



## Soft Bookings; Growth Hinges on Upcoming Launches

### Recommendation Rationale

- Strong Bookings Guidance:** The company has clocked pre-sales of Rs 175 Cr, which is in line with expectations but lower than its guidance, mainly due to the launch of its Bannerghatta project, which has been delayed over multiple quarters. Despite this slow quarter, the company is positive about achieving its 30% bookings growth guidance for FY26. Arvind believes the spill-over launches will take place in the H2FY26. Traditionally, its pre-sales have grown at a robust 25%+ YoY, except for the previous year, and hopes to continue this trajectory for the next several years. Current pre-sales were driven by sustenance sales and the pilot launch of Industrial Park at NH47, Ahmedabad. Aqua City contributed to ~35% of its pre-sales, with Belair and The Park contributing a combined ~20%.
- Launches Pipeline and BD:** Arvind has guided towards a launch topline potential of Rs 4,000 Cr. These launches will be majorly bunched up towards the H2FY26. The company expects 5 launches for this year, with one taking place in Q2 and the rest among Q3FY26 and Q4FY26. We expect Bannerghatta, Surat project, ITPL Rd and the Mankhurd project to take place in FY26. It expects to maintain its BD at a healthy rate of Rs 4,000-5,000 Cr per annum with additions in Ahmedabad, Bangalore, and MMR regions. Its BD going forward will be largely driven by JD/JV, with increasing outright buying share as well. The company is aiming at a 40-40-20 kind of distribution among Blr-Ahd-MMR. Arvind expects a Rs 1,000 Cr a year deployment for BD going forward, mainly with increasing outright purchases, yet asset-light will continue to have a higher contribution.
- Financial Discipline and Professional Management:** Arvind continues to follow its core strategies and principles under its new leadership – Mr. Priyansh Kapoor. Its growth ambition and scale to become one of the Top 10 developers of the country continues. The company expects its expansion into the MMR region to be a growth lever, supported by the strategic direction of its newly appointed CEO, who brings strong experience in the MMR market. Its net debt continues on a strong declining path with Rs (50) Cr as of Q1FY26 and a ratio of net-debt/equity of (0.08). Its robust capital allocation, with still a higher share of asset-light projects, positions it well to compound its BD growth.

### Sector Outlook: Positive

**Company Outlook & Guidance:** We remain positive about the company's long-term prospects. Despite a couple of slow quarters hindered by regulatory challenges, Arvind remains positive on its launch guidance. We believe its plans of growth in MMR, along with further consolidation in Ahmedabad and Bangalore regions, with diversification among horizontal as well as vertical projects, will enable the company to achieve its 30%-35% bookings growth over the medium term. Currently, the valuations seem attractive, offering substantial upside potential. We estimate a 20% CAGR in pre-sales over FY25-FY27E led by a strong launch pipeline.

**Current Valuation:** 8X FY27E EBITDA; **Earlier Valuation:** 8X FY27E EBITDA

**Current TP:** Rs 840/share (Earlier TP: Rs 970 /share).

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

### Key Financials (Consolidated)

(Rs Cr)	Q1FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
Revenue	75	163	102	(37.6)	36.7
EBITDA	9.2	34	22	(36.1)	134.0
EBITDA Margin	12.3	20.6	21.1	2.4	71.2
Adj. PAT	4.6	22	12	(45.2)	159.0
EPS	1.0	4.8	2.6	(45.2)	159.0

Source: Company, Axis Securities Research

(CMP as of 29<sup>th</sup> July, 2025)

CMP (Rs)	609
Upside /Downside (%)	38%
High/Low (Rs)	1,025/581
Market cap (Cr)	2,779
Avg. daily vol. (1m) Shrs	1,36,571
No. of shares (Cr)	4.5

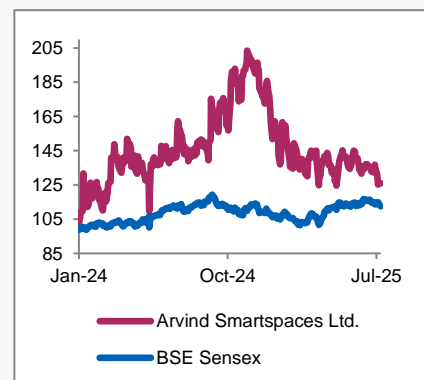
### Shareholding (%)

	Dec-25	Mar-25	Jun-25
Promoter	50.3	50.3	50.0
FII	2.7	2.0	1.6
MF's/Banks	1.1	1.0	2.3
Others	46.6	46.7	46.1

