

Keystone Realtors | BUY

Growth outlook intact

Keystone Realtors (Rustomjee) reported a steady quarter with pre-sales of INR 7.6bn (+9% YoY; down 29% QoQ), slightly above our estimate of INR 7bn. Collections were healthy at INR 6.7bn, up 21% YoY while the outflow towards construction was up 2x YoY resulting in OCF of INR 1.1bn (down 32% YoY). In 1HFY26, it has launched c. INR 49bn worth of inventory across four projects in Mumbai, helping pre-sales to grow 40% YoY to INR 18.4bn. Given the equally strong pipeline for 2H, it remains on track to exceed its FY26E annual pre-sales guidance. Addition of three redevelopment projects worth INR 77bn has resulted in robust BD performance for the year and it continues to evaluate opportunities in new micro markets. While the company is well placed in terms of operational KPIs and we expect it to achieve 34% CAGR in pre-sales over FY25-28E, improvement in P&L performance remains the key monitorable. We reduce the business development premium and maintain BUY with a revised TP of INR 800.

- **Steady quarter:** Rustomjee reported quarterly pre-sales of INR 7.6bn (+9% YoY; down 29% QoQ), slightly above our estimate of INR 7bn. During the quarter, it had a sole launch at Bandra with a GDV of INR 10bn, taking the total launches for the first half to c. INR 49bn across four projects. The mid & mass category contributed 33% to the pre-sales, followed by the premium/super-premium segment at 29%. Collections were healthy at INR 6.7bn, up 21% YoY and outflow towards construction was up 2x YoY, resulting in an OCF of INR 1.1bn (-32% YoY). It also spent INR 1.5bn on land/project related investments but net cash flow was higher at INR 2.5bn aided by a debt raise of INR 3.3bn via NCDs. In 1HFY26, company achieved pre-sales of INR 18.4bn (up 40% YoY) and collections were up 20% YoY to INR 12.4bn.
- **Strong show on BD:** While the company hasn't added new projects during the quarter, it has already exceeded its annual BD guidance by signing three large redevelopment projects in 1Q with a cumulative GDV of INR 77bn. It has spent c. INR 3bn on new projects in 1H and expects to maintain the same run-rate and reach c. INR 6bn for the year. It continues to evaluate projects in city centric locations in Mumbai (especially where it doesn't have much presence) and is also looking to venture into the Pune market.
- **Launch pipeline:** In 1HFY26, Rustomjee had four new launches (one each in Pali Hills and Chembur and two in Bandra) with a cumulative saleable area of 1.1msf and an estimated GDV of INR 49bn. With the new launches being positioned in the (slow moving) premium/luxury segments, the company has achieved pre-sales of c. 10% of the launched inventory, reflecting healthy initial traction. It intends to launch 3 projects during the rest of the year – 1 each at Sewri, Thane and Bandra (Bandstand) with GDV of c. INR 40bn.
- **Financial performance:** Revenue for 2QFY26 came in at c. INR 4.9bn (down 6% YoY), EBITDA for the quarter stood at c. INR 154mn with PAT of c. INR 86mn. EBITDA margins came in at 3%, while adjusted EBITDA came in at 16.5% (after grossing up of finance cost). Management has highlighted that the impact of legacy projects will be fully absorbed in FY26. It has now transitioned to the percentage completion method of accounting for new projects and as it makes progress on execution, financial performance will improve from FY27E.
- **Valuation and view:** While the company is well placed in terms of operational KPIs and we expect it to achieve 34% CAGR in pre-sales over FY25-28E, improvement in P&L performance remains the key monitorable. We reduce the business development premium and maintain BUY with a revised TP of INR 800.



Sumit Kumar

sumit.kumar@jmfl.com | Tel.: (91 22) 66303089

Sourabh Gilda

sourabh.gilda@jmfl.com | Tel.: (91 22) 66303114

Tushar Wankhede

tushar.wankhede@jmfl.com | Tel.: (91 22) 62241795

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	800
Upside/(Downside)	48.1%
Previous Price Target	855
Change	-6.4%

Key Data – RUSTOMJE IN

Current Market Price	INR540
Market cap (bn)	INR68.2/US\$0.8
Free Float	25%
Shares in issue (mn)	126.0
Diluted share (mn)	126.0
3-mon avg daily val (mn)	INR50.7/US\$0.6
52-week range	747/480
Sensex/Nifty	84,467/25,876
INR/US\$	88.6

