Date: 20.08.2025

Corporate Relations Department **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: **506194** Class of Security: **Equity**	**Listing Compliance Department** **National Stock Exchange of India Limited** Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: **ARIHANTSUP** Series: **EQ**

Sub: Earning conference call transcript.

Dear Sir/Madam,

Please find attached the Transcript in respect to the Earning Conference call for the quarter ended June 30, 2025, conducted on August 13, 2025 at 02:00 p.m.

The transcript of the conference call can also be accessed at the website of the Company at www.asl.net.in

This is for your information and records.

Thanking you,

Yours faithfully,

For Arihant Superstructures Limited

Parth Ashok Chhajer

Digitally signed by Parth Ashok Chhajer
Date: 2025.08.20 18:23:13 +05'30'

Parth Chhajer
Whole-time Director
DIN: 06646333

"Arihant Superstructures Limited

Q1 & FY26 Earnings Conference Call"

August 13, 2025

MANAGEMENT: **MR. PARTH CHHAJER – WHOLE TIME DIRECTOR – ARIHANT SUPERSTRUCTURES LIMITED**
MR. UDIT KASERA – CHIEF FINANCIAL OFFICER – ARIHANT SUPERSTRUCTURES LIMITED

MODERATOR: **MS. KUNJAL AGARWAL – ARIHANT CAPITAL MARKETS**

Moderator: Ladies and gentlemen, good day, and welcome to Arihant Superstructures Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Kunjal Agarwal from Arihant Capital Markets Limited. Thank you, and over to you, ma'am.

Kunjal Agarwal: Hello, and good afternoon to everyone. On behalf of Arihant Capital Markets, I thank you all for joining into the Q1 FY '26 Earnings Conference Call of Arihant Superstructures Limited. Today from the management, we have Mr. Parth Chhajer, the Whole-Time Director; and Mr. Udit Kasera, the CFO of the company.

So without any further delay, I would hand over the call to the management for his opening remarks. Over to you, sir.

Parth Chhajer: Thank you, Kunjal. Good afternoon, everyone, and thank you for taking time to join Arihant Superstructures Limited conference call to discuss Q1 FY '26 results and business updates. I believe you would have had the opportunity to review our financials and investor presentation, which has been filed with the exchanges.

I will now first introduce our new CFO, Mr. Udit Kasera, who shall brief you all about the financial highlights for the quarter.

Udit Kasera: Let me first start by briefing you on the financial highlights for the quarter under review. The consolidated operating revenue for Q1 FY '26 stood at INR121 crores against INR84 crores in Q1 FY '25. This is a year-on-year increase of around 45%. The EBITDA for Q1 FY '26 stands at INR37 crores against INR11 crores in Q1 FY '25, which is an increase of 247% on a year-on-year basis.

The EBITDA margin for Q1 FY '26 stands at 30.5% versus 12.6% for the previous year. The profit before tax for Q1 FY '26 stands at INR21.2 crores versus INR2.6 crores for the previous year. The profit after tax for Q1 FY '26 stands at INR15.9 crores against INR2 crores in Q1 FY '25, which is a Y-o-Y increase of around 695%. The net worth of the company has increased to INR421.9 crores versus INR325.3 crores, which is again a year-on-year increase of 29.6%.

With this, I hand over the call to Mr. Parth Chhajer to talk about the operational highlights.

Parth Chhajer: Yes. Now talking about the key operational highlights for the quarter. The company achieved sales bookings of 192 units, which is equivalent to 2.01 lakh square feet of area amounting to INR151 crores in value. The average price per square foot is around INR7,493 per square foot versus INR5,063 per square foot compared to the last year. So this is a price growth of 48%. This is due to major contribution coming in from the premium housing segment, which has led to the increase in the average price for the quarter. The average price per unit stood at INR78 lakhs. And the total collections for the quarter stood at INR126 crores.