### 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	22.3	16.1
EV/EBITDA, x	18.3	11.3	7.9
P/BV, x	5.2	3.9	3.
ROE, %	21.4	17.4	19.7

### Relative Performance



Source: Ace Equity, Axis Securities Research

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## Financial Performance

Arvind's bookings stood at Rs 175 Cr, reflecting a 54% QoQ and 13% YoY de-growth. Collections for the quarter were subdued at Rs 191 Cr vs Q4FY25, down 11% QoQ. Collections were impacted due to a lack of launches and sales, mainly driven by sustenance sales, which have staggering collections. Revenue for the quarter was Rs 102 Cr, up 38% YoY, EBITDA at Rs 22 Cr, up 134% YoY, and PAT stood at Rs 12 Cr, up 159% YoY. This was mainly due to the timely completions of projects and a robust project handover plan. Arvind's OCF stood at Rs 27 Cr, which is expected to improve as newer launches take place.

## Outlook

Arvind reported subdued bookings for the quarter; however, this was mainly impacted by a lack of launches in Q1FY26. We remain positive on the company's launch pipeline and expect a CAGR of 20% from FY25-FY27E for its bookings. The collections also remained muted due to sales driven by slower sustenance sales. Arvind is expected to have a good set of launches in H2FY26 that will propel its collections and OCF. The company is adding substantial BD and remains confident in the demand outlook in its core geographies. With a strong legacy presence and market expansion combined with asset-light strategies and financial discipline, Arvind can achieve its ~30% bookings CAGR over the coming years.

## Valuation & Recommendation

We reduce our Pre-Sales growth forecast to 25%/20% for FY26E/FY27E, primarily to factor in lower bookings and value the company at an 8x FY27E EBITDA to arrive at a target price of Rs 840/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 4,000- 5,000 Cr in new BD for FY26 and Rs 1,000 Cr in capex. It expects to maintain this path going forward over the medium term.
- **Estimated OCF:** The company expects OCF in the range of ~Rs 4,000 Cr to be realised over the next 3 to 4 years. It currently has ~Rs 9,780 Cr in unsold inventory and Rs 1,508 Cr with ~Rs 7,000 Cr costs to be incurred.
- **MMR Expansion** – The market remains large and fragmented, with a significant presence of unorganised players. The focus will be on second home and redevelopment projects in micro markets with higher brand recall for Arvind. The vertical mix is expected to be higher going forward, with the Khopoli launch anticipated by year-end.
- **Pre-sales Drivers:** The company's pre-sales were lower than its guidance due to a lack of launches. Aquacity and The Park projects mainly drove its current sustenance pre-sales. This quarter had the Industrial Park project launch, contributing ~17% of bookings.
- **New Launch Trends:** Arvind has planned 5 launches for FY26. Out of these, one is expected in Q2 with the rest spilling over in H2FY26. Its Bannerghatta and Surat projects have been delayed by multiple quarters and will be the biggest drivers for its bookings for FY26.
- **Demand Trends:** Although demand uncertainty may persist in the short-term, Arvind is positive about the long-term demand trends of the country. With rising disposable income, it believes the affordability of consumers has improved. With a strong revival in approvals, its residential portfolio is set for a resilient year.

## 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)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Growth	QoQ Growth
Bookings (Pre-Sales)	201	464	224	381	175	-13%	-54%
Collections	248	249	229	215	191	-23%	-11%
Pre-Sales Remaining (For FY26 Guidance)					1,515		
% Completion of Bookings Guidance					10%		

## Results Review

Y/E Mar (Rs Cr)	Q1FY25	Q4FY25	Q1FY26	YoY Growth (%)	QoQ Growth (%)
Revenue from Operations	74.5	163.1	101.8	36.7	(37.6)
Total operating costs	65.3	129.5	80.3	23.0	(38.0)
% Sales	0.9	0.8	0.8	(10.0)	(0.6)
Construction Cost	28.6	51.2	24.3	(14.8)	(52.5)
Land Development Cost	68.3	70.5	88.2	29.1	25.0
Changes in Inventory	(65.2)	(80.6)	(72.0)	10.3	(10.7)
Employee costs	14.8	26.0	16.1	8.5	(38.1)
Other expenses	18.9	62.4	23.7	25.5	(62.1)
EBITDA	9.2	33.6	21.5	134.0	(36.1)
% Margin	12.3	20.6	21.1	71.2	2.4
Depreciation	1.1	1.3	1.6	39.4	24.1
EBIT	8.0	32.3	19.9	147.3	(38.4)
Finance Costs	3.4	7.8	7.9	136.4	2.0
Other income	2.7	11.1	4.6	68.7	(58.1)
PBT	7.4	35.6	16.6	123.2	(53.4)
Net Tax	2.8	13.8	4.6	64.3	(66.5)
Associates and JVs	0.0	0.0	0.0	-	(99.0)
Group PAT	4.6	21.8	12.0	159.0	(45.2)
% Margin	0.1	0.1	0.1	89.6	(12.1)
Non-Controlling Interests	1.7	2.6	0.8	(54.7)	(70.5)
Adjusted PAT	2.9	19.2	11.2	283.3	(41.7)

