29 Oct, 2025 | PICK OF THE MONTH | VOL-11, NO-08

Industry: Residential, Commercial Projects | **Arkade Developers Limited** | **BUY**

CMP: Rs.168 | **TARGET PRICE: Rs.200** | **TIME : 12 months**

Founded in 1986, Arkade Developers Limited (ADL), is a Mumbai based real estate developer with nearly four decades of experience in delivering premium residential projects in the Mumbai Metropolitan Region (MMR) with focused presence in the city's high-demand eastern and western suburbs. It operates on a hybrid model, developing both greenfield and redevelopment projects in high density and well connected areas across Mumbai.

As of Sept 2025, ADL has delivered 31 projects spanning over 5.5+mn sq. ft. of development delivered and currently 2+mn sq. ft. of development in progress, serving more than 5,500 families. ADL has recently added 11.6 acres of development potential which includes Thane (6.5 acres), Filmistan (4 acres) and JAL Ratna (1.1 acres) with a projected Gross Development Value (GDV) of nearly Rs57.5bn. Overall, ADL has pipeline of ongoing and upcoming projects with GDV potential of Rs134.73bn.

With a track record of execution, a strategically positioned pipeline, and strong financial discipline; ADL is well placed to capitalize on the ongoing upcycle in Mumbai's real estate market. Going ahead, ADL is focused on expanding its presence in MMR's key micro-markets, emphasizing scale and prime locations, and diversifying into premium and luxury segments. We initiate coverage on ADL with a **BUY** rating and a TP of Rs200 (17.42x of Mar'27E EPS of Rs11.48), implying an upside of ~19%.

Strong Grip in MMR: Growth is driven by (i) expansion into new micro-markets such as Mulund and Bhandup (central suburbs), which are witnessing strong growth in commercial activity and residential demand, (ii) robust demand for premium and luxury housing in MMR, (iii) timely project delivery ahead of RERA deadlines, (iv) strong pipeline of redevelopment projects across established areas and (v) decent balance sheet with healthy cash flows and focus on IRR.

Operational Strength: ADL operates on a fully integrated model, encompassing in-house capabilities for project bidding, execution, design, sales and quality control, with only labour being outsourced. The company's sales and customer relationship teams improves customer network by offering personalized service throughout the sales process; allowing the company to command ~10% premium on its prices compared to competitors. Brand equity and premium positioning stems from consistent delivery of low-density/lifestyle-driven projects characterized by thoughtful product planning.

Business Strategy: It calls for a highlight; where many companies accumulate large land parcels, resulting in inflated GDV without timely progress, ADL believes in taking projects which it can execute efficiently and monetize the land as early as possible. This ensures faster revenue recognition, lower hoarding costs and consistent growth trajectory.

SNAPSHOT	
52 week H/L	**Mcap (INR mn)**
213/128	31,098
Face value: 10	
BSE Code	**NSE CODE**
544261	ARKADE

Shareholding Pattern as on 30th Sept, 2025		
Parameters	**No of Shares**	**%**
Promoters	13,2079,848	71.1
Institutions/MF	510,775	0.3
Public	53,072,994	28.6
TOTAL	**185,663,617**	**100.0**

Quarterly Performance				
Parameters (Rs mn)	**Dec-24**	**Mar-25**	**Jun-25**	**Sept-25**
Sales (Net)	2,246	1,314	1,594	2,637
EBITDA	610	445	342	632
EBITDA (%)	27.1	33.8	21.5	24.0
Other Income	68	29	58	12
Interest	2	3	2	2
Depreciation	14	15	19	26
PAT	501	333	287	457
Equity (Rs mn)	1857	1857	1857	1857

Source: Annual Report, Progressive Research

Annual Performance				
(Rs mn)	**FY23**	**FY24**	**FY25**	**FY26E**
Total Revenue	2,202	6,347	6,831	8,030
EBITDA	603	1,674	2,061	2,208
EBITDA (%)	27.4	26.4	30.2	27.5
Other Income	39	10	115	115
Interest	13	31	18	28
Depreciation	3	11	49	107
PBT	626	1,642	2,109	2,188
PAT	508	1,229	1,569	1,621
Equity (Rs mn)	20	1,520	1,857	1,857
EPS (INR)	3.3	8.1	9.2	8.7

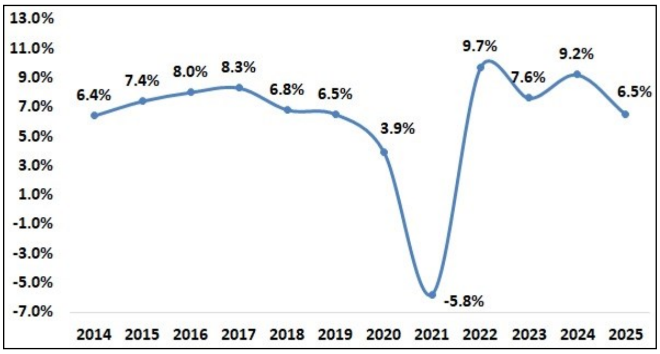
Ratio Analysis				
Parameters (Rs mn)	**FY23**	**FY24**	**FY25**	**FY26E**
EV/EBITDA (x)	53.8	18.8	15.5	14.7
EV/Net Sales (x)	14.7	5.0	4.7	4.0
M Cap/Sales (x)	14.1	4.9	4.6	3.9
M Cap/EBITDA (x)	51.6	18.6	15.1	14.1
Debt/Equity (x)	0.8	0.2	0.2	0.2
ROCE (%)	29.6	52.6	32.3	20.8
Price/Book Value (x)	0.2	7.9	3.5	3.0
P/E (x)	0.7	20.9	19.9	19.1

Note: Data calculated as on 28th Oct, 2025

29 Oct, 2025	PICK OF THE MONTH	VOL-11, NO-08
Industry: Residential, Commercial Projects	Arkade Developers Limited	BUY
CMP: Rs.168	TARGET PRICE: Rs.200	TIME : 12 months

Industry Overview: The GDP growth of 6.5% in FY25 is majorly attributed to the growth across infrastructure, real estate and the reforms introduced. In the midst of uncertainties on the global front; macro conditions are stable for India with narrowing fiscal deficit, controlled inflation and forex reserves. In the recent Oct'25 RBI meeting, MPC has revised the GDP growth forecast for FY26 to 6.8% from the earlier 6.5%. Initiatives like Smart Cities, Housing for All and RERA (Real Estate Regulation and Development Act) helps boost transparency and overall investor confidence. Residential sales surged by 77% in the period from FY19-FY25; with 57% primary and 43% secondary transactions in FY25. Inflation is likely to remain within the manageable range of 4.0-4.2%, in line with the RBI's target, offering room for further monetary easing. This environment is expected to encourage credit expansion and consumer spending (as per ADL Annual Report 2025). The real estate sector is closely aligned with nation's economic performance. As the GDP rises, so does the purchasing power, investor confidence, and demand for quality real estate, supported by growth in employment, infrastructure, and access to finance. Conversely, during economic slowdown, liquidity tightens, sentiment weakens, and development often slows down. In India, however, sustained GDP growth has continued to support real estate activity, particularly in urban hubs where infrastructure and industry evolve in tandem. As per recent estimates, Indian real estate market is expected to contribute ~13% to the country's GDP in 2025, up from 7% in 2024; a sharp rise driven by sustained growth and investments. By 2030, the market is projected to reach USD1tn, up from USD200bn in 2021, highlighting the sector's expanding economic significance.