Price Performance

%	1M	6M	12M
Absolute	-12.8	5.5	-25.6
Relative*	-14.8	3.0	-30.7

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	22,223	20,041	21,697	24,796	34,756
Sales Growth (%)	224.1	-9.8	8.3	14.3	40.2
EBITDA	1,095	2,153	2,949	3,560	6,071
EBITDA Margin (%)	4.9	10.7	13.6	14.4	17.5
Adjusted Net Profit	1,122	1,720	2,863	3,417	5,510
Diluted EPS (INR)	9.9	13.6	22.7	27.1	43.7
Diluted EPS Growth (%)	36.9	38.5	66.5	19.3	61.2
ROIC (%)	3.7	6.3	9.5	11.5	16.4
ROE (%)	6.5	7.5	9.8	10.5	14.8
P/E (x)	54.8	39.6	23.8	19.9	12.4
P/B (x)	3.4	2.5	2.2	2.0	1.7
EV/EBITDA (x)	69.9	32.9	22.5	18.3	11.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 12/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

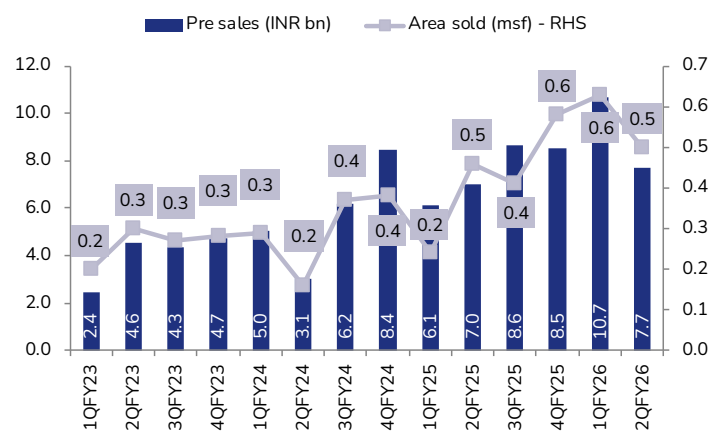
Con-call highlights:

- Expect sharp uptick in pre-sales in 3Q backed by a successful festive season.
- Given the healthy inventory across on-going projects along with multiple planned launches for 2H, there is a possibility of exceeding the pre-sales guidance
- Company has an inventory of c. INR 90bn across on-going projects, of which INR 47bn worth of stock was launched till FY25 and is expected to be sold within two years.
- The balance inventory was largely launched in 1HFY26 and company expects it to be monetized in-tandem with the construction cycle (3-3.5 years)
- Bulk of the legacy projects will be delivered in FY26 and the new projects have healthy profitability profile with 35%/25% gross margin/EBITDA margin respectively
- Among the recently signed redevelopment projects, GTB Nagar is likely to be launched in 1QFY27 followed by Lokhandwala and Dindoshi in 2Q/3QFY27 as these projects are under various stages of approvals

