



## Q2FY26: Building Momentum on Strong Launches & Structural Transformation

### Recommendation Rationale

- Strong Bookings Guidance:** The company has clocked pre-sales of Rs 432 Cr, which is above our expectations for a seasonally slow quarter. The pre-sales were mainly driven by the launch of its Mankol project – ‘Arvind Everland’, which recorded sales of Rs 400 Cr, ~92% of its launched inventory. Its sustenance sales from Ahmedabad and Bangalore saw a hit and were below our expectations for the quarter. Despite this, the company is positive about achieving its 30% bookings growth guidance for FY26. The management is expecting better momentum for sustenance sales going forward as a function of expanding teams, better technological and other processes. It will see a pick-up post November for the coming quarter.
- 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 2 launches in Bangalore, which are in advanced stages of approval, along with additional launches in Baroda and MMR, as well as its upcoming industrial project. Arvind expects to maintain its BD at a healthy rate of Rs 4,000-5,000 Cr per annum with additions in Ahmedabad, Bangalore, and the 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.
- Management Approach:** Arvind has seen a notable change in its top management in H1FY26. The new management is more focused on enhancing efficiencies and reducing the time lag from ‘announcement of project-to-launch’ period. It expects a transformation in business while balancing agility and control. It is now a city-led organisation that drives the last-mile decision-making. Furthermore, Arvind is investing ahead of time to build a platform, designing new processes, and the flow of the company. We expect a better launch plus sustenance focus in the coming quarters.

### Sector Outlook: Positive

**Company Outlook & Guidance:** The management reaffirmed its FY26 pre-sales growth guidance of ~30%, supported by a robust launch pipeline of 4–5 projects in H2FY26 with an estimated GDV of ~Rs 3,000 Cr. It expects sales, collections, and execution momentum to strengthen in the H2 as new projects in Ahmedabad, Vadodara, MMR, and Bangalore come to market. The company remains focused on asset-light expansion, capital-efficient growth, and sustained cash generation. Management reiterated confidence that the ongoing organisational transformation and city-led model will enable project scale-up. It continues to maintain a strong balance sheet and disciplined capital allocation.

**Current Valuation: 5.5X FY28E EBITDA; Earlier Valuation: 8X FY27E EBITDA**

**Current TP: Rs 740/share (Earlier TP: Rs 840 /share).**

**Recommendation:** With a 21% upside from the CMP, we **maintain our long-term BUY** rating on the stock.

### Key Financials (Consolidated)

(Rs Cr)	Q2FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Revenue	266	102	141	(47.1)	38.1
EBITDA	66	22	30	(55.2)	37.5
EBITDA Margin	24.8	21.1	21.0	(15.4)	(0.4)
Adj. PAT	43	12	18	(57.6)	51.0
EPS	9.4	2.6	4.0	(57.6)	51.0

Source: Company, Axis Securities Research

(CMP as of 04<sup>th</sup> November, 2025)

CMP (Rs)	614
Upside /Downside (%)	21%
High/Low (Rs)	1,025/580
Market cap (Cr)	2,818
Avg. daily vol. (1m) Shrs	46,646
No. of shares (Cr)	4.5

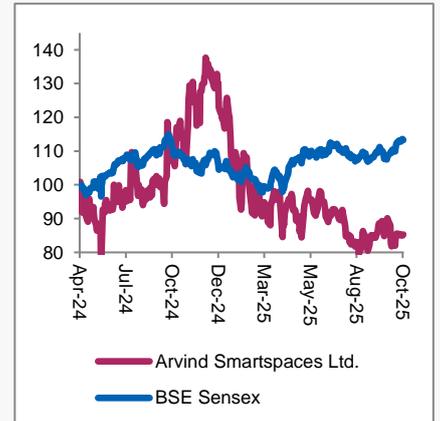
### Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	50.3	50.0	49.8
FII	2.0	1.6	1.0
MF's/Banks	1.0	2.3	3.9
Others	46.7	46.1	45.3

### Financial & Valuations

Y/E Mar (Rs Cr)	FY26E	FY27E	FY28E
Net Sales	913	1,233	1,541
EBITDA	228	308	385
Net Profit	124	172	218
EPS, Rs	27.3	37.9	48.0
PER, x	22.3	16.1	12.7
EV/EBITDA, x	11.3	7.9	6.1
P/BV, x	3.9	3.2	2.6
ROE, %	17.4	19.7	20.1