Exhibit 01: India's GDP Trend



Source: ADL Annual Report 2025, Progressive Research

Real Estate Market: The **global residential real estate** market is poised for sustained growth in the coming years. It is expected to be valued at approx. USD534.37tn in 2025 and further projected to reach USD648.33tn by 2032; CAGR of 2.8% (as per Coherent Market Insights). The **Indian residential market** is also set to continue its upward trajectory, with luxury and ultra-luxury segments expected to outpace affordable housing in terms of demand and investments. Increased consumer spending is reinforcing this trend, supporting stronger retail linkages and higher residential absorption. As structural reforms, policy measures, and rising urban demand align, India's residential sector is well-positioned to lead the next phase of real estate evolution (as per ADL Annual Report 2025). The Indian residential market continues to dominate the sector, especially post-pandemic, with increased demand for (i) larger homes with work-from-home spaces, (ii) gated communities with lifestyle amenities and (iii) affordable and mid-income housing. The govt.'s Pradhan Mantri Awas Yojana (PMAY) and reduction in stamp duties in several states have also boosted housing sales. India's **commercial real estate market** comprising of office spaces, co-working hubs, and IT parks is also witnessing robust leasing activity in 2025. Some of the key factors include (i) global firms expanding operations in India, (ii) return-to-office policies driving demand, (iii) boom in flex and hybrid workspaces and (iv) institutional investments from global funds. Technology is reshaping the real estate industry in India with innovations like (i) AI-powered property search and valuation, (ii) virtual tours and digital documentation, (iii) smart building management and IoT integration and (iv) blockchain for secure and transparent transactions. PropTech adoption is enhancing customer experience, operational efficiency, and investor confidence. **REITs** have gained traction in India as they allow retail investors to participate in commercial real estate with smaller ticket sizes. By 2025, more REIT listings are expected, enhancing transparency and market depth. Some of the benefits include (i) regular dividend income, (ii) liquidity through stock exchanges and (iii) diversified portfolio exposure. Developers are increasingly focusing on green certifications, energy efficiency, and sustainable urban planning. The demand for eco-friendly buildings is growing among buyers and institutional investors. Key trends include (i) solar energy adoption, (ii) rainwater harvesting systems, (iii) waste segregation and recycling and (iv) green building ratings like IGBC, GRIHA, and LEED. Despite its growth, the sector faces challenges like (i) land acquisition hurdles, (ii) delays in project approvals, (iii) liquidity constraints for smaller developers and (iv) unorganized players affecting credibility.

Exhibit 02: Real Estate Classification

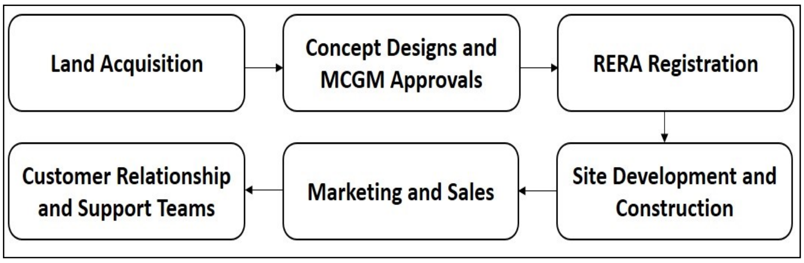
Type	Description
Residential	intended for personal living which includes luxury villas, high-end apartments, bungalows, holiday homes and gated communities. This is ideal for investors seeking tangible assets that combine lifestyle and long-term appreciation
Commercial	used for business purposes, as office spaces, shopping malls, luxury retail stores and co-working hubs. For luxury investors, commercial real estate represents a lucrative source of income and a way to diversify portfolios
Industrial	plays a critical role in modern investment portfolios. This category includes warehouses, logistics centres and manufacturing plants
Land	an asset class, in the purest form of real estate investment and holds unmatched potential for luxury investors. It provides flexibility, exclusivity, and the freedom to create custom developments that align with an investor's vision. Whether it's a sprawling estate, a luxury commercial project, or a boutique resort, land offers endless possibilities

Source: Market Reports, Progressive Research

Industry Overview (contd.):

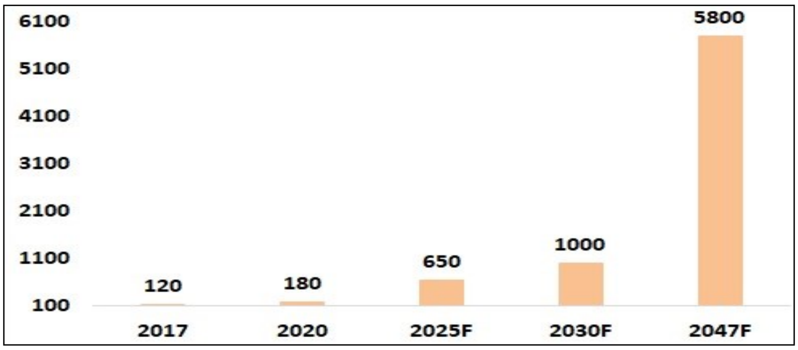
India Real Estate Sector: It closed 2024 on a historic high, marked by record leasing activity, strong residential sales, and a healthy pipeline of new launches. The residential sector attracted the largest share of investment at 45%, signalling a shift in investor focus away from the traditionally dominant office sector, which accounted for 28% of inflows (as per ADL Annual Report 2025). India's real estate market is set for significant expansion, projected to grow from USD332.85bn in 2025 to USD985.80bn by 2030E, with a CAGR of 24.3%. Furthermore, the projections are further extrapolated to USD5.8tn by 2047E. This growth is expected to increase the sector's GDP contribution from 7.3% to 15.5%. This rapid growth highlights the sector's increasing demand, investment potential, and evolving opportunities. Some of the key growth factors include (i) **expansion in the market size:** expected with demand coming from residential, commercial and industrial spaces coupled with rising population, urban growth and rising incomes, (ii) **urbanization and demographic shifts:** the urban population is expected to increase to 416 million by 2050 backed driving high demand for housing, commercial spaces, and infrastructure, (iii) **govt. policies and reforms:** policy changes have played a vital role in improving industry credibility and structure. Notable reforms include RERA thereby ensuring transparency and protecting buyers, GST-simplifying taxation, Model Tenancy Act; formalizing rental housing, Smart Cities Mission and AMRUT; that drives urban infrastructure growth and (iv) **shift in trends:** increase in luxury and interest towards low density housing (as these homes use fewer resources and require less infrastructure, making them more sustainable). There is significant growth witnessed in the commercial real estate market as well. With growth of e-commerce industry and fast logistic development; there is a rising trend in investing in warehouses in India.

