

NEW ISSUES

Blended business model

Arkade Developers is building with a conscience and customer-centricity

Meet Amit Mangilal Jain, a second-generation real estate entrepreneur whose family has been involved in real estate development since 1986. Jain emphasises the importance of timely completion of projects, discipline, and fiscal prudence. Through his unconventional approach, the CMD of Arkade Developers has ensured a track record of completing projects ahead of schedule. This Mumbai Metropolitan Region (MMR) player has created a scalable business model with consistent financial performance. Jain has always avoided debt, calling it the bane of the real estate business.

Today, Arkade Developers Limited is a leading player and ranked among the top 10 developers in terms of supply in select micro-markets of the MMR, Maharashtra (Source: Anarock Report). Over the last two decades, the Arkade Group has completed 28 projects (including stand-alone projects executed by the promoter through their proprietorship and/or joint development arrangements with third parties), aggregating more than 4.5 million sq ft of development and catering to approximately 4,000 customers.

Out of the 28 completed projects, 17 were new developments and 11 were redevelopment projects. Arkade has developed a strong brand proposition and boasts a successful track record, with deep industry lineage. The company's operations are strategically located in the western suburbs of the MMR, Maharashtra, though they have also developed high-end luxury projects in South Mumbai and the eastern suburbs.

As of 30 June 2024, Arkade has developed 2.20 million sq ft of residential property (including through partnership entities in



Jain: unconventional approach

which Arkade holds a majority stake). Between 2017 and Q1 2024, Arkade launched 1,220 residential units and sold 1,045 units in various MMR markets.

Redevelopment projects

Similarly, the Arkade Group has successfully undertaken 10 redevelopment projects (from 2003 to March 2024) within Mumbai city: nine in the western suburbs and one in South-Central Mumbai. These projects, totalling a combined constructed area of 643,000 sq ft, were also completed and delivered on time.

Arkade's current portfolio of ongoing projects includes gated communities such as Arkade Nest, Arkade Aspire, Arkade Prime, and Arkade Aura. As of 30 June 2024, of the six projects currently under development, three are new developments and three are redevelopment projects, constituting 50 per cent each of their under-development

portfolio. The company posted total income of ₹635.71 crore in FY24, ₹224.01 crore in FY23, ₹237.18 crore in FY22, and ₹113.19 crore in FY21. PAT (Profit After Tax) was ₹122.81 crore in FY24, ₹50.77 crore in FY23, ₹50.84 crore in FY22, and ₹21.72 crore in FY21.

The issue consists of a fresh issue of Equity Shares aggregating up to ₹410 crore. Promoters are not selling any stake in the IPO. The company proposes to utilise the net proceeds from the issue to fund development expenses, acquire yet-to-be-identified land for real estate projects, and for general corporate purposes.

Jain explains their strategy: "We aim to continue expanding in the eastern region of the MMR, Maharashtra. We believe that the eastern region will enable us to acquire larger parcels of land at competitive prices, allowing us to build larger premium projects. We also aim to move up the value chain into premium and luxury residential premises. Our focus remains on our blended business model, and we intend to capitalise on our experience, project quality, and quick turnaround times to identify prime locations and deliver premium residential premises in this region."

Arkade has already completed one project in the eastern region and has launched a new project in Mulund, where the average capital value in Mulund West is currently ₹25,261 per sq ft on carpet, which is significantly higher than the Mumbai average (Source: Anarock Report).

Jain adds: "Our experience shows that entering into redevelopment arrangements with housing societies allows us to remain capital-efficient, as the capital required for such projects is less than for new developments. The abundance of redevelopment opportunities in emerging regions such as the western and eastern parts of the MMR, Maharashtra, supports this approach. Our efficient use of capital and the financial strength derived from redevelopment projects provide us with the flexibility to undertake new developments in growing areas of the MMR, enabling us to deliver more premium properties."

ARKADE DEVELOPERS

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