

# Kolte Patil Developers

Estimate change	↔
TP change	↓
Rating change	↔

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Bloomberg	KPDL IN
Equity Shares (m)	76
M.Cap.(INRb)/(USD\$b)	27.4 / 0.3
52-Week Range (INR)	585 / 345
1, 6, 12 Rel. Per (%)	-2/-33/-48
12M Avg Val (INR M)	173

## Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	13.7	20.3	29.7
EBITDA	0.5	2.6	5.9
EBITDA (%)	3.7	12.8	19.8
PAT	-0.7	1.0	3.2
EPS (INR)	-9.2	13.3	42.1
EPS Gr. (%)	-167.7	-245.1	217.1
BV/Sh. (INR)	96.9	106.1	144.2
<b>Ratios</b>			
Net D/E	0.0	0.2	0.2
RoE (%)	-7.8	13.1	33.6
RoCE (%)	3.3	9.6	19.5
Payout (%)	-43.8	30.2	9.5
<b>Valuations</b>			
P/E (x)	N/A	27.2	8.6
P/BV (x)	3.7	3.4	2.5
EV/EBITDA (x)	66.8	13.6	6.2
Div Yield (%)	1.1	1.1	1.1

## Shareholding Pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	69.5	69.5	74.5
DIIDIIDIIDII	5.0	6.0	2.5
FIIFIIFIIFII	4.5	4.8	1.5
Others	21.1	19.8	21.5

CMP: INR360

TP: INR525 (+46%)

Buy

## Pre-sales driven by Life Republic & 24K product

### Approval delays might weigh on INR52b launches planned for 2HFY25

- Kolte Patil Developers (KPDL) reported pre-sales of INR7.7b in 2QFY25, up 22% YoY, guided by the strong sales momentum in Life Republic (50% of total sales) and 24K (28%). Volumes inched up 5% YoY to 1.03msf as pre-sales were driven by the higher ticket size products. In 1HFY25, pre-sales stood at INR14.8b (11% YoY).
- As per its FY25 launch plan, KPDL could launch only 2.21msf with an estimated GDV of INR18b. It intends to launch another 5.76msf with an estimated GDV of INR52b in 2HFY25, subject to approvals.
- Pune contributed 95% or INR7.3b to total pre-sales (vs. 85% in Q1FY25) while MMR and Bengaluru's contribution dropped to INR0.4b. Excluding LR, pre-sales from Pune sustained at INR3b per quarter, while LR's contribution was INR3.9b for 2QFY25.
- Collections rose to 17% YoY at INR5.5b, leading to a two-fold jump in OCF to INR2b. KPDL spent INR1.5b on land and approval, resulting in a surplus of INR0.6b. Net cash as of Sept'24 stood at INR580m.
- We believe there might be approval delays that may weigh on targeted launches of INR52b for 2HFY25, and result in some spill over to FY26. Nonetheless, KPDL is expected to deliver 25% growth in FY25 to INR35b, as the management is confident to launch projects from the Pune pipeline.
- **P&L performance:** For 2QFY25, revenue jumped 56% YoY to INR3.1b but came in 39% below our estimate. For 1HFY25, revenue declined 16% YoY to INR6.5b (32% of our FY25 revenue estimate).
- EBITDA of INR162m was up by 365% YoY and lower by 42% QoQ. EBITDA margin came in at 5.2% (vs. 8.2% in 1QFY25).
- PAT stood at INR97m vs. a net loss of INR253m in 2QFY24.
- For 1HFY25, KPDL posted EBITDA of INR440m (down 54% YoY) and adjusted PAT declined 23% YoY to INR160m.

## Key management commentary

- **Guidance:** Management has reiterated its business development guidance of INR80b and expects a 25% CAGR in pre-sales over FY25-27.
- **Profitability:** KPDL expects to recognize INR18b in revenue in FY25 and would report EBITDA margin in the early teens. As a framework, the company targets GM of 26-27%, EBITDA of 17-18%, and PAT margin of 10-11%.
- **Launches:** KPDL is hopeful of launching the Laxmi Ratan Versova, Jal Mangal Deep Goregaon, Vishwakarmanagar project from the Mumbai portfolio by the end of FY25.
- KPDL's margin threshold while acquisition for outright deals is 25%, and 16-18% for JV/JDA/redevelopment projects.

