

CMP: ₹ 604

Target: ₹ 820 (35%)

Target Period: 12 months

BUY

July 30, 2025

Launch delays unduly factored-in; retain Buy

About the stock: Arvind SmartSpaces (ARVINF), is the real estate arm of Lalbhai group, which has a 120-year legacy. Post demerger from Arvind Ltd, it got listed in 2015.

- Real estate development across Gujarat (Ahmedabad, Surat, Gandhinagar), Karnataka (Bangalore) and Maharashtra (MMR, Pune). Presence in Horizontal (Plotting, Villas) and Vertical (Luxury, MIG) projects.
- Residential portfolio 6.5 msf delivered, 35.4 msf ongoing and 64.8 msf planned projects.

Q1FY26 performance: ARVINF reported muted sales bookings and collections at ₹ 175 crore (down 13% YoY) and ₹ 191 crore (down 23% YoY) respectively for Q1FY26. Absence of new launches (barring pilot launch of Industrial Park) affected overall bookings and collections (two-third collections accrue from new launches). However, the company reported healthy consolidated revenues (₹ 102 crore, up 37% YoY), EBITDA margins (21.1%, up ~9 ppts) and PAT (₹ 11 crore, up 283% YoY). Further, it strengthened its balance sheet with net cash of ₹ 50 crore (versus net debt of ₹ 27 crore in Q4FY25).

Investment Rationale

- Sales booking growth guidance retained at 30-35% YoY for FY26:** The management retained its sales booking growth guidance of 30-35% YoY for FY26 despite muted Q1FY26 bookings. It has lined up five new project launches aggregating ₹ 3000-4000 crore for FY26, which along with healthy sustenance sales run-rate from existing projects is expected to help achieve its bookings guidance for FY26. Collection velocity is expected to improve in forthcoming quarters in tandem with new launches.
- New Business developments of ₹ 5000 crore GDV targeted for FY26:** The company remains on track to achieve new business developments with an aggregate topline potential of ₹ 5000 crore (Ahmedabad:Bengaluru:MMR – 40:40:20) in FY26. New BD additions would be skewed towards JD/JV projects following its asset light model. It has hired Mr. Priyansh Kapoor as the new CEO & whole-time Director to strengthen its leadership capacity (provides a fillip to potential BD additions in MMR region). Additionally, the company expects to accrue largest share of capital deployment among its group companies over the next three years.

Rating and Target Price

- The stock has corrected almost 25% over trailing six months on account of weak sales bookings (led by delay in new project launches).
- We retain our BUY rating with a revised Target Price of ₹ 820/- on project NAV basis. We estimate ~31% CAGR in sales bookings over FY25-FY27E.

Key Financial Summary

(₹ crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenues	255.9	341.2	713.3	67.0	722.3	861.2	9.9
EBITDA	48.9	111.5	168.2	85.4	175.7	214.0	12.8
EBITDA margin (%)	19.1	32.7	23.6		24.3	24.9	
Net Profit	25.6	41.6	110.5	107.7	107.3	134.2	10.2
EPS (Rs)	5.6	9.2	24.4		23.7	29.6	
P/E (x)	106.9	65.9	24.8		25.5	20.4	
P/B (x)	5.9	5.5	4.6		4.0	3.5	
RoCE (%)	7.2	14.6	15.0		14.2	15.6	
RoE (%)	5.2	6.6	13.7		12.0	13.3	

Source: Company, ICICI Direct Research

Arvind SMARTSPACES

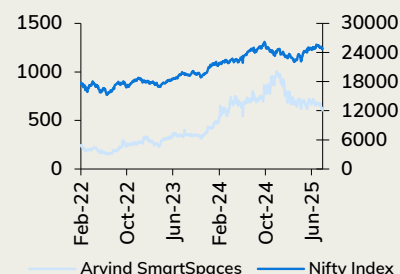
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	2,769
FY25 Gross Debt (₹ Crore)	279
FY25 Cash (₹ Crore)	56
EV (₹ Crore)	2,991
52 Week H/L (Rs)	1024/581
Equity Capital (Rs cr)	46.0
Face Value	10.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	50.3	50.3	50.3	50.0
FII	2.5	2.7	2.0	1.6
DII	12.8	12.9	12.7	13.9
Others	34.4	34.2	35.1	34.6

Price Chart



Key risks

- Geographic concentration
- Operational risks in terms of project execution
- Macro risks & Regulatory risks

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Recent earnings call highlights:

