Arvind Smartspaces Ltd. (ARVINF)

CMP: ₹ 662 | Target ₹ 820 (24%) | Target Period: 12 months | BUY

August 10, 2026

Strong start to FY27E...

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 10.3 msf completed, 58.6 msf ongoing and 31.2 msf planned projects.

Q1FY27 performance: Arvind Smartspaces reported strong pre-sales of ₹ 432 crore, up 147% YoY (-29% QoQ), led by strong response to new phase launch (Aquacity ₹ 274 crore) forming 63% of Q1FY27 presales and rest 37% from sustenance sales. Collections were up 76% YoY (-5% QoQ) at ₹ 336 crore. Consequently, operating cash tripled YoY to ₹ 81 crore in Q1FY27. Net debt increased by ₹ 48 crore QoQ to ₹ 215 crore. In Q1FY27 company secured new business development of ₹ 2580 crore (a ₹ 2400 crore project in Goregaon with 43.5% profit share and ₹ 180 crore in Ahmedabad). On the earnings front, consolidated revenues for Q1FY27 at ₹ 318 crore up 212% YoY (104% QoQ), EBITDA margins up 2814 bps YoY (up 1108 bps QoQ) at 49.2% and net profit up 8.9x YoY (+134% QoQ) at ₹ 99 crore.

Investment Rationale:

- **Targeting ~₹ 3000-3500 crore GDV launches in 9MFY27E:** The management targets to launch six projects during 9MFY27 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 Q1FY27; balance sheet remain under levered:** The company added two new projects having cumulative GDV of ₹ 2580 crore (~52% of annual guidance). One project was acquired on an 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: 0.29x), strong OCF generation (₹ 81 crore during Q1FY27) 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

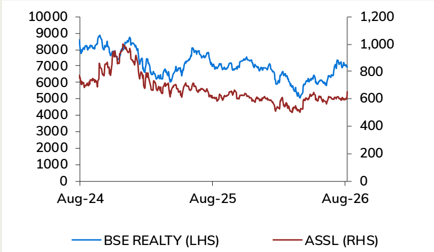
Market data

Particulars	Rs. in crore
Market Capitalisation	2,977
Debt (FY26)	577
Cash (FY26)	174
EV	3,380
52 Week H/L (Rs.)	693/490
Equity Capital	46.0
Face Value (Rs.)	10.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	49.8	49.8	53.8	53.8
FII	1.0	0.8	0.7	0.7
DII	14.7	15.8	8.6	9.0
Others	34.5	33.5	36.9	36.5

Price Chart



Key risks

(i) Operational risks in terms of project execution

(ii) Macro risks & Regulatory risks

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Particulars (₹ crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	255.9	341.2	713.3	564.1	28.6	1007.9	1147.5	42.6
EBITDA	48.9	111.5	168.2	151.9	16.7	279.6	317.2	44.5
EBITDA margin (%)	19.1	32.7	23.6	26.9		27.7	27.6	
Net Profit	25.6	41.6	110.5	97.6	53.2	152.4	178.1	35.1
EPS (Rs)	5.6	9.1	24.1	21.3		33.2	38.8	
P/E (x)	116.2	71.6	26.9	30.5		19.5	16.7	
P/B (x)	6.3	6.0	4.9	4.6		3.8	3.2	
RoCE (%)	7.2	14.6	15.0	9.9		16.5	16.9	
RoE (%)	5.2	6.6	13.7	10.9		14.8	15.0	

Source: Company, ICICI Direct Research

Q1FY27 – Earnings call summary

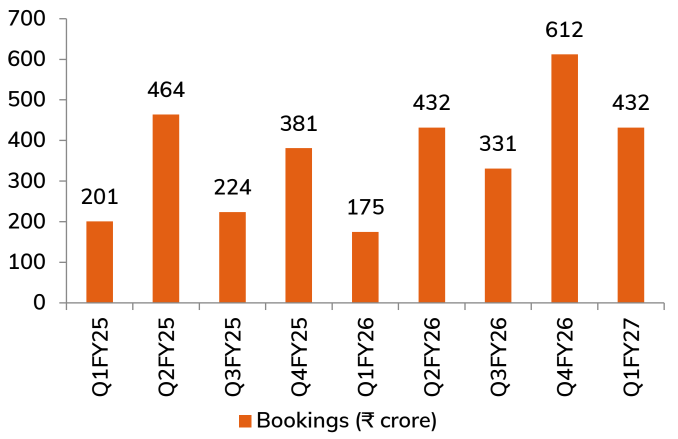
- **Guidance:** The management has provided guidance of 35-40% YoY growth in presales for FY27. It aims to launch six projects having estimated gross development value of ₹ 3000-3500 crore in 9MFY27E.
- FY27 Launch Pipeline: ASSL plans to launch six projects during FY27 it expects to launch one project 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.
- **Business Development:** ASL has secured BD of ₹ 2580 crore (~52% of annual guidance) in Q1FY27. ASL secured one high rise project in Goregaon (₹ 2400 crore) in a JV with 43.5 % profit share and one horizontal project in Ahmedabad (~₹ 180 crore). 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 ~₹ 225 crore in Q1FY27 in business development.
- **Cashflows and Debt**: The Collections grew 76% YoY to ₹ 336 crore in Q1FY27 whereas construction and land out flows of ₹ 161 crore generating a healthy ~₹ 81 crore operating cash flows in Q1FY27.Currently it has net debt position of ₹ 215 crore and Net Debt to Equity of 0.29x, company has guided the net debt to equity will remain under 1:1.