### Relative Performance



Source: Ace Equity, Axis Securities Research

### Result Gallery

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

[Q2FY25](#)

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## Financial Performance

Arvind's bookings stood at Rs 432 Cr, reflecting a 147% QoQ growth and 7% YoY decline. Collections for the quarter were at Rs 236 Cr, down 5% YoY. Revenue for the quarter was Rs 141 Cr, down 47% YoY, EBITDA at Rs 30 Cr, down 55% YoY, and PAT stood at Rs 18 Cr, down 58% YoY. This is mainly due to no new projects near completion or revenue recognition threshold. The company reported operating cash flows of Rs 125 Cr for the quarter, and net debt stood at Rs 32 Cr.

## Valuation & Recommendation

We roll our pre-sales growth forecast to FY28E with a 24% CAGR from FY25-FY28E, and value the company at 5.5x FY28E EBITDA to arrive at a target price of Rs 740/share, indicating a 21% upside from the CMP.

## Key Highlights

- **Bangalore Projects:** Two projects in Bangalore are at advanced stages of approvals, targeted for Q3–Q4FY26 launches and are expected to be part of the 4–5 projects planned for launch in H2FY26. The city-level leadership structure enables faster on-ground decision-making and scalable execution for the South India market.
- **Ahmedabad and Other Gujarat Projects:** Ahmedabad continues to be the anchor market; the brand's strong presence is reflected in the Arvind Elysium (Evelyn) launch success —Sold 954 units worth Rs 400 Cr, ~82% of launched inventory within days.
  - a. **Vadodara Entry:** The company signed a large-scale horizontal project over 98 acres under the JDA model, with Rs 700 Cr GDV and 68% revenue share for Arvind SmartSpaces.
  - b. **Surat Project:** Facing slower progress due to title/revenue issues, but expected launch in FY26. Identified as "Ahmedabad + 1" market; long-term strategic importance retained. Gujarat remains a core geography, now expanding from Ahmedabad to Vadodara, Surat, and Gandhinagar; horizontal projects remain the key focus.
- **MMR Projects – Khopoli project** (industrial/residential mix) targeted for Q4FY26 launch. MMR pipeline is being actively evaluated, with the company assessing multiple opportunities but remaining cautious on risk-return and partnerships. Approach is selective, capital-disciplined expansion with preference for asset-light JDA models.
- **Business Development:** The Company is on track to add ~Rs 4,000 Cr GDV in FY26, supported by a healthy balance sheet. The current pipeline across Gujarat, Bangalore, and MMR provides confidence in achieving BD guidance.
- **Cash Flows:** Horizontal projects generate faster collections with a 2–2.5 year cycle. Vertical projects typically have a 48-month cycle, with ~30–40% sold at launch and 95–100% by completion. Collections are expected to strengthen in the second half as project execution and new launches ramp up.
- **Demand Trends:** 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 tangible improvement in execution, its 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.
- **Delays in Organisational Transformation:** The company is undergoing a lot of ideological and executional changes to better scale up its business and maintain efficient cash flows; any disruptions and issues might lead to slow sales.

### Operational Highlights

(Rs Cr)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY Growth	QoQ Growth
Bookings (Pre-Sales)	464	224	381	175	432	-7%	147%
Collections	249	229	215	191	236	-5%	24%
% Completion of Bookings Guidance				<b>10%</b>	<b>36%</b>		

### Results Review

Y/E Mar (Rs Cr)	Q2FY25	Q1FY26	Q2FY26	YoY Growth (%)	QoQ Growth (%)
Revenue from Operations	265.6	101.8	140.5	(47.1)	38.1
Total operating costs	199.6	80.3	111.0	(44.4)	38.2
% Sales	0.8	0.8	0.8	5.1	0.1
Construction Cost	45.3	24.3	28.6	(36.9)	17.5
Land Development Cost	31.8	88.2	107.7	239.2	22.2
Changes in Inventory	66.2	(72.0)	(70.1)	(205.9)	(2.5)
Employee costs	15.1	16.1	19.7	30.9	22.8
Other expenses	41.2	23.7	25.1	(39.2)	5.9
EBITDA	66.0	21.5	29.5	(55.2)	37.5
% Margin	24.8	21.1	21.0	(15.4)	(0.4)
Depreciation	1.3	1.6	1.4	9.4	(11.0)
EBIT	64.7	19.9	28.1	(56.5)	41.3
Finance Costs	4.6	7.9	6.4	39.5	(20.0)
Other income	3.7	4.6	3.5	(4.8)	(23.9)
PBT	63.8	16.6	25.3	(60.4)	52.5
Net Tax	21.2	4.6	7.2	(66.0)	56.4
Associates and JVs	0.0	0.0	0.0	-	-
Group PAT	42.6	12.0	18.1	(57.6)	51.0
% Margin	0.2	0.1	0.1	(19.8)	9.4
Non-Controlling Interests	1.9	0.8	0.8	(59.8)	-
Adjusted PAT	40.7	11.2	17.3	(57.5)	54.5

