

Arihant Superstruct.

10 August 2026

Operator: Good day and welcome to Arihant Superstructures Ltd. Q1 FY27 earnings call. As a reminder, all participant lines will be in 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 the operator by pressing star and 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 – Arihant Capital Markets Limited: Thank you so much. Hello and good morning to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining the Q1 FY27 earnings conference call of Arihant Superstructures Ltd. Today, from the management, we have with us Mr. Ashok Chhajer, Chairman and Managing Director, and Mr. Udit Kaseera, Chief Financial Officer of the company. Without any further delay, I will hand over the call to management for the opening remarks.

Ashok Chhajer – Chairman & Managing Director: Hello, sir. Good morning. Good morning, everybody, and thank you for joining the earnings call. I will take you through some industry updates, followed by operational highlights.

We see that the premium segment is expecting an upturn going forward as well, given that the net worth of individuals is increasing. When it comes to the larger premium segment, the bracket below 5 crore rupees is still seeing good traction. We have already seen across the sector that properties above 10, 15, 25, and 30 crore rupees in the city of Mumbai are facing some slowdown. However, when it comes to anything below 5 crores, individuals are very keen to spend on it.

We have seen that rising household incomes, evolving business aspirations, and growing confidence in long-term homeownership have been the driving themes over the last 6 months. The overall market has started normalizing, and hence the pace of sales has been mediocre and not too high. This has been affected by geopolitical tensions, crude oil movements, foreign currency movements, and real estate ventures and projects coming up in larger sizes.

The scalability of the sector is still increasing overall, which also shows that implementation is the core key. That is where there is a shortage of manpower and skilled development, right from the workers and laborers at the site to the monitoring and engineering teams, as well as the salespeople. This becomes a key factor, and many projects may be struggling to cope with these factors and achieve complete project closure in an orderly manner.

In our case, I will tell you about the number of project completions that happened in the last quarter and earlier as well.

Coming to the MMR and Mumbai 3.0 market, which is the key market, it is still showing very positive signs in terms of price increases, traction, sales, and everything else. Over the last 3 years, Navi Mumbai's market share in the MMR region has increased from 12% to 17%. This means that areas such as Thane and Kalyan are taking a hit and losing market share, while Navi Mumbai is gaining market share due to the international airport, Atal Setu, and new infrastructure developments coming up in the region, as well as data centers and job creation by DCCs arising from participants in this region.

Report is AI-generated and may contain inaccuracies.

Arihant Superstruct.

Moving to the operational highlights of our strategy, we will continue to exhibit structural resilience as we enter the new financial year. Although we have faced increased input costs due to labor shortages and geopolitical reasons, we have worked through this with the inventory balance available to us and ensured that our balance sheets will not be impacted by it.

During the quarter, the company achieved sales bookings of 221 units, equivalent to 2.31 lakh square feet. This was up 15% year-on-year in terms of area, amounting to 173 crores, and was again an increase of 15% in terms of value. This demonstrates underlying market demand across our core territory.

Our average selling price per square foot has also remained the same at 7,500 rupees per square foot, as in the last quarter of Q1, for the first quarter of Q1 FY26. The average price per unit sold also stood at 78 lakhs per unit. We remain focused on gradually improving our average selling price, as premium products contribute to the total sales value. Going forward as well, this would increase substantially.

With the completion of projects, which means that the business operations are getting completed, we received occupancy certificates for Arihant 5NEXA, Arihant 6NEXA, Arihant Anant, and Arihant Aradhya Phase 1. This means that around 1,495 units have been completed and are ready for possession in the coming quarters and days. This shows that the operations are smooth and clear.

Collections for the quarter stood at 161 crore and registered annual growth of 78%. Our GDV has increased. Gross development value has increased from 6,000 crore to 14,000 crore in the last 5 years without any significant fundraise. The only fundraise was 36 crore rupees through preferential funding. Despite the increase in borrowings, GDV has increased to a larger size, which would contribute significantly to the company's financials in the coming days.

