

**Rating: Subscribe For Listing Gains**

**Issue Offer**

Fresh Issue of 32,031,250 equity shares amounting to INR 4,100 Mn.

**Issue Summary**

Price Band INR	121-128
Face Value INR	10
Implied Market Cap INR mn.	23,764.13
Market Lot	110
Issue Opens on	Sep 16, 2024
Issue Close on	Sep 19, 2024
No. of share pre-issue	153,626,016
No. of share post issue	185,657,266
Listing	NSE, BSE

**Issue Break-up %**

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

**Registrar**

Bigshare Services Private Limited

**Book Running Lead Managers**

Unistone Capital Private Limited

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	85.58%	70.81%
Public & Others	14.42%	29.19%

**Objects of the issue**

- Funding a part of the costs to be incurred in the development of Ongoing Projects.
- Funding acquisition of yet-to-be identified land for real estate projects.
- General corporate purposes.

Arkade Developers Limited is engaged in the development of new projects and redevelopment of existing premises in Mumbai, Maharashtra. As on June 30, 2024, company has developed 2.20 million square feet of residential property (including through partnership entities in which it hold the majority stake). The company has established strong brand recognition in MMR, Maharashtra, attributed to its customer-centric approach and proven track record. The business model prioritizes the development of high-end and premium budget sustainable residential projects, with an emphasis on aesthetic design and lifestyle amenities.

**Investment Rationale**

**A leading developer in Mumbai Metropolitan Region with strong presence in key micro-markets:** Company ranks among the top 10 developers in key micro-markets within the Mumbai Metropolitan Region (MMR), Maharashtra. In Borivali west it accounts for 2% share in the total supply and 6% share in the total absorption of cumulatively from 2022 to Q1 2024. Company has been one of the market major players in the combined micro-markets of Andheri east, Goregaon east, Santacruz west and Borivali west particularly in the supply and absorption of 4 BHK, 3 BHK & 2 BHK units accounting for 2%, 5% and 3% respectively of the typology wise supply and 3%, 5% and 4%, respectively of typology wise absorption. Company's blended focus on re-development and development of residential properties has helped to continue operating in the western suburbs of Mumbai, Maharashtra while also expanding into the eastern region.

**Expansion into MMR's Eastern Region and Future Growth Prospects:** Since 2017, company has expanded its business in the eastern region of MMR, Maharashtra and aim to continue to expand business operations in this region. The eastern suburbs of Mumbai offer significant growth opportunities, driven by various factors including significant infrastructure development, proximity to business locations, such as BKC, Andheri, Powai, Thane and Goregaon, strong social infrastructure, urban renewal and redevelopment projects, emerging entertainment and lifestyle hubs. Further, the eastern region will enable company to acquire larger parcels of lands at competitive prices and build larger premium projects. Company has already completed 1 project in the eastern region. Further it has launched a new project in Mulund. Company intends to capitalise on its experience, quality of projects and identify prime locations and deliver high-end residential projects in this region.

**Strategic Shift Towards Premium and Luxury Residential Projects:** The company is strategically moving up the value chain by shifting its focus towards premium and luxury residential projects in the high-density regions of MMR, Maharashtra. Traditionally, the company has delivered value-driven, affordable luxury homes, emphasizing construction quality and catering to aspirational lifestyle choices. Company plans to enhance value proposition by developing projects on larger land parcels, which will allow to build more premium properties with expanded amenities, superior facilities, and increased opportunities for recreational activities.

**Blended Business Model and capital efficiency through Redevelopment Projects:** Company aims to continue to focus on blended business model consisting of development and construction of residential premises on land acquired by company and redevelopment of residential premises. The company's focus on redevelopment projects with housing societies enhances financial flexibility, allowing the company to invest in new projects and develop more premium properties. Company has recently entered into a development agreement for the redevelopment of 6 projects located in the western region of MMR, Maharashtra specifically, in Goregaon East, Goregaon West, Malad West and Santacruz West (as of June 30, 2024). This projects when completed is expected to be approximately 1,824,256 square feet of developable area.

**Valuation and View :**

The company is strategically positioned to leverage the growing demand for real estate in MMR, driven by rapid urbanization. It's strong brand recognition in MMR, Maharashtra, with proven customer-centric approach, strengthens its competitive position in the market. Financial growth is expected to be fueled by its upcoming projects, a strategic focus on developments in Mumbai's eastern suburbs, and its blended business model. **On post-issue basis, the company trades 14.46x EV/EBITDA (FY24). We recommend to "Subscribe For Listing Gains."**

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**Stock Rating Scale**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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