Source: Company, Axis Securities Research

## Financials (Consolidated)

### Profit & Loss

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
<b>Net sales</b>	<b>713</b>	<b>913</b>	<b>1,233</b>	<b>1,541</b>
Growth, %	109.1	28.0	35.0	25.0
Other operating income	-	-	-	-
Total income	713	913	1,233	1,541
Raw material expenses	(163)	(356)	(481)	(601)
Employee expenses	(73)	(128)	(173)	(216)
Other Operating Expenses	(309)	(201)	(271)	(339)
<b>EBITDA (Core)</b>	<b>168</b>	<b>228</b>	<b>308</b>	<b>385</b>
Growth, %	50.9	35.7	35.0	25.0
Margin, %	23.6	25.0	25.0	25.0
Depreciation	(5)	(4)	(4)	(4)
<b>EBIT</b>	<b>163</b>	<b>224</b>	<b>304</b>	<b>381</b>
Growth, %	53	37	36	25
Margin, %	23	25	25	25
Interest paid	(21)	(55)	(62)	(77)
Other Income	23	15	14	21
Share of profits from associates	0	0	0	0
<b>Pre-tax profit</b>	<b>165</b>	<b>185</b>	<b>256</b>	<b>325</b>
Tax provided	(46)	(61)	(85)	(107)
<b>Profit after tax</b>	<b>119</b>	<b>124</b>	<b>172</b>	<b>218</b>

Source: Company, Axis Securities Research

### Balance Sheet

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
Cash & bank	56	220	365	457
Marketable securities at cost	220	220	220	220
Inventory	1,489	1,689	1,939	2,289
Other current assets	208	208	208	208
Total current assets	1,973	2,336	2,732	3,174
Gross fixed assets	74	94	114	134
Less: Depreciation	(16)	(20)	(24)	(28)
Add: Capital WIP	25	25	25	25
Net fixed assets	83	99	115	131
Non-current assets	133	133	133	133
<b>Total assets</b>	<b>2,671</b>	<b>3,050</b>	<b>3,462</b>	<b>3,920</b>
Current liabilities	1,617	1,867	2,117	2,367
Provisions	6	6	6	6
Total current liabilities	1,623	1,873	2,123	2,373
Non-current liabilities	239	255	255	255
Total liabilities	1,863	2,128	2,378	2,628
Paid-up capital	46	46	46	46
Reserves & surplus	552	666	828	1,036
Shareholders' equity	808	922	1,084	1,292
<b>Total equity &amp; liabilities</b>	<b>2,671</b>	<b>3,050</b>	<b>3,462</b>	<b>3,920</b>

Source: Company, Axis Securities Research

**Cash Flow**
**(Rs Cr)**

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
PBT	165	185	256	325
Add: Depreciation	5	4	4	4
Interest Paid	21	55	62	77
Op profit before WC changes	191	244	322	406
Cash from Operations	(33)	290	322	306
Taxes paid	(51)	(61)	(85)	(107)
Cash from Operating Activities	<b>(84)</b>	<b>229</b>	<b>237</b>	<b>199</b>
Change in Fixed Assets	(84.5)	(20.0)	(20.0)	(20.0)
Net Cash from Investing Activities	(109)	(20)	(20)	(20)
Interest paid	<b>(18)</b>	<b>(55)</b>	<b>(62)</b>	<b>(77)</b>
Dividend paid	(16)	(10)	(10)	(10)
Net Cash from Financing	186	(46)	(72)	(87)
Net cash for the period	(8)	163	146	92
Cash at the end of the period	55	218	364	456
Others	1	1	1	1
Cash as per Balance Sheet	<b>56</b>	<b>220</b>	<b>365</b>	<b>457</b>