Exhibit 03: Project Development Process



Source: ADL Final Prospectus, Progressive Research

Exhibit 04: India's Real Estate Market Size (USD bn)



Source: ibef.org/industry/real-estate-india, Progressive Research

In terms of budget segments (as of Q3-2025), over Rs15mn **luxury** housing category witnessed the highest new supply of 38%, followed by the premium (Rs8-15mn) segment with a 24% share. The **mid-segment** (Rs4-8mn) contributed a 23% share of the total new supply, while the affordable segment's share was the lowest at 16%.

Mumbai Metropolitan Region (MMR) Real Estate: The MMR continues to be India's largest residential real estate hub, contributing over 20% to the country's housing sales and new launches. In Q3-2025, despite rising interest rates and tightening household budgets; Mumbai registered 29,565 new residential unit launches. Peripheral markets like Navi Mumbai, Thane, Kalyan, and Dombivli are shaping the city's next housing wave.

Exhibit 05: Indian Housing Market Growth (Housing Units)

City	Q3 2025 Sales	% Change (y-o-y)	Jan-Sept'25 (YTD) Sales	Jan-Sept'25 (YTD) Sales (% Change)
Mumbai	24,706	2	71,741	-
Bengaluru	14,538	-	41,137	(2)
NCR	12,955	-	39,750	(5)
Pune	12,118	(8)	36,447	(3)
Hyderabad	9,601	5	28,649	3
Ahmedabad	4,694	3	14,064	1
Chennai	4,617	12	13,552	12
Kolkata	4,374	2	12,464	(7)
Total	**87,603**	**1**	**257,804**	**(1)**

Source: Knight Frank Research, Progressive Research

Exhibit 06: Capital Values (Q3 2025)

Sub-market	Avg. Quoted Capital Value (INR/SF)	% Change (q-o-q)	% Change (y-o-y)
High-end Segment			
South	52,500-101,000	2	2
South Central	31,200-90,000	3	5
Eastern Suburbs	18,700-75,000	2	8
Western Suburbs Prime	30,500-73,500	1	3
Mid Segment			
Eastern Suburbs	15,500-32,000	3	13
Western Suburbs	16,000-33,800	2	17
Thane	10,800-21,000	2	20
Navi Mumbai	8,600-22,500	2	27

Source: Cushman & Wakefield, Progressive Research

Industry Overview (contd.):

Redevelopment and Prospects: As per Knight Frank India report , it is projected that Mumbai's housing stock will expand by 44,277 apartments, worth Rs1.3lk-cr, through society redevelopment by 2030. While this wave of redevelopment is poised to unlock the city's residential potential and reshape its skyline, the report warns that the segment is overheated, and is approaching a point of inflection. This is fuelled by disproportionately high expectations from societies and unsustainable financial commitments from developers. Since 2020, around 910 housing societies have executed development agreements, freeing up nearly 327 acres of land under existing Floor Space Index (FSI) norms. Western Suburbs (Borivali, Andheri & Bandra), are driving this trend, emerging as the top three micro-market hotspots, these areas alone will contribute 32,354 new homes which constitutes 73% of the total projected supply from redevelopment, while Central and South Mumbai saw significantly fewer agreements due to legacy tenancies and higher costs. The report emphasizes that with limited land for new construction, continued redevelopment is essential for the city's future growth.

Exhibit 07: Rental Values (Q3 2025)

Sub-market	Avg. Quoted Rent (INR/Month)	% Change (q-o-q)	% Change (y-o-y)
High-end Segment			
South	79,800-730,000	1	3
South Central	80,000-640,000	1	3
Eastern Suburbs	40,000-450,000	1	2
Western Suburbs Prime	71,000-995,000	1	3
Mid Segment			
Eastern Suburbs	25,500-91,500	1	2
Western Suburbs	27,000-108,000	3	4
Thane	20,100-36,500	1	3
Navi Mumbai	15,600-67,000	1	6

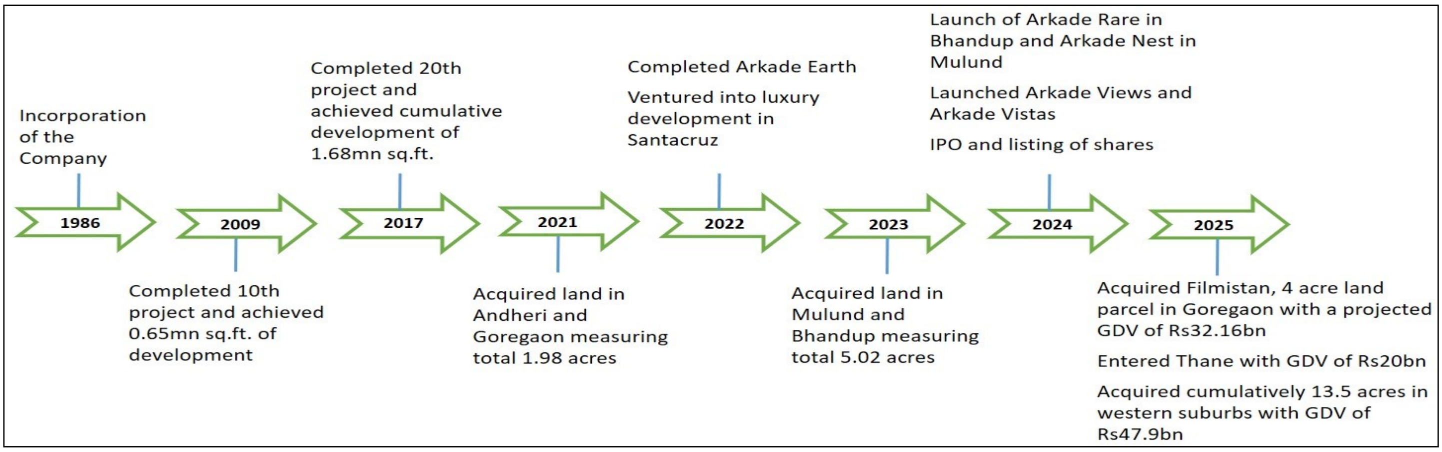
Source: Cushman & Wakefield, Progressive Research