In this quarter, we also made significant delivery progress in the projects located at Kharghar, which is Arihant Aalishan and Arihant Anmol, which is at Badlapur. So including the rental housing component, we have handed over 803 units for the quarter, which is spanning to 723,000 square feet in terms of area. The unsold inventory now at the end of the quarter stands at 94 units, which is valued at INR21 crores.

On the business development front, the company expanded its development footprint with the acquisition of additional 11 acres at Chouk Manivali, which is for the Project Town Villas. And the total project size has now increased to 88 acres.

Apart from this, we also acquired additional 1.5 acres of land, which will be utilized towards the 5-star hotel, which is under the development in the wholly-owned subsidiary, Dwellcons Pvt Ltd. With this now, the total hotel land will be at around 10 acres and the total project land for the Project World Villas, including the Gymkhana and the hotel and retail now stands at 90 acres.

In addition, we have also strengthened our capital base through the successful completion of the warrants issued back in 2023 being fully converted to equity, which has helped us raise INR37.6 crores in total. So this has -- this utilization is also happening towards the business development in the current quarter. Looking ahead, now talking about the markets, we believe overall in Mumbai MMR, we see good amount of supply, which is coming with many projects now starting to take off.

And this may lead to -- this will lead to high competition and may lead to slightly lower margins. While at Arihant, we operate at 12 different geographies, 12 different micro markets. And in some of them, we have taken the first-mover advantage like World Villas and Town Villas at Chowk, which is near Panvel.

So in such micro markets, our premium development villa offering is unique and there is no peer level competition as on date, which is ensuring higher margins to us. Both these projects, Town Villas and World Villas will offer anywhere of around 1,800-plus villa units, which constitutes of INR3,750 crores in terms of GDV, so which is over 25% of our total portfolio.

So we believe we have safeguarded ourselves and moved slightly away from the highly competitive market and over there, we are also envisaging higher margins, which will yield good results to the company in the future. Although the region of Navi Mumbai is poised for major growth due to the Navi Mumbai International Airport being expected to start operations by October 2025 and Atal Setu, which has been a big game changer is already operational.

And with the big infrastructure and industrial and corporate parks coming up, we envisage 10 lakh new jobs to be created in this region for the next decade, which will fuel in a lot of residential demand as well.

So this part of the city continues to have a good catchment and good livability regardless of the high competition that has come in the entire Mumbai region. And Arihant land bank, along with the upcoming launches are well positioned across these high opportunity corridors, and we remain committed to addressing the evolving aspirations of homebuyers across the entire MMR spectrum.

So now with this, I open the floor for question and answers. Thank you.

Moderator: Thank you very much. The first question is from the line of Devyash Shah, an individual investor. Sir, we can hear you, but your voice is breaking. Could you go to a better reception area?

Devyash Shah: Is it better now?

Moderator: Better, sir.

Devyash Shah: I would like to ask a question. So given the competition in the Mumbai MMR ...

Moderator: Sorry to interrupt, sir, but your voice is still breaking.

Devyash Shah: I'll rejoin in the queue.

Moderator: The next question is from the line of Parth Patel, an individual investor.

Parth Patel: So what is the planned capex for FY '26 across categories? And how does it align with the INR125 billion GDV from the 18 million square feet under development.

Parth Chhajer: So the planned construction capex for FY '26 is around INR450 crores with respect to construction. This is towards the residential development. And towards the annuity assets, we should be spending somewhere around INR50 crores in this financial year.

Parth Patel: Okay. Sir, secondly, given the 65% Q-on-Q EBITDA growth in Q1 FY '26, what are the operational levers such as procurement efficiencies, vendor negotiations contributed to this? And how sustainable are they in this high competition market?

Parth Chhajer: So yes, we have been saying that we'll be able to achieve around 30%, 33% EBITDA margin. And in this quarter, because Arihant Aalishan was completed, so the estimates had to be corrected for the projected costs, and that has resulted in better margins coming in this quarter.

Parth Patel: Okay, sir. And sir, could you discuss the impact of pricing, labor and material costs on the estimated balance cost to complete the INR12 billion for the ongoing projects? And are there any hedging mechanisms in place?

