

Kolte Patil Developers

Estimate change



TP change



Rating change



Bloomberg	KPDL IN
Equity Shares (m)	76
M.Cap.(INRb)/(USDb)	39.1 / 0.5
52-Week Range (INR)	585 / 282
1, 6, 12 Rel. Per (%)	-7/-17/53
12M Avg Val (INR M)	170

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	13.7	20.3	30.0
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	13.0	42.3
EPS Gr. (%)	NA	NA	226.3
BV/Sh. (INR)	96.9	105.8	144.1

Ratios

Net D/E	0.0	0.2	0.1
RoE (%)	-7.8	12.8	33.9
RoCE (%)	3.3	9.5	19.6
Payout (%)	NA	30.9	9.5

Valuations

P/E (x)	NA	39.7	12.2
P/BV (x)	5.3	4.9	3.6
EV/EBITDA (x)	89.6	18.2	7.9
Div Yield (%)	0.8	0.8	0.8

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	67.7	67.7	67.7
DIIDIIDIIDII	12.8	12.1	12.1
FIIFIIFIIFII	17.0	17.4	17.8
Others	2.5	2.8	2.4

CMP: INR515

TP: INR700 (+36%)

Buy

Strong pipeline to keep bookings traction intact

P&L performance to improve in FY25

- KPDL reported quarterly bookings of INR7.4b, up 6% YoY (19% below estimate). 4QFY24 bookings were impacted by lower launches at INR7b vs guidance of INR18b as certain key projects were pushed out to 1HFY25.
- For FY24, it achieved the highest-ever bookings of INR28b, up 26% YoY (in line with guidance). Volume stood at 1msf in 4Q (up 6% YoY) and 3.9msf in FY24 (up 20% YoY).
- In 4QFY24, collections were flat YoY at INR5.9b and the company generated OCF of INR1.7b, down 23% YoY. In FY24, collections/OCF stood at INR20b/INR4.3b, up 9%/down 17% YoY.
- For FY25, the company has laid out a strong launch pipeline of INR80b and aims to achieve bookings of INR35b (up 24% YoY). Over FY24-27, KPDL can generate cumulative bookings of INR135b, implying a CAGR of 25%.
- **P&L performance:** Revenue in 4Q declined 34% YoY to INR5.3b and EBITDA loss stood at INR68m. In FY24, KPDL achieved revenue of INR13b as it delivered 2msf. EBITDA stood at INR511m, which translated into 3.7% margin. Net loss came in at INR270m/INR694m in 4Q/FY24.

Key management commentary

- **P&L Performance:** Legacy projects (launched before 3QFY23) and high overheads due to sharp growth in pre-sales hurt profitability. Embedded EBIT margin increased to 26% in FY24 from ~18% in FY23. Revenue recognition from these projects will commence in 4QFY26 and would result in sharp improvement in margins.
- KPDL expects to recognize revenue of INR20b in FY25, with EBITDA margin in early teens. Revenue could further increase to INR30b in FY26 with 20% margin.
- **Launches:** New launches in 4Q were short of expectations as few projects, like the premium phase at Life Republic, were deliberately delayed in order to achieve certain thresholds of sales at existing projects. KPDL will launch INR80b worth of new projects in FY25, with Mumbai projects expected to be launched in 2HFY25.
- **Guidance and BD:** Given the strong launch pipeline, the management is confident of achieving bookings of INR35b in FY25, of which INR20-25b can be from new launches and the balance from existing inventory. On the BD side, the company targets to add new projects with GDV of INR80b, of which three projects with GDV of INR30b are at an advanced stage of discussion and INR50b worth of projects are at a mid-stage of acquisition.

Valuation and view

- After a decade of muted performance, KPDL is witnessing strong growth in pre-sales thanks to a 33% CAGR in bookings over FY21-23. Given its strong pipeline, we believe the company can maintain a 25% CAGR in pre-sales at least for the next two years with further room for growth from new project additions.
- On the financial front, profitability in FY24 was impacted by the completion of legacy projects. However, profitability is expected to gradually improve from hereon, with EBITDA margin potentially increasing to 20% in FY26 from 3.7% reported in FY24.
- We maintain BUY rating with a TP of INR700, indicating an upside of 36%.