GST Reforms: GST 2.0 has two slab structures making compliance easier for buyers and developers both. It would be a more predictable tax regime and better margins with Input Tax Credit (ITC) benefits for the developers. The move to a simplified GST structure, replacing earlier five-slab system with just two primary slabs (5% and 18%; plus a 40% rate on luxury and sin goods), will improve transparency. As per ANAROCK Research data; **affordable housing** (homes priced below Rs4mn) has been losing momentum where its share of total sales dropped from 38% in 2019 to 18% in 2024, while share of new supply plunged from 40% in 2019 to just 12% in H1-2025. One of the most direct benefits for the residential sector lies in the reduction of GST on key construction materials such as cement, which can lower construction costs by 3-5%; providing major relief to developers particularly those building affordable housing. For **commercial real estate**, the picture is mixed; while projects continue to attract 12% GST with ITC eligibility, recent changes are raising concerns. The elimination of ITC on commercial property leasing implies that developers will no longer be able to claim project-related credits. This retrospective amendment may increase operational costs and, in turn, rental prices for office spaces and other commercial properties. Introduction of the Reverse Charge Mechanism (RCM) means that tenants leasing from unregistered suppliers will now shoulder the burden of paying 18% GST, increasing compliance requirements for businesses renting commercial spaces. **Retail segment** stands to gain from GST cuts on building materials, which will reduce input costs and enhance project viability. Looking ahead, GST will continue to play a pivotal role in shaping the real estate sector. The govt.'s efforts to rationalise rates, lower construction costs, and incentivise affordable housing will drive growth in urban/semi-urban areas. For developers, focus will be on leveraging GST benefits to reduce costs and offer competitive pricing. For buyers, GST has already simplified taxation, but future reforms may bring greater clarity and affordability. In terms of **outlook for 2025** and beyond; it stands promising with continued FDI in construction/real estate, expansion into tier-2 & tier-3 cities, luxury housing seeing strong demand and integration of ESG frameworks into project planning and execution.

About the Company: Founded in 1986, Arkade Developers Limited (ADL), is a Mumbai-based real estate developer with nearly four decades of experience in delivering premium residential projects in the MMR with focused presence in the city's high-demand eastern and western suburbs. It has built a strong reputation for timely project delivery, quality construction, and customer-centric design. The company operates on a hybrid model, developing both greenfield projects and redevelopment projects in high density and well connected areas across Mumbai. All projects emphasize lifestyle amenities, with an average land parcel size of approx. 1 acre. As of Sept 2025, ADL has delivered 31 projects spanning over 5.5+mn sq. ft. of development delivered and currently 2+mn sq. ft. of development in progress, serving more than 5,500 families. ADL has recently added 11.6 acres of development potential which includes Thane (6.5 acres), Filmistan (4 acres) and JAL Ratna (1.1 acres) with a projected Gross Development Value (GDV) of nearly Rs57.5bn. Overall, ADL has pipeline of ongoing and upcoming projects with GDV potential of Rs134.73bn. With a track record of execution, a strategically positioned pipeline, and strong financial discipline, ADL is well placed to capitalize on the ongoing upcycle in Mumbai's real estate market. Going ahead, ADL is focused on expanding its presence in MMR's key micro-markets, emphasizing scale and prime locations, and diversifying into premium and luxury segments. ADL has in-house capabilities (inclusive of construction & engineering, architecture & design estimation & costing contracts & procurement QA/QC systems, CRM, sales & marketing) and collaborates with external experts for design architects, landscape architects, lighting consultants, structural consultants. Mr. Amit Jain is the Chairman and Managing Director, of the company since 1995.

About the Company (contd.):

Exhibit 08: Key Milestones

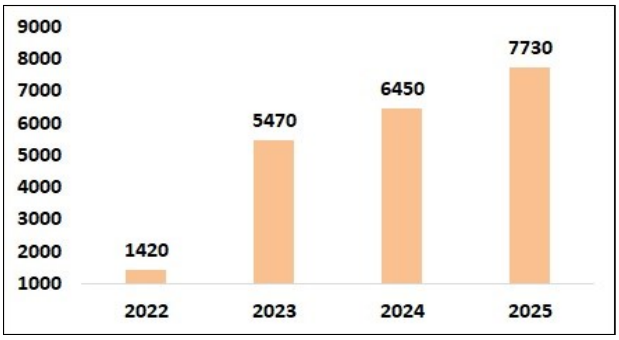


Source: ADL June 2025 PPT, Progressive Research

Investment Rationale:

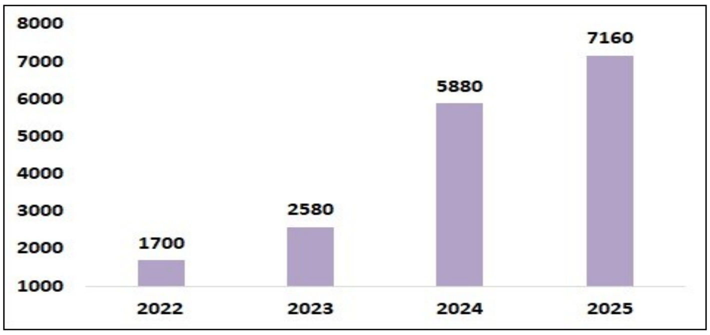
(A) Strong Hold in the MMR region: ADL maintains an **asset-light** business model, focusing on efficient project management, strong IRRs, and quick turnaround. Its average project completion cycle is ~3 years, from land acquisition to possession handover. Growth is being driven by (i) expansion into new micro-markets such as Mulund and Bhandup (central suburbs) which are witnessing strong growth in commercial activity and residential demand, (ii) robust demand for premium and luxury housing in MMR, (iii) timely project delivery ahead of RERA deadlines, (iv) strong pipeline of redevelopment projects across established areas, (v) decent balance sheet with healthy cash flows and focus on IRR. The company boasts a strong operational track record, achieving its highest-ever pre-sales of Rs7730mn in FY25 (up 20% on a y-o-y basis) and collections of Rs7160mn (up 22% on a y-o-y basis). Despite the fact that the competition is intense; ADL maintains strong profitability through land acquisitions based on fixed criteria's and premium-focused project planning. It has maintained a blend across the greenfield and redevelopment projects that yield 20-25%/10-15% PAT margins. ADL has been focusing on getting timely approvals, advanced construction, enhancing efficiency and maintaining brand recall/positioning. The strong presales coupled with quicker collection is the highlight to enjoy. **Redevelopment Focus:** ADL has a strong presence in the redevelopment segment, which is crucial in Mumbai given more than 25,000 buildings in MMR are eligible for redevelopment and ADL is well positioned to capture this. ADL takes projects which have an area above 1 acre. Notable project wins for the company include Dahisar (GDV of Rs17bn), Anand Nagar, Borivali West (GDV of Rs8bn), Goregaon (GDV of Rs5.6bn) and Malad West (GDV of Rs14.6bn). The share of redevelopment in company revenue has increased, demonstrating its strategic importance. **Greenfield Expansion:** Greenfield projects constitute ~50% portion of the company's GDV. Key greenfield projects include the Filmistan acquisition in Goregaon (W) (GDV of Rs35bn) and a Thane project (GDV of Rs19bn). The company recently expanded its greenfield pipeline with a Rs1480mn acquisition in Bhandup (W) (GDV of Rs10bn). ADL is also exploring opportunities in the eastern Mumbai suburbs.

