Arvind SmartSpaces Ltd. (ARVINF)

CMP: ₹ 610 | Target: ₹ 820 (33%) | Target Period: 12 months | BUY

May 25, 2026

Pre-sales growth to expedite in FY27

About the stock: Arvind SmartSpaces (ASSL), 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, 57.8 msf ongoing and 29.86 msf planned projects.

Q4FY26 performance: Arvind Smartspace reported strong pre-sales of ₹ 612 crore, up 61% YoY (+85% QoQ) for Q4FY26, led by strong response to project launches (Skycrest, Bannerghatta ₹ 262 crore and Greenfields, Vadodara ₹ 178 crore) forming 72% of Q4FY26 presales and rest 28% from sustenance sales in Ahmedabad (76%) and Bangalore (24%). Collections were up 65% YoY (up 12% QoQ) at ₹ 355 crore. Operating cash flows were up 61% and 24% YoY at ₹ 96 crore for Q4FY26. Net debt increased by ₹ 88 crore QoQ to ₹ 167 crore. Its cumulative new business development for FY26 stood at ₹ 3140 crore. On earnings front, consolidated revenues for Q4FY26 were down 5% YoY (- 7% QoQ) at ₹ 155 crore, EBITDA margins up 1757bps YoY (up 1316 bps QoQ) at 38.2% and net profit up 103% YoY (+51% QoQ) at ₹ 44.2 crore.

Investment Rationale

- **Targeting ~₹ 3000-3500 crore GDV launches in FY27E:** The management targets to launch six projects during FY27 having cumulative GDV of ~₹ 3000-3500 crore. The launch pipeline comprises one project in Gujarat (Vastrapur - ₹ 394 crore GDV) in H1FY27, three projects in Bengaluru and two in Mumbai (Khopoli phase I - ₹ 500-600 crore) and either of Santacruz (~₹ 300 crore) or Goregaon (~₹ 2400 crore, 43.5% profit share). Additionally sustenance sales from existing projects is expected to contribute over 30% of pre-sales in FY27 (almost 40% contribution in FY26). Hence, overall the company targets pre-sales growth of 35-40% for FY27 while keeping its longer term pre-sales guidance intact at 25-30% YoY.
- **Strong business developments during FY26; balance sheet remain under levered:** The company added six new projects having cumulative GDV of ₹ 3410 crore. Of the six, four projects were acquired on outright basis and are premium residential high-rise projects. In April 2026 it has secured a project in Goregaon, Mumbai (GDV of ₹ 2400 crore, ~43% profit share). Going ahead it continues to eye new business developments across Ahmedabad/Bengaluru/MMR having ~₹ 4000-5000 crore GDV in FY27. Its under levered balance sheet (Net Debt/Equity: 0.26x), strong OCF generation (₹ 417 crore during FY26) and accessibility to HDFC Capital Platform Fund can be utilised in new business development.

Rating and Target Price

- We retain our BUY rating with a revised Target Price of ₹ 820/- on project NAV basis (factoring newly acquired projects).

ARVIND SMARTSPACES

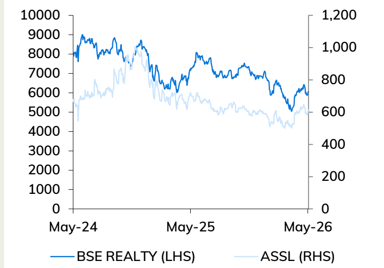
Particulars

Particulars	Rs. in crore
Market Capitalisation	2,821
FY26 Gross Debt	577
FY26 Cash	174
EV	3,224
52 Week H/L (Rs.)	756/490
Equity Capital	46.0
Face Value (Rs.)	10.0

Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	50.0	49.8	49.8	53.8
FII	1.6	1.0	0.8	0.7
DII	13.9	14.7	15.8	8.6
Others	34.6	34.5	33.5	36.9

Price Chart



Key risks

(i) Geographic concentration

(ii) Operational risks in terms of project execution

(iii) Macro risks & Regulatory risks

Research Analyst

Ronald Siyoni
ronald.siyoni@icicisecurities.com

Samarth Khandelwal
samarth.khandelwal@icicisecurities.com

Key Financial Summary

Particulars (Rs. in crore)	FY24	FY25	FY26	2 year CAGR (FY24-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Revenues	341.2	713.3	564.1	28.6	933.3	1119.9	40.9
EBITDA	111.5	168.2	151.9	16.7	252.0	307.0	42.2
EBITDA margin (%)	32.7	23.6	26.9		27.0	27.4	
Net Profit	41.6	110.5	97.6	53.2	132.5	170.7	32.3
EPS (Rs)	9.1	24.1	21.3		28.9	37.2	
P/E (x)	67.3	25.3	28.7		21.1	16.4	
P/B (x)	5.6	4.6	4.3		3.7	3.1	
RoCE (%)	14.6	15.0	9.9		15.0	16.6	
RoE (%)	6.6	13.7	10.9		13.1	14.7	