Financial and Operational Summary (INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	2,001	1,233	3,681	7,969	5,712	1,982	758	5,264	14,884	13,715	5,814	-9
YoY Change (%)	1	-59	53	112	185	61	-79	-34	33.2	-7.9	-27	
Total Expenditure	1,532	1,289	3,935	6,235	4,800	1,947	1,124	5,332	12,992	13,204	5,098	
EBITDA	469	-56	-255	1,734	912	35	-367	-68	1,893	511	716	-109
Margins (%)	23.4	-4.5	-6.9	21.8	16	1.8	-48.4	-1.3	12.7	3.7	12.3	
Depreciation	26	31	33	25	31	31	42	39	116	142	25	
Interest	84	115	144	64	366	94	308	210	407	979	148	42
Other Income	43	145	64	75	74	67	79	13	326	233	45	-70
PBT before EO expense	401	-57	-368	1,720	588	-24	-637	-303	1,696	-377	588	-152
Extra-Ord expense	0	0	0	0	0	124	0	111	0	-235	0	
PBT	401	-57	-368	1,720	588	-147	-637	-414	1,696	-611	588	-170
Tax	138	7	-91	508	100	93	-42	-185	563	-34	85	
Rate (%)	34.4	-11.9	24.7	29.6	17	-63	6.6	44.6	0.3	0.1	14.4	
Minority Interest & P/L of Asso. Cos.	51	24	-8	42	29	13	34	41	109	116	34	
Reported PAT	212	-88	-269	1,169	460	-253	-629	-270	1,025	-694	470	-157
Adj PAT	212	-88	-269	1,169	460	-253	-629	-270	1,025	-693	470	-157
YoY Change (%)	-83	-103	-110	-80	116	188	134	-123	-91.9	-167.6	-59.8	
Margins (%)	10.6	-7.1	-7.3	14.7	8	-12.8	-83	-5.1	6.9	-5	8.1	-1321bp

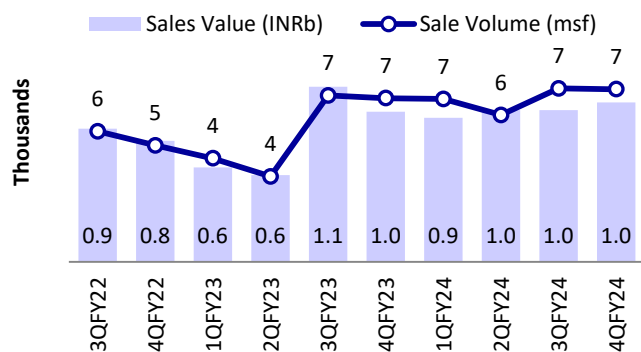
E: MOSL Estimates

Key operational performance

Key metrics	FY23				FY24				FY23	FY24	FY24E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sale Volume (msf)	0.6	0.6	1.1	1	0.9	1	1	1	3.3	4.1	1.21	-15
Sale Value (INR m)	4,450	3,670	7,160	7,040	7,010	6,320	7,460	7,430	22,320	29,912	9122	-19
Collections (INR m)	3,740	4,040	4,350	5,890	5,130	4,720	4,930	5,920	18,020	20,128	5348	11
Realization (INR/sft)	7,260	6,622	6,339	7,225	7,545	6,426	7,579	7,226	6,826	7,296	7,539	0