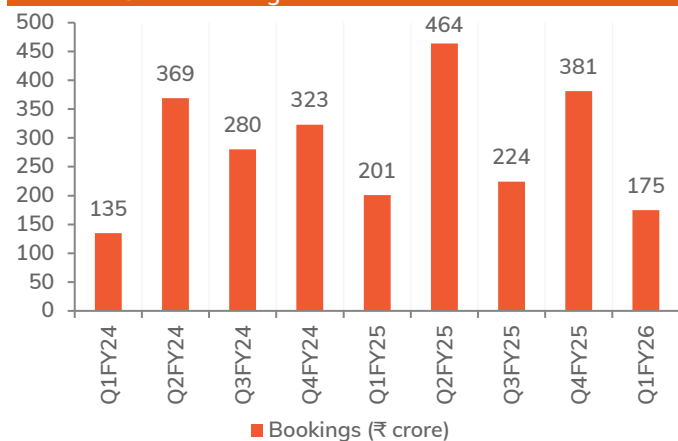
- **Leadership change:** The company has hired Mr. Priyansh Kapoor as the new whole time director and CEO w.e.f. August 9, 2025. Mr. Kamal Singal would continue to serve as MD and act as a mentor to leadership team. It has also appointed chief business officers at city level to achieve scale and accountability.
- **Guidance:** The management retained its pre-sales growth guidance of 30-35% YoY for FY26 despite a soft Q1FY26. Over the next three years, the company is expected to get the largest capital deployment amongst the group companies. The company has aspirational target to be among the top ten developers over the medium term.
- **Launch pipeline:** The company is targeting five new launches (Bannerghatta road - ₹ 400 crore GDV, Orchards phase 2 - ₹ 212 crore, Industrial Park 47 - ₹ 1350 crore, Mankol - ₹ 560 crore and Surat - ₹ 1094 crore) having aggregate GDV potential of ₹ 3000-4000 crore in FY26. Industrial Park 47 project is expected to be formally launched in Q2FY26, Bannerghatta road project in Q3FY26 and Surat in Q4FY26.
- **Q1FY26 key highlights:** The company achieved bookings and collections of ₹ 175 crore and ₹ 191 crore respectively during Q1FY26. Bookings and collections during the quarter were affected by no new formal project launch. It has unrealised operating cash flow of over ₹ 4000 crore from current pipeline of projects which are expected to be realised over the next 4-5 years.
- **Business Development:** The management remains on track to conclude the ongoing business plan of adding new project with cumulative topline potential of ₹ 5000 crore across Ahmedabad, Bengaluru and MMR. The mix of new business development across Bengaluru:Ahmedabad:MMR is estimated to be in the ratio of 40:40:20. Future business development would broadly follow past trend of higher JD/JV projects.
- **Bannerghatta project:** The project has been delayed on account of two new guidelines issued by the local government.

Exhibit 1: Quarterly Analysis

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Operating Income	101.8	74.5	36.7	163.1	-37.6	Revenue recognition from Belair (₹ 49 crore) drove overall revenues
Other Income	4.6	2.7	68.7	11.1	-58.1	
Total Revenue	106.4	77.2	37.8	174.1	-38.9	
Raw materials costs	40.6	31.6	28.3	41.2	-1.5	
Employees Expenses	16.1	14.8	8.5	26.0	-38.1	
Other Expenses	23.7	18.9	25.5	62.4	-62.1	
Total Expenditure	80.3	65.3	23.0	129.5	-38.0	
EBITDA	21.5	9.2	134.0	33.6	-36.1	Project mix and lower base aided EBITDA margin expansion YoY
EBITDA margins (%)	21.1	12.3	878 bps	20.6	50 bps	
Interest	7.9	3.4	136.4	7.8	2.0	
Depreciation	1.6	1.1	39.4	1.3	24.1	
PBT	16.6	7.4	123.2	35.6	-53.4	
Tax	4.6	2.8	64.3	13.8	-66.5	
Minority Interest	0.8	1.7	-54.2	2.6	-70.3	
Income from Assoc.	0.0	0.0	-100.0	0.0	-100.0	
PAT	11.2	2.9	283.1	19.1	-41.6	

