

Kalpataru Limited

IPO Note



Not Rated

Staggering under the weight of its borrowings

Kalpataru Limited, founded in 1988, is a real estate development company based in Mumbai, Maharashtra.

The company specialises in developing residential and commercial properties, retail spaces, and integrated townships across several Indian cities, including Mumbai, Thane, Panvel, Pune, Hyderabad, Indore, Bengaluru, and Jodhpur.

Kalpataru Limited is part of the Kalpataru Group, which includes Kalpataru Projects International Limited, Property Solutions (India) Private Limited, Shree Shubham Logistics Limited, and their respective subsidiaries, among others.

Strength:

- As of March 31, 2024, the company has 40 ongoing projects and has completed 70 projects.
- Unit sales, Sale value and Sales collections have witnessed 18%, 23% & 31% CAGR respectively, during the period of FY22-FY24 followed by a strong momentum in 9MFY25.
- The net loss halved from FY23 ₹200cr to ₹100cr in FY24, hinting at cost rationalization and improved delivery.

Risks:

- Real Estate arm saw a sharp drop in revenue to ₹1930cr, due to slower project take -off and visibility delays.
- The company requires a substantial reduction in its debt levels to restore financial stability and improve its balance sheet strength.

| | |
|----------|-------------------------|
| Industry | Real Estate Development |
|----------|-------------------------|

Script Details

| | |
|-------------|---------------|
| Listing | NSE, BSE |
| Open Date | June 24, 2025 |
| Close Date | June 26, 2025 |
| Price Band | INR 387 – 414 |
| Face Value | INR 10.0 |
| Market Lot | 36 |
| Minimum Lot | 1 |

Issue Structure

| | |
|----------------------------|--------------|
| Issue Size (INR in cr.) | INR 1,590 |
| Issue Size (Shares) | 3,84,05,797 |
| QIB Share (%) | ≤ 75% |
| Non-Inst Share (%) | ≥ 10% |
| Retail Share (%) | ≥ 15% |
| Pre Issue shares. | 16,74,89,537 |
| Post Issue shares. | 20,59,34,148 |
| Post Issue Market Cap (cr) | INR 8,524 |

| Shareholding (%) | Pre (%) | Post (%) |
|------------------|------------|------------|
| Promoter | 100 | 81.3 |
| Public | 0 | 18.7 |
| TOTAL | 100 | 100 |

Key Consolidated Financial Data (INR in Cr, unless specified)

| | Revenue (INR) | EBITDA (INR) | Net Profit (INR) | EBITDA Margin (%) | PAT Margin (%) | EPS (INR) | ROE (%) | ROCE (%) | P/BV (X) |
|------|---------------|--------------|------------------|-------------------|----------------|-----------|---------|----------|----------|
| FY22 | 1,000.7 | (47.8) | (120.7) | (8.0) | (122.3) | (5.9) | (8.4) | (0.6) | 5.9 |
| FY23 | 3,633.2 | (79.2) | (200.7) | (3.1) | (225.9) | (9.7) | (16.4) | (1.5) | 7.1 |
| FY24 | 1,930.0 | (128.4) | (100.7) | (8.3) | (113.4) | (4.9) | (9.8) | (1.6) | 8.5 |

Source: Ventura Research & Company update

Issue Structure and Offer Details

Kalpataru IPO is a bookbuilding of ₹1,590.00 crores. The issue is entirely a fresh issue of 3.84 crore shares.

| Issue Structure | |
|-------------------|-----------------------------------|
| Investor Category | Allocation |
| QIB | Not more than 75.00% of the Offer |
| NII (HNI) | Not less than 10.00% of the Offer |
| Retail | Not less than 15.00% of the Offer |

Number of shares based on a higher price band of INR 414

Source: Company Reports

Objects of the Issue

The Company proposes utilizing Net Proceeds towards the following objects:

1. Repayment/pre-payment, in full or in part, of certain borrowings availed by company and Subsidiaries: ₹1192.5 (~75%).
2. General Corporate Purposes: ₹397.5 (~25%).