Exhibit 09: Pre-sales Trend (Rs mn)



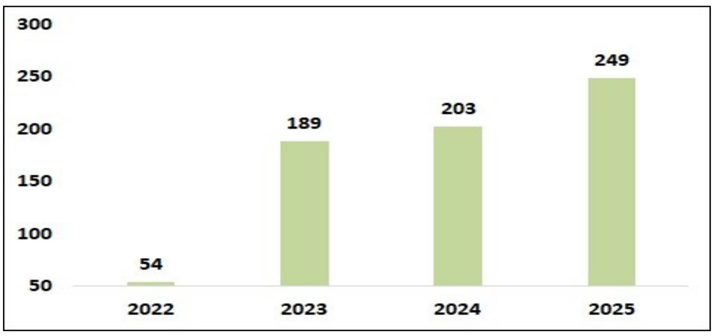
Source: ADL Sept 2025 PPT, Progressive Research

Exhibit 10: Collection Trend (Rs mn)



Source: ADL Sept 2025 PPT, Progressive Research

Exhibit 11: Carpet Area Sold ('000 sq. ft.)



Source: ADL Sept 2025 PPT, Progressive Research

Investment Rationale (contd.):

(B) Project Pipeline and Acquisitions: The Mumbai real estate market is experiencing strong momentum, supported by improved infrastructure, connectivity, and robust housing demand. Industry reports by Cushman & Wakefield and Knight Frank highlight accelerating residential sales and price appreciation in 2025, especially in the premium and luxury segments. With a well-positioned pipeline, ADL is set to benefit disproportionately from these sectoral tailwinds. ADL is expanding its pipeline, with newer acquisitions in Goregaon (W), Bhandup, Mulund and Thane, ensuring sustainable growth while maintaining financial discipline and operational excellence in MMR’s premium housing market.

Project Deliveries: ADL has built a strong reputation for delivering projects 8-10 months ahead of RERA timelines since 2017. The company employs a quick turnaround strategy, in which the company avoids holding land-banking and rapidly monetizing their existing projects. Its execution scale has grown significantly, from 0.65mn sq. ft. developed between 1995-2008 to 0.68mn sq. ft. between 2008-2017, and a substantial increase to 3.8mn sq. ft. between 2017-2025. Arkade consistently completes projects ahead of schedule, with an average completion cycle of 25-36 months, significantly faster than the industry average of 4-5 years. This efficiency leads to quicker revenue recognition, reduced rental and holding costs and improved IRRs. The adoption of aluminium formwork technology further accelerates construction timelines by shortening slab cycles. ADL's track record of delivering over 5,000+ units without litigation or stalled projects sets it apart from its peers. The company's property locations, such as the Mulund land parcel in the mature Sarvodaya Nagar area, are strategically chosen in matured locations, unlike some competitors whose land locations may not be considered prime. ADL has a history of timely project execution, completing 31 projects without delays and consistently delivering within an average 3 year timeframe, the greenfield projects Filmistan, Thane and Bhandup are expected to be completed in 5 years.

Exhibit 12: Project Status

Regional Distribution (Completed)			Nature of Development (Completed)		Regional Distribution (Ongoing)		Nature of Development (Ongoing)	
South Mumbai	Western Suburbs	Eastern Suburbs	Redevelopment	Greenfield	Western Suburbs	Eastern Suburbs	Redevelopment	Greenfield
3	27	1	13	18	4	2	4	2

Source: ADL Annual Report 2025, Progressive Research

Exhibit 13: Completed Projects

Location	Area	Building Name
South Mumbai	Carmichael Road	Arkade Rise
	Tardeo	Fortuna
	Mazgaon	Wallace Fortuna
Western Suburbs	Virar	Acropolis
	Vasai	Shubh Innov8, Shubh Industrial Estate
	Mira Road	White Lotus, Arkade Art
	Borivali	Green Avenue I, Green Avenue II, Park Side, Harmony, Casa Bella, Gangadhar Nagar, Arkade Crown
	Kandivali	Vineet Apartments, Arkade Bhoomi Heights, Bhoomi Arkade I, Bhoomi Arkade II
	Malad	Jayshree, Arkade Serene
	Goregaon	Arkade Adornia, Arkade Aspire
	Vile Parle	Jeevan Sarita, Om Kushal, Mahant, New Bharat Villa, Darshan by Arkade
	Santacruz	Arkade Aura
	Andheri	Arkade Prime
Eastern Suburbs	Kanjurmarg	Arkade Earth

Source: ADL Sept 2025 PPT, Progressive Research

Investment Rationale (contd.):
(B) Project Pipeline and Acquisitions (contd.):