Parth Chhajer: We consider inflation in our pricing -- sorry, with our construction estimates. And I mean, in the last few months, we've not seen any significant price rises with respect to construction or even labor contracts. And I think the total capex for our INR12,500 crores GDV will be around INR6,300 crores with respect to the construction capex that is outlined.

Parth Patel: Okay. And sir, my last question is that what is the strategy for the inventory management of unsold units valued at approximately 24 billion across the ongoing projects? And how will the pricing adjustments be made in the micro market like Panvel and Kharghar?

Parth Chhajer: With respect to the pricing strategy in Kharghar and Panvel, we are selling similar to the levels that were happening in the last year. So not a significant price hike has been taken because our focus is to get more velocity for the next 2, 3 months and so that the projects are in a smooth phase of completion.

Arihant Aalishan, we have some ready inventory, which is valued at around INR7.5 crores. And in the next couple of quarters, we'll be able to sell that out as well. As a company, we don't have significant ready inventory. It's hardly INR21 crores in terms of value. So we feel we are comfortable on that front when compared to the total GDV that we are executing.

Under construction inventory, like you highlighted around INR3,000-odd crores, which is there. Our strategy is that we keep selling, don't take significant huge price rises, but still stagnantly take a 5%, 7% price rise as per the market situation and yet not affect the velocity of the sales. So that's the main goal for us as a company that we want to do more presales this year so that it helps us in the coming months.

Moderator: The next question is from the line of Amit from RoboCapital.

Amit: The sales target for FY '26 and FY '27.

Parth Chhajer: Sorry, I missed your first line. Can you repeat?

Amit: Yes. I was just looking to check the sales target, what is our internal goal for sales for -- presales for FY '26 and '27?

Parth Chhajer: Yes. FY '26, we are looking at around INR1,100-odd crores with respect to presales. We have good lineup of launches coming in Q2, Q3, Q4. FY '27, we will be looking at around INR1,500 crores of presales.

Amit: And would you make similar margins as in the past and the margins because of some competition.

Parth Chhajer: With respect to a year-on-year basis, margins will better from the past years, if we look at it from a year-on-year basis. And -- because the new projects that have been taken are yet to -- some of them are yet to reach the threshold of revenue recognition and which have started contributing, they are enabling us to do better margins.

Amit: Okay. And sir, last question is on the debt level. How are the debt levels for the next 1.5 years to 2 years?

Parth Chhajer: The debt will increase in the coming 1.5 years, 2 years because debt is majorly going towards the making of the annuity assets. So we expect an additional INR150 crores of debt to increase because of the development of the Gymkhana and the hotel.

Moderator: The next question is from the line of Devyash Shah, an individual investor.

Devyash Shah: So I would like to ask what is the realization in different projects? And how much hike do we see? What is the general cost of construction?

Parth Chhajer: It varies. The cost of construction varies from the rise of the building. So like a 7-storey will cost you somewhere around INR1,800, INR1,900 square foot. 15-storey will be around INR2,200 square foot. And then like 25, 30 storey will be around INR2,600 square foot. And any buildings which are 40 storey and above will be costing INR3,000 per square foot and upwards.

So costing is majorly depending on the rise of the building and the amount of parking you're making, the podiums, etcetera. But with respect to the total selling price, our construction cost is majorly around 50% of the total sale value. Your first question was with respect to micro market pricing, if I'm not wrong?

Devyash Shah: Yes. So like what is the realization in different projects, like what the hike do we see in that?

Parth Chhajer: Right. So I mean, it varies from project to project. Arihant Aalishan, right now, we are trading at around INR8,500 a square foot. And we expect over there because the product is ready, Phase 1 is delivered. Phase 2 also is almost nearing completion. And next year, we should be completing that also with OC. So we expect that the price could increase to around INR9,000 in that region.