### Valuation and view

- After a stagnant pre-sales performance for the last eight quarters, we expect KPDL to get back to its growth trajectory in 2HFY25, given the pick-up in launches and a strong pipeline. Further, with the upcoming project pipeline of INR250b, healthy growth should continue. We expect the company to deliver an 18% CAGR in pre-sales over FY24-27.
- We maintain FY25E pre-sales at INR35b but await further clarity on the progress on business development after a weak 1HFY25. There might be approval delays that may lead to a spill over of targeted launches to FY26, so we introduce a 15% discount to the 1x NAV, which leads to a reduction in our TP to INR525 (INR620 earlier). We continue to maintain our 'BUY' rating with a potential upside of 46%.

### Financial and operational summary (INR m)

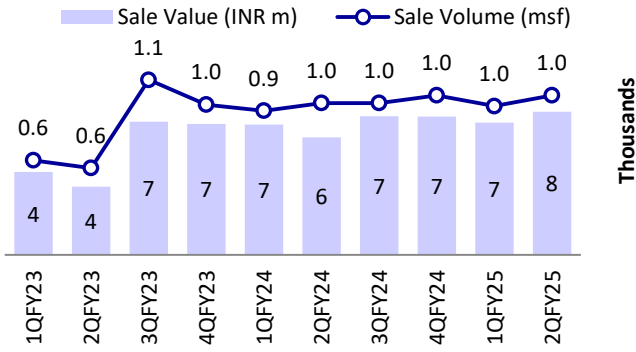
Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Gross Sales</b>	<b>5,712</b>	<b>1,982</b>	<b>758</b>	<b>5,264</b>	<b>3,408</b>	<b>3,083</b>	<b>4,575</b>	<b>9,267</b>	<b>13,715</b>	<b>20,332</b>	<b>5,083</b>	<b>-39</b>
YoY Change (%)	185	61	-79	-34	-40	56	504	76	-7.9	48.2	156.5	
Total Expenditure	4,800	1,947	1,124	5,332	3,130	2,921	3,991	7,695	13,204	17,736	4,434	
<b>EBITDA</b>	<b>912</b>	<b>35</b>	<b>-367</b>	<b>-68</b>	<b>278</b>	<b>162</b>	<b>584</b>	<b>1,572</b>	<b>511</b>	<b>2,595</b>	<b>649</b>	<b>-75</b>
Margins (%)	16.0	1.8	-48.4	-1.3	8.2	5.2	12.8	17.0	3.7	12.8	12.8	
Depreciation	31	31	42	39	42	24	26	79	142	170	44	
Interest	366	94	308	210	187	107	220	463	979	978	245	<b>-56</b>
Other Income	74	67	79	13	95	127	52	-42	233	233	58	<b>118</b>
<b>PBT before EO expense</b>	<b>588</b>	<b>-24</b>	<b>-637</b>	<b>-303</b>	<b>144</b>	<b>157</b>	<b>391</b>	<b>988</b>	<b>-377</b>	<b>1,680</b>	<b>419</b>	<b>-63</b>
Extra-Ord expense	0	124	0	111	0	0	0	0	-235	0	0	
<b>PBT</b>	<b>588</b>	<b>-147</b>	<b>-637</b>	<b>-414</b>	<b>144</b>	<b>157</b>	<b>391</b>	<b>988</b>	<b>-611</b>	<b>1,680</b>	<b>419</b>	<b>-63</b>
Tax	100	93	-42	-185	104	69	130	254	-34	557	139	
Rate (%)	17.0	-63.0	6.6	44.6	72.2	44.0	33.2	25.7	0.1	0.3	33.2	
MI & Profit/Loss of Asso. Cos.	29	13	34	41	-22	-10	26	122	116	116	29	
<b>Reported PAT</b>	<b>460</b>	<b>-253</b>	<b>-629</b>	<b>-270</b>	<b>62</b>	<b>97</b>	<b>235</b>	<b>612</b>	<b>-694</b>	<b>1,006</b>	<b>251</b>	<b>-61</b>
<b>Adj PAT</b>	<b>460</b>	<b>-253</b>	<b>-629</b>	<b>-270</b>	<b>62</b>	<b>97</b>	<b>235</b>	<b>612</b>	<b>-693</b>	<b>1,006</b>	<b>251</b>	<b>-61</b>
YoY Change (%)	116	188	134	-123	-86	N/A	N/A	N/A	N/A	N/A	N/A	
Margins (%)	8.0	-12.8	-83.0	-5.1	1.8	3.2	5.1	6.6	-5.0	5.0	4.9	-177bp

