

February 11, 2026

## Business development and OCFs gain momentum

About the stock: Arvind SmartSpaces (ASL), 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 9.8 msf completed, 46.9 msf ongoing and 53.7 msf planned projects.

**Q3FY26 performance:** Arvind SmartSpace reported healthy pre-sales of ₹ 331 crore, up 48% YoY (down 23% QoQ as Q2FY26 pre-sales included Everland project launch) for Q3FY26, led by strong sustenance sales. Collections were up 38% YoY (up 34% QoQ) at ₹ 317 crore. Operating cash flows were up 128% YoY at ₹ 169 crore. Net debt increased by ₹ 111 crore QoQ to ₹ 79 crore, led by ₹ 265 crore land payments and approvals. Its cumulative new business development for FY26 till date stands at ₹ 2510 crore. On earnings front, consolidated revenues were down 21% YoY (up 18% QoQ) at ₹ 166 crore, EBITDA margins were lower 328 bps YoY (up 399 bps QoQ) at 25% while net profit was down 40% YoY (up 103% QoQ) at ₹ 29 crore.

### Investment Rationale

- Targeting ~₹ 1500+ crore GDV launches in Q4FY26 to achieve FY26 pre-sales guidance:** The management retained its sales booking guidance of ₹ 1600-1700 (~30-35% YoY) for FY26 (9M pre-sales were up 5% YoY at ₹ 938 crore). It plans to launch four projects during Q4FY26 viz. Baroda project (phase I of ~₹ 400-450 crore out of ₹ 700 crore), Industrial project in Ahmedabad (phase I of ₹ 600-700 crore out of ~₹ 1500 crore), Orchards phase II, Bengaluru (~₹ 100 crore) and one more project in Bengaluru (Bannerghatta - ₹ 400 crore or ITPL - ₹ 600 crore). It has received approvals for Baroda and Orchards while it is in advance stages of approval for Industrial land project. Additionally, sustenance sales in existing projects is expected to contribute ~₹ 200 crore.
- Strong business developments during 9MFY26; balance sheet remain under levered:** The company added four new projects (two in Bengaluru, one each in Ahmedabad and Baroda) having cumulative GDV potential of ₹ 2510 crore. Of the four, three projects were acquired on outright basis and are premium residential high-rise projects. It continues to eye new business developments across Ahmedabad/Bengaluru/MMR aiming to meet its ₹ 3500-4000 crore GDV additions FY26. Its under levered balance sheet (Net Debt/Equity: 0.13x), strong OCF generation (₹ 321 crore during 9MFY26) and accessibility to HDFC Capital Platform Fund can be utilised in new business development (balancing ownership and JDA models).

### Rating and Target Price

- We retain our BUY rating with a revised Target Price of ₹ 750/- 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	FY28E	3 year CAGR (FY25-28E)
Revenues	255.9	341.2	713.3	67.0	722.3	861.2	1055.6	14.0
EBITDA	48.9	111.5	168.2	85.4	175.7	214.0	270.3	17.1
EBITDA margin (%)	19.1	32.7	23.6		24.3	24.9	25.6	
Net Profit	25.6	41.6	110.5	107.7	107.3	134.2	175.0	16.6
EPS (Rs)	5.6	9.2	24.4		23.7	29.6	38.6	
P/E (x)	103.3	63.6	23.9		24.7	19.7	15.1	
P/B (x)	5.7	5.3	4.4		3.9	3.4	2.8	
RoCE (%)	7.2	14.6	15.0		14.2	15.6	17.5	
RoE (%)	5.2	6.6	13.7		12.0	13.3	15.0	

Source: Company, ICICI Direct Research

## ARVIND SMARTSPACES

### Particulars

Particular	Rs. in crore
Market Capitalisation	2,676
FY25 Gross Debt	279
FY25 Cash	56
EV	2,899
52 Week H/L (Rs.)	775/505
Equity Capital	46.0
Face Value (Rs.)	10.0

### Shareholding pattern

%	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	50.3	50.0	49.8	49.8
FII	2.0	1.6	1.0	0.8
DII	12.7	13.9	14.7	15.8
Others	35.1	34.6	34.5	33.5