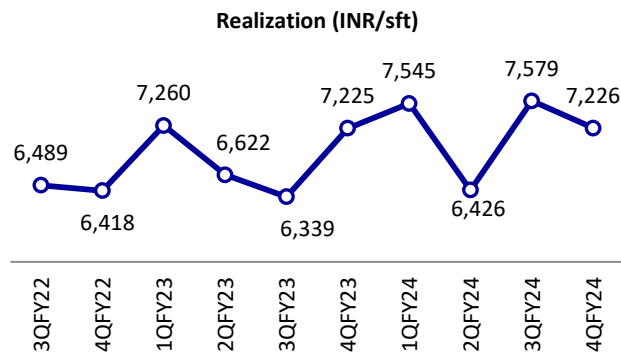
Key exhibits

Exhibit 1: Pre-sales increased 6% YoY to INR18b



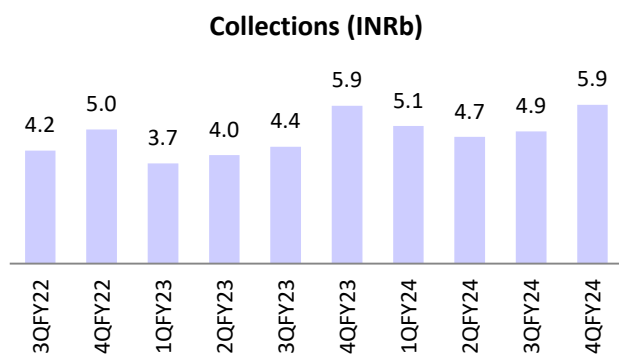
Source: Company, MOFSL

Exhibit 2: Realization was flat YoY



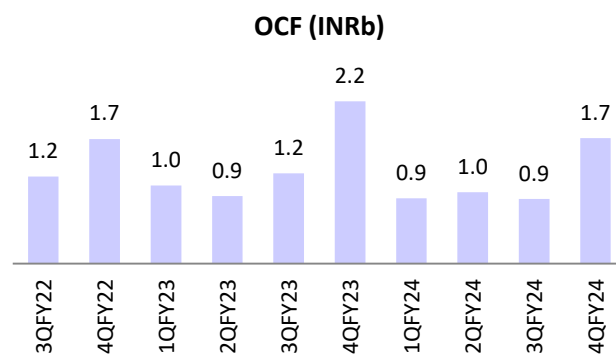
Source: Company, MOFSL

Exhibit 3: Collections were flat YoY at INR6b



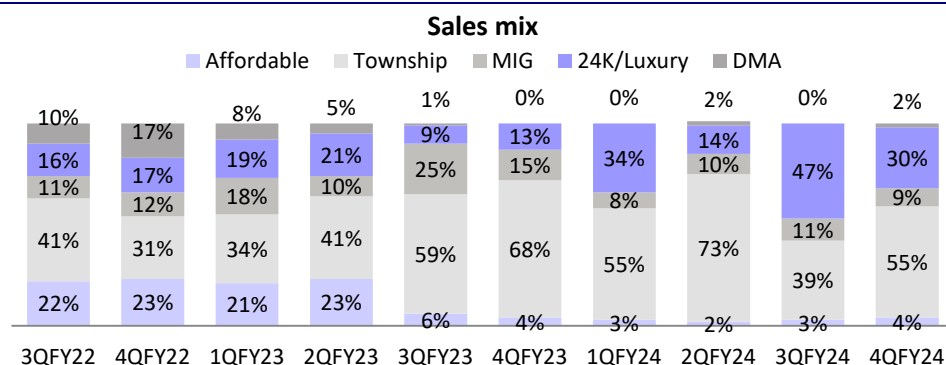
Source: MOFSL, Company

Exhibit 4: OCF declined 23% YoY to INR1.7b



Source: MOFSL, Company

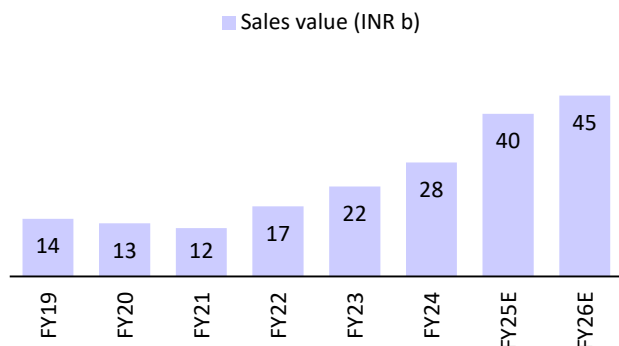
Exhibit 5: Township project accounted for 55% of sales in 4QFY24