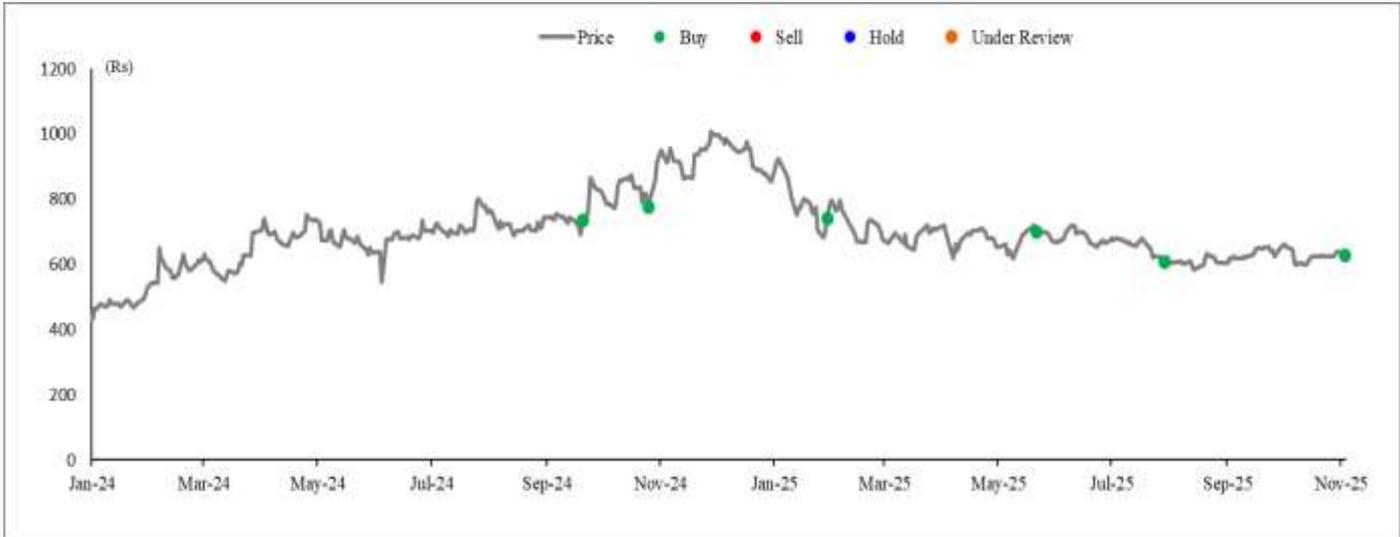
Source: Company, Axis Securities Research

**Ratio Analysis**
**(%)**

Y/E Mar	FY25	FY26E	FY27E	FY28E
EPS (Rs)	28.2	27.3	37.9	48.0
Growth, %	207.5	(3.2)	38.8	26.7
DPS (Rs)	2.2	2.2	2.2	2.2
<b>Return ratios</b>				
Return on assets (%)	5.9	6.2	7.2	8.0
Return on equity (%)	21.4	17.4	19.7	20.1
Return on capital employed (%)	15.7	16.0	18.5	20.3
<b>Turnover ratios</b>				
Asset turnover (x)	1.6	1.6	2.1	2.4
Sales/Total assets (x)	0.3	0.3	0.4	0.4
Sales/Net FA (x)	9.2	10.0	11.5	12.5
Working capital/Sales (x)	0.1	0.0	0.0	0.1
<b>Liquidity ratios</b>				
Current ratio (x)	1.2	1.3	1.3	1.3
Quick ratio (x)	0.3	0.3	0.4	0.4
Interest cover (x)	7.8	4.1	4.9	4.9
Total debt/Equity (%)	0.4	0.4	0.3	0.2
<b>Valuation</b>				
PER (x)	21.6	22.3	16.1	12.7
PEG (x) YoY growth	0.1	(7.1)	0.4	0.5
Price/Book (x)	4.6	3.9	3.2	2.6
EV/Net sales (x)	3.8	2.8	2.0	1.5
EV/EBITDA (x)	16.2	11.3	7.9	6.1
EV/EBIT (x)	16.6	11.5	8.0	6.1

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
06-Nov-25	BUY	740	Result Update

Source: Axis Securities Research

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<b>Ratings</b>	<b>Expected absolute returns over 12 – 18 months</b>
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
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