Exhibit 14: Portfolio of Completed/Ongoing Projects

Area	Project	Nature of Development	Total Projected Revenue (Rs mn)	Sold (Rs mn)	Unsold (Rs mn)	Revenue Recognised (Rs mn)	Revenue yet to be Recognised (Rs mn)	Expected Completion Date
Completed Projects								
Borivali (W)	Arkade Crown	Society Redevelopment	3310	3310	-	3310	-	Jun-24
Goregaon (W)	Arkade Aspire	Greenfield	4940	4940	-	4890	50	Aug-24
Santacruz (W)	Arkade Aura	Society Redevelopment	2670	2600	70	2420	250	Dec-24
Andheri (E)	Arkade Prime	Greenfield	1650	1650	-	1620	30	Jan-25
Ongoing Projects								
Vile Parle (E)	Arkade Pearl	Society Redevelopment	3000	1900	1100	1250	1750	Dec-26
Malad (W)	Arkade Eden	Society Redevelopment	1500	1190	310	750	750	Dec-26
Goregaon (E)	Arkade Vistas	Society Redevelopment	2070	1150	920	460	1610	Dec-27
Goregaon (E)	Arkade Views	Society Redevelopment	350	200	150	80	270	Dec-27
Mulund (W)	Arkade Nest	Greenfield	6190	2380	3810	1200	4990	Jun-27
Bhandup (W)	Arkade Rare	Greenfield	7500	2330	5170	1120	6380	Dec-28
Grand Total			**33,180**	**21,650**	**11,530**	**17,100**	**16,080**	

Source: ADL Sept 2025 PPT, Progressive Research

Exhibit 15: Upcoming Projects

Project Name	Location	Category	Nature of Development	Plot Size (sq. mtrs)	Saleable Area (sq.ft.)	Projected Revenue (Rs mn)
Nutan Ayojan	Malad (W)	Premium	Society Redevelopment	6,650	233,000	7,400
Laxmi Ramana	Goregaon (W)	Premium	Society Redevelopment	4,640	66,933	2,130
Maheshwari Niwas	Santacruz (W)	Premium	Society Redevelopment	2,244	41,140	2,100
Apna Ghar	Andheri (W)	Premium	Society Redevelopment	7,381	92,815	3,750
Rani Sati	Malad (W)	Premium	Society Redevelopment	6,337	211,940	7,250
Satya Shripal	Borivali (W)	Premium	Society Redevelopment	7,084	239,100	8,000
Jumbo Darshan	Andheri (E)	Premium	Society Redevelopment	5,700	104,100	3,850
Filmistan	Goregaon (W)	Premium	Greenfield	16,648	887,548	35,000
Anand Nagar	Dahisar (E)	Premium	Society Redevelopment	23,513	676,000	17,000
Thane	Thane	Premium	Greenfield	25,260	926,459	19,000
Woollen Mills	Bhandup	Premium	Greenfield	14,364	426,000	10,000
Jal Ratna	Goregaon (W)	Premium	Society Redevelopment	4,620	86,810	3,500
Total				**124,441**	**3,991,845**	**118,980**

Source: ADL Sept 2025 PPT, Progressive Research

The new acquisition of Woollen and Textile Industries, is the 2nd acquisition in Bhandup West which was done for Rs1,480mn, land parcel of 3.55 acres. For FY26, ADL is targeting four major launches, including the ultra-luxury Filmistan project and three redevelopment projects in Santacruz, Goregaon (W) and Malad (W). These are projected to have a cumulative topline potential of Rs35-40bn.

Entry into Premium and Ultra Luxury Segment: The acquisition of a 4 acre Goregaon West land parcel (Filmistan) marks ADL's entry into the ultra-luxury segment with 3, 4, and 5BHK residences and penthouses. The project has an estimated GDV of Rs35bn, providing significant revenue visibility. The company has also entered Thane market with acquisition of 6.5 acre land parcel, targeting GDV of Rs19bn. Recent development in which ADL has signed an MoU with Woollen & Textile Industries in Bhandup targeting GDV of Rs10bn which is a 3.55 acre land, the purchase consideration for the land parcel is Rs1,480mn. The Management has indicated that Filmistan, Thane, Bhandup projects will be launched next CY and will be completed in a period of 5 years.

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Investment Rationale (contd.):

(C) Building on Operational Strength: ADL operates on a fully integrated model, encompassing in-house capabilities for project bidding, execution, design, sales, and quality control, with only labour being outsourced. The in-house team consists of experts in construction and engineering, architecture and design estimation, costing contracts, procurement, QA/QC systems, CRM, sales and marketing. ADL also collaborates with external specialists, including design architects, lighting consultants, and structural consultants, to enhance its offerings. A key focus is providing customer service both prior to and after a flat purchase, ensuring a seamless customer journey supported by established systems and processes. The company carries out due diligence of properties which helps prevent disputes associated with land parcels. ADL's business development team identifies and acquires land in premium geographies within micro-markets that demonstrate strong development potential, focusing on acquiring the land parcels at competitive pricing. The company's sales and customer relationship teams improve their customer network by offering personalized service throughout the sales process. This approach allows the company to command a 10% premium on its prices compared to competitors. The brand equity and premium positioning stem from its consistent delivery of low-density and lifestyle-driven projects characterized by thoughtful product planning. This strategy has enabled the company to charge premium prices compared to competitors. Its strategic focus on premium and luxury offerings, coupled with modern amenities and strong brand recall in the MMR region, ensures sustained demand across both mid-income (2BHK) and high-end segments. The strategy of the company calls for a highlight; where many companies accumulate large land parcels, resulting in inflated GDV without timely progress, but ADL believes in taking projects which the company can execute efficiently and monetize the land as early as possible. This ensures faster revenue recognition, lower hoarding costs and consistent growth trajectory.

Financials: The company has been **consistent with sustained growth** across the P&L over the past quarters and full year numbers. The company has reported revenue CAGR growth of ~44% from FY22-25, backed by strategic expansions and overall operational efficiencies. The Ebitda margins have been range bound at ~25-30% and healthy net margins of ~20-23% backed through premium as well as redevelopment projects. ADL has strengthened its financial position through a **successful IPO** in FY25, raising Rs4,100mn, oversubscribed by 113x. Of this, Rs1,760mn has already been deployed, including Rs260mn towards construction, Rs820mn for approvals, Rs430mn for general corporate purposes, and Rs250mn in IPO expenses. The remaining Rs2,340mn is earmarked for construction of ongoing projects and for land acquisition, including the Thane parcel (as of Sept'25 of the total raised amount through IPO, the unutilised amount stands at ~Rs494.16mn). **Sales efficiency** is a key strength, with over 95% of the inventory in recently completed projects sold prior to OC. The company typically achieves ~90% sell-through by the time projects receive occupation certificates, enabling faster cash conversion and stronger operating cash flows. The absorption is strongest in the mid-income 2BHK category, sales in larger ticket sizes above Rs20mn has increased, though with relatively slower velocity. The **construction cost** has been varying across years; it is the most significant expense of the company, comprising of raw material such as sand, cement, bricks, steel bars, doors and windows, bathroom fixtures and interior fittings, lifts, electrical fixtures. The company's **project pricing** ranges from Rs9.44mn to Rs62.53mn per unit, with the average price point steadily increasing over the past three years. The minimum unit price has risen from Rs6.95mn in FY22, reflecting strong demand for premium homes. ADL projects command a premium of ~10% over market average, with realizations averaging ~Rs30,000 per sq. ft., supported by superior locations and thoughtful product planning. In terms of **PAT margins**, they remain differentiated between project types. Redevelopment projects, which are capital-efficient, face rising competition, with PAT margins expected to normalize at ~10-15%.