### Key operational performance

Key metrics	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sale Volume (msf)	0.9	1.0	1.0	1.0	1.0	1.0	1.3	1.0	4.1	4.3	1.04	<b>-1</b>
Sale Value (INR m)	7,010	6,320	7,460	7,430	7,110	7,700	12,000	8,112	29,912	34,922	7500	<b>3</b>
Collections (INR m)	5,130	4,720	4,930	5,920	6,120	5,500	6,409	6,644	20,128	24,673	5643	<b>-3</b>
Realization (INR/sft)	7,545	6,426	7,579	7,226	7,406	7,476	9,500	7,753	7,296	8,122	7,200	<b>4</b>

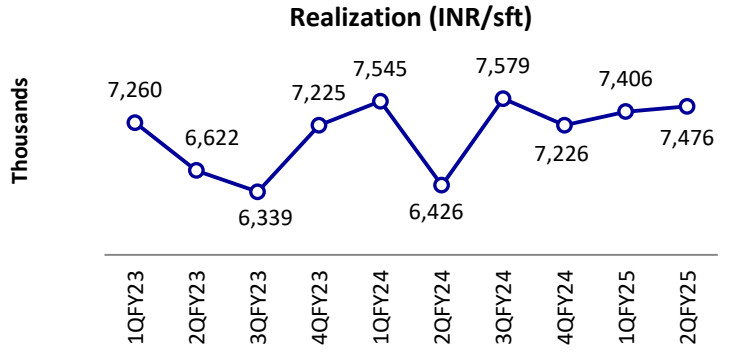
Key exhibits

Exhibit 1: Pre-sales were flat at INR7.7b



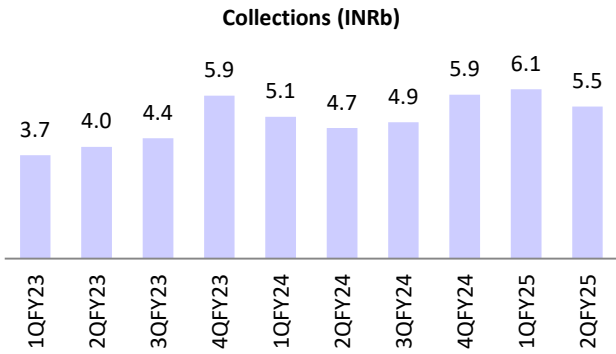
Source: Company, MOFSL

Exhibit 2: Realization stood at INR7,476 psf



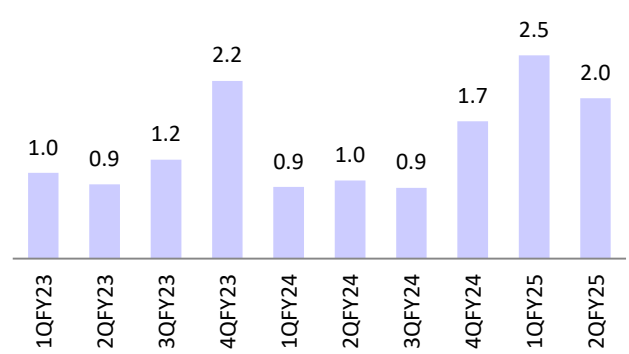
