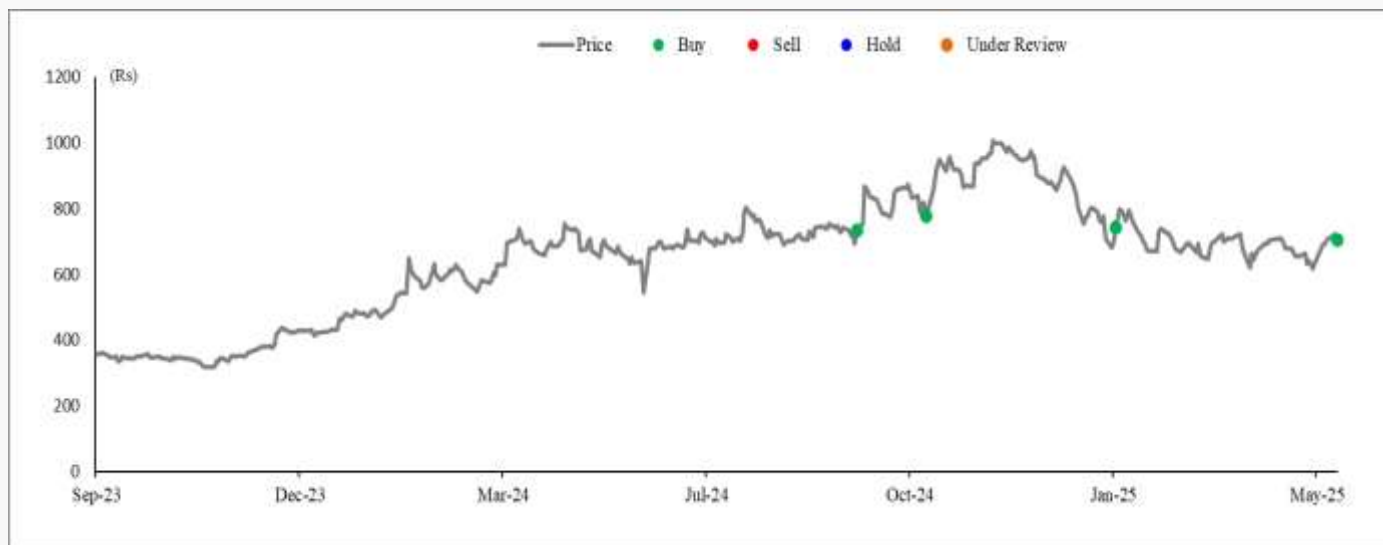
Ratio Analysis

(%)

Y/E Mar	FY25	FY26E	FY27E
EPS (INR)	28.2	27.3	37.9
Growth, %	207.5	(3.2)	38.8
DPS (INR)	2.2	2.2	2.2
Return ratios			
Return on assets (%)	5.9	6.2	7.2
Return on equity (%)	21.4	17.4	19.7
Return on capital employed (%)	15.7	16.0	18.5
Turnover ratios			
Asset turnover (x)	1.6	1.6	2.1
Sales/Total assets (x)	0.3	0.3	0.4
Sales/Net FA (x)	9.2	10.0	11.5
Working capital/Sales (x)	0.1	0.0	0.0
Liquidity ratios			
Current ratio (x)	1.2	1.3	1.3
Quick ratio (x)	0.3	0.3	0.4
Interest cover (x)	7.8	4.1	4.9
Total debt/Equity (%)	0.4	0.4	0.3
Valuation			
PER (x)	25.0	25.8	18.6
PEG (x) - y-o-y growth	0.1	(8.2)	0.5
Price/Book (x)	5.3	4.5	3.7
EV/Net sales (x)	4.4	3.3	2.3
EV/EBITDA (x)	18.7	13.2	9.3
EV/EBIT (x)	19.3	13.4	9.4

Source: Company, Axis Securities Research

Arvind Smartspaces Price Chart and Recommendation History



Date	Reco	TP	Research
24-Sep-24	BUY	1,085	Initiating Coverage
28-Oct-24	BUY	1,085	Result Update
30-Jan-25	BUY	1,005	Result Update
22-May-25	BUY	970	Result Update

Source: Axis Securities Research

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