Greenfield projects enjoy higher profitability with PAT margins of ~25%, leading to a blended PAT margin expectation of ~20%. The drop in the **Ebitda margins** in Q2FY26 is attributed to the competitive pressures and increase in COGS; the launch of large-scale premium projects such as Filmistan and Thane are expected to improve profitability further. ADL has allotted a period of 5 years for the 2 projects and realisation in books will begin from FY27E. The company has maintained a **decent balance sheet** with debt of Rs1742mn (as of H1FY26) and a disciplined, asset-light approach. The **return ratio's** such as ROE and ROCE stood at 25.9% and 32.3% respectively in FY25. The company currently has negative cash flows (as it includes a land acquisition). Redevelopment projects reduce the need for land acquisition, which results in conserving cash and improving return ratios. As of FY25, the company carried ~Rs9000mn of inventory on its balance sheet, comprising Rs450mn of finished goods from OC-received projects, Rs850mn from Arkade Pearl and Arkade Eden (where revenue recognition has commenced), Rs1750mn for the Filmistan land acquisition. The other under-construction projects such as Nest, Rare, Vistas, Views, to mention a few have also started recognizing revenues as per latest Q2FY26 update. Finished inventory is expected to be monetized within 3-4 months, while other under-construction projects are targeted for liquidation within 2-2.5 years. Overall, prioritizing land acquisitions and timely project completion ahead of RERA timelines, ADL minimizes costs, boosts cash flow, and builds buyer trust, driving strong pre-sales and collections.

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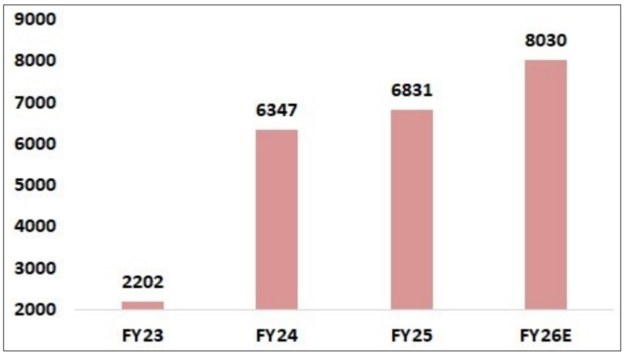
Financials (contd.): Going ahead, ADL has the aspirations to grow its topline at CAGR of ~20-25% from FY25 revenue base of Rs6,830mn, while the inflection point is expected to come in FY27E. The revenue pipeline is well supported by nine redevelopment projects having GDV of ~Rs55bn, large greenfield developments such as Filmistan (Rs35bn GDV) and Thane (Rs19bn GDV), recently signed MoU with Woollen & Textile Industries (Rs10bn GDV) and ongoing projects carrying ~Rs16bn of unsold inventory. The Management expects major revenue growth to come in FY27E once Filmistan and Thane reaches advanced stages of construction; with revenue recognition under the company's percentage completion method, which requires 25% of project costs to be incurred before revenue is booked. With blended PAT margins guided at ~20%, ADL is targeting cumulative revenue of ~Rs100bn and PAT of ~Rs20bn over the next five years, supported by disciplined execution, strong sales velocity, and prudent capital allocation.

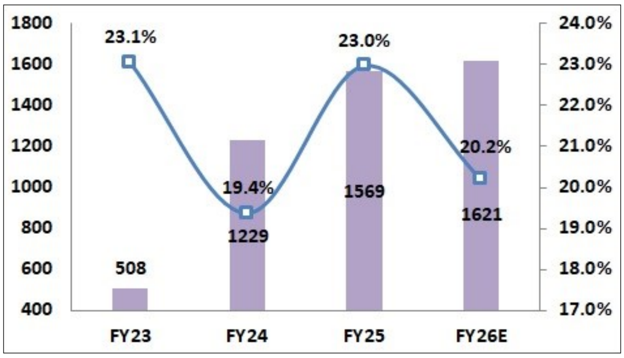
Exhibit 16: Revenue Trend (Rs in mn)



Source: Annual Reports, Progressive Research

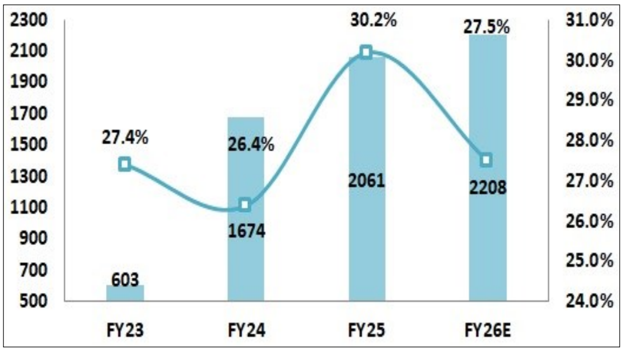
Q2FY26 Highlights: The quarter has reported revenue growth of ~30.8% on a y-o-y basis at a consolidated level. Ebitda grew to Rs632.17mn; growth of 7.7% on a y-o-y basis; with margins at ~23.98% compared to 29.12% in Q2FY25, where the decline in margins is attributed to the substantial increase in the COGS. The consolidated PAT stood at Rs458.09mn as against Rs433.63mn in the same period last year. The pre-sales and the collection during the quarter stood at Rs1,890mn and Rs1,500mn. The performance during the quarter was despite the broader market headwinds and H1 performance demonstrated discipline and customer first approach by the company. The demand in MMR region remains robust and the festive season has started on a strong note, with strong inquiry and conversion momentum for both ongoing and future projects. Other than Filmistan, ADL has invested in another land in Bhandup which has a projected GDV of Rs10bn; significant milestone for the company and is diversifying the portfolio and providing a wider customer base across the MMR. The company's expansion into eastern suburbs will help it drive sustainable and long term growth. The projects where the company had received OC are completely sold out during the quarter. The Management indicated that the real estate market is having a shift from affordable to premium housing, which is due to change in consumer preferences to upgrade their living standards, this trend combined with favourable economic conditions and strategic opportunities, suggests strong medium-to-long-term growth. Key demand drivers include rapid urbanization, rising income levels, and the growing preference for nuclear families, which fuels expansion in the residential sector. Favourable conditions, such as GST relief for homebuyers and the RBI maintaining the repo rate, are improving affordability and consumer demand. The company has secured naming rights for the Bangur Nagar metro station in Goregaon West, which provides strong branding to its upcoming project pipeline in the region, also the projects of the company are located in premium locations where the current demand is more than the available supply. ADL has successfully completed four residential projects: Adornia, Aspire, Serene, and Jayshree. Five new projects are expected to be launched in the coming months, including Vista and Views. In H2, launches are planned in Vile Parle (Pearl) and Malad (Eden). In the next fiscal year, the company intends to launch 6-7 projects, with 3 in the first half (Santacruz, Bangur Nagar, and Malad West Liberty Garden) and the remaining 3-4 in the second half, the 7 projects which are scheduled for launch next year have a potential sales value of over Rs80bn. An SPA has been signed to acquire a 100% shareholding in Woollen & Textile in Bhandup West for Rs1,480mn. This is 2nd acquisition in Bhandup which has a potential GDV of Rs10bn. The company is also planning 3-4 redevelopment projects in its upcoming launches. The CFO for H1FY26 is positive and stands at Rs500mn when excluding the Rs5500mn land acquisition cost. The Management has given revenue growth guidance of 20% y-o-y and revenue will be recognized using the percentage completion method. Two projects are nearing completion this year, with recognition also occurring on other projects that reach the 25% completion milestone. Debt has increased by Rs500mn compared to Mar'25, largely due to the acquisition of land parcel in Thane, while the inventory has remained constant.