Source: Company, ICICI Direct Research

Recent earnings call highlights:

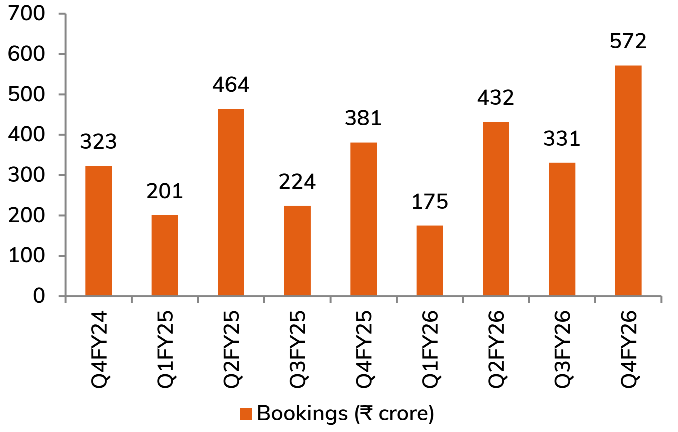
- **Guidance:** The management has provided guidance of 35-40% YoY growth in presales for FY27. It aims to launch six projects having estimated gross development value of ₹ 3000-3500 crore in FY27E.
- FY27 Launch Pipeline: ASSL plans to launch six projects during FY27 it expects to launch one project Vastrapur (GDV of ₹ 394 crore, area of 3.57 lsf) in Ahmedabad in H1FY27E while rest in H2FY27E which comprise of three launches in Bengaluru and about two launches in Mumbai, one in Khopoli (phase 1 of ~₹ 500 crore) and either of Santacruz (₹ 300 crore) or Goregaon (₹2400 crore 43% ASSL share). Additionally, sustenance sales in existing projects is expected to grow at 15% over FY26 to ~₹ 640 crore contributing about 30% of presales guidance of ~₹2000-2100 crore in FY27E.
- **FY26 key highlights:** Arvind Smartspaces reported FY26 presales at ₹ 1550 crore up 22% YoY from ₹ 1271 crore in FY25, presales mix from new launches and sustenance at 64:36 in FY26. The Revenue/EBITDA/PAT for FY26 came in at ₹ 564 /₹156 /₹103 crore down 21%/ 20%/13% YoY respectively. Operating cash flows were up 24% YoY at ₹ 417 crore for FY26 respectively. Net debt position stood at ₹ 167 crore as against ₹ 79 crore in Q3FY26. It has unrealised operating cash flow of ₹ 4970 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 ₹ 3140 crore in FY26 (78% of Guidance). ASL secured one project in Baroda (₹ 700 crore), one high rise project in Ahmedabad (~₹ 400 crore), three projects in Bengaluru (₹ 1740 crore) and one project in Santacruz Mumbai (₹ 300 crore). It also secured a ₹ 2400 crore project in April 2026 in Mumbai in a JV with 43% Revenue/profit share. The management has provided full year business development guidance of 4000-5000 crore for FY27E. It is looking at both ownership and JDA models for BD. It invested ~₹ 638 crore in FY26 in business development and expects a similar run rate towards business development in FY27E.
- **Cashflows and Debt**: The Collections grew 17% YoY to ₹ 1100 crore in FY26 whereas construction and land out flows of ₹ 637 crore generating a healthy ~₹ 417 crore operating cash flows in FY26. For FY27 it has secured additional ₹ 125 crore credit line from HDFC capital and plans to raise upto ₹ 300 crore through debentures in private placement. Currently it has net debt position of 167 crore and Net Debt to Equity of 0.26x, company has guided the net debt to equity will remain under 1:1.
- **Goregaon, Mumbai project:** The project is of a society that has MAHADA residents. For this project the company has tied up with Oxford Sigma which has experience of executing MAHADA projects and will take care of managing the site and bringing approvals and ASSL will play the part of development, designing, sales and construction.