Source: Company, MOFSL

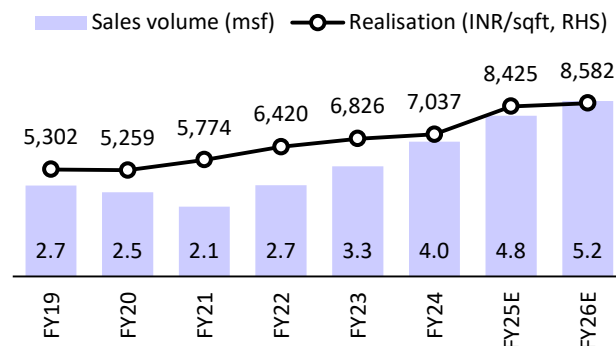
Story in charts

Exhibit 6: We expect KPDL to report 25% CAGR in bookings over FY24-26E



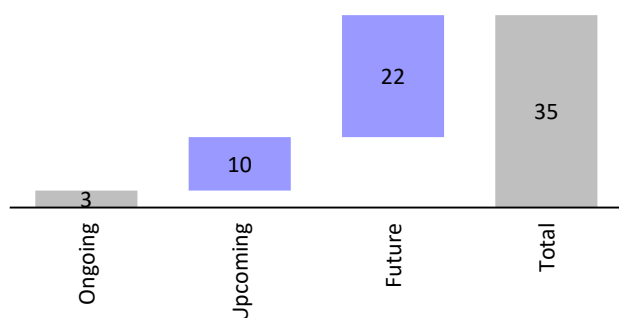
Source: Company, MOFSL

Exhibit 7: Volumes could increase to 5msf by FY26



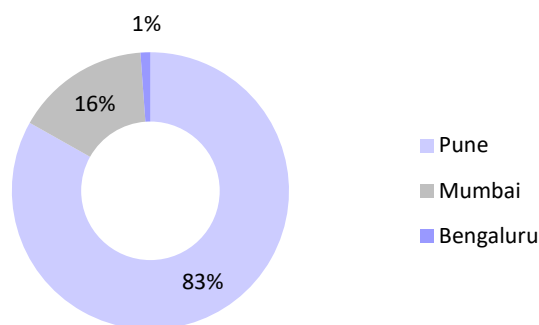
Source: Company, MOFSL

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



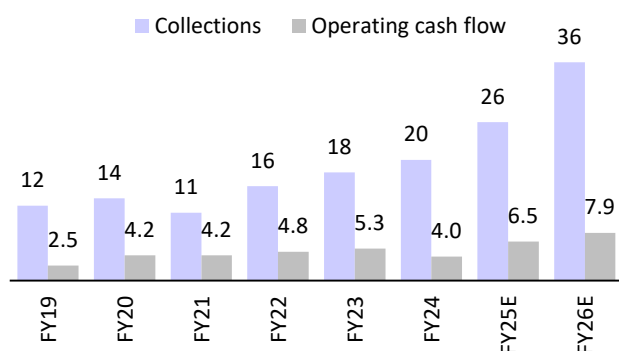
Source: Company, MOFSL

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



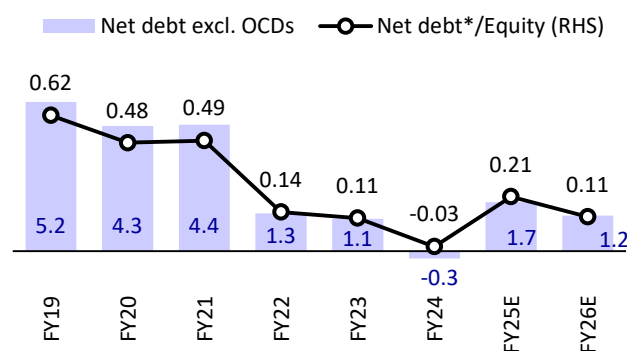
Source: Company, MOFSL

Exhibit 10: Expect collections to increase by 30% in FY25



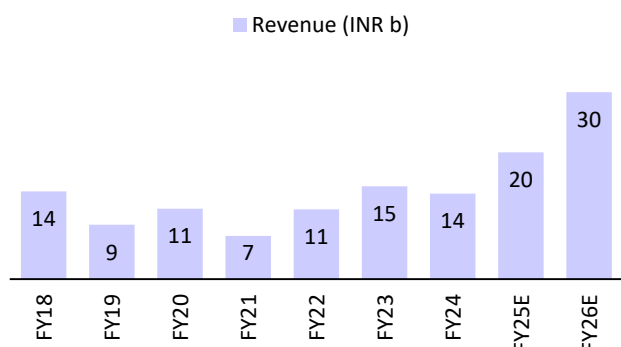
Source: MOFSL, Company

Exhibit 11: Leverage at comfortable level



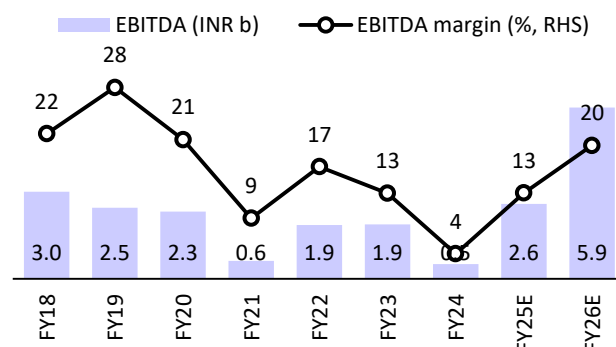
Source: MOFSL, Company

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	16,122	19,479	20,332	29,961	26%	54%
EBITDA	2,122	3,352	2,595	5,941	22%	77%
Adj. PAT	765	1,579	983	3,206	28%	103%
Pre-sales	40,268	44,760	40,268	44,760	0%	0%
Collections	26,413	36,392	26,413	36,392	0%	0%

Source: MOFSL, Company

Valuation and view

We value KPDL based on 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.
- **Prospective BD** includes INR40b of projects that the company intends to acquire in the near term discounted over the next eight years at a WACC of 12%.