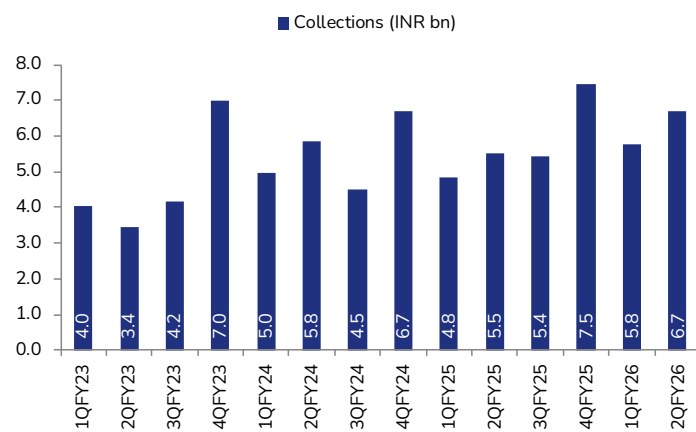
Exhibit 1. Financial snapshot

INR mn	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	YoY (%)
Net Sales	4,993	5,331	-6%	2,731	83%	20,041	21,697	8%
Cost of Sales	3,801	3,525	8%	1,679	126%	14,464	15,041	4%
Gross Margin (%)	23.9%	33.9%	-1001bps	38.5%	-1465bps	27.8%	30.7%	285bps
Employee Expenses	396	321	23%	404	-2%	1,304	1,499	15%
Other Expenses	642	680	-6%	511	26%	2,121	2,208	4%
EBITDA	154	805	-81%	137	12%	2,153	2,949	37%
EBITDA Margin (%)	3.1%	15.1%	-1202bps	5.0%	-194bps	10.7%	13.6%	285bps
Depreciation	40	25	58%	42	-5%	132	37	-72%
Interest Costs	157	100	57%	72	120%	515	241	-53%
Other Income	216	232	-7%	155	39%	1,173	939	-20%
Exceptional Item	0	0	NM	0	NM	0	0	NM
Share of profit in associates	-4	-28	-84%	-21	-79%	-109	138	-227%
PBT	169	884	-81%	159	7%	2,570	3,748	46%
Tax	70	228	-69%	-5	-1558%	689	707	3%
Non-controlling interest	13	-7	-286%	18	-26%	162	178	10%
PAT	86	663	-87%	145	-41%	1,720	2,863	67%

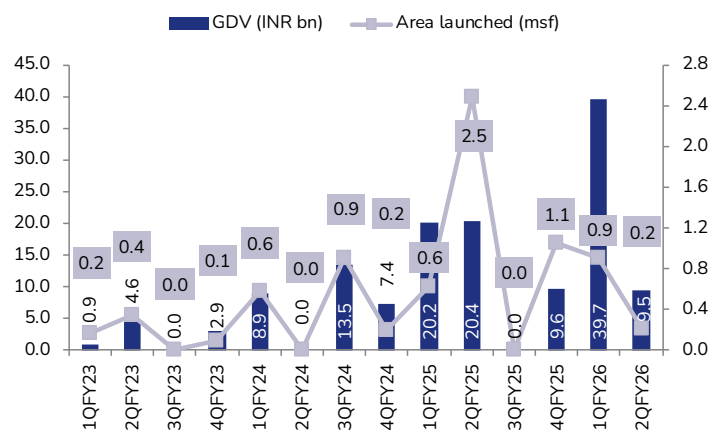
Source: Company, JM Financial

Exhibit 2. Pre-sales increased to INR 7.7bn

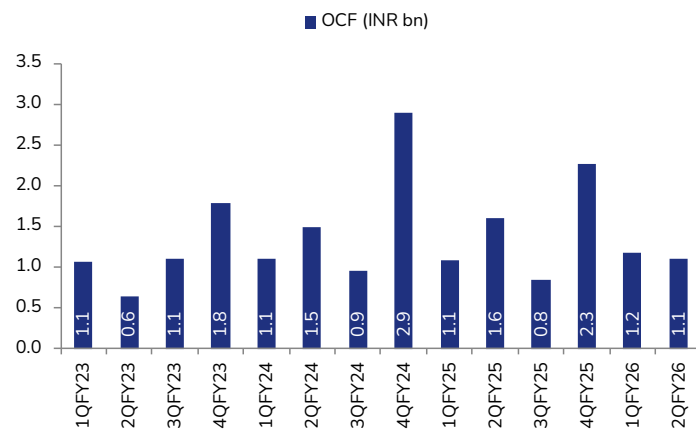
Source: Company, JM Financial

Exhibit 3. Collections were up by 21% YoY

Source: Company, JM Financial

Exhibit 4. Launched 1 project in with total GDV of INR 9.5bn

Source: Company, JM Financial

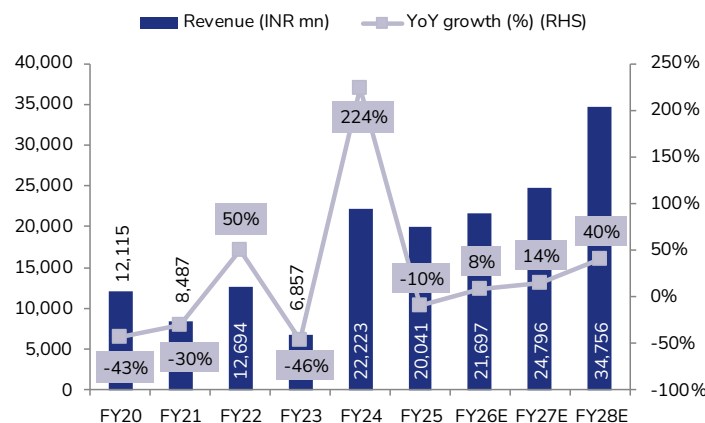
Exhibit 5. Company generated OCF of INR 1.1bn