Exhibit 1: Quarterly Analysis

Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comments
Operating Income	**155.4**	**163.1**	**-4.7**	**166.4**	**-6.6**	Revenue impacted mainly due to timing of
Other Income	8.1	11.1	-26.3	4.1	97.7	revenue recognition
Total Revenue	**163.5**	**174.1**	**-6.1**	**170.5**	**-4.1**	
Raw materials costs	21.5	41.2	-47.8	66.3	-67.6	
Employees Expenses	24.4	26.0	-5.9	24.6	-0.8	
Other Expenses	50.2	62.4	-19.6	33.8	48.3	
Total Expenditure	96.1	129.5	-25.8	124.8	-23.0	
EBITDA	**59.3**	**33.6**	**76.5**	**41.6**	**42.5**	Healthy EBITDA margins in Q4FY26 on
EBITDA margins (%)	**38.2**	**20.6**	**1757 bps**	**25.0**	**1316 bps**	project mix
Interest	11.5	7.8	47.6	5.1	125.3	
Depreciation	1.7	1.3	30.8	1.7	-3.1	
PBT	**54.3**	**35.6**	**52.6**	**38.9**	**39.5**	
Tax	10.1	13.8	-26.5	9.7	4.3	
Minority Interest	1.8	2.6	-29.3	0.5	305.2	
Income from Assoc.	0.0	0.0	-	0.0	-	
PAT	**42.3**	**19.1**	**120.9**	**28.7**	**47.2**	

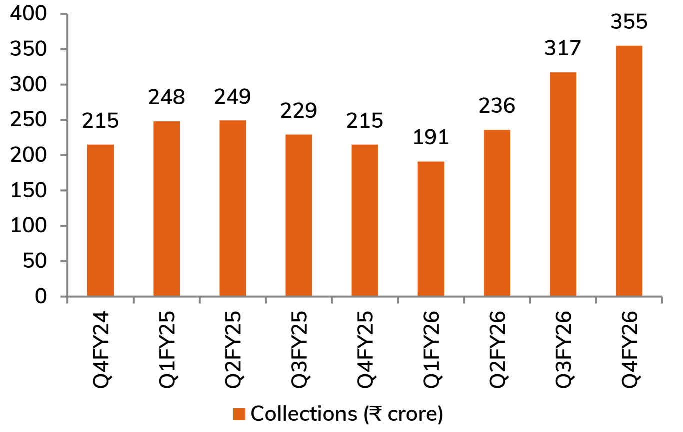
Source: Company, ICICI Direct Research

Exhibit 2: Sales Bookings trend



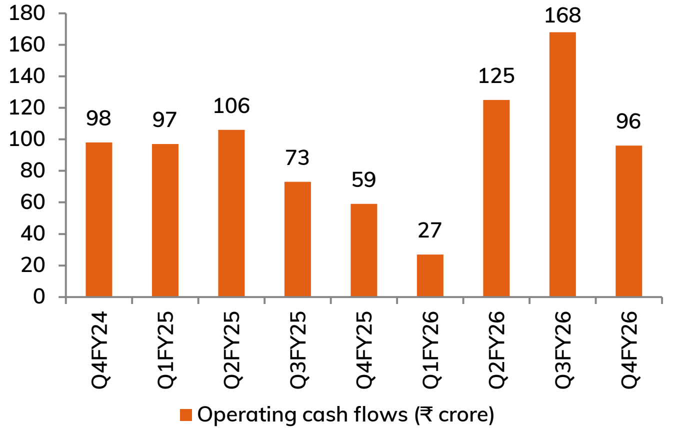
Source: Company, ICICI Direct Research

Exhibit 3: Collections trend



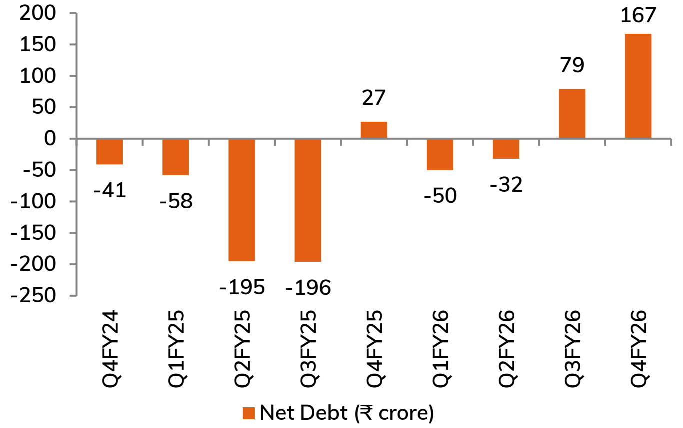
Source: Company, ICICI Direct Research

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. Consequently, we arrive at our SOTP based price target price of ₹ 820.

ASL is currently trading at a discount to its NAV which we believe unduly factors in the strong 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 ₹ 820.

