

The Issue

Type of Issue	Rs. Mn
Fresh Issue	15,900
Offer for sale	-
Total	15,900
Post issue mkt cap	85,241
Lot size	36 shares

At Upper Price Band

Issue Break-Up

Reservation for	% of Issue
QIB	75%
NII	15%
Retail	15%
Total	100%

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	June 24, 2025
Bid/Offer Closing Date	June 26, 2025
Finalization of the Basis of Allotment	June 27, 2025
Credit of shares	June 30, 2025
Listing Date	July 01, 2025

Use of Proceeds	Rs. Mn
Repayment of all or portion of debt availed by	11,925
Company	3,333
Subsidiary	8,592
General Corporate Purpose	-

BRLM & Registrar

Manager	ICICI Securities Ltd, JM Financial Ltd, Nomura Financial Advisory and Securities (India) Pvt Ltd
Registrar	MUFG Intime India Pvt Ltd

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One of the Leading Real Estate Player in MMR & Pune albeit leveraged B/S

Company Overview:

- Kalpataru Ltd is a prominent real estate developer in the Mumbai Metropolitan Region (“MMR”), Thane, Pune and other parts of Maharashtra.
- The company is a part of Kalpataru Group and it benefits from their end-to-end-execution capabilities and innovation pertaining to construction and infrastructure sector.
- They categorize their offerings as luxury, premium, and mid-income under residential properties. They also offer commercial and retail properties under their integrated townships, lifestyle gated communities, and redevelopments.
- Kalpataru is the fifth largest developer in the Municipal Corporation of Greater Mumbai (MCGM) area in Maharashtra and the seventh largest developer in Thane, Maharashtra in terms of unit supplied from CY19 to CY24.
- As on December 31, 2024, they have five land reserves aggregating to 1,886.1 acres. The company (together with Promoters) has completed a total of 120 Projects aggregating to more than 25.87 msf of Developable Area in the states where it is present.
- Further, Developable area of their Ongoing Projects, Forthcoming projects and Planned projects aggregates to 24.83 msf, 16.33 msf and 7.81 msf respectively.
- They also adapt an asset-light development model by entering into redevelopment, JDA, and JV Projects with landowners to develop projects on their lands.

Valuation and Outlook: At an upper price band of Rs 414, Kalpataru is valued at an EV/Pre-Sales of 4.9x on an FY25 annualized basis. The industry peer’s average EV/Pre-Sales valuation stands at 5.5x on FY25 basis. The company is engaged in the business of real estate development predominantly residential properties in the MMR, Pune and other parts of Maharashtra. Over FY22-24 its Revenue and Sales Value has grown at a CAGR of 38.9% and 23.1% respectively. Over the same period, no of units sold has grown at a CAGR of 17.9%. The company reported losses as they recognizes revenue on the basis of “point in time” or whenever the “Occupation Certificate” is accorded to the project. Under this revenue recognition method, the expenses on the development are recorded during the period they are incurred. Further, the company intends to increase investment towards project development and sales. This is expected to maintain high cost of sales and thereby limit profitability growth if any. Of the IPO net proceeds, Rs 11,925mn would be utilized towards debt repayment thereby lowering debt and strengthening balance sheet. Over the near term, given lower profitability and return ratios on back of sustained high investment, we assign a “**Subscribe for Long Term**” rating to the IPO.

Kalpataru Limited

Shareholding Pattern	Holding (%)	
	Pre Issue	Post Issue*
Promoters & Promoter Group	100.0	81.4%
Others/Public	0.0	18.6%
Total	100.0	100.0

*At upper price band

Issue Structure (Rs. Mn)	No of Shares		Rs in Mn
	@lower Price Band	@Upper Price Band	
QIB Portion (75% of Offer)	3,04,72,263	2,84,87,194	11,806
NII (15% of Offer)	60,94,453	56,97,439	2,361
Retail portion (10% of Offer)	40,62,968	37,98,292	1,574
Employee Reservation	4,55,587	4,22,872	159
Net Offer	4,10,85,271	3,84,05,797	15,900

Key Financial Summary

Rs in Mn	FY22	FY23	FY24	9M FY25
Revenue	10,007	36,332	19,300	16,247
EBITDA	-478	-792	-1,284	777
<i>EBITDA margin (%)</i>	<i>-4.8%</i>	<i>-2.2%</i>	<i>-6.7%</i>	<i>4.8%</i>
PAT	-1,246	-2,034	-1,034	87
<i>PAT margin (%)</i>	<i>-12.4%</i>	<i>-5.6%</i>	<i>-5.4%</i>	<i>0.5%</i>
EPS (Adj for issue)	-6.0	-9.9	-5.0	0.4

Ratios	FY22	FY23	FY24	9MFY25
ROCE	-1.8%	-2.5%	-3.1%	0.9%
ROE	-8.7%	-16.7%	-10.2%	0.5%
ROA	-0.9%	-1.6%	-0.7%	0.1%
Debt/Equity	7.3	8.0	10.5	7.0
EV/EBITDA	-391.8	-227.5	-148.4	248.4
EV/Sales	18.7	5.0	9.9	11.9

Key Performance Indicator

Rs. Mn	FY22	FY23	FY24	9M FY25
Sales value	21,141	29,574	32,020	27,272
Saleable Area (in mn sqft)	2.2	2.7	2.8	2.1
Realization per sqft	9,610	10,994	11,314	13,304
Sales (# units)	1,507	1,821	2,095	1,407
Sales area per unit (in sqft)	1,460	1,477	1,351	1,457
Sales Collections	15,592	22,074	26,859	26,217

Developable Area (mn sq ft)

Type of project	No. of Projects completed	Mumbai	Thane	Rest of MMR	Pune	Others
Residential	64	4.8	4.0	1.0	3.9	1.0
Commercial	10	0.7	0.0	0.0	0.2	0.0
Mall	1	0.0	0.4	0.0	0.0	0.0
Total	75	5.5	4.4	1.0	4.1	1.0

Projects under belt...