Source: Company, JM Financial

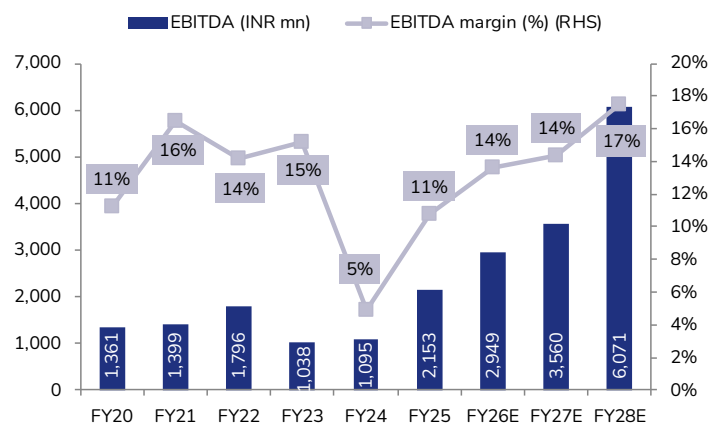
Exhibit 6. Keystone has exceeded project additions guidance for FY26

PARTICULARS	FY26 GUIDANCE	FY26 YTD ACTUALS	REMARKS
Pre-Sales (INR Bn)	INR 40 Bn (33% growth YoY)	INR 18.39 Bn	46% of full year FY26 Pre-Sales guidance achieved
Launches (GDV)	INR 70 Bn (40% growth)	GDV - ~INR 49.16 Bn	~70% of the full-year FY26 guidance achieved
Project Additions (GDV)	> INR 60 Bn	GDV - INR 77.27 Bn	Exceeded our full-year FY26 guidance
Gross Debt / Equity Ratio	< 0.75:1	0.21:1	Well within the guidance