Exhibit 6: Valuation Mix

Particulars	Valuation Methodology	Value per share (Rs.)
Residential (Ongoing+Completed)	Project NAV basis	352
Residential (Upcoming)	Project NAV basis	357
Business Development	Over the next two years	149
Less Net Debt		36
NAV		822
Price Target (Rs.) (Rounded)		820

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 7: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**713.3**	**564.1**	**933.3**	**1,119.9**
% Growth	109.1	(20.9)	65.5	20.0
Other income	22.8	20.4	22.5	24.7
Total Revenue	736.1	584.5	955.7	1,144.6
% Growth	109.8	(20.6)	63.5	19.8
Raw Material Costs	324.7	194.6	466.6	560.0
Employee Expenses	73.2	84.8	93.3	107.3
Other expenses	147.2	132.7	121.3	145.6
Total Operating Exp.	545.1	412.1	681.3	812.9
EBITDA	**168.2**	**151.9**	**252.0**	**307.0**
% Growth	50.9	(9.7)	65.9	21.9
Interest	20.8	30.9	76.8	85.5
PBDT	170.2	141.4	197.6	246.3
Depreciation	4.9	6.3	7.0	7.0
PBT	**165.3**	**135.1**	**190.6**	**239.3**
Total Tax	46.1	31.7	53.4	67.0
PAT before MI	119.2	103.4	137.3	172.3
PAT	**110.5**	**97.6**	**129.3**	**164.3**
% Growth	165.8	(11.7)	32.5	27.1
EPS	**24.1**	**21.3**	**28.2**	**35.8**

Source: Company, ICICI Direct Research

Exhibit 8: Cash Flow Statement

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	**110.5**	**97.6**	**132.5**	**170.7**
Depreciation	4.9	6.3	7.0	7.0
Interest	20.8	30.9	72.3	76.5
Cash Flow before WC char	191.5	156.6	274.4	331.7
Change in working capital	(224.2)	(260.9)	293.1	280.5
Tax paid	(51.2)	(64.4)	(54.6)	(69.5)
Net CF from Operations	**(84.0)**	**(168.8)**	**512.9**	**542.7**
(Purchase)/Sale of Fixed A	(15.0)	(47.0)	(12.0)	(12.0)
Others	(93.2)	40.6	(400.0)	(400.0)
Net CF from Investing	**(108.3)**	**(6.5)**	**(412.0)**	**(412.0)**
Inc/(Dec) in Loan	212.9	328.3	50.0	20.0
Dividend and Dividend Ta›	(15.8)	(27.5)	(27.5)	(27.5)
Others	(11.6)	(7.9)	(72.3)	(76.5)
Net CF from Financing	**185.5**	**293.0**	**(49.8)**	**(84.0)**
Net Cash flow	(6.7)	117.7	51.0	46.7
Opening Cash	63.1	56.4	174.2	225.2
Closing Cash	**56.4**	**174.2**	**225.2**	**271.9**

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	46	46	46	46
Reserve and Surplus	763	850	963	1,114
Total Shareholders funds	**808**	**896**	**1,009**	**1,160**
Total Debt	**279**	**577**	**627**	**647**
Total Liabilities	**1,087**	**1,474**	**1,637**	**1,808**
Gross Block	77	85	97	109
Acc: Depreciation	19	25	32	39
Net Block	58	60	65	70
Capital WIP	25	62	62	62
Total Fixed Assets	**83**	**122**	**127**	**132**
Non Current Assets	208	150	550	950
Inventory	1,489	2,222	2,111	2,111
Debtors	15	15	19	22
Other Current Assets	815	904	1,244	1,655
Cash	56	174	225	272
Total Current Assets	**2,376**	**3,317**	**3,599**	**4,061**
Current Liabilities	1,572	2,108	2,632	3,328
Provisions	7	7	7	7
Total Current Liabilities	**1,579**	**2,115**	**2,639**	**3,335**
Net Current Assets	797	1,202	960	726
Total Assets	**1,087**	**1,474**	**1,636**	**1,808**

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
EPS	24.1	21.3	28.9	37.2
Cash per Share	25.3	22.8	30.6	39.0
DPS	6.0	6.0	6.0	6.0
BV	131.2	142.5	165.5	197.0
Operating Ratios				
EBITDA Margin	23.6	26.9	27.0	27.4
PAT Margin	15.5	17.3	14.2	15.2
Return Ratios				
RoE	13.7	10.9	13.1	14.7
RoCE	15.0	9.9	15.0	16.6
Valuation Ratios				
EV / EBITDA	17.9	21.0	12.7	10.3
P/E	25.5	28.9	21.3	16.5
EV / Net Sales	4.2	5.7	3.4	2.8
Sales / Equity	0.9	0.6	0.9	1.0
Market Cap / Sales	3.9	4.9	3.0	2.5
Price to Book Value	4.7	4.3	3.7	3.1
Working Capital Management Ratios				
Inventory Days	762.1	1,438.0	825.6	688.0
Debtor Days	7.5	10.0	7.3	7.3
Creditor Days	95.7	130.6	97.8	114.1
Asset Turnover	0.7	0.4	0.6	0.6
Solvency Ratios				
Debt / Equity	0.3	0.6	0.6	0.6
Current Ratio	1.5	1.6	1.4	1.2
Quick Ratio	0.6	0.5	0.6	0.6

Source: Company, ICICI Direct Research

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Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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