Source: Company, MOFSL

Exhibit 3: Collections increased 17% YoY to INR5.5b



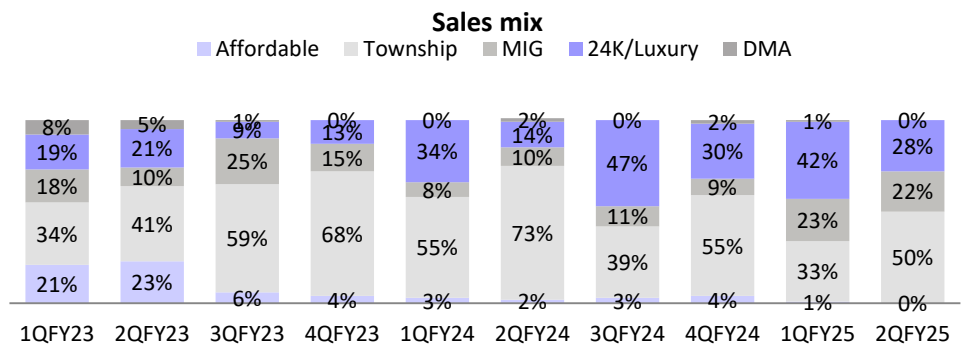
Source: MOFSL, Company

Exhibit 4: OCF increased 2x YoY to INR2b



Source: MOFSL, Company

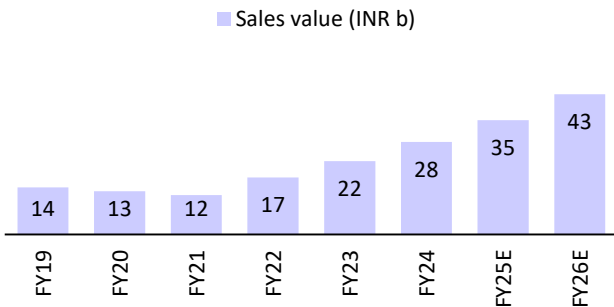
Exhibit 5: Township project accounted for 50% of sales in 2QFY25



Source: Company, MOFSL

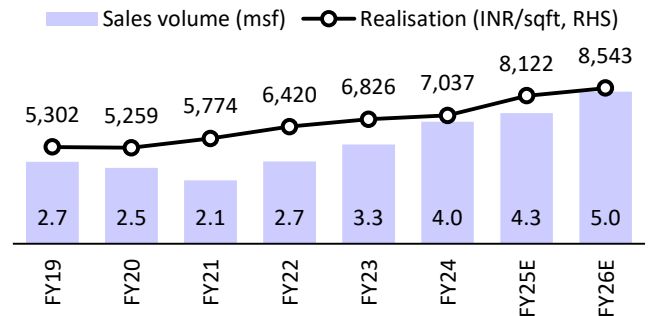
Story in charts

Exhibit 6: KPDL bookings to post a 25% CAGR over FY24-26



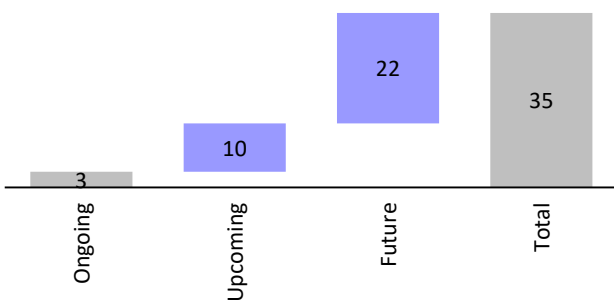
Source: Company, MOFSL

Exhibit 7: Volumes could increase to 5msf by FY26



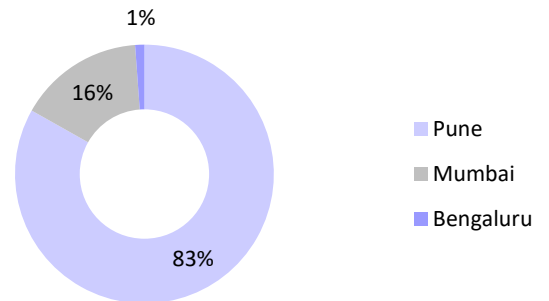
Source: Company, MOFSL

Exhibit 8: Project pipeline stands strong at 35msf...