Exhibit 1: Quarterly trend

	Q1FY27	Q1FY26	YoY (Chg %)	Q4FY26	QoQ (Chg %)	Comments
Operating Income	317.6	101.8	212.1	155.4	104.4	Strong revenue growth on project handovers
Other Income	4.4	4.6	-5.1	8.1	-46.1	
Total Revenue	322.0	106.4	202.7	163.5	96.9	
Raw materials costs	73.5	40.6	81.2	21.5	242.0	
Employees Expenses	32.3	16.1	101.0	24.4	32.1	
Other Expenses	55.4	23.7	134.1	50.2	10.5	
Total Expenditure	161.2	80.3	100.8	96.1	67.8	
EBITDA	156.4	21.5	628.5	59.3	163.8	
EBITDA margins (%)	49.2	21.1	2814 bps	38.2	1108 bps	EBITDA margins expansion in Q1FY27 on project mix
Interest	22.1	7.9	178.7	11.5	92.5	
Depreciation	4.8	1.6	203.2	1.7	187.7	
PBT	133.9	16.6	707.4	54.3	146.6	
Tax	36.5	4.6	689.7	10.1	260.1	
Minority Interest	-1.6	0.8	-307.8	1.8	-187.4	
Income from Assoc.	0.0	0.0	-	0.0	-	
PAT	99.0	11.2	785.3	42.3	134.0	
Operating Income	317.6	101.8	212.1	155.4	104.4	