### 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:

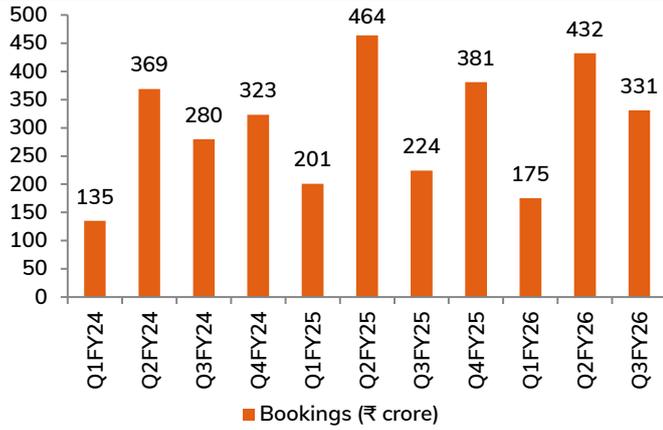
- Leadership transition: Mr. Kamal Singal to step down as MD, handing over the baton to Mr. Priyansh Kapoor who will lead ASL as the new CEO and MD of ASL. Mr. Kamal Singal will continue as a whole-time director.
- **Guidance:** The management is confident in meeting its FY26 pre-sales growth guidance of 30-35% YoY despite delay in project launches (pre-sales up 5% YoY to ₹ 938 crore), supported by the strong sustenance sales.
- Q4FY26 Launch Pipeline: It plans to launch four projects during Q4FY26 viz. Baroda project (phase I of ~₹ 400-450 crore out of ₹ 700 crore), Industrial project in Ahmedabad (phase I of ₹ 600-700 crore out of ~₹ 1500 crore), Orchards phase II, Bengaluru (~₹ 100 crore) and one more project in Bengaluru (Bannerghatta - ₹ 400 crore or ITPL - ₹ 600 crore). It has received approvals for Baroda and Orchards while it is in advance stages of approval for Industrial land project. Additionally, sustenance sales in existing projects is expected to contribute ~₹ 200 crore.
- **Q3FY26 key highlights:** Arvind Smartspaces reported pre-sales of ₹ 331 crore (up 48% YoY, down 28% QoQ) for Q3FY26 aided by the strong response in ongoing projects in Ahmedabad and Bangalore. Collections at ₹ 317 crore showed improvement (up 34% QoQ, 38% YoY). Net cash position stood at -₹ 79 crore (turning net debt) as against net cash of ₹ 32 crore in Q2FY26. It has unrealised operating cash flow of ₹ 4581 crore from current pipeline of projects which are expected to be realised over the next 4-5 years.
- **Business Development:** ASL has secured BD of ₹2510 crore in YTD FY26 (62.5% of Guidance). ASL secured BD worth ₹950 crore in Q3FY26 in Ahmedabad (₹400 crore) and Bengaluru (₹550 crore). It secured ₹ 860 crore BD in January 2026 in Bengaluru. The management remains confident of achieving its full-year BD guidance of ₹ 3,500-4,000 crores supported by healthy pipeline across Gujarat, Bangalore, and Mumbai. It is looking at both ownership and JDA models for BD. It will be generating more than ~₹ 400 crore operating cash flows in FY26.
- **Khopoli project:** It is still at approvals stage and expects to launch in FY27.

### Exhibit 1: Quarterly Analysis

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Operating Income	166.4	210.2	-20.8	140.5	18.4	Revenue recognition from Uplands 2
Other Income	4.1	5.3	-22.5	3.5	16.9	(₹ 72 crore) supported overall
Total Revenue	170.5	215.5	-20.9	144.0	18.4	revenues
Raw materials costs	66.3	108.6	-39.0	66.2	0.2	
Employees Expenses	24.6	17.3	42.0	19.7	24.9	
Other Expenses	33.8	24.7	36.7	25.1	35.0	
Total Expenditure	124.8	150.7	-17.2	111.0	12.4	
EBITDA	41.6	59.4	-30.0	29.5	40.9	Project mix and higher base led
EBITDA margins (%)	25.0	28.3	-328 bps	21.0	399 bps	EBITDA margin contraction YoY
Interest	5.1	5.1	-0.1	6.4	-19.7	
Depreciation	1.7	1.2	37.6	1.4	22.2	
PBT	38.9	58.4	-33.4	25.3	53.8	
Tax	9.7	8.2	18.3	7.2	34.4	
Minority Interest	0.5	2.4	-81.4	3.9	-88.3	
Income from Assoc.	0.0	0.0	-	0.0	-	
PAT	28.7	47.7	-39.8	14.2	102.7	