In another location like Advika, for example, the current trading prices are around INR13,400 per square foot on saleable area. And with the nearing completion phase of this project also, we expect it could increase to around INR14,000, INR14,200 in the coming year. So anywhere around 7%, 10% price rises can be expected in mid-income and premium luxury segment, wherever the project is progressing at a good speed and nearing towards completion. So this is a typical scenario for the general market, and I think we are in line with the trends.

Some areas may not see that level of price rise. So majorly in affordable housing, maybe your first sale versus last sale in a span of 3.5, 4 years may see a price rise of only 7% to 10% in a few locations, maybe like a Badlapur or Karjat or Titwala or Khopoli, for example. So it varies from micro market to micro market.

Sorry, your voice is breaking.

Moderator: No, sir, your voice is still breaking.

Devyash Shah: What is the time to complete Town Villas and World Villas?

Parth Chhajer: We just started off with the World Villas project like a few months ago, full swing in construction. And we expect that project to take around 4.5 to 5 years. Town Villas, we have expected that by April 2026, we'll start construction, and it will take 5 to 6 years from there to complete it.

Moderator: The next question is from the line of Amit Agicha from H.G. Hawa.

Amit Agicha: Sir, what is the blended cost of borrowing currently?

Parth Chhajer: Blended cost of borrowing is around 12.5%.

Amit Agicha: And sir, any scope for refinancing to reduce the interest burden?

Parth Chhajer: No. I mean most of our debt like from HDFC Bank or SBI is around 10%. So there's no scope of refinancing there. And even the debt from Tata Capital or STCI, that is also around 11%, 12% in the range of that. So I mean, there's no big scope of refinancing in this situation. And we don't usually change just for improvement of 50 basis points. We value the relationship with our lender also.

Amit Agicha: Sir, what are the FY '26 projections for operating cash flow post debt servicing and capex?

Parth Chhajer: Debt will take somewhere around INR70-odd crores of cash flow for this year. So to answer your question, we expect INR600 crores to come from customer receipts in FY '26. Around INR70 crores will go towards debt servicing, then some amount will around maybe -- some will go towards repayment, but then we'll be adding on. So that may be net of similar. Then administration expenses would be around INR45-odd crores. Marketing expenses will be around INR25 crores odd and around INR450-odd crores is what we expect towards construction.

Amit Agicha: And sir, in MMR, like can you share the market share like what you are adding? Like are you the leader or the second leader?

Parth Chhajer: No, I think we are one of the frontrunners in this market. We have great position. We have the largest geographical presence. We have the best in choice of inventories also, right, ranging from INR20 lakhs to INR4 crores in terms of value. We have all the products right from 1, 2, 3, 4 BHK to villas. So the spread that we have, the portfolio that we are catering and the size in terms of the scale that we are operating on is at the top.

We compete with the best of the best who are our neighboring peers and competitors, and we are able to outage them also in certain locations and the micro markets with respect to pricing, with respect to sales, with respect to velocity. As a company, the coming years, we see because of this position that we hold, we'll be able to encash on the brand equity and on the value also for the company, which will yield in good results in the coming months and years ahead.

Amit Agicha: Do you see like our company, Arihant Superstructure being pan-India?

Parth Chhajer: No, our focus for last 4, 5 years and for the next coming 4, 5 years also is in this MMR region. We don't plan to expand outside of MMR because given the capital in hand and the liquidity, we are able to comfortably deploy the same in MMR. We need not go outside to hunt for any opportunities because the world is coming here. Every developer across India wants to have one project at least in this location of Navi Mumbai and the vicinity of the airport area. And we are in the best phase of our company.

We are in the best -- we are present at the best locations. Like 75% of our portfolio is around the airport where the big infra development is just about to take off and the big jobs are yet -- are going to be created over the next decade, around 10 lakh jobs are envisaged to be created. So we want to be in this location. We want to have a great position going ahead also in this location and show our investors that we are capable of executing and delivering.

Amit Agicha: And are you comfortable with the labor availability and the raw material like the sourcing and the cost?