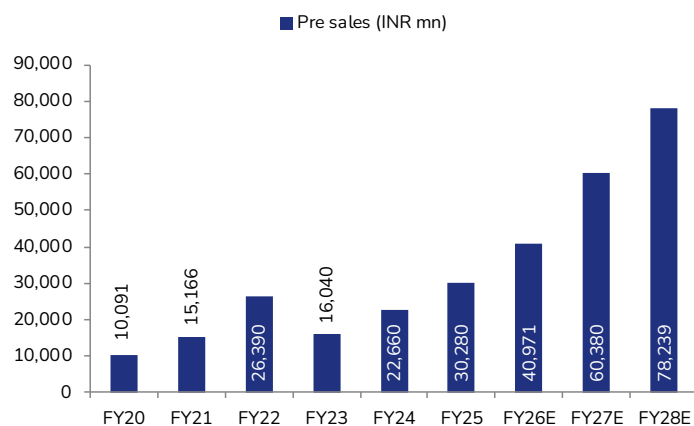
Source: Company, JM Financial

Exhibit 7. Revenue recognition to improve significantly post FY26

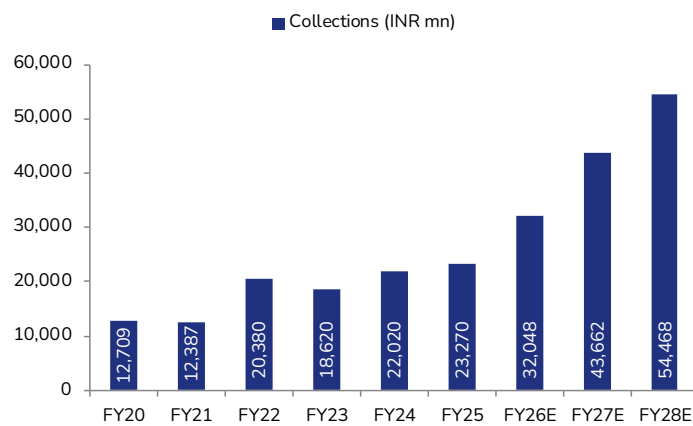
Source: Company, JM Financial

Exhibit 8. Likewise, EBITDA is expected to grow by 3x over FY25- 28E

Source: Company, JM Financial

Exhibit 9. Expect pre-sales to grow at 34% CAGR over FY25-28E

Source: Company, JM Financial

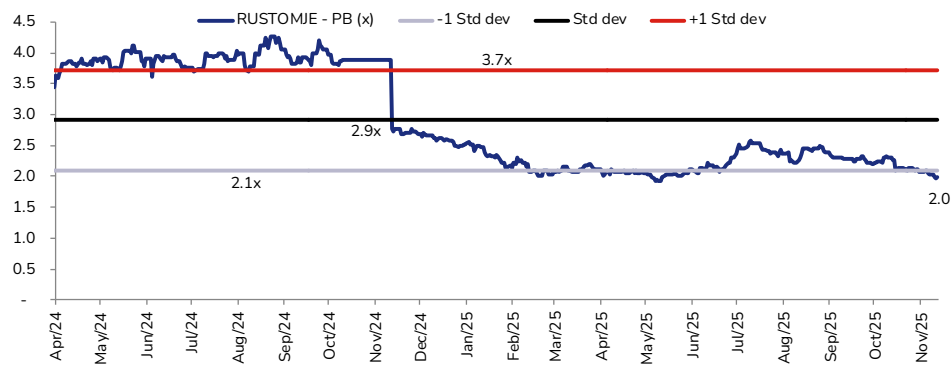
Exhibit 10. Collections to pick up gradually

Source: Company, JM Financial

Exhibit 11. NAV based target price of INR 800

Segment - FY26 GAV	Rs/share
Residential - for sale	105
Commercial - all assumed for sale	41
Residential - forthcoming	510
New BD (Terminal value)	120
Total GAV	776
Less: Mar'26 Net Debt	(23)
Equity value	800
CMP (Rs)	540
% Upside/(downside)	48%

Source: Company, JM Financial

Exhibit 12. Keystone Realtors is trading at 2.0x 1 year forward P/B

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	22,223	20,041	21,697	24,796	34,756
Sales Growth	224.1%	-9.8%	8.3%	14.3%	40.2%
Other Operating Income	0	0	0	0	0
Total Revenue	22,223	20,041	21,697	24,796	34,756
Cost of Goods Sold/Op. Exp	18,630	14,464	15,041	16,255	22,828
Personnel Cost	978	1,304	1,499	1,679	1,814
Other Expenses	1,519	2,121	2,208	3,301	4,044
EBITDA	1,095	2,153	2,949	3,560	6,071
EBITDA Margin	4.9%	10.7%	13.6%	14.4%	17.5%
EBITDA Growth	5.5%	96.5%	37.0%	20.7%	70.5%
Depn. & Amort.	73	132	37	37	37
EBIT	1,022	2,021	2,912	3,523	6,034
Other Income	534	1,173	939	976	1,015
Finance Cost	401	515	241	249	257
PBT before Excep. & Forex	1,155	2,679	3,610	4,250	6,792
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	1,155	2,679	3,610	4,250	6,792
Taxes	334	689	707	839	1,330
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	277	52	316	398	478
Reported Net Profit	1,122	1,720	2,863	3,417	5,510
Adjusted Net Profit	1,122	1,720	2,863	3,417	5,510
Net Margin	5.0%	8.6%	13.2%	13.8%	15.9%
Diluted Share Cap. (mn)	113.9	126.0	126.0	126.0	126.0
Diluted EPS (INR)	9.9	13.6	22.7	27.1	43.7
Diluted EPS Growth	36.9%	38.5%	66.5%	19.3%	61.2%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,445	2,408	3,570	4,257	6,840
Depn. & Amort.	79	132	37	37	37
Net Interest Exp. / Inc. (-)	702	-659	-697	-727	-758
Inc (-) / Dec in WCap.	279	-3,029	1,950	-1,243	-8,529
Others	-401	-689	-707	-839	-1,330
Taxes Paid	-269	109	-138	-202	-263
Operating Cash Flow	1,834	-1,726	4,015	1,282	-4,003
Capex	-1,831	252	-711	-838	-991
Free Cash Flow	3	-1,474	3,304	444	-4,994
Inc (-) / Dec in Investments	-926	81	-108	-112	-117
Others	-18	696	875	910	947
Investing Cash Flow	-2,775	1,029	56	-40	-161
Inc / Dec (-) in Capital	5	7,986	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	584	-1,804	300	300	300
Others	-972	-624	-718	-47	6
Financing Cash Flow	-383	5,558	-418	253	306
Inc / Dec (-) in Cash	-1,324	4,861	3,652	1,495	-3,858
Opening Cash Balance	3,623	2,299	6,375	10,814	12,308
Closing Cash Balance	2,299	7,161	10,028	12,308	8,450

