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LIVE 

# BAJAJ HOUSING BUY-SELL-HOLD

## ARKADE DEVELOPERS IPO SHOULD YOU INVEST?

**NIFTY STRATEGY**



LIVE TONIGHT AT 8.30PM ON YOUTUBE

CA Mohit Sareen

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## Markets Now









(As at 8.22pm)

<b>Dow Jones</b>	<b>Up 122 (0.30%)</b>
<b>NASDAQ</b>	<b>Dn 160 (0.27%)</b>
<b>GIFT NIFTY</b>	<b>Up 4 (0.02%)</b>
<b>Brent Crude</b>	<b>\$72.68 (1.44%)</b>
<b>Gold</b>	<b>\$2580 (0.06%)</b>

## Institutional Investor Activity (Provisional)- Cash Segment

<b>FII Sell</b>	<b>Rs. 1635 Cr</b>
<b>DII Buy</b>	<b>Rs. 754 Cr</b>
<b>Total (Net)</b>	<b>Rs. 881 Cr</b>

# Indian Markets Today

 <b>SENSEX</b>  Sep 16, 15:45	82,988.78	97.84 +0.12%
 <b>NIFTY 50</b>  Sep 16, 15:45	25,383.75	27.25 +0.11%
 <b>NIFTY BANK</b>  Sep 16, 15:45	52,153.15	215.10 +0.41%
 <b>NIFTY Midcap 100</b>  Sep 16, 15:45	60,259.75	225.70 +0.38%

# BAJAJ HOUSING FINANCE BUY-HOLD-SELL?

**IPO REVIEW**  
**ARKADE DEVELOPERS LTD.**

## Issue Details

Issue Open	Issue Close	Price Band	Issue Size
16.09.24	19.09.24	Rs. 121-128	Rs. 4100mn



## Issue Structure

<b>No. of Shares</b>	<b>32.03 Mn</b>
Fresh Issue	32.03 Mn
Offer for Sale	NIL

<b>Issue</b>	<b>No. of Sh.</b>
QIB	1,60,15,625
NII	48,04,688
Retail	1,12,10,938
Net Offer	3,20,31,250

## Objects of Offer

Funding Development Expenses	Rs. 2,500 Mn
Funding acquisition of yet-to-be identified land for real estate projects & General corporate purposes	Rs. 1,600 Mn

## Share Holding Pattern

Shareholders	Pre-issue	Post-issue
Promoters	86%	71%
Others	14%	29%
Total	100%	100%

# Financials

<b>Particulars (In INR Mn)</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Revenue	2289	2202	6347
EBITDA	544	603	1674
EBITDA Margin (%)	24	27	26
Profit After Tax	508	508	1228
PAT Margin (%)	22	23	19
Net Worth	1494	2003	3234
RONW (%)	41	29	47

## Revenue Segmentation

Particulars	FY22 (INR Mn)	FY22 (%)	FY23 (INR Mn)	FY23 (%)	FY24 (INR Mn)	FY24 (%)
Revenue from New Projects	2289	100	1288	59	4243	67
Revenue from Redevelopment Projects	0	0	913	41	2104	33
Total	2289	100	2201	100	6347	100

## Projects

Particulars	No of Projects	Developable Area (in sq ft)	Saleable RERA Carpet Area (in sq ft)	RERA Carpet Area Sold (in sq ft)
Ongoing Projects	6	1872188	661616	345402
Upcoming Projects	6	1824256	592923	0

# Strengths

- The company's operations are strategically positioned in Mumbai
- The company is notably present in the western suburbs, including Borivali West, Goregaon East and Santacruz West. Since 2017, it has been among the top ten developers in these areas
- From 2017 to Q1 2024, the company has been a significant player contributing 7% of the total supply among the top ten developers in these micro-markets. The majority of its offerings are in the high-end and premium segments
- The company operates with an integrated business model, leveraging in-house resources to manage projects from inception to completion.
- Timely completion of projects

## Strategies

- Continue to expand in the eastern region of MMR, Maharashtra
- Moving up the value chain to premium / luxury residential premises
- Continue to focus on blended business model

# Risks

- Inability to effectively identify and secure suitable redevelopment projects or land could significantly hinder business growth and operational expansion
- Failure to meet project completion deadlines can adversely affect financial performance and reputation
- Penalty clauses in customer agreements for project delays pose a financial risk and may impact profitability
- The absence of long-term agreements for labor and construction materials exposes the company to potential cost increases, shortages, and supply chain disruptions, potentially leading to project delays and cost overruns
- Reliance on third-party contractors for project construction introduces risks related to delays and non-compliance, which could affect the company's financial stability and operational efficiency



# Peer Comparison

Particulars	Arkade Developers Limited	Keystone Realtors Limited	Godrej Properties Ltd	Macrotech Developers Ltd	Suraj Estate Developers Ltd
Revenue from operations	6347	22756	43342	104695	4157
EBITDA	1674	1919	11967	27113	2364
EBITDA Margin (%)	27	9	39	26	57
PAT	1228	1110	7471	15542	675
PAT Margin (%)	19	5	25	15	16
ROE (%)	47	6	8	8	23
ROCE (%)	47	7	9	13	30
EPS	6.61	9.85	26.09	16.03	19.39
EV/EBITDA	14.9	56.2	51.5	39.2	14.6
PE ratio	19.4	97.8	71.4	61.9	40.7
RONW (%)	47	6	8	10	23

# Outlook

- Arkade Developers Limited, a leading real estate company in Mumbai
- Well-positioned to capitalize on the growing demand for residential/commercial and redevelopment projects in the city.
- Focused on the mid-premium segment, the company employs an asset-light model, collaborating through joint ventures to deliver high-quality residential spaces.
- The company has achieved a robust 66% CAGR in revenue from FY22 to FY24 with EBITDA and PAT CAGR of 75% and 55% respectively during the same period reflecting its operational efficiency.
- Its ROE and ROCE stand at an impressive 47% showcasing strong returns, supported by efficient project management and execution capabilities.
- The company's strengths include a solid reputation for timely delivery, a strong foothold in the MMR, and the ability to leverage redevelopment opportunities.
- The company is trading at a PE ratio of 19.4x and 14.9x EV/EBITDA which is at a discount compared to its peers. Moreover, the return ratios are significantly higher than its peers.