Financial Summary

| Fig in INR Cr (unless specified) | FY22 | FY23 | FY24 | Fig in INR Cr (unless specified) | FY22 | FY23 | FY24 |
|-----------------------------------|----------------|---------------|---------------|------------------------------------|-----------|-----------|---------|
| Income Statement | | | | Per share data & Yields | | | |
| Revenue | 1,000.7 | 3,633.2 | 1,930.0 | Adjusted EPS (INR) | (5.9) | (9.7) | (4.9) |
| <i>YoY Growth (%)</i> | <i>(9.9)</i> | <i>263.1</i> | <i>(46.9)</i> | Adjusted Cash EPS (INR) | (4.3) | (8.2) | (3.3) |
| Raw Material Cost | 0.0 | 0.0 | 0.0 | Adjusted BVPS (INR) | 69.9 | 58.6 | 48.6 |
| <i>RM Cost to Sales (%)</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | Adjusted CFO per share (INR) | 19.5 | 103.9 | 18.3 |
| Employee Cost | 72.4 | 128.6 | 124.0 | CFO Yield (%) | 4.7 | 25.1 | 4.4 |
| <i>Employee Cost to Sales (%)</i> | <i>7.2</i> | <i>3.5</i> | <i>6.4</i> | Adjusted FCF per share (INR) | 32.3 | 112.1 | 21.0 |
| Other Expenses | 976.1 | 3,583.8 | 1,934.4 | FCF Yield (%) | 7.8 | 27.1 | 5.1 |
| <i>Other Exp to Sales (%)</i> | <i>97.5</i> | <i>98.6</i> | <i>100.2</i> | Solvency Ratio (X) | | | |
| EBITDA | (47.8) | (79.2) | (128.4) | Total Debt to Equity | 7.2 | 8.0 | 10.7 |
| <i>Margin (%)</i> | <i>(4.8)</i> | <i>(2.2)</i> | <i>(6.7)</i> | Net Debt to Equity | 7.0 | 7.7 | 10.1 |
| <i>YoY Growth (%)</i> | <i>(167.2)</i> | <i>65.7</i> | <i>62.1</i> | Net Debt to EBITDA | (209.5) | (117.2) | (78.4) |
| Depreciation & Amortization | 32.7 | 31.8 | 32.6 | Return Ratios (%) | | | |
| EBIT | (80.5) | (111.0) | (161.1) | Return on Equity | (8.4) | (16.4) | (9.8) |
| <i>Margin (%)</i> | <i>(8.0)</i> | <i>(3.1)</i> | <i>(8.3)</i> | Return on Capital Employed | (0.6) | (1.5) | (1.6) |
| <i>YoY Growth (%)</i> | <i>(313.5)</i> | <i>37.9</i> | <i>45.0</i> | Return on Invested Capital | (0.7) | (1.1) | (1.5) |
| Other Income | 247.9 | 83.4 | 100.0 | Working Capital Ratios | | | |
| Bill discounting & other charges | 306.4 | 130.3 | 34.2 | Payable Days (Nos) | 104 | 23 | 84 |
| Fin Charges Coverage (X) | (0.3) | (0.9) | (4.7) | Inventory Days (Nos) | 3,776 | 975 | 2,015 |
| Exceptional Item | 0.0 | 0.0 | 0.0 | Receivable Days (Nos) | 246 | 48 | 118 |
| PBT | (139.0) | (157.9) | (95.3) | Net Working Capital Days (Nos) | 3,919 | 1,001 | 2,049 |
| <i>Margin (%)</i> | <i>(13.9)</i> | <i>(4.3)</i> | <i>(4.9)</i> | Net Working Capital to Sales (%) | 1,073.6 | 274.2 | 561.4 |