Based on the above approach, we arrive at a gross asset value of INR55b. After adjusting for FY25E net debt of INR1.7b, we calculate the NAV of INR53b, equivalent to INR700/share, indicating an upside potential of 36%.

Exhibit 15: Our SoTP-based TP of INR700 indicates an upside potential of 36%

NAV Summary	Description	INR m	Per Share	as % of NAV
Ongoing projects	❖ INR14b worth of gross cash flows discounted over period of next 3-4 years at a WACC of 12.3%	7,669	101	14%
Upcoming projects	❖ 28msf of pipeline worth >INR220b with post tax cash flow potential of INR45b monetized over a period of 7-8 years	35,385	466	67%
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	12%
Prospective BD	❖ INR40b worth of expect project additions in near term discounted over eight years	5,440	72	10%
Gross Asset value		54,924	723	103%
Net (debt)/cash	❖ FY25E	(1,705)	(22)	-3%
Net Asset value		53,219	700	100%
No. of share		76.0		
NAV per share		700		
CMP		515		
Upside potential		36%		

Source: MOFSL

Financials and valuations

Consolidated - Income Statement

(INR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	11,295	6,917	11,175	14,884	13,715	20,332	29,961
Change (%)	29.9	-38.8	61.5	33.2	-7.9	48.2	47.4
Total Expenditure	8,959	6,294	9,313	12,992	13,204	17,736	24,020
% of Sales	79.3	91.0	83.3	87.3	96.3	87.2	80.2
EBITDA	2,336	624	1,862	1,893	511	2,595	5,941
Margin (%)	20.7	9.0	16.7	12.7	3.7	12.8	19.8
Depreciation	172	120	104	116	142	206	226
EBIT	2,164	504	1,758	1,777	369	2,389	5,716
Int. and Finance Charges	797	703	500	407	979	978	978
Other Income	470	167	190	326	233	233	233
PBT bef. EO Exp.	1,837	-32	1,448	1,696	-377	1,644	4,971
EO Items	0	0	-69	0	-235	0	0
PBT after EO Exp.	1,837	-32	1,379	1,696	-611	1,644	4,971
Total Tax	840	7	514	563	-34	545	1,648
Tax Rate (%)	45.7	-21.5	37.3	33.2	5.5	33.2	33.2
Minority Interest	273	17	70	109	116	116	116
Reported PAT	724	-55	794	1,025	-694	983	3,206
Adjusted PAT	724	-55	837	1,025	-694	983	3,206
Change (%)	-4.0	-107.6	-1,617.2	22.3	-167.7	NA	226.3
Margin (%)	6.4	-0.8	7.5	6.9	-5.1	4.8	10.7

Consolidated - Balance Sheet

(INR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	758	760	760	760	760	760	760
Total Reserves	8,292	8,179	8,833	9,704	6,579	7,258	10,160
Net Worth	9,050	8,939	9,593	10,464	7,339	8,018	10,920
Minority Interest	149	2	79	86	16	16	16
Total Loans	7,391	6,748	5,216	5,415	10,867	10,867	10,867
Deferred Tax Liabilities	-1,408	-1,791	-1,719	-1,789	-1,903	-1,903	-1,903
Capital Employed	15,181	13,897	13,169	14,175	16,320	16,998	19,900
Gross Block	957	1,024	1,044	1,184	2,014	2,220	2,445
Less: Accum. Deprn.	415	512	579	685	827	1,033	1,259
Net Fixed Assets	736	627	640	680	1,187	1,187	1,187
Investment Property	193	188	183	178	174	174	174
Goodwill on Consolidation	2,013	2,040	2,040	2,040	0	0	0
Capital WIP	6	3	0	100	0	0	0
Total Investments	6	176	607	465	1,248	1,132	1,016
Curr. Assets, Loans&Adv.	32,935	34,188	34,512	36,949	44,661	49,873	60,621
Inventory	27,582	28,640	28,369	28,938	34,685	40,625	49,282
Account Receivables	615	331	376	355	557	485	715
Cash and Bank Balance	973	1,639	2,757	3,533	4,100	2,663	3,133
Loans and Advances	3,766	3,579	3,011	4,123	5,319	6,099	7,490
Curr. Liability & Prov.	20,708	23,324	24,814	26,237	30,950	35,367	43,096
Account Payables	3,054	3,125	2,878	3,750	5,737	5,122	7,548
Other Current Liabilities	17,101	19,608	21,389	21,870	24,927	29,959	35,262
Provisions	553	592	547	617	286	286	286
Net Current Assets	12,227	10,864	9,698	10,712	13,711	14,506	17,524
Appl. of Funds	15,181	13,897	13,169	14,175	16,320	16,998	19,900