Exhibit 17: PAT (Rs in mn) v/s PAT Margins



Source: Annual Reports, Progressive Research

Exhibit 18: Ebitda (Rs in mn) v/s Ebitda Margins

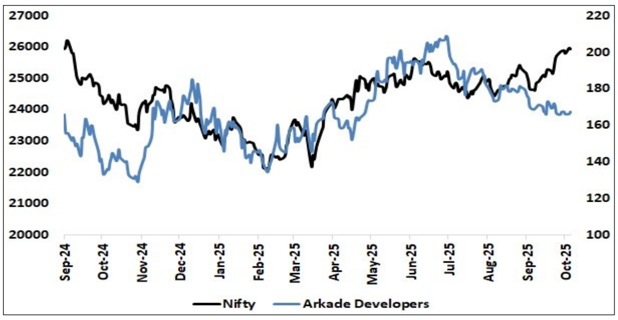


Source: Annual Reports, Progressive Research

Risks and Concerns: Dependency on Industry Trends: ADL is a pure play developer in the MMR region and thereby dependency on the local property market trends is high. Sales and pricing would be impacted through sentiments drifts or financial capability. Also real estate business is cyclical in nature where growth is largely dependent on the economy. Interest Rate Risks: An upward revision in interest rates by the RBI increases the mortgage costs impacting housing demand while discouraging investors from borrowing essential for future projects. Raw Material/Input Costs Fluctuations: The company depends on selected suppliers for its key inputs. Any fluctuations or disruptions in the same could impact the timeline and profitability of projects. Limited Land Parcels with Increased Competition: The availability of new land parcels in the MMR region is limited and pricing is expensive. With the peers entering into the catering market of ADL there is gradual increase in competition which could pressure the margins going forward. Dependency on Third-Party Contractors: ADL relies on independent third-party contractors to execute its projects. Any delays, failures, or quality issues from these contractors could lead to project overruns with impact on the margins coupled with damage of reputation

Outlook and Recommendations: ADL has emerged as a top-tier real estate firm in the MMR; recognised amongst top 10 developers; and has delivered 31 premium residential projects. The company has been operating in high-demand areas, historically focused on the western suburbs (Borivali, Goregaon and Andheri) but now has successfully expanded into the eastern suburbs as well, particularly Mulund, Bhandup and Thane. It is well known for its quality construction, timely delivery, and advanced techniques that speeds up project timelines; major booster to clients trust. The micro-markets have emerged as some of the largest residential catchments in the city, supported by infrastructure growth and availability of larger land parcels. With land scarcity in the western suburbs increasingly limiting greenfield opportunities, ADL's pivot towards the eastern corridor, alongside its redevelopment expertise, positions it well to capture incremental demand. ADL depicts a mix of greenfield and redevelopment projects providing strong visibility on its growth pipeline. Favourable mortgage rates, dual-income family structures enabling higher loan eligibility, and a consumer shift toward aspirational lifestyle housing are all supporting the overall demand. Although the pricing growth has plateaued after a strong appreciation between 2022-2024; ADL remains confident in maintaining margins through disciplined project execution, faster approval cycles, and its strong in-house project Management team. Although rising competition in redevelopment has led to higher acquisition costs and some margin compression, the company continues to maintain a strict threshold of pursuing only projects with atleast one-acre land parcels which ensures healthy returns. ADL's redevelopment model continues to remain strong, supported by its reputation for timely delivery and execution capabilities. The sales velocity is strongest in the mid-segment (2BHK units), which continues to be the ever-moving product category, while larger ticket sizes above Rs20mn, though slower in absorption, contribute significantly to profitability. ADL has no new launches planned in FY26, and regulatory clearances are secured for the Dahisar project, which currently faces height restriction issues due to a wireless station. However, medium to long-term growth remains robust, driven by a pipeline of nine redevelopment projects (~Rs55bn GDV) and marquee greenfield developments such as Filmistan, Woollen and Textile Industries and Thane. As these projects ramp up, revenue recognition and margin expansion are expected to accelerate from FY27E onwards. The Management expects FY27E to be a pivotal year with significant acceleration in revenue growth as projects like Filmistan and Thane become fully operational, marking an inflection point in top-line and profitability expansion. The asset-light strategy, disciplined project selection, focus on premium housing, and decent balance sheet which provides a solid foundation for sustainable growth. Despite near-term headwinds from rising redevelopment costs and a plateauing price environment, the company is well placed to deliver consistent value creation through its superior execution, strong brand positioning, and strategic focus on high-demand submarkets within MMR. Overall, we feel that the company is well strategized in terms of capturing both sides of the market and maintain its sustainability in the competitive and price sensitive market. We initiate Buy on the stock for a target price of **Rs200** over 12 months' horizon.

Exhibit 19: Price v/s Nifty



Source: Ace Equity, Progressive Research

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