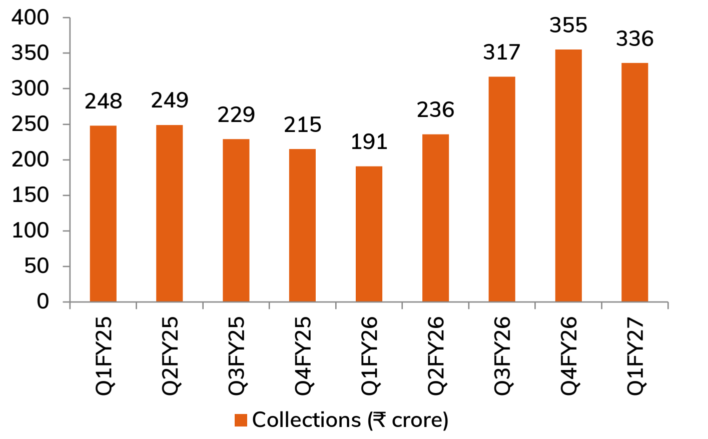
Source: Company, ICICI Direct Research

Exhibit 2: Pre-sales quarterly trend booking



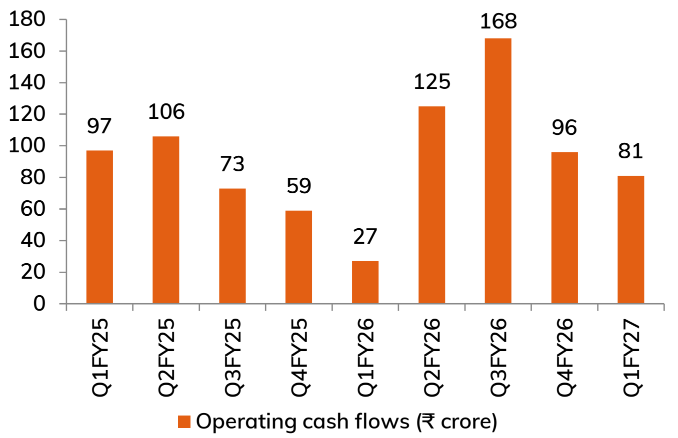
Source: Company, ICICI Direct Research

Exhibit 3: Collections quarterly trend



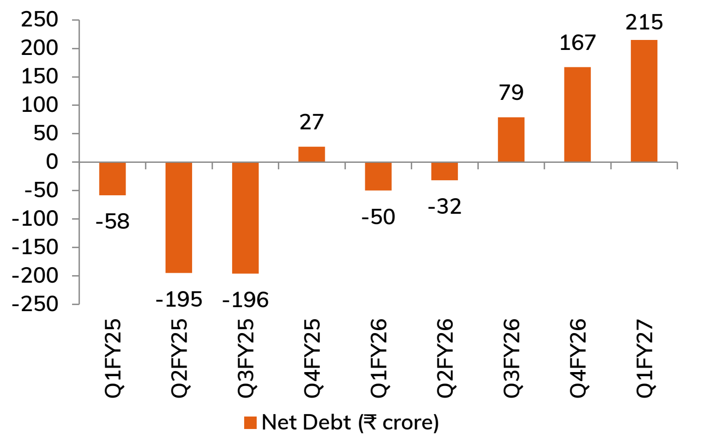
Source: Company, ICICI Direct Research

Exhibit 4: Operating cashflow 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	264
Residential (Upcoming)	Project NAV basis	393
Business Development	Over the next two years	208
Less Net Debt		47
NAV		818
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**	**1,007.9**	**1,147.5**
% Growth	109.1	(20.9)	78.7	13.8
Other income	22.8	20.4	22.5	24.7
Total Revenue	736.1	584.5	1,030.4	1,172.2
% Growth	109.8	(20.6)	76.3	13.8
Raw Material Costs	324.7	194.6	504.0	573.8
Employee Expenses	73.2	84.8	93.3	107.3
Other expenses	147.2	132.7	131.0	149.2
Total Operating Exp.	545.1	412.1	728.3	830.3
EBITDA	**168.2**	**151.9**	**279.6**	**317.2**
% Growth	50.9	(9.7)	84.1	13.5
Interest	20.8	30.9	72.3	76.5
PBDT	170.2	141.4	229.8	265.5
Depreciation	4.9	6.3	7.0	7.0
PBT	**165.3**	**135.1**	**222.8**	**258.5**
Total Tax	46.1	31.7	62.4	72.4
PAT before MI	119.2	103.4	160.4	186.1
PAT	**110.5**	**97.6**	**152.4**	**178.1**
% Growth	165.8	(11.7)	56.2	16.9
EPS	**24.1**	**21.3**	**33.2**	**38.8**

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	**110.5**	**97.6**	**152.4**	**178.1**
Depreciation	4.9	6.3	7.0	7.0
Interest	20.8	30.9	72.3	76.5
Cash Flow before WC changes	191.5	156.6	302.1	342.0
Change in working capital	(224.2)	(260.9)	293.1	280.5
Tax paid	(51.2)	(64.4)	(62.4)	(72.4)
Net CF from Operations	**(84.0)**	**(168.8)**	**532.8**	**550.1**
(Purchase)/Sale of Fixed Assets	(15.0)	(47.0)	(12.0)	(12.0)
Others	(93.2)	40.6	(399.7)	(400.0)
Net CF from Investing	**(108.3)**	**(6.5)**	**(411.7)**	**(412.0)**
Inc/(Dec) in Loan	212.9	328.3	50.0	20.0
Dividend and Dividend Tax	(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	71.2	54.1
Opening Cash	63.1	56.4	174.2	245.4
Closing Cash	**56.4**	**174.2**	**245.4**	**299.5**

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	983	1,142
Total Shareholders' funds	**808**	**896**	**1,029**	**1,188**
Total Debt	**279**	**577**	**627**	**647**
Total Liabilities	**1,087**	**1,474**	**1,656**	**1,835**
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	245	299
Total Current Assets	**2,376**	**3,317**	**3,619**	**4,088**
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	980	753
Total Assets	**1,087**	**1,474**	**1,656**	**1,835**

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
EPS	24.1	21.3	33.2	38.8
Cash per Share	25.3	22.8	35.0	40.6
DPS	6.0	6.0	6.0	6.0
BV	131.2	142.5	169.9	202.9
Operating Ratios				
EBITDA Margin	23.6	26.9	27.7	27.6
PAT Margin	15.5	17.3	15.1	15.5
Return Ratios				
RoE	13.7	10.9	14.8	15.0
RoCE	15.0	9.9	16.5	16.9
Valuation Ratios				
EV / EBITDA	18.8	22.0	11.9	10.4
P/E	26.9	30.5	19.5	16.7
EV / Net Sales	4.4	5.9	3.3	2.9
Sales / Equity	0.9	0.6	1.0	1.0
Market Cap / Sales	4.1	5.2	2.9	2.6
Price to Book Value	4.9	4.6	3.8	3.2
Working Capital Management Ratios				
Inventory Days	762.1	1,438.0	764.5	671.5
Debtor Days	7.5	10.0	6.7	7.1
Creditor Days	95.7	130.6	90.5	111.3
Asset Turnover	0.7	0.4	0.6	0.6
Solvency Ratios				
Debt / Equity	0.3	0.6	0.6	0.5
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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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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