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	9.6	-0.7	11.1	13.5	-9.2	13.0	42.3
Cash EPS	11.8	0.9	12.4	15.0	-7.3	15.7	45.3
BV/Share	119.4	118.0	126.6	138.1	96.9	105.8	144.1
DPS	0.0	0.0	0.0	0.0	4.0	4.0	4.0
Payout (%)	0.0	0.0	0.0	0.0	-43.8	30.9	9.5
Valuation (x)							
P/E	54.5	-715.1	47.1	38.5	-56.3	39.7	12.2
Cash P/E	44.0	612.0	41.9	34.6	-70.7	32.8	11.4
P/BV	4.4	4.4	4.1	3.8	5.3	4.9	3.6
EV/Sales	4.1	6.4	3.8	2.8	3.3	2.3	1.6
EV/EBITDA	19.6	71.5	22.5	21.9	89.6	18.2	7.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.8	0.8	0.8
Return Ratios (%)							
RoE	8.3	-0.6	9.0	10.2	-7.8	12.8	33.9
RoCE	10.7	5.1	8.0	9.2	3.3	9.5	19.6
RoIC	8.3	4.7	10.1	11.9	3.3	13.2	26.4
Working Capital Ratios							
Asset Turnover (x)	0.7	0.5	0.8	1.1	0.8	1.2	1.5
Inventory (Days)	891	1,511	927	710	923	729	600
Debtor (Days)	20	17	12	9	15	9	9
Creditor (Days)	99	165	94	92	153	92	92
Leverage Ratio (x)							
Interest Cover Ratio	2.7	0.7	3.5	4.4	0.4	2.4	5.8
Net Debt/Equity	0.5	0.5	0.1	0.1	0.0	0.2	0.1

Consolidated - Cash Flow Statement

(INR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	1,837	-32	1,448	1,696	-611	1,644	4,971
Depreciation	172	120	104	116	142	206	226
Interest & Finance Charges	797	703	500	407	979	978	978
Direct Taxes Paid	-649	-469	-460	-563	-354	-545	-1,648
(Inc)/Dec in WC	1,533	2,068	2,068	324	-1,450	-2,232	-2,549
CF from Operations	3,690	2,390	3,660	1,980	-1,294	51	1,977
Others	-341	848	-110	-55	184	-233	-233
CF from Operating incl EO	3,349	3,238	3,549	1,925	-1,110	-182	1,744
(Inc)/Dec in FA	-95	-57	-109	-183	-431	-206	-226
Free Cash Flow	3,255	3,181	3,440	1,742	-1,541	-388	1,519
(Pur)/Sale of Investments	22	0	-137	119	-1,265	0	0
Others	-670	-1,146	-127	-405	359	233	233
CF from Investments	-744	-1,202	-374	-470	-1,338	27	7
Issue of Shares	0	28	0	0	0	0	0
Inc/(Dec) in Debt	-783	-638	-1,178	119	4,566	0	0
Interest Paid	-822	-709	-593	-529	-1,074	-978	-978
Dividend Paid	-197	-2	-1	-152	-304	-304	-304
Others	-469	-49	-286	-120	0	0	0
CF from Fin. Activity	-2,271	-1,369	-2,058	-682	3,188	-1,282	-1,282
Inc/Dec of Cash	335	666	1,118	773	740	-1,437	470
Opening Balance	638	973	1,639	2,760	3,533	4,274	2,836
Closing Balance	973	1,639	2,757	3,533	4,274	2,836	3,306

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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