Parth Chhajer: Yes. We are able to run the operations. There's no difficulty. Obviously, during the month of April and May, there is a shortage of labor across the entire industry because major of them go back to their hometowns and villages. But our sites are back on track from June onwards and the execution is happening at good pace. So there's no difficulty for us as a company because we have our very old vendors and contractors who have been with the company for the last 2 decades, and we hold good relationship with them also, which is working out very good for us.

Amit Agicha: What are your long-term ROE, ROCE targets and dividend policy?

Parth Chhajer: With respect to ROE, we'd like to be at 20%, 25% of the total in terms of ROE, that's our target.

Amit Agicha: And the dividend policy?

Parth Chhajer: Dividend last year was 15% on the face value.

Amit Agicha: Sir, any plans to scale up the annuity income streams beyond hospitality and Gymkhana?

Parth Chhajer: As of now, we are focused on hospitality in Gymkhana because the locations where we hold sizable land parcels are fit for hospitality or this segment. We can't be doing retail or offices in these locations today. So if any new opportunity comes, we may look at it, but not big plans to enter into any office leasing model yet.

Amit Agicha: And sir, would it be possible for you to share some more details about the hospital project, which you're saying?

Parth Chhajer: We are in the phase of finalizing the agreement. So post finalization of the agreement, we'll be happy to come back to the markets and speak about it. The design is done. We have completed the approval process also. Work will start from October onwards, and we expect the asset to be ready in 3.5 to 4 years.

Amit Agicha: Sir, last question about redevelopment, do you feel like you will be entering into?

Parth Chhajer: Yes, we are looking and scouting for more redevelopment opportunities on asset-light model. Like we highlighted in the last con call, this year, we'll not be doing huge acquisitions with respect to outright purchase of land, but focus will be to enter into 3 to 4 or a couple of them at least, the redevelopment model projects. So we are in the phase of almost finalization with a couple of societies right now. So once done, we'll be happy to announce.

Moderator: The next question is from the line of Suyash Bhave from Wealth Guardian.

Suyash Bhave: Yes. So regarding that environment clearance issue from the courts, what is the update on that? Are they still hindering our operations?

Parth Chhajer: Yes. So just like around last week, there was a very good positive update on environment clearance. The Supreme Court has now cleared the matter and environmental clearance processes will start from this month end. And we'll wait for our turn in the queue, which should come in the next 2 to 4 months depending on the project.

So safely, I think we can say by December, we should be having all the environmental clearances for the projects, Arihant Avanti at Shilphata, Arihant 7 Anaika at Taloja. I mean before December '25, we should be having those environmental clearances. And Q4 onwards, we'll be able to start the construction for those projects, which will then help us start recognizing revenues for the same from next financial year onwards.

Suyash Bhave: Okay. Understood. And these 2 land parcels that we recently purchased, World Villas and Town Villas, what is the cost of acquisition for them?

Parth Chhajer: It's around INR300 crores for both.

Suyash Bhave: No, no. I mean the incremental -- the 11 acres and 1.5 acres?

Parth Chhajer: The ones purchased this quarter, the 1.5 acres?

Suyash Bhave: In this quarter. Yes.

Parth Chhajer: The 1.5 acres, which was the hotel land that is somewhere around INR4.8 crores. And the 11 acres will be around INR18 crores.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Ms. Kunjal Agarwal for closing comments.

Kunjal Agarwal: Thank you to the management and participants for joining the Q1 FY '26 conference call of Arihant Superstructures Limited. I would now hand over the call to the management for the closing remarks.

Parth Chhajer: Yes. Thank you, everyone, for joining the earnings call. I hope you were able to get the answers to all the questions to your satisfaction. If you have any further questions or would like to know more about the company, please feel free to reach out to our Investor Relations team at Valorem Advisors or you can contact our finance department and our CFO and team will take it forward. We also thank Arihant Capital for hosting this call for us as well. Thank you very much.

Moderator: On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.