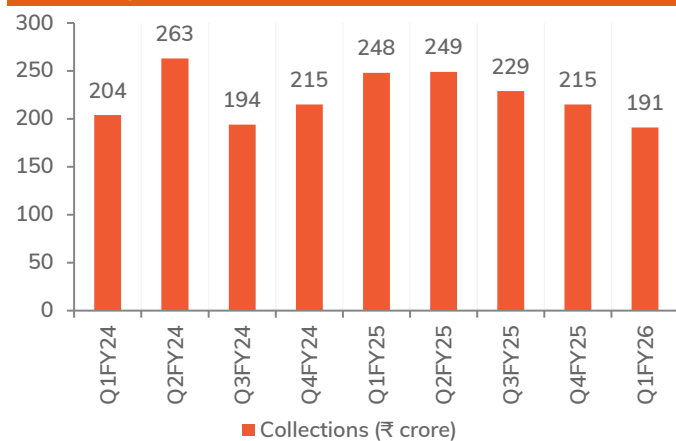
Source: Company, ICICI Direct Research

Exhibit 2: Sales Bookings trend



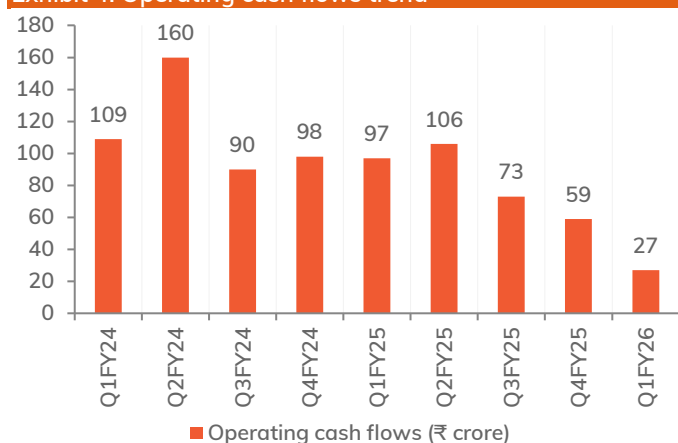
Source: Company, ICICI Direct Research

Exhibit 3: Collections trend



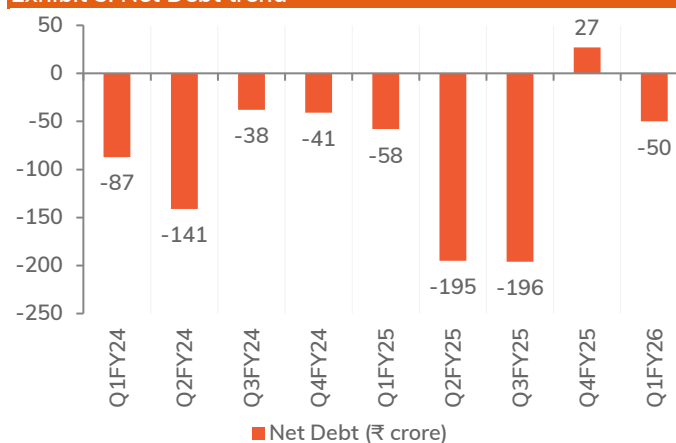
Source: Company, ICICI Direct Research

Exhibit 4: Operating cash flows trend



Source: Company, ICICI Direct Research

Exhibit 5: Net Debt trend



Source: Company, ICICI Direct Research

Valuation

We value ARVINF on project NAV basis for its ongoing, completed and upcoming residential projects. We factor in new business development estimated to conclude over the next two years. We have assigned 20% premium to NAV. Consequently, we arrive at our SOTP based price target price of ₹ 820.

ARVINF has witnessed ~25% correction in stock price over the trailing six months and is currently trading at a discount to its NAV which we believe unduly factors in the muted sales booking performance over the trailing year. Considering its high pre-sales growth trajectory over the next two years and consistent new business developments, the stock correction offers a buying opportunity. Hence, we retain our Buy rating on the stock with a price target of ₹ 820.

Exhibit 6: Valuation Mix

Particulars	Valuation Methodology	Value per share (Rs)
Residential (Ongoing+Completed)	Project NAV basis	251
Residential (Upcoming)	Project NAV basis	152
Business Development	Over the next two years	267
Less Net Debt		-12
NAV		681
Premium to NAV (%)		20%
Price Target (Rs)		820