| <i>YoY Growth (%)</i> | <i>153.0</i> | <i>13.6</i> | <i>(39.6)</i> | Valuation (X) | | | |
| Tax Expense | (16.7) | 68.0 | 18.1 | P/E | (70.6) | (42.5) | (84.6) |
| <i>Tax Rate (%)</i> | <i>12.0</i> | <i>(43.1)</i> | <i>(19.0)</i> | P/BV | 5.9 | 7.1 | 8.5 |
| PAT | (122.3) | (225.9) | (113.4) | EV/EBITDA | (387.8) | (224.8) | (144.8) |
| <i>Margin (%)</i> | <i>(12.2)</i> | <i>(6.2)</i> | <i>(5.9)</i> | EV/Sales | 18.5 | 4.9 | 9.6 |
| <i>YoY Growth (%)</i> | <i>128.5</i> | <i>84.7</i> | <i>(49.8)</i> | Cash Flow Statement | | | |
| Min Int/Sh of Assoc | 1.6 | 25.2 | 12.7 | PBT | (139.0) | (157.9) | (95.3) |
| Net Profit | (120.7) | (200.7) | (100.7) | Adjustments | 5,518.4 | 1,583.8 | 1,363.4 |
| <i>Margin (%)</i> | <i>(12.1)</i> | <i>(5.5)</i> | <i>(5.2)</i> | Change in Working Capital | (4,993.9) | 781.3 | (873.5) |
| <i>YoY Growth (%)</i> | <i>202.8</i> | <i>66.2</i> | <i>(49.8)</i> | Less: Tax Paid | 16.7 | (68.0) | (18.1) |
| Balance Sheet | | | | Cash Flow from Operations | 402.2 | 2,139.1 | 376.5 |
| Share Capital | 139.7 | 139.7 | 139.7 | Net Capital Expenditure | (5.8) | (16.5) | 14.8 |
| Total Reserves | 1,300.6 | 1,067.4 | 860.7 | Change in Investments | 110.1 | (15.4) | (147.3) |
| Shareholders Fund | 1,440.2 | 1,207.0 | 1,000.3 | Cash Flow from Investing | 104.3 | (31.9) | (132.5) |
| Long Term Borrowings | 2,910.0 | 3,085.3 | 3,980.1 | Change in Borrowings | (207.1) | (1,970.7) | (223.7) |
| Deferred Tax Assets / Liabilities | (197.5) | (162.4) | (171.0) | Less: Finance Cost | (306.4) | (130.3) | (34.2) |
| Other Long Term Liabilities | 139.0 | 185.3 | 180.0 | Proceeds from Equity | 0.0 | 0.0 | 0.0 |
| Long Term Trade Payables | 0.0 | 0.0 | 0.0 | Buyback of Shares | 0.0 | 0.0 | 0.0 |
| Long Term Provisions | 20.3 | 27.9 | 32.3 | Dividend Paid | 0.0 | 0.0 | 0.0 |
| Total Liabilities | 4,312.1 | 4,343.2 | 5,021.7 | Cash flow from Financing | (513.5) | (2,101.0) | (257.9) |
| Net Block | 123.1 | 131.6 | 112.6 | Net Cash Flow | (6.9) | 6.2 | (14.0) |
| Capital Work in Progress | 120.5 | 130.6 | 145.5 | Forex Effect | 0.0 | 0.0 | 0.0 |
| Intangible assets under developer | 0.0 | 0.0 | 0.0 | Opening Balance of Cash | 69.9 | 63.0 | 69.1 |
| Non Current Investments | 77.3 | 86.2 | 93.3 | Closing Balance of Cash | 63.0 | 69.1 | 55.1 |
| Long Term Loans & Advances | 129.6 | 86.3 | 88.9 | | | | |
| Other Non Current Assets | 32.6 | 59.8 | 93.8 | | | | |
| Net Current Assets | 3,828.9 | 3,848.7 | 4,487.6 