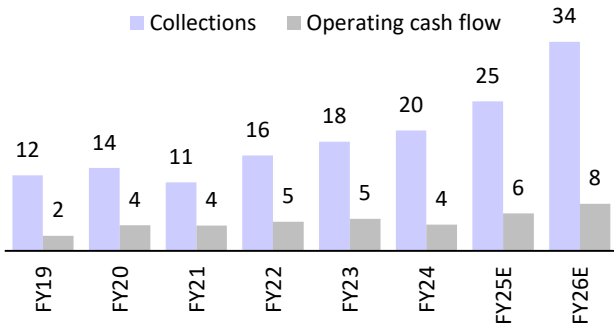
Source: Company, MOFSL

Exhibit 9: ...and bulk of it is in Pune



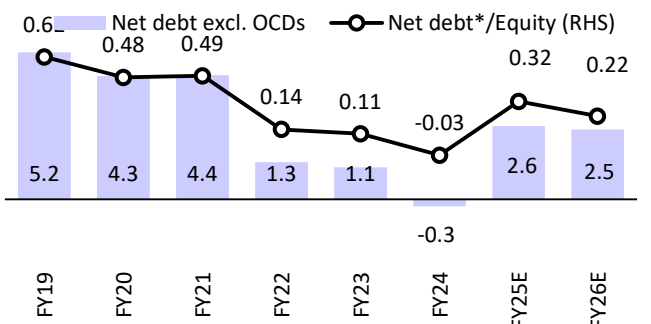
Source: Company, MOFSL

Exhibit 10: Expect collections to increase 30% in FY25



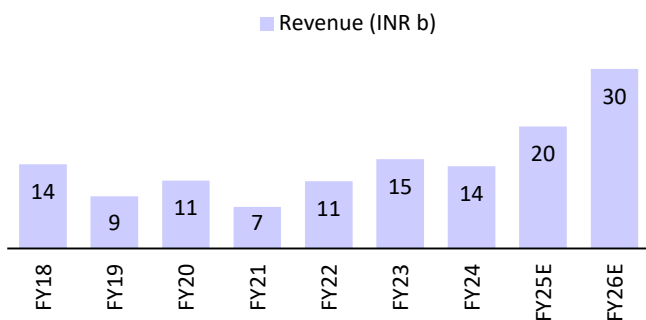
Source: MOFSL, Company

Exhibit 11: Leverage at comfortable level



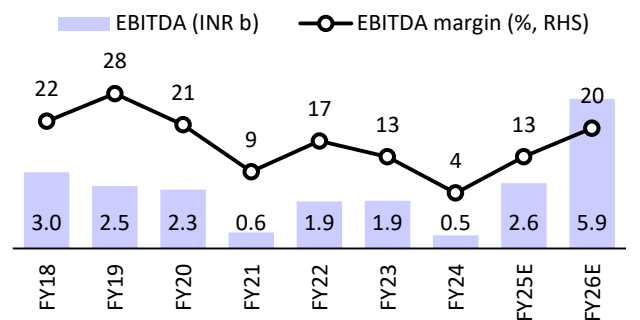
Source: MOFSL, Company

Exhibit 12: Expect strong growth in revenue...



Source: MOFSL, Company

Exhibit 13: coupled with gradual recovery in EBITDA margin



Source: MOFSL, Company

**Exhibit 14: Changes to our estimates**

(INR m)	Old		New		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	20,332	29,704	20,332	29,704	0%	0%
EBITDA	2,595	5,878	2,595	5,878	0%	0%
Adj. PAT	1,006	3,192	1,006	3,192	0%	0%
Pre-sales	34,922	42,805	34,922	42,805	0%	0%
Collections	24,673	34,498	24,673	34,498	0%	0%