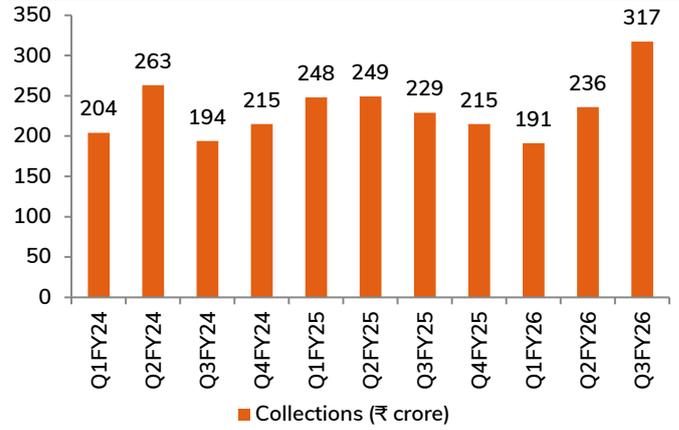
Source: Company, ICICI Direct Research

Exhibit 2: Sales Bookings trend



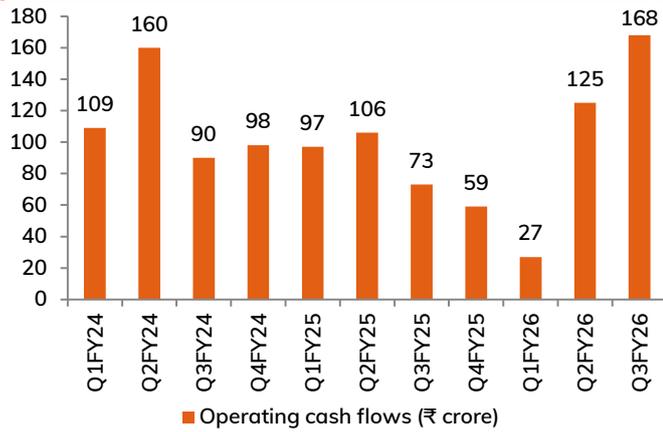
Source: Company, ICICI Direct Research

Exhibit 3: Collections trend



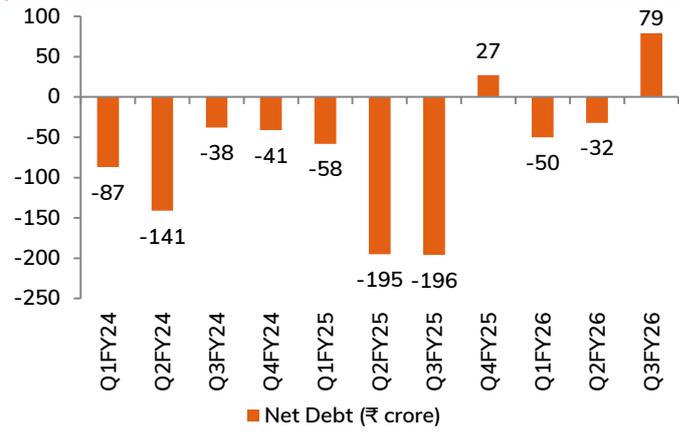
Source: Company, ICICI Direct Research

Exhibit 4: Operating cash flows trend



Source: Company, ICICI Direct Research

Exhibit 5: Net Debt trend



Source: Company, ICICI Direct Research

## Valuation

We value ASL 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 ₹ 750.

ASL 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 offers a buying opportunity. Hence, we retain our Buy rating on the stock with a revised price target of ₹ 750.

### Exhibit 6: Valuation Mix

Particulars	Valuation Methodology	Value per share (Rs)
Residential (Ongoing+Completed)	Project NAV basis	241
Residential (Upcoming)	Project NAV basis	146
Business Development	Over the next two years	255
Less Net Debt		17
NAV		625
Premium to NAV (%)		20%
Price Target (Rs)		750

Source: Company, ICICI Direct Research

## Financial Summary

### Exhibit 7: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Revenue</b>	<b>713.3</b>	<b>722.3</b>	<b>861.2</b>	<b>1,055.6</b>
% Growth	109.1	1.3	19.2	22.6
Other income	22.8	25.1	27.6	30.4
Total Revenue	736.1	747.4	888.8	1,086.0
% Growth	109.8	1.5	18.9	22.2
Raw Material Costs	324.7	357.5	430.6	527.8
Employee Expenses	73.2	95.1	104.6	120.3
Other expenses	147.2	93.9	112.0	137.2
Total Operating Exp.	545.1	546.5	647.2	785.4
<b>EBITDA</b>	<b>168.2</b>	<b>175.7</b>	<b>214.0</b>	<b>270.3</b>
% Growth	50.9	4.5	21.8	26.3
Interest	20.8	34.7	37.1	39.5
PBDT	170.2	166.2	204.6	261.2
Depreciation	4.9	6.0	7.0	7.0
<b>PBT</b>	<b>165.3</b>	<b>160.2</b>	<b>197.6</b>	<b>254.2</b>
Total Tax	46.1	44.8	55.3	71.2
PAT before MI	119.2	115.3	142.2	183.0
<b>PAT</b>	<b>110.5</b>	<b>107.3</b>	<b>134.2</b>	<b>175.0</b>
% Growth	165.8	(2.9)	25.1	30.4
<b>EPS</b>	<b>24.4</b>	<b>23.7</b>	<b>29.6</b>	<b>38.6</b>