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 7: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Revenue	341.2	713.3	722.3	861.2
% Growth	33.3	109.1	1.3	19.2
Other income	9.7	22.8	25.1	27.6
Total Revenue	350.9	736.1	747.4	888.8
% Growth	33.3	109.8	1.5	18.9
Total Raw Material Costs	91.9	324.7	357.5	430.6
Employee Expenses	53.9	73.2	95.1	104.6
Other expenses	83.9	147.2	93.9	112.0
Total Operating Expenditure	229.7	545.1	546.5	647.2
Operating Profit (EBITDA)	111.5	168.2	175.7	214.0
% Growth	127.8	50.9	4.5	21.8
Interest	40.9	20.8	34.7	37.1
PBDT	80.2	170.2	166.2	204.6
Depreciation	4.5	4.9	6.0	7.0
PBT before Exceptional Items	75.7	165.3	160.2	197.6
Total Tax	24.6	46.1	44.8	55.3
PAT before MI	51.1	119.2	115.3	142.2
PAT	41.6	110.5	107.3	134.2
% Growth	62.3	165.8	(2.9)	25.1
EPS	9.2	24.4	23.7	29.6

Source: Company, ICICI Direct Research

Exhibit 8: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	41.6	110.5	107.3	134.2
Depreciation	4.5	4.9	6.0	7.0
Interest	40.9	20.8	34.7	37.1
Cash Flow before WC changes	116.0	191.5	200.8	241.6
Change in working capital	(70.3)	(224.2)	(99.2)	(52.4)
Tax paid	(15.2)	(51.2)	(44.8)	(55.3)
Net CF from Operating activities	30.5	(84.0)	56.8	133.9
(Purchase)/Sale of Fixed Assets	(15.4)	(15.0)	(12.0)	(12.0)
Changes in deferred tax assets				
Others	(12.3)	(93.2)	(0.2)	-
Net CF from Investing activities	(27.7)	(108.3)	(12.2)	(12.0)
Inc/(Dec) in Loan	52.7	212.9	20.0	20.0
Dividend and Dividend Tax	(14.9)	(15.8)	(27.2)	(27.2)
Others	(41.1)	(11.6)	(34.7)	(37.1)
Net CF from Financing Activities	(3.3)	185.5	(41.9)	(44.3)
Net Cash flow	(0.5)	(6.7)	2.7	77.6
Opening Cash/Cash Equivalent	63.7	63.1	56.4	59.2
Closing Cash/ Cash Equivalent	63.1	56.4	59.2	136.8

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	45	45	45	45
Reserve and Surplus	581	763	851	966
Total Shareholders funds	626	808	896	1,011
Total Debt	107	279	299	319
Total Liabilities	733	1,087	1,195	1,330
Gross Block	67	77	89	101
Acc: Depreciation	14	19	25	32
Net Block	53	58	64	69
Capital WIP	19	25	25	25
Total Fixed Assets	72	83	89	94
Non Current Assets	129	208	208	208
Inventory	1,362	1,489	1,787	2,145
Debtors	3	15	15	15
Other Current Assets	473	815	846	973
Cash	63	56	59	137
Total Current Assets	1,901	2,376	2,707	3,270
Current Liabilities	1,365	1,572	1,802	2,235
Provisions	5	7	7	7
Total Current Liabilities	1,369	1,579	1,808	2,241
Net Current Assets	532	797	898	1,028
Total Assets	733	1,087	1,195	1,330

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per Share Data				
EPS	9.2	24.4	23.7	29.6
Cash per Share	10.2	25.5	25.0	31.1
DPS	3.5	6.0	6.0	6.0
BV	109.1	131.8	149.5	173.1
Operating Ratios				
EBITDA Margin	32.7	23.6	24.3	24.9
PAT Margin	12.2	15.5	14.9	15.6
Return Ratios				
RoE	6.6	13.7	12.0	13.3
RoCE	14.6	15.0	14.2	15.6
Valuation Ratios				
EV / EBITDA	24.9	17.6	16.9	13.6
P/E	65.9	24.8	25.5	20.4
EV / Net Sales	8.1	4.1	4.1	3.4
Sales / Equity	0.5	0.9	0.8	0.9
Market Cap / Sales	8.0	3.8	3.8	3.2
Price to Book Value	5.5	4.6	4.0	3.5
Working Capital Management Ratios				
Inventory Days	1,457.1	762.1	903.2	909.0
Debtor Days	2.8	7.5	7.5	6.4
Creditor Days	132.3	95.7	35.4	29.7
Asset Turnover	0.5	0.7	0.6	0.6
Solvency Ratios				
Debt / Equity	0.2	0.3	0.3	0.3
Current Ratio	1.4	1.5	1.5	1.5
Quick Ratio	0.4	0.6	0.5	0.5

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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