As a short-term evaluation, everything that we purchased at the right time—the land for World Villas and Town Villas, and the business development in Thane as well as in Shilphata—has already seen an increase in land prices of almost 3X. This shows that the investments were made at the right time, and scalability could be achieved through those strategic decisions, despite not being afraid to increase the company's debt, because the increase in debt relative to GDV and the financials has a great alpha in the coming days.

We are also happy to share that ASL is already transacting and emerging as a diversified developer rather than being only a pure residential developer. Our investments in annuity assets are also nearing completion for the second hotel with Sunday near Imagica. The earlier one that was concluded is the five-star hotel at World Villas.

The important point here is that the land cost contributed approximately 25–27 crores for the ITC hotel and around 7–8 crore rupees for the second hotel, although these were captive developments because the land was already available in the company's portfolio. For a similar product with the same average room rent in the city, the land prices or input cost for developing this hospitality sector would be almost 5X. This is the edge that these hotels would have.

With occupancy rates at both Radisson locations still picking up to around 70–75%, we believe that over the next 2–4 years, the hospitality industry will perform better in terms of leisure destinations,

Report is AI-generated and may contain inaccuracies.

Arihant Superstruct.

MICE, and wedding destinations.

Through all the strategic initiatives, we wanted to hold pricing rather than chase volumes at the expense of margin. We plan to deliver 2,500 units by the end of financial year 2027. We are confident that we will continue to gain market share based on our superior products and investment in strengthening our brand.

Now I request Mr. Udit to give the financial performance.

Udit Kaseera – CFO: Good morning, everyone. I will brief you about the financial performance of the quarter under review. Consolidated operating revenue for Q1 FY27 stood at 132 crores, reflecting an increase of 9% year-on-year from 121 crores. EBITDA stood at 28 crores, and the EBITDA margin stood at 21%. PAT for the quarter stood at 10 crores, with a PAT margin of 7.4%.

On the balance sheet, our net debt as of June 30 stands at 818 crores, and our net worth stands at 460 crores. We remain focused and confident about reducing our debt from next year onward, as some of our residential projects have started nearing completion. These reductions will be partially offset by new loans being taken to build the annuity assets.

With all these updates, we are happy to take questions from the audience.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Aditya Banerjee, an individual investor. Please go ahead.

Aditya Banerjee – Individual Investor: Hi, sir. Thank you for the opportunity. My first question is that the industry remains strong in terms of volume growth. How much of the current growth are you comfortable viewing as structural, and what are the underlying demand indicators you are monitoring to assess sustainability?

Ashok Chhajer – Chairman & Managing Director: What we see for the next 4 quarters is similar behavior to what we have seen in the past quarters. This is a phase of transition in which the projects are internally shaping up at the initial stages. Hence, despite mixed views and the views prevailing across the real estate sector, we feel that at our level we will be able to achieve numbers slightly higher than those of the past year.

We will not be able to witness very exponential growth in terms of numbers in this financial year, but the numbers will not deteriorate either. We have also been able to manage and maintain our indirect expenses along similar lines.

Aditya Banerjee – Individual Investor: Understood. My second question is that, as you have mentioned cost-efficiency initiatives in the past, could you quantify how much of the cost savings have already been captured and what further cost-per-ton reduction is realistically achievable over the next 12-24 months?

Arihant Superstruct.

10 August 2026

Ashok Chhajer – Chairman & Managing Director: Cost reduction is not possible, as we are able to manage our HR costs at a level similar to last year's cost. Construction expenditure is already rising due to geopolitical factors. However, given the inventory in hand, we are able to see that the increase in the cost of the total project relative to the inventory in hand can be equalized, or we can be {? neutrated ?} as well.

Hence, there will not be any impact on the company's balance sheet per se. As you have already seen, today it is also a mixed bag of projects, comprising new projects with higher EBITDA as well as old projects with lower EBITDA. That is why, over the next 3-4 quarters, while the older projects phase out, the average numbers will remain along similar lines.

Aditya Banerjee – Individual Investor: Understood, sir. The next question is: Given pre-sales of 1,731 million versus reported revenue of 1,316 million, what is the expected timeline for converting the current pre-sales into recognized revenue?

Management: It is a general behavior that, for an ongoing project, we follow the percentage-completion method. Hence, all the pre-sales that take place take around 90 days on average to enter the revenue-recognition process.

We can consider an average cycle of 90 days for every pre-sale to contribute to revenue. This is the time taken for the owner's contribution, agreement registration, NOCs, and so on.

Aditya Banerjee – Individual Investor: Okay. I have only one last question. Given the current environment, are you seeing attractive opportunities for new land acquisitions, or are higher land and construction costs making you more selective?

Management: Going forward for this financial year, we do not have any program for new capital investment in business development, as we already have a good-sized portfolio of projects in hand amounting to 14,000 crores. Given the scalability possible at our end, it would still take a cycle of 6-7 years to complete these 14,000 crores.

Hence, we may look at any development that is asset-light, but largely we will focus on implementing these projects and not on any new acquisition of businesses or new projects.

Aditya Banerjee – Individual Investor: Okay, sir. Thank you so much.

Operator: Thank you. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press star and one on your touchtone telephone. The next question is from the line of Advika Gupta, an individual investor. Please go ahead.

Advika Gupta – Individual Investor: Hello. Am I audible?

Management: Yes.

Advika Gupta – Individual Investor: Thank you so much for the opportunity. My first question is that Q1 pre-sales increased 15% year-on-year to 173.1 crore rupees, but units sold were only 221. I want to know how much of the growth came from price increases and premium projects versus genuine volume growth. What were the average realization per square foot and average ticket size by

Report is AI-generated and may contain inaccuracies.

Arihant Superstruct.

10 August 2026

segment?

Management: Your voice is—

Operator: Sorry, Advika, can you please repeat? Please press star and one to join the question queue. Thank you. The next question is from the line of Shilpa from SS Investments. Please go ahead.

Shilpa – SS Investments: Am I audible?

Management: Yes, you are audible, but it is a little unclear. No problem; we will try to manage it. Please go ahead.

Shilpa – SS Investments: As per your presentation, 41% of the current project mix comprises luxury. Where can we expect this number to reach over the next 2 years?

Management: We will still have a mixed bag. Going forward, we can say that we would aspire to have 40–45% in the premium segment, around 30–35% in the middle-income-group segment, and 20% in affordable housing. We will not leave affordable housing; we will continue to undertake it.

Shilpa – SS Investments: Understood. My next question is: Are there any plans to diversify the geographic presence, because dependence on a single region may create a risk for the business?

Management: No. When we talk about a single region, although it is MMR, MMR and Mumbai 3.0 already represent a very large area. It is double the size of the city of Mumbai. There are no plans for geographic diversification into new cities in that way.

We are able to consume and utilize our capital and human resources in this area, which offers more secure, safer, and better prospects for the projects undertaken.

Shilpa – SS Investments: What are the factors differentiating MMR from other key markets such as NCR, Bangalore, and Pune?

Management: Even today, Mumbai happens to be the core center where the state of Maharashtra is spending the most on creating jobs, and hence demand is robust. There is supply as well as competition, but that shows that this is the core market.

When we compare it with Pune or Bangalore, Mumbai 3.0 has only just started and has still not reached its saturation peak. In contrast, the cities of Pune and Bangalore, as well as NCR, have already reached their saturation peaks in terms of supply and demand.

Shilpa – SS Investments: Understood. My next question is: How do you see the delivery cycle moving from here onward?

Management: From the start of a project to completion, an average project currently takes around 4 years in reality and in practice. Some projects may take 3 years, while some may take 5 years, depending on the size of the project.

Report is AI-generated and may contain inaccuracies.

Arihant Superstruct.

The good thing is that our core focus is to ensure that we do not accumulate any ready-stock inventory and continue selling all our inventory on time.

Shilpa – SS Investments: My last question is regarding the average realization, which was 7,769 rupees per square foot in FY26 versus 6,080 rupees in FY25. Where can we see this number moving over the next 2–3 years, and what factors would drive our average realization?

Management: Given the entire portfolio we have, if any new addition is primarily from the premium segment, the average rate would increase. Otherwise, with the current mix of products we are operating today, it would be an addition of around 10% to the current level.

Shilpa – SS Investments: Understood. Thank you so much for answering, sir, and all the best for the future.

Management: Thank you. You are welcome.

Operator: Thank you. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press star and one on your touchtone telephone. The next question is from the line of Shiv, an individual investor. Please go ahead.

Shiv – Individual Investor: Thank you for the opportunity. I wanted to understand: Over the last 5 years, the EBITDA margin has moved in the range of 21–23%. What would be the trajectory going forward? Where would you expect it to go, given the changes taking place in the business? I think you also have a hospitality segment. Where do you see it moving?

Management: Both businesses have to be evaluated separately because they have different operating patterns. In the real estate business, where we sell residential products and construct and sell them, EBITDA margins would gradually move up to around 30–35%. Something around 30–35% would be the EBITDA margin once Town Villas and the villa projects contribute substantially.

Shiv – Individual Investor: What about the hospitality segment? Where would you like to see that?

Management: The first 2 years would be an investment phase. Therefore, there would be capital allocation toward these projects. An average hotel in a core city typically has a payback period of around 12–15 years. Here, the projected payback period is around 8–9 years because the initial capital cost for the land is lower.

In terms of value, the hospitality sector would contribute, from the third or fourth year onward, an average of 50 crore rupees of PAT per year. That is the annuity-income model, in which the contribution from both hotels would be 50 crore rupees or more.

Shiv – Individual Investor: If the EBITDA margin in the early 20s increases by 10 percentage points, that would mean that the Town Villas and all the villa projects have margins significantly higher than those of your existing portfolio. Is that correct? Would it have to be closer to 40% or perhaps even higher?

Management: It can be so as well, depending on the fact that it is a rising market. Based on the current trends, if at least this level is achievable, as you said, it can be further higher as well.

Report is AI-generated and may contain inaccuracies.

Arihant Superstruct.

The time period during which the project gets shaped up toward completion would determine the trend after that period, which means approximately 12 months after that.

Shiv – Individual Investor: Given that you are not looking at further acquisitions of new projects, I understand that you are going to sustain the existing projects and take them forward. Is that correct?

Management: Yes.

Shiv – Individual Investor: Do you see the debt-to-equity ratio coming down over the last couple of years?

Management: The intention is there. We have a plan for it, and the debt-to-equity ratio will gradually come down because, once the projects mature, equity and capital reserves keep adding up every quarter or year.

If the cash flows from the Vashi and {? Advika Vashi ?} projects, which are nearing completion, are higher, that is where we see the utilization of funds for repaying debt to a larger extent. If that happens in this 1-year period, the debt-to-equity ratio will go down. It depends on the sales velocity.

Shiv – Individual Investor: With the increase in debt, the net debt-to-equity ratio has also gone up over the last couple of years. I think ROCE is coming down. Based on your own presentation, ROCE has declined over the last couple of years. There may be some linkage there, correct? Do you see ROCE returning to the 20s, as that is where it used to be until 2 years ago?

Management: Yes. When we talk about the projects in hand, the return on capital on a complete-project basis is quite high and is on an increasing trajectory. It is not on a downward trajectory.

When we see that even in affordable housing we are able to make a 10% margin, we hear in conversations and across the sector that affordable housing developers are not able to make money. However, with our efficiency, we are still able to make some money in affordable housing as well.

Shiv – Individual Investor: Of the current capital employed, how much is in residential projects and how much is in hospitality and other sectors, in percentage terms? What percentage of capital employed would be in each of these areas?

Management: Out of {? 750 crores ?} of capital employed, it is 90 to 10%. On the contrary, perhaps 90-93% today is in residential and 7% is in hospitality so far.

Shiv – Individual Investor: 7%. This would increase as you take it forward, I think.

Management: Yes.

Shiv – Individual Investor: Okay.

Arihant Superstruct.

10 August 2026

Management: Yes, it will increase. Today, the capital deployed for the hospitality sector is around 35–40 crore rupees. Going forward, on a quarterly basis, the total investment for these 2 projects is to the tune of 350 crores, and with the club, around 500 crores. Therefore, 500 crores is the total investment program for the entertainment and hospitality business.

Shiv – Individual Investor: So, over 3 years, the company will deploy 500 crores of capital through debt or internal resources for these projects. Right. Those were my questions. You can carry on. Thank you.

Management: Once operations commence, the value of these assets would almost triple when the assets are operational. We have tied up with the best operators, and we see no possibility of the operations not becoming profitable. There is also no competitive market, so we are the only ones when it comes to hotels of this size in the Lonavala, Karjat, and Mumbai region. Therefore, we still have a strong edge.

Shiv – Individual Investor: All the best to you. Thank you.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, please press star and one on your touchtone telephone. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press star and one on your touchtone telephone. The next question is from the line of Advika Gupta, an individual investor. Please go ahead.

Advika Gupta – Individual Investor: Good afternoon, sir. I hope I am audible now.

Management: Yes.

Advika Gupta – Individual Investor: Yes, sir. My question was: Your Q1 revenue reached {? 115 crore ?} in value, representing nearly 1.5 times growth. However, units sold were only 221. I wanted to know how much of the growth came from price increases and premium projects versus genuine volume growth. What was the average utilization for this period and the average ticket size by segment?

Management: The average ticket size today, as we have already mentioned, is around 78 lakhs. Based on our projections and numbers, our average ticket size will increase to around 95 lakhs to 1 crore. Therefore, the average ticket size will increase on the {? [unclear] ?} side.

Advika Gupta – Individual Investor: My next question is: What is the level of debt you are comfortable carrying through the current growth cycle? Is there any intention to materially increase leverage to accelerate project additions?

Management: Could you please repeat the question? Although your voice is audible in terms of sound and volume, it is cracking slightly, perhaps due to a technical error. Please continue; we will be able to understand your question.

Advika Gupta – Individual Investor: I will repeat it. What is the level of debt you are comfortable carrying through the current growth cycle? Is there any intention to materially increase leverage to

Report is AI-generated and may contain inaccuracies.

Arihant Superstruct.

10 August 2026

accelerate project additions?

Management: When we talk about our total debt today, we know that the asset values we have can comfortably absorb debt continuity for even 10 years from now. This means that, even if the debt remains the same and interest accrues for the next 10 years, all the projects would still be viable and their feasibility would not be affected.

This means that, in terms of debt relative to asset value and project feasibility, our debt is at a very low level. However, when it comes to equity, equity would increase gradually through existing capital reserves and through the addition of capital and reserves in the coming period as well. Any fundraising program would change all the ratios and numbers.

Advika Gupta – Individual Investor: Understood, sir. My next question is: Do you view the current margin compression as largely temporary, or are the upcoming new projects structurally lower-margin than the projects currently being delivered?

Management: As you see on a project-by-project basis, the older projects and affordable housing projects priced below 5,000 have total margins in the single digits, at around 9–10%.

Middle-income-group projects such as Arihant Alishan and others provide a margin of 15% in terms of PAT margin, and 12–13% margin for the Alishan projects, similarly. The premium projects would provide a margin of around 20%, as the EBITDA margins would rise to 36% and 30% and above.

It is a blended portfolio. Hence, the blended margins had also increased to 13–14% in previous years, but they have declined to 9% this quarter. On average, however, we feel comfortable and believe that we would be able to deliver PAT margins even higher than 20% over a period of 2 years from now.

Advika Gupta – Individual Investor: Understood, sir. Thank you so much. That is all for the questions.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press star and one on your touchtone telephone. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments.

Management: Vote of thanks. Thank you, everyone, for joining today's call and spending your valuable time with us. We welcome you to a preview of all our projects during this financial year. We would also organize a program for collective visits and extend an invitation to you.

If somebody is interested at a group or individual level, please let us know. That would provide you with a better preview of the company, its prospects, and its positioning in the Mumbai 3.0 region. Thank you, everybody.

Operator: Thank you. On behalf of Arihant Superstructures Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your line.

Report is AI-generated and may contain inaccuracies.

Arihant Superstruct.

10 August 2026

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.