Source: Company, ICICI Direct Research

### Exhibit 8: Cash Flow Statement

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Profit after Tax</b>	<b>110.5</b>	<b>107.3</b>	<b>134.2</b>	<b>175.0</b>
Depreciation	4.9	6.0	7.0	7.0
Interest	20.8	34.7	37.1	39.5
Cash Flow before WC char	191.5	200.8	241.6	300.6
Change in working capital	(224.2)	(99.2)	(52.4)	(41.2)
Tax paid	(51.2)	(44.8)	(55.3)	(71.2)
<b>Net CF from Operations</b>	<b>(84.0)</b>	<b>56.8</b>	<b>133.9</b>	<b>188.3</b>
(Purchase)/Sale of Fixed A:	(15.0)	(12.0)	(12.0)	(12.0)
Others	(93.2)	(0.2)	-	-
<b>Net CF from Investing</b>	<b>(108.3)</b>	<b>(12.2)</b>	<b>(12.0)</b>	<b>(12.0)</b>
Inc/(Dec) in Loan	212.9	20.0	20.0	20.0
Dividend and Dividend Ta	(15.8)	(27.2)	(27.2)	(27.2)
Others	(11.6)	(34.7)	(37.1)	(39.5)
<b>Net CF from Financing</b>	<b>185.5</b>	<b>(41.9)</b>	<b>(44.3)</b>	<b>(46.7)</b>
Net Cash flow	(6.7)	2.7	77.6	129.6
Opening Cash	63.1	56.4	59.2	136.8
<b>Closing Cash</b>	<b>56.4</b>	<b>59.2</b>	<b>136.8</b>	<b>266.4</b>

Source: Company, ICICI Direct Research

### Exhibit 9: Balance sheet ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	45	45	45	45
Reserve and Surplus	763	851	966	1,122
<b>Total Shareholders funds</b>	<b>808</b>	<b>896</b>	<b>1,011</b>	<b>1,167</b>
<b>Total Debt</b>	<b>279</b>	<b>299</b>	<b>319</b>	<b>339</b>
<b>Total Liabilities</b>	<b>1,087</b>	<b>1,195</b>	<b>1,330</b>	<b>1,506</b>
Gross Block	77	89	101	113
Acc: Depreciation	19	25	32	39
Net Block	58	64	69	74
Capital WIP	25	25	25	25
<b>Total Fixed Assets</b>	<b>83</b>	<b>89</b>	<b>94</b>	<b>99</b>
Non Current Assets	208	208	208	208
Inventory	1,489	1,787	2,145	2,574
Debtors	15	15	15	16
Other Current Assets	815	846	973	1,126
Cash	56	59	137	266
<b>Total Current Assets</b>	<b>2,376</b>	<b>2,707</b>	<b>3,270</b>	<b>3,982</b>
Current Liabilities	1,572	1,802	2,235	2,776
Provisions	7	7	7	7
<b>Total Current Liabilities</b>	<b>1,579</b>	<b>1,808</b>	<b>2,241</b>	<b>2,782</b>
Net Current Assets	797	898	1,028	1,199
<b>Total Assets</b>	<b>1,087</b>	<b>1,195</b>	<b>1,330</b>	<b>1,506</b>

Source: Company, ICICI Direct Research

### Exhibit 10: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Per Share Data</b>				
EPS	24.4	23.7	29.6	38.6
Cash per Share	25.5	25.0	31.1	40.1
DPS	6.0	6.0	6.0	6.0
BV	131.8	149.5	173.1	205.7
<b>Operating Ratios</b>				
EBITDA Margin	23.6	24.3	24.9	25.6
PAT Margin	15.5	14.9	15.6	16.6
<b>Return Ratios</b>				
RoE	13.7	12.0	13.3	15.0
RoCE	15.0	14.2	15.6	17.5
<b>Valuation Ratios</b>				
EV / EBITDA	17.0	16.4	13.2	10.1
P/E	23.9	24.7	19.7	15.1
EV / Net Sales	4.0	4.0	3.3	2.6
Sales / Equity	0.9	0.8	0.9	0.9
Market Cap / Sales	3.7	3.7	3.1	2.5
Price to Book Value	4.4	3.9	3.4	2.8
<b>Working Capital Management Ratios</b>				
Inventory Days	762.1	903.2	909.0	889.8
Debtor Days	7.5	7.5	6.4	5.4
Creditor Days	95.7	35.4	29.7	24.2
Asset Turnover	0.7	0.6	0.6	0.7
<b>Solvency Ratios</b>				
Debt / Equity	0.3	0.3	0.3	0.3
Current Ratio	1.5	1.5	1.5	1.4
Quick Ratio	0.6	0.5	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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