Source: MOFSL, Company

**Valuation and view****We value KPDL based on the net present value of...**

- **Ongoing projects** have a net cash flow potential of INR14b. This includes INR18b in pending inventory, INR24b in pending receivables, and INR28b in balance costs to be incurred, discounted over three to four years.
- KPDL's **upcoming portfolio comprises** 28msf with a revenue potential of INR220b and a net post-tax cash flow potential of INR45b. These projects are discounted at a WACC of 12% over a period of seven to eight years.
- **The future pipeline** includes projects with limited launch visibility over the next one to two years, featuring a saleable area of 7msf, revenue potential of ~INR47b, and expected cash flows of INR10b, discounted over eight to 10 years.
- Based on the above approach, we arrive at a gross asset value of INR49b. After adjusting for FY25E net debt of INR1.6b, we calculate the 1x NAV of INR47b, equivalent to INR620/share.
- We are awaiting clarity on the progress of business development after a weak 1HFY25 and there might be approval delays that may lead to a spill over of targeted launches to FY26. Hence, we introduce a 15% discount to the 1x NAV, which leads to a reduction in our TP to INR525 from INR620 earlier. We continue to maintain our '**BUY**' rating with a potential upside of 46%.

**Exhibit 15: Our SoTP-based TP of INR620 indicates an upside potential of 68%**

NAV Summary	Description	INR m	Per Share	as % of NAV
Ongoing projects	❖ INR14b worth of gross cash flows discounted over a period of 3-4 years at a WACC of 12.3%	7,669	101	16%
Upcoming projects	❖ 28msf of pipeline worth >INR220b with post tax cash flow potential of INR45b monetized over a period of 7-8 years	34,719	457	74%
Future Pipeline (Land bank)	❖ Value of 7msf of projects with limited clarity on launches discounted over a period of 8-10 years	6,430	85	14%
<b>Gross Asset value</b>		<b>48,818</b>	<b>642</b>	<b>103%</b>
Net (debt)/cash	❖ FY25E	(1,567)	(21)	-3%
<b>Net Asset value</b>		<b>47,250</b>	<b>622</b>	<b>100%</b>
No. of share		76.0		
<b>NAV per share</b>		<b>622</b>		
Discount @15%	❖ Due to delay in launches & slower BD	96		
<b>Discounted NAV per share</b>		<b>525</b>		
CMP		361		
Upside potential		46%		

Source: MOFSL

## Financials and valuations

### Consolidated - Income Statement

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>6,917</b>	<b>11,175</b>	<b>14,884</b>	<b>13,715</b>	<b>20,332</b>	<b>29,704</b>	<b>27,734</b>
Change (%)	-38.8	61.5	33.2	-7.9	48.2	46.1	-6.6
<b>Total Expenditure</b>	<b>6,294</b>	<b>9,313</b>	<b>12,992</b>	<b>13,204</b>	<b>17,736</b>	<b>23,826</b>	<b>22,341</b>
% of Sales	91.0	83.3	87.3	96.3	87.2	80.2	80.6
<b>EBITDA</b>	<b>624</b>	<b>1,862</b>	<b>1,893</b>	<b>511</b>	<b>2,595</b>	<b>5,878</b>	<b>5,393</b>
Margin (%)	9.0	16.7	12.7	3.7	12.8	19.8	19.4
Depreciation	120	104	116	142	170	184	198
<b>EBIT</b>	<b>504</b>	<b>1,758</b>	<b>1,777</b>	<b>369</b>	<b>2,425</b>	<b>5,694</b>	<b>5,195</b>
Int. and Finance Charges	703	500	407	979	978	978	978
Other Income	167	190	326	233	233	233	233
<b>PBT bef. EO Exp.</b>	<b>-32</b>	<b>1,448</b>	<b>1,696</b>	<b>-377</b>	<b>1,680</b>	<b>4,949</b>	<b>4,450</b>
EO Items	0	-69	0	-235	0	0	0
<b>PBT after EO Exp.</b>	<b>-32</b>	<b>1,379</b>	<b>1,696</b>	<b>-611</b>	<b>1,680</b>	<b>4,949</b>	<b>4,450</b>
Total Tax	7	514	563	-34	557	1,641	1,476
Tax Rate (%)	-21.5	37.3	33.2	5.5	33.2	33.2	33.2
Minority Interest	17	70	109	116	116	116	116
<b>Reported PAT</b>	<b>-55</b>	<b>794</b>	<b>1,025</b>	<b>-694</b>	<b>1,006</b>	<b>3,192</b>	<b>2,858</b>
<b>Adjusted PAT</b>	<b>-55</b>	<b>837</b>	<b>1,025</b>	<b>-694</b>	<b>1,006</b>	<b>3,192</b>	<b>2,858</b>
Change (%)	-107.6	-1,617.2	22.3	-167.7	-245.1	217.1	-10.5
Margin (%)	-0.8	7.5	6.9	-5.1	5.0	10.7	10.3