Source: Company, Axis Securities Research

## Financials (Consolidated)

### Profit & Loss

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
<b>Net sales</b>	<b>713</b>	<b>913</b>	<b>1,233</b>
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)
<b>EBITDA (Core)</b>	<b>168</b>	<b>228</b>	<b>308</b>
Growth, %	50.9	35.7	35.0
Margin, %	23.6	25.0	25.0
Depreciation	(5)	(4)	(4)
<b>EBIT</b>	<b>163</b>	<b>224</b>	<b>304</b>
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
<b>Pre-tax profit</b>	<b>165</b>	<b>185</b>	<b>256</b>
Tax provided	(46)	(61)	(85)
<b>Profit after tax</b>	<b>119</b>	<b>124</b>	<b>172</b>

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
<b>Total assets</b>	<b>2,671</b>	<b>3,050</b>	<b>3,462</b>
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
<b>Total equity &amp; liabilities</b>	<b>2,671</b>	<b>3,050</b>	<b>3,462</b>

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 the period	55	218	364
Others	1	1	1
Cash as per Balance Sheet	56	220	365

Source: Company, Axis Securities Research

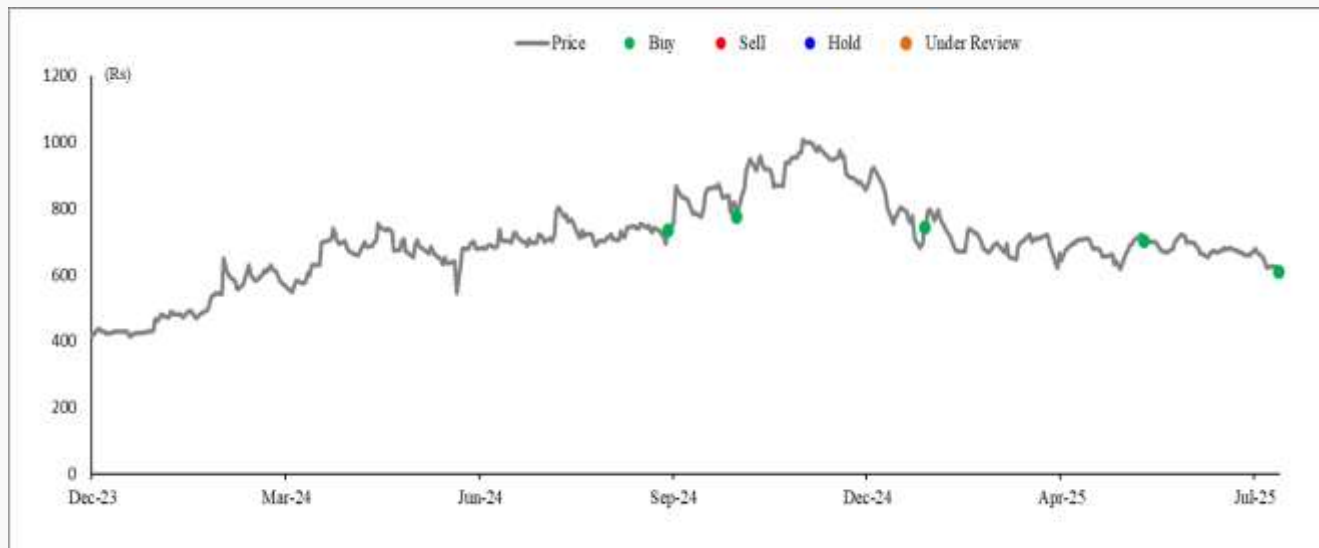
**Ratio Analysis**

(%)

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
<b>Return ratios</b>			
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
<b>Turnover ratios</b>			
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
<b>Liquidity ratios</b>			
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
<b>Valuation</b>			
PER (x)	21.6	22.3	16.1
PEG (x) - y-o-y growth	0.1	(7.1)	0.4
Price/Book (x)	4.6	3.9	3.2
EV/Net sales (x)	3.8	2.8	2.0
EV/EBITDA (x)	16.2	11.3	7.9
EV/EBIT (x)	16.6	11.5	8.0

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
30-Jul-25	BUY	840	Result Update

Source: Axis Securities Research

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BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.