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	17,978	27,720	30,761	34,374	40,099
Share Capital	1,139	1,260	1,260	1,260	1,260
Reserves & Surplus	16,839	26,460	29,501	33,114	38,839
Preference Share Capital	0	0	0	0	0
Minority Interest	-36	126	-52	-248	-463
Total Loans	10,849	9,045	9,345	9,645	9,945
Def. Tax Liab. / Assets (-)	-491	-530	-530	-530	-530
Total - Equity & Liab.	28,299	36,361	39,525	43,242	49,052
Net Fixed Assets	3,549	3,753	3,621	3,659	3,697
Gross Fixed Assets	367	571	438	476	514
Intangible Assets	3,183	3,183	3,183	3,183	3,183
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	0	0	0	0	0
Investments	4,560	4,840	5,476	6,239	7,155
Current Assets	51,116	57,372	63,481	65,818	79,927
Inventories	37,103	38,605	40,985	41,342	57,733
Sundry Debtors	1,048	835	1,189	1,359	1,904
Cash & Bank Balances	2,299	6,375	10,814	12,308	8,450
Loans & Advances	1,109	1,586	1,649	1,715	1,784
Other Current Assets	9,558	9,971	8,845	9,094	10,055
Current Liab. & Prov.	30,926	29,604	33,054	32,474	41,727
Current Liabilities	8,343	9,909	10,989	8,949	11,764
Provisions & Others	22,583	19,695	22,065	23,525	29,963
Net Current Assets	20,190	27,768	30,428	33,344	38,200
Total - Assets	28,299	36,361	39,525	43,242	49,052

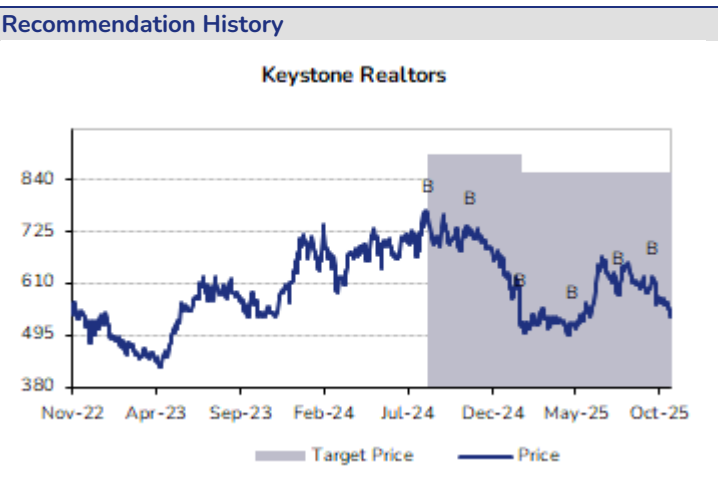
Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.0%	8.6%	13.2%	13.8%	15.9%
Asset Turnover (x)	0.7	0.6	0.5	0.6	0.7
Leverage Factor (x)	1.7	1.5	1.4	1.4	1.3
RoE	6.5%	7.5%	9.8%	10.5%	14.8%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	157.9	219.9	244.1	272.7	318.2
ROIC	3.7%	6.3%	9.5%	11.5%	16.4%
ROE	6.5%	7.5%	9.8%	10.5%	14.8%
Net Debt/Equity (x)	0.5	0.1	-0.1	-0.1	0.0
P/E (x)	54.8	39.6	23.8	19.9	12.4
P/B (x)	3.4	2.5	2.2	2.0	1.7
EV/EBITDA (x)	69.9	32.9	22.5	18.3	11.4
EV/Sales (x)	3.4	3.5	3.1	2.6	2.0
Debtor days	17	15	20	20	20
Inventory days	609	703	689	609	606
Creditor days	111	162	174	117	121

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
26-Aug-24	Buy	895	
12-Nov-24	Buy	895	0.0
11-Feb-25	Buy	855	-4.5
15-May-25	Buy	855	0.0
6-Aug-25	Buy	855	0.0
10-Oct-25	Buy	855	0.0



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.comCompliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.comGrievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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