### Consolidated - Balance Sheet

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	760	760	760	760	760	760	760
Total Reserves	8,179	8,833	9,704	6,579	7,282	10,170	12,724
<b>Net Worth</b>	<b>8,939</b>	<b>9,593</b>	<b>10,464</b>	<b>7,339</b>	<b>8,042</b>	<b>10,930</b>	<b>13,484</b>
Minority Interest	2	79	86	16	16	16	16
Total Loans	6,748	5,216	5,415	10,867	10,867	10,867	10,867
Deferred Tax Liabilities	-1,791	-1,719	-1,789	-1,903	-1,903	-1,903	-1,903
<b>Capital Employed</b>	<b>13,897</b>	<b>13,169</b>	<b>14,175</b>	<b>16,320</b>	<b>17,022</b>	<b>19,910</b>	<b>22,464</b>
Gross Block	1,024	1,044	1,184	2,014	2,184	2,368	2,566
Less: Accum. Deprn.	512	579	685	827	997	1,181	1,379
<b>Net Fixed Assets</b>	<b>627</b>	<b>640</b>	<b>680</b>	<b>1,187</b>	<b>1,187</b>	<b>1,187</b>	<b>1,187</b>
<b>Investment Property</b>	<b>188</b>	<b>183</b>	<b>178</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>
Goodwill on Consolidation	2,040	2,040	2,040	0	0	0	0
Capital WIP	3	0	100	0	0	0	0
<b>Total Investments</b>	<b>176</b>	<b>607</b>	<b>465</b>	<b>1,248</b>	<b>1,132</b>	<b>1,016</b>	<b>899</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>34,188</b>	<b>34,512</b>	<b>36,949</b>	<b>44,661</b>	<b>48,157</b>	<b>57,189</b>	<b>72,954</b>
Inventory	28,640	28,369	28,938	34,685	39,789	47,138	56,876
Account Receivables	331	376	355	557	485	709	662
Cash and Bank Balance	1,639	2,757	3,533	4,100	2,800	1,915	8,483
Loans and Advances	3,579	3,011	4,123	5,319	5,083	7,426	6,934
<b>Curr. Liability &amp; Prov.</b>	<b>23,324</b>	<b>24,814</b>	<b>26,237</b>	<b>30,950</b>	<b>33,627</b>	<b>39,655</b>	<b>52,750</b>
Account Payables	3,125	2,878	3,750	5,737	5,122	7,483	6,987
Other Current Liabilities	19,608	21,389	21,870	24,927	28,219	31,886	45,477
Provisions	592	547	617	286	286	286	286
<b>Net Current Assets</b>	<b>10,864</b>	<b>9,698</b>	<b>10,712</b>	<b>13,711</b>	<b>14,530</b>	<b>17,534</b>	<b>20,204</b>
<b>Appl. of Funds</b>	<b>13,897</b>	<b>13,169</b>	<b>14,175</b>	<b>16,320</b>	<b>17,022</b>	<b>19,910</b>	<b>22,464</b>