Market	Ongoing Projects		Forthcoming Projects	
	No. of Projects	Developable area (mn sqft)	No. of Projects	Developable area (mn sqft)
MMR	18	17.4	5	15.4
Pune	5	5.8	0	0.0
Others	2	1.6	1	0.9

*Others comprises Hyderabad and Bengaluru

Kalpataru Limited

Comparison vs Peers

Particulars	Market Cap (Rs Mn)	FY23-25			FY25							
		Revenue CAGR	EBITDA CAGR	PAT CAGR	Revenue (Rs Mn)	EBITDA (Rs Mn)	PAT (Rs Mn)	ROE	ROCE	ROIC	EV/ Revenue (x)	EV/Pre- Sales (x)
Kalpataru Limited*	85,241	38.9%	NA	NA	21,663^	777^	67^	0.5%	0.9%	1.7%	8.2	6.5
Listed Peers												
Oberoi Realty	7,05,316	12.3%	21.2%	-3.3%	52,863	31,031	22,179	14.7%	17.7%	16.1%	13.8	13.9
Macrotech Developers	14,79,960	20.6%	39.0%	77.0%	1,37,795	39,880	27,657	14.7%	15.6%	12.1%	11.1	8.6
Godrej Properties	4,34,225	47.9%	-57.7%	62.7%	49,228	444	15,185	10.2%	7.4%	5.6%	16.5	2.8
Sunteck Realty	63,628	53.5%	70.5%	1,124.7%	8,531	1,858	1,485	4.7%	6.3%	5.8%	7.8	2.6
Mahindra Lifespace	76,154	-21.7%	NA	NA	3,723	-1,699	-1,247	3.3%	3.0%	3.7%	23.9	3.2
Keystone Realtors	70,129	70.9%	40.1%	44.8%	20,041	2,153	1,829	7.5%	9.3%	6.8%	3.6	2.4
Prestige Estates Projects	7,41,911	-6.0%	9.8%	-13.1%	73,494	25,588	4,245	3.5%	7.7%	6.6%	11.6	5.0
Average											12.6	5.5

*Calculated for 9M FY25; ^Annualized

Kalpataru Limited

Key Risks:

- **Loss making and negative net worth of Subsidiaries:** As per Statutory Auditors report, the company's subsidiaries are loss making and operating at negative net worth. The Management indicated about the significant investment that would be made in these subsidiaries for them to continue with their operations. This would result in lower return ratios.
- **Litigation against the company:** As on December 31, 2024, the litigation against the company at various levels of adjudication levels amounts to Rs 6,251.6mn which accounts for 39.6% on pre-issue basis and 19.3% on post issue basis of company's net worth. Any adverse judgement in these cases could materially impact company's financial performance.
- **Subject to risk pertaining to land acquisition:** Kalpataru primarily operates in MMR, Thane and Pune region. The region features limited supply of land, high population density and significant high competition from property developers and real estate investments funds. Further redevelopment projects are complex and time consuming due to legal and regulatory hurdles. This may result in increase in land acquisition costs, oversupply of properties, lower real estate prices and lower sales of company's premium properties.
- **Capital intensive business:** Real estate business is capital intensive in nature due to high land acquisition cost and project development. As on December 31, 2024, the company's total borrowings stood at Rs 110.5bn and net gearing ratio was 86.5%. These debts carry high borrowing cost and are embedded with lenders covenant. Thus, it restricts the company's ability to carry out future course of business operation or pursue growth strategy.
- **Execution Risk:** The company's operations are labor intensive subjecting it to risk like non-availability of labor, strikes, increased wage demand or high attrition which could adversely affect their business, results of operations and financial condition.
- **Pledge equity shares of Subsidiaries:** The company has pledge equity shares of its following subsidiary. Any default or breach of financing agreement the lender may exercise their rights to enforce the pledge over such collateral and take ownership of the collateral and/or to sell the pledged equity shares to third parties.

Subsidiaries	Pledge (%)
Agile Real Estate Pvt Ltd	36.0%
Arimas Real Estate Pvt Ltd	99.9%
Alder Residency Pvt Ltd	100.0%
Kalpataru Hills Residency Pvt Ltd	100.0%
Agile Real Estate Dev Pvt Ltd	100.0%
Ambrisia Enviro Farms Pvt Ltd	100.0%
Arena Orchards Pvt Ltd	100.0%
Ardour Developers Pvt Ltd	100.0%
Kalpataru Land Pvt Ltd	100.0%

Kalpataru Limited

Strengths:

- ⇒ **Prominent real estate company in MMR:** The company is present across all micro markets in MMR. Further, as of December 31, 2024, they have 23 Ongoing Projects, five Forthcoming Projects and five Planned Projects in the MMR and Pune, Maharashtra comprising 23.21 msf, 15.43 msf and 7.81 msf of Developable Area, respectively, aggregating up to 46.45 msf of Developable Area, and collectively representing 94.84% of total Developable Area of their Development Portfolio. They cater to a wide spectrum of price points categorizing residential properties as Ultra Luxury, Luxury, High-End and Mid-End. Presence across micro market and price points in MMR adds to its strength and ultimately market share gains.
- ⇒ **Well known and established Brand:** The Kalpataru Group has a legacy of 55 years and is well recognized and accepted among buyers as a Branded player in real estate development. Additionally, they incorporate Kalpataru Brand name in vast majority of their projects to influence buying decision and help command premium pricing for its project. They aim to leverage brand perception and sell sizeable percentage Saleable Area within one year from the launch of a project. The brand identity also enables it to be a preferred choice of partner for many landowners and other developers to monetize their land assets. As per Anarock survey conducted in 2021, a majority of home buyers prefer branded developers owing to their low execution risk.
- ⇒ **Strong project pipeline with visibility towards near term cash flow:** As of December 31, 2024, we have 25 Ongoing Projects, six Forthcoming Projects, and five Planned Projects. The company's ability to sell throughout the construction phase provides near term cash flow visibility. As of December 31, 2024, their Forthcoming Projects comprised approximately 16.33 msf of Developable Area, and are expected to launch across the FY25, 2026 and 2027 in various phases.
- ⇒ **Strong end-to-end execution capabilities:** The company operates on an integrated real estate development model with capabilities and in-house resources to carry out all key activities associated with real estate development, including identifying and acquiring land (or development rights thereto), planning, designing, executing, sales, and marketing of their projects. Thus they are able to achieve economies of scale, supply chain efficiency and deliver high quality project execution.
- ⇒ **Affiliation and relationship with the Kalpataru Group:** The Kalpataru Group has over five decades of experience in real estate development with multi-national presence and operations in EPC contracting for power transmission and distribution, oil & gas, railways, railways, civil infrastructure projects, warehousing and logistics and facility management. The company is associated with the Kalpataru Group and benefits from its reputation and expertise in the construction and infrastructure sector. The benefits are in the form of synergies span across multiple aspect including procurement, vendor development and information technology.

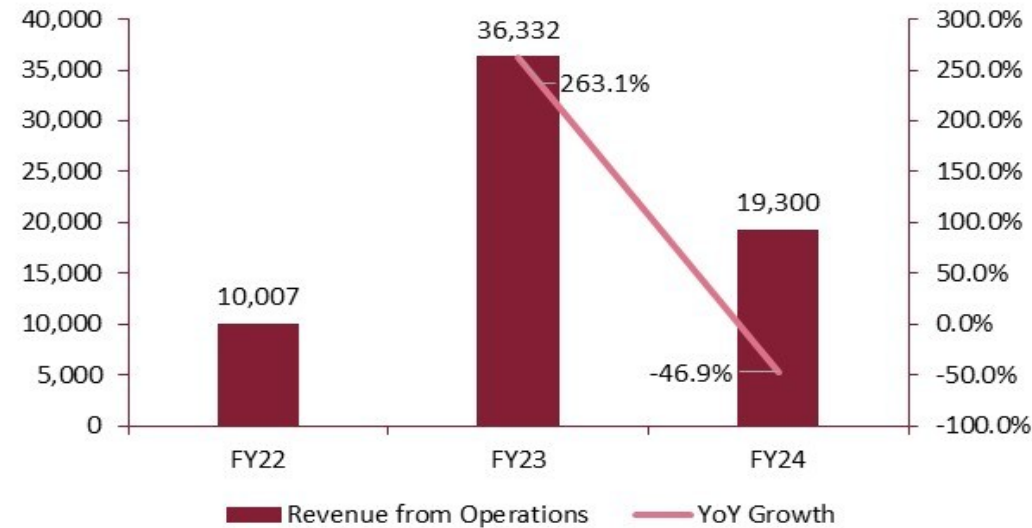
Kalpataru Limited

Strategies:

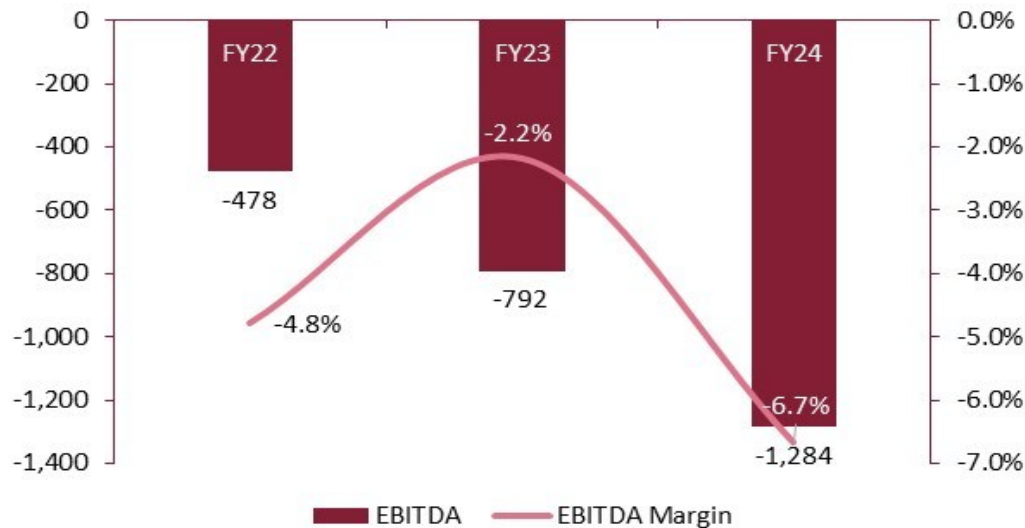
- ⇒ **Maintain focus on MMR, and Pune while also selectively pursuing opportunities in other high growth cities:** Most of the company's projects in Development Portfolio are located in the MMR and Pune, Maharashtra and diversified across different micro-markets and price points. Limited availability of land and reduced capital access for unorganized players works in favor of established players in the region. As of December 31, 2024, MMR and Pune region continues to be ranked first and second in terms of supply and absorption respectively.
- ⇒ **Completion of Ongoing, Planned and Forthcoming Projects:** As of December 31, 2024, the company's Ongoing, Planned and Forthcoming projects consist of Developable area of 24.83 msf, 16.33 msf and 7.81 msf respectively. They intend to complete and sell these projects within their respective timelines. The company holds five land parcels aggregating to 1,886.1 acres located across Surat, Gujarat; Pune, Maharashtra; Nagpur, Maharashtra; Udaipur, Rajasthan; and Shirol, Maharashtra. They aim to monetize these land parcel either by developing saleable property or selling the undeveloped land parcel or granting the development rights to third party developers.
- ⇒ **Deleveraging Balance Sheet:** As on December 31, 2024, Kalpataru's net gearing ratio in percentage terms stood at 86.5%. The company intends to lower its debt by liquidating the undeveloped land parcel or granting the developable rights to third party developers. Further the net proceeds from the IPO would be utilized to reduce the company's debt by Rs 3,333mn and subsidiaries debt by Rs 8,592mn. Apart from this, the focus of the company is to secure more redevelopment, JDA or JV projects which has no upfront land acquisition cost and high cash flow generation. They may also consider refinancing debt at lower interest rate thereby reducing interest cost burden and enhance profitability growth.
- ⇒ **Focus on Asset-Light Projects:** Redevelopment, JDA and JV projects requires no upfront land acquisition cost as it is owned by landowners who wants to develop project by partnering with development partner. As on December 31, 2024, these projects collectively comprised of 18.1%, 2.2% and 5.2% of the total Developable area for their Ongoing, Forthcoming and Planned projects respectively. MMR region especially South Central and Western Suburbs has scarce land for greenfield development. Thereby redevelopment projects will be an important means for obtaining land for development purpose. Hence the company is targeting these projects to improve on their sales.
- ⇒ **Selectively develop retail, commercial and other projects:** Kalpataru is primarily involved in the development of residential projects which comprises 46.72 msf or 95.41% of the Developable area of their Development Portfolio. Further, they intend to evaluate and selectively develop retail, commercial and other projects as part of mixed-use developments depending on their understanding of the relevant locations and the potential of the relevant projects. They are of the view that demand for such projects is likely to increased driven by evolving consumer preferences for amenities, location and lifestyles.

Kalpataru Limited

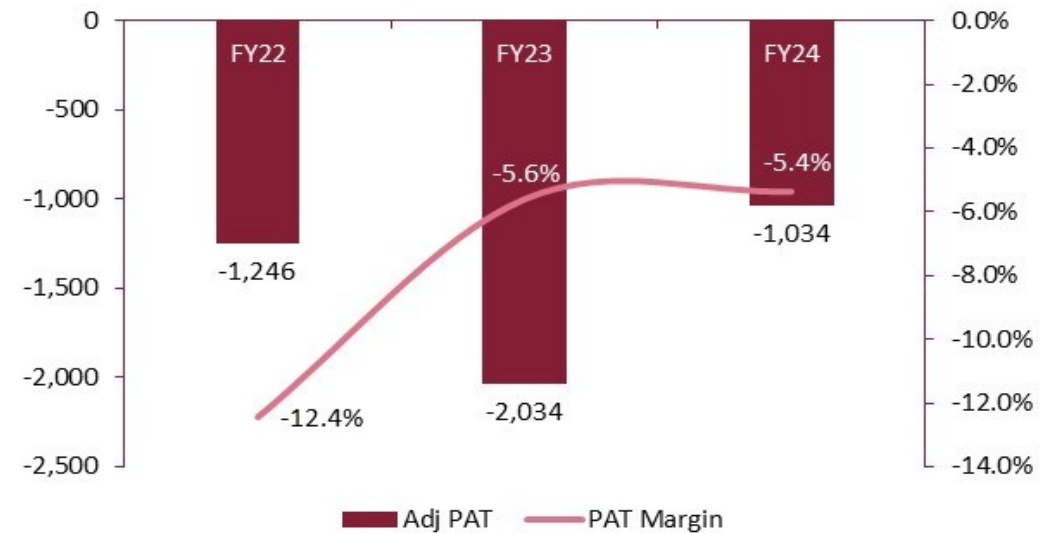
Revenue from Operations (Rs. Mn)

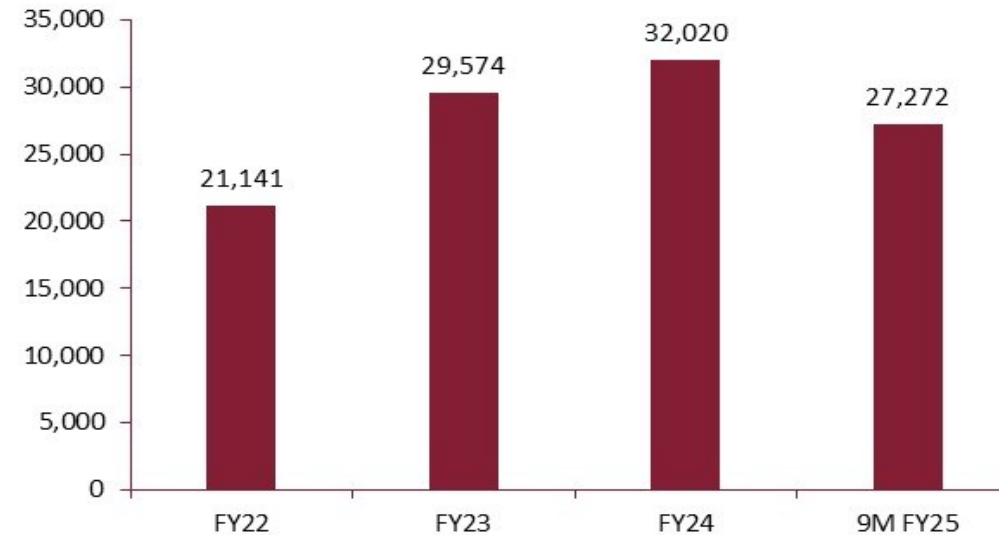
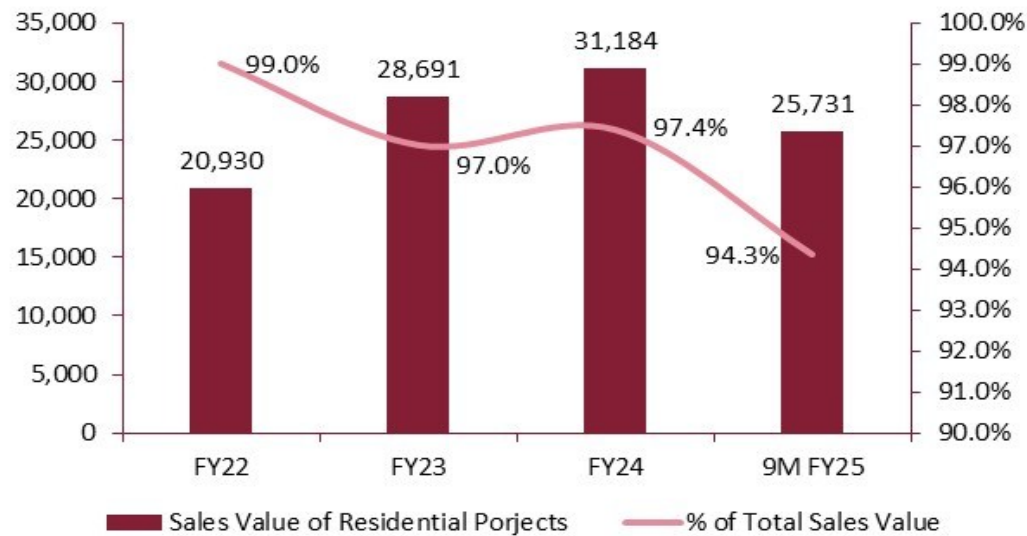
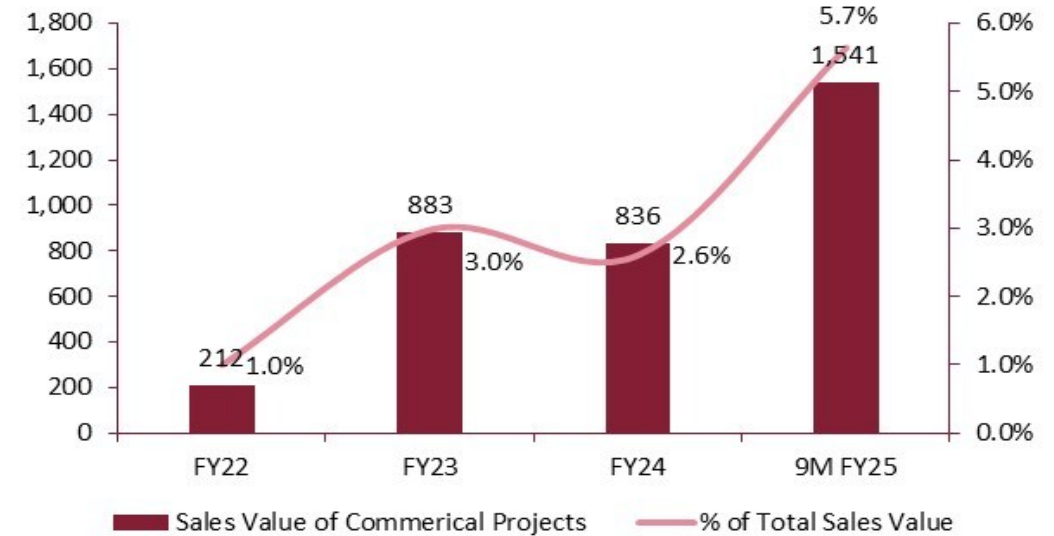


EBITDA (Rs. Mn) & EBITDA Margin (%)



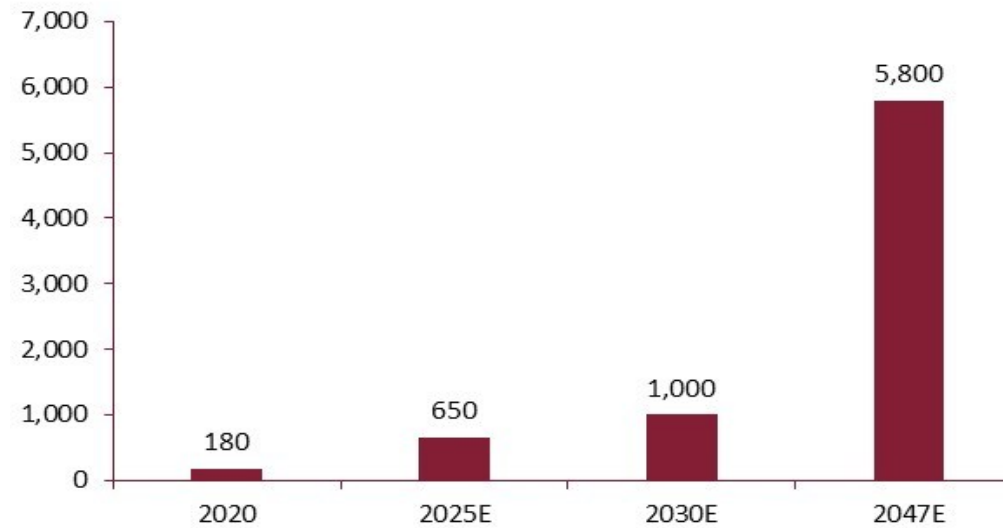
Adj. PAT (Rs. Mn) & Adj. PAT Margin (%)



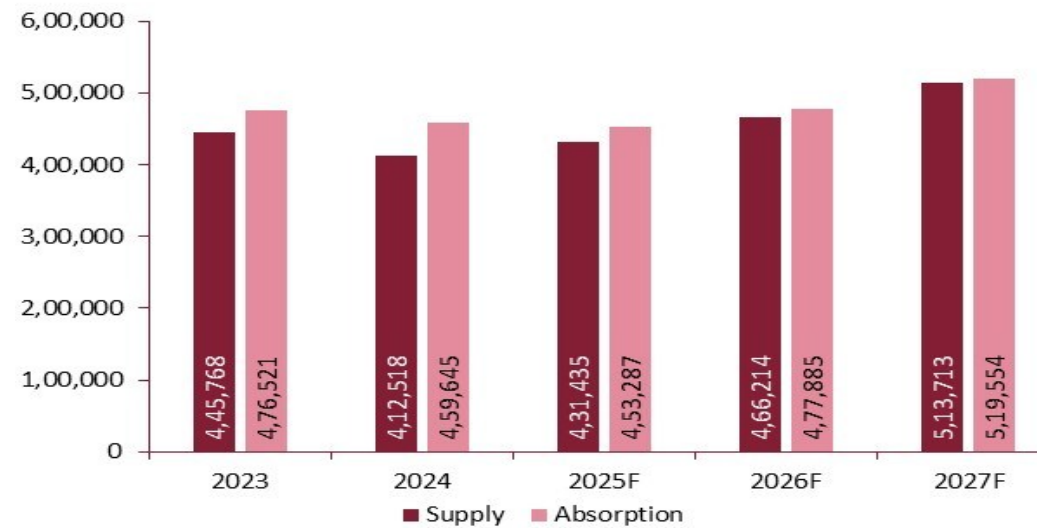
Total Sales Value (Rs. Mn)

Sales Value of Residential Projects (Rs. Mn)

Sales Value of Commercial Projects (Rs. Mn)


Industry

India Real Estate market size (US\$ Bn)

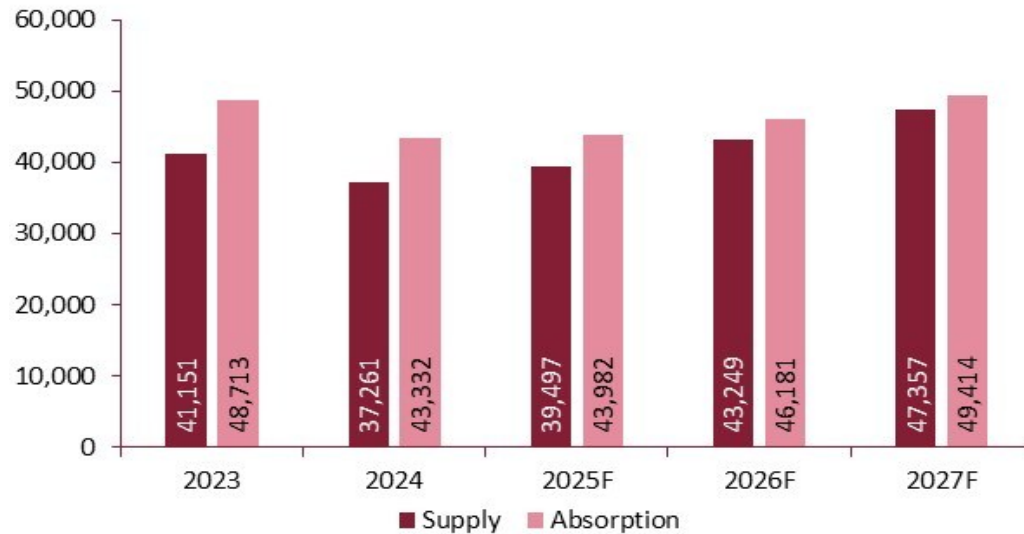


Pan India Supply & Absorption (units)

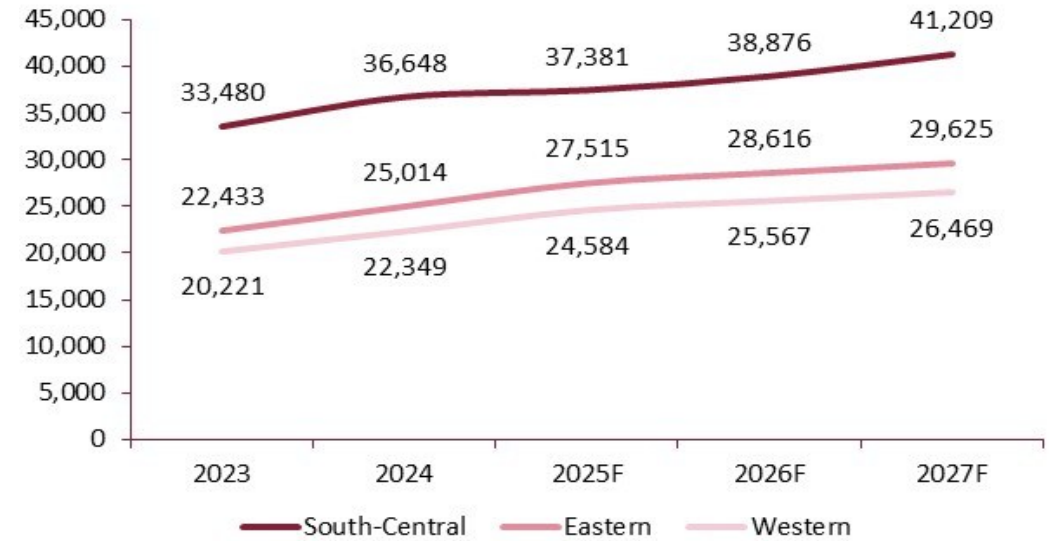


Industry

MCGM Supply Absorption (units)



MCGM Avg. Pricing (Rs/sqft)

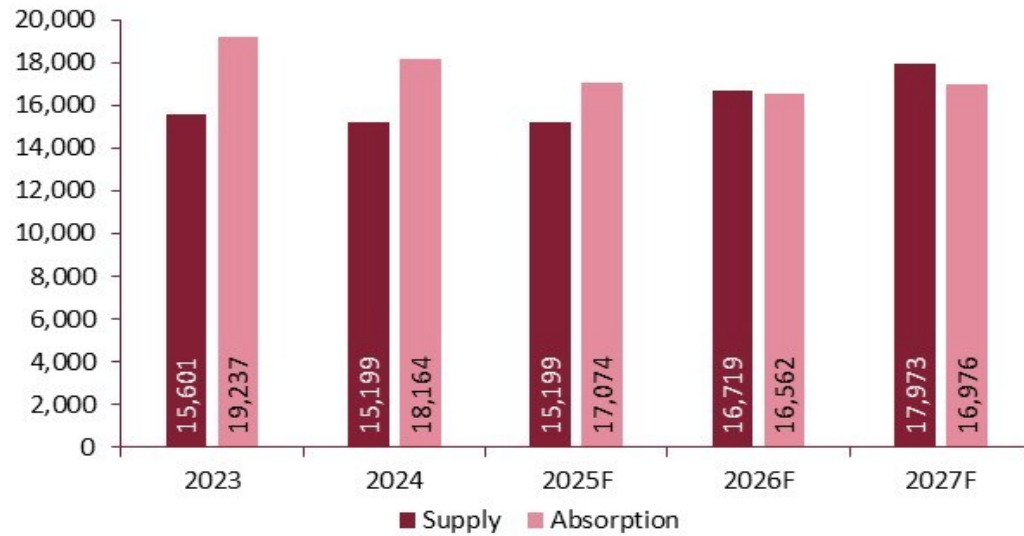


MCGM Kalpataru Market Share (CY 2019 - 2024)

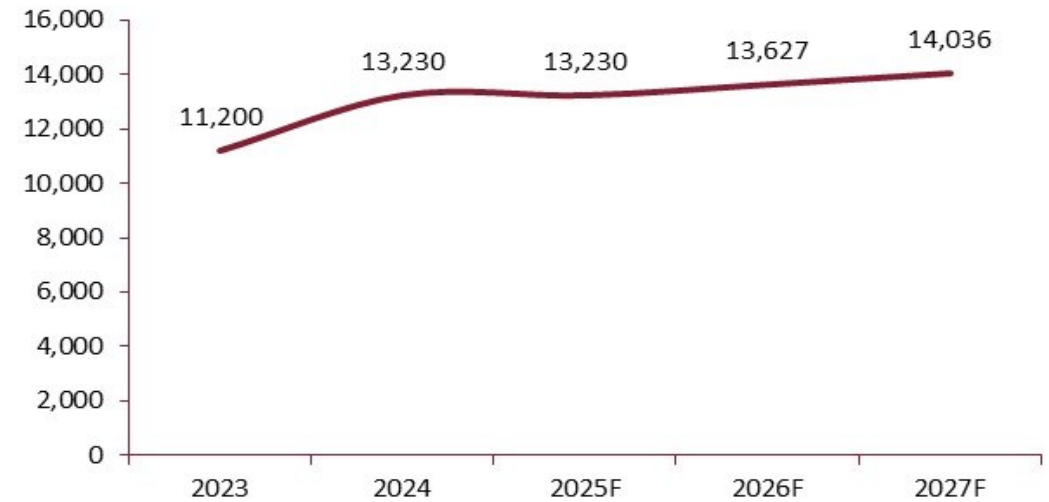


Industry

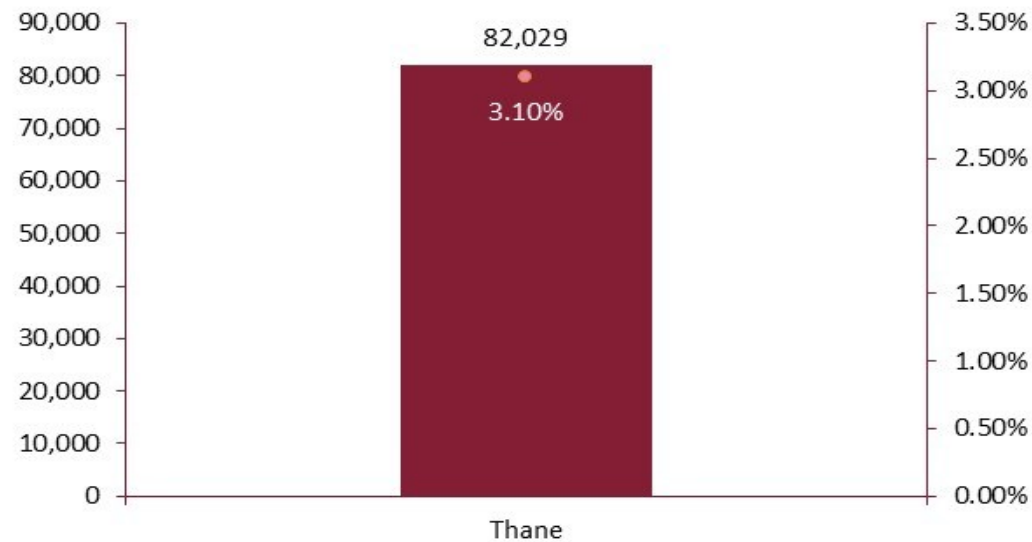
Thane Supply Absorption (units)



Thane Avg. Pricing (Rs/sqft)

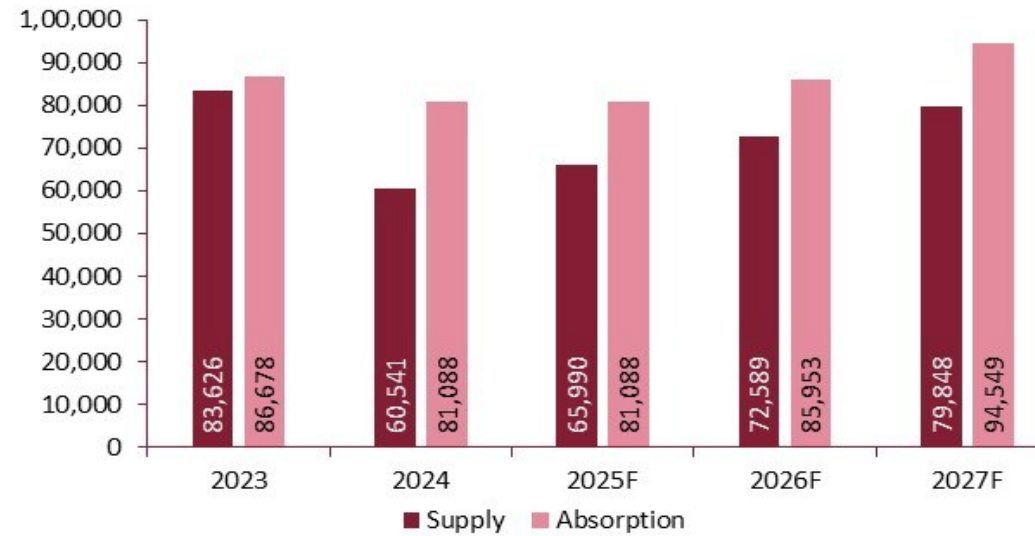


Thane Kalpataru Market Share (CY 2019 - 2024)

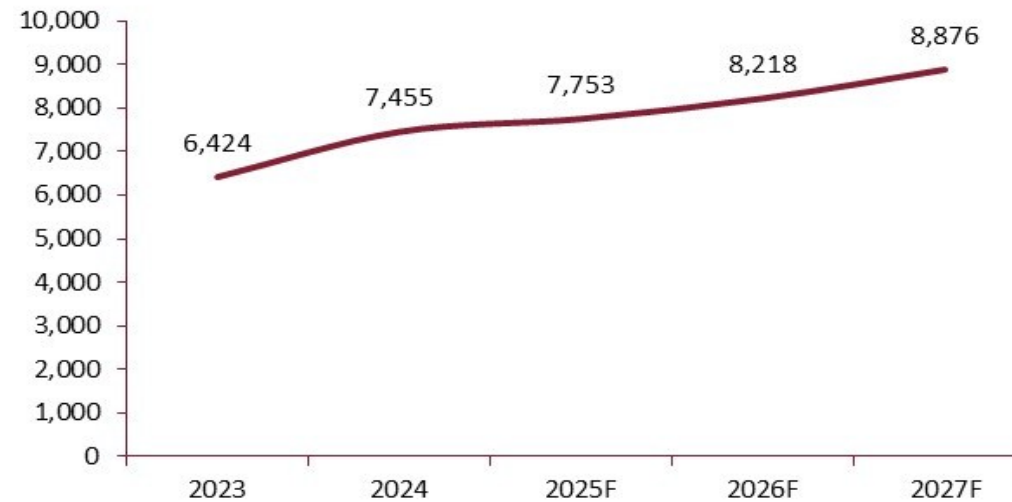


Industry

Pune Supply Absorption (units)



Pune Avg. Pricing (Rs/sqft)



INDSEC Rating Distribution

BUY : Expected total return of over 15% within the next 12-18 months.

HOLD : Expected total return between 0% to 15% within the next 12-18 months.

SELL : Expected total return is negative within the next 12-18 months.

NEUTRAL: No investment opinion, stock under review.

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DISCLOSURE

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