

Infrastructure



Manthan

Dharavi redevelopment and creating vendor base

Dharavi redevelopment plan

- We attended Adani Annual Conference 2026, where they showcased the plan for Dharavi Redevelopment, the project covers ~600 acres in central Mumbai and impacts over 1 million residents, making it one of the largest urban regeneration projects globally. The project involves redevelopment of one of the world's most densely populated informal settlements into a modern mixed-use urban district. It is not merely as a real estate project but as a large-scale social and infrastructure transformation initiative with a planned execution timeline of ~7-8 years.
- The Dharavi Redevelopment Project is being executed through Navbharat Mega Developers Pvt. Ltd. (NMDPL), a SPV jointly owned by Adani Group (80%) through Adani Properties Pvt Ltd. and the Government of Maharashtra (20%). The structure aligns private-sector execution capabilities with government support, land allocation, rehabilitation oversight and regulatory approvals. Adani acts as the lead developer and capital provider, while the state remains a strategic stakeholder in one of India's largest urban regeneration projects.
- The redevelopment plan includes ~95 mn sq ft of rehabilitation development, which is expected to unlock ~150 mn sq ft of saleable real estate potential. Unlike conventional SRA projects, all eligible residents up to the November 2022 cut-off date will be rehabilitated, significantly increasing the rehabilitation obligation. The scale of saleable development highlights the project's substantial long-term value creation opportunity.
- Execution is being driven through Adani's partnership-led model, supported by precast construction facilities to accelerate delivery and improve predictability. Approximately 30,000 rehabilitation units are already under construction, with the first railway rehabilitation buildings targeted for handover by December 2026. The use of standardized designs and modular construction is expected to reduce execution risk and improve project timelines.
- A major focus is on creating world-class urban infrastructure, including a Multimodal Transport Hub (MMTH), Mithi River redevelopment, green spaces, schools, hospitals, and public amenities. The MMTH will integrate metro, rail, bus, airport connectivity and future transport systems at a single location. These infrastructure upgrades are expected to enhance accessibility, improve liveability, and materially increase the long-term value of the development.
- The project incorporates a comprehensive social transformation agenda through the 'Dharavi Social Mission', focusing on skill development, employment generation, women's empowerment, healthcare and MSME rehabilitation. Management highlighted that over 2,000 youth have already been trained and placed in jobs. The objective is to ensure that redevelopment creates sustainable livelihoods rather than merely relocating residents into new housing.
- The redevelopment is being positioned as a long-term ESG-compliant smart city project with a 10-year maintenance commitment and sustainable infrastructure solutions. Key initiatives include district cooling systems, waste management infrastructure, renewable energy integration, rainwater harvesting and extensive green spaces. Management indicated that district cooling could reduce power consumption by ~30%, supporting both environmental sustainability and lower operating costs.

Creating vendor base through Adani's extended enterprise environment model

- Adani is institutionalizing its Extended Enterprise Model as the primary execution framework across businesses, with ~50-55% of project execution already routed through partner ecosystems and a target of 70-80% within the next 2-3 years. The model brings key execution partners such as PSP Projects (BUY, TP INR 956), CemIndia projects (Not Rated), and Akshar Electricals (Not Listed) into long-term strategic relationships. Management views this as a structural shift from a traditional contractor model to an integrated execution ecosystem aimed at supporting large-scale infrastructure growth.
- The company believes execution capacity, rather than capital availability, has become the key constraint for India's infrastructure growth. To address this, Adani has established long-term partnerships spanning 5-10 years with contractors, consultants, suppliers and project managers. These agreements provide visibility for future investments while ensuring dedicated capacity for Adani's expanding infrastructure pipeline.
- More than 50 partner companies have already joined the ecosystem, with several committing over 35% of their annual capacity or revenues to Adani-linked projects. The model enables partners to make long-term investments in manpower, technology and manufacturing capabilities while reducing demand uncertainty. Management views these relationships as strategic capacity assets rather than traditional vendor arrangements.
- The partnership framework is expected to materially improve execution timelines and capital productivity across projects. Management cited examples where airport development timelines could reduce from approximately 4-4.5 years to around 3 years through early contractor involvement. By integrating partners during design and planning stages, the company expects faster project commissioning, lower execution risk and improved project returns.
- The model is already enabling significant scale-up across key business verticals, including renewables, real estate and data centers. Renewable execution capability has increased from roughly 3-4 GW annually to ~10 GW annually, while real estate construction capacity has expanded to nearly 20 mn sq. ft. per year. Management also highlighted that new sectors such as data centers require ecosystem development given limited industry-wide execution expertise.
- Beyond execution benefits, the Extended Enterprise strategy is designed to create a national infrastructure ecosystem by strengthening Indian EPC companies, consultants and suppliers. Partners benefit from improved working capital support, reduced bank guarantee requirements and greater business visibility, enabling accelerated capex investments. Management positioned the model as a long-term competitive advantage that could help create globally competitive infrastructure champions while supporting India's broader infrastructure ambitions.

PL view:

- Dharavi Redevelopment (~600 acres) involves ~95 mn sq. ft. of rehabilitation development and could unlock ~150 mn sq. ft. of saleable area, making it one of India's largest urban redevelopment opportunities. Executed through Navbharat Mega Developers (80% Adani, 20% Maharashtra Govt.), the project offers a multi-year construction and infrastructure pipeline over the next 7-8 years.
- Adani's Extended Enterprise Model is creating a dedicated vendor ecosystem comprising 50+ partners, including PSP Projects (Buy, TP INR 956), CemIndia projects (Not Rated) and Akshar Electricals (Not Listed). With execution through the ecosystem expected to increase from ~50-55% currently to 70-80% in the next 2-3 years, the model enhances execution capacity while providing partners with long-term business visibility and growth opportunities
- From our coverage universe - PSP Projects, the model could be particularly beneficial as it transitions from a project-based contractor to a strategic execution partner within the Adani ecosystem. The combination of long-duration opportunities such as Dharavi, airports, real estate and other infrastructure projects improves order-book visibility, supports capacity expansion and reduces business uncertainty. Multi-year project visibility, faster payment cycles and participation in planning stages could help PSP sustain growth and improve execution efficiency over the medium term. We maintain a BUY rating on PSP Projects with a target price of INR 956, based on 18x FY28E EPS. The stock currently trades at 15x FY28E EPS. After delivering a relatively modest 12% revenue CAGR during FY22-25, we expect growth to accelerate significantly to ~34% CAGR over FY26-28E, which should support a sustained premium valuation. PSP's order book stood at INR 134bn at FY26-end (~4x TTM revenue, 2/3rd of the order book is from Adani Group), reflecting strong 85% YoY growth, with further upside potential from upcoming EPC opportunities in the Dharavi redevelopment project.

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Adani Energy Solutions	Hold	1452	1412
2	Ahluwalia Contracts (India)	BUY	929	764
3	Ashoka Buildcon	Buy	152	123
4	CESC	BUY	216	185
5	Coal India	Accumulate	515	481
6	Dilip Buildcon	Accumulate	520	472
7	H.G. Infra Engineering	Accumulate	670	584
8	Indian Energy Exchange	Hold	135	123
9	IRCON International	Hold	136	143
10	JSW Energy	Buy	644	557
11	KNR Constructions	HOLD	119	129
12	NCC	BUY	195	161
13	NTPC	Buy	450	389
14	PNC Infratech	BUY	253	209
15	Power Grid Corporation of India	BUY	346	297
16	PSP Projects	BUY	956	787
17	Rail Vikas Nigam	Sell	165	260
18	RITES	BUY	275	204
19	Tata Power Company	Hold	400	418

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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