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>-0.7</b>	<b>11.1</b>	<b>13.5</b>	<b>-9.2</b>	<b>13.3</b>	<b>42.1</b>	<b>37.7</b>
Cash EPS	0.9	12.4	15.0	-7.3	15.5	44.6	40.3
BV/Share	118.0	126.6	138.1	96.9	106.1	144.2	178.0
DPS	0.0	0.0	0.0	4.0	4.0	4.0	4.0
Payout (%)	0.0	0.0	0.0	-43.8	30.2	9.5	10.6
<b>Valuation (x)</b>							
P/E	-495.5	32.7	26.7	-39.4	27.2	8.6	9.6
Cash P/E	424.0	29.1	24.0	-49.6	23.2	8.1	8.9
P/BV	3.1	2.9	2.6	3.7	3.4	2.5	2.0
EV/Sales	4.7	2.7	2.0	2.5	1.7	1.2	1.1
EV/EBITDA	52.0	16.0	15.4	66.8	13.6	6.2	5.5
Dividend Yield (%)	0.0	0.0	0.0	1.1	1.1	1.1	1.1
<b>Return Ratios (%)</b>							
RoE	-0.6	9.0	10.2	-7.8	13.1	33.6	23.4
RoCE	5.1	8.0	9.2	3.3	9.6	19.5	15.7
RoIC	4.7	10.1	11.9	3.3	13.5	25.3	23.1
<b>Working Capital Ratios</b>							
Asset Turnover (x)	0.5	0.8	1.1	0.8	1.2	1.5	1.2
Inventory (Days)	1,511	927	710	923	714	579	749
Debtor (Days)	17	12	9	15	9	9	9
Creditor (Days)	165	94	92	153	92	92	92
<b>Leverage Ratio (x)</b>							
Interest Cover Ratio	0.7	3.5	4.4	0.4	2.5	5.8	5.3
Net Debt/Equity	0.5	0.1	0.1	0.0	0.2	0.2	0.0

### Consolidated - Cash Flow Statement

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	-32	1,448	1,696	-611	1,680	4,949	4,450
Depreciation	120	104	116	142	170	184	198
Interest & Finance Charges	703	500	407	979	978	978	978
Direct Taxes Paid	-469	-460	-563	-354	-557	-1,641	-1,476
(Inc)/Dec in WC	2,068	2,068	324	-1,450	-2,119	-3,889	3,897
<b>CF from Operations</b>	<b>2,390</b>	<b>3,660</b>	<b>1,980</b>	<b>-1,294</b>	<b>153</b>	<b>581</b>	<b>8,047</b>
Others	848	-110	-55	184	-233	-233	-233
<b>CF from Operating incl EO</b>	<b>3,238</b>	<b>3,549</b>	<b>1,925</b>	<b>-1,110</b>	<b>-80</b>	<b>348</b>	<b>7,814</b>
(Inc)/Dec in FA	-57	-109	-183	-431	-170	-184	-198
<b>Free Cash Flow</b>	<b>3,181</b>	<b>3,440</b>	<b>1,742</b>	<b>-1,541</b>	<b>-251</b>	<b>164</b>	<b>7,616</b>
(Pur)/Sale of Investments	0	-137	119	-1,265	0	0	0
Others	-1,146	-127	-405	359	233	233	233
<b>CF from Investments</b>	<b>-1,202</b>	<b>-374</b>	<b>-470</b>	<b>-1,338</b>	<b>63</b>	<b>49</b>	<b>35</b>
Issue of Shares	28	0	0	0	0	0	0
Inc/(Dec) in Debt	-638	-1,178	119	4,566	0	0	0
Interest Paid	-709	-593	-529	-1,074	-978	-978	-978
Dividend Paid	-2	-1	-152	-304	-304	-304	-304
Others	-49	-286	-120	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-1,369</b>	<b>-2,058</b>	<b>-682</b>	<b>3,188</b>	<b>-1,282</b>	<b>-1,282</b>	<b>-1,282</b>
<b>Inc/Dec of Cash</b>	<b>666</b>	<b>1,118</b>	<b>773</b>	<b>740</b>	<b>-1,300</b>	<b>-885</b>	<b>6,567</b>
Opening Balance	973	1,639	2,760	3,533	4,274	2,974	2,089
<b>Closing Balance</b>	<b>1,639</b>	<b>2,757</b>	<b>3,533</b>	<b>4,274</b>	<b>2,974</b>	<b>2,089</b>	<b>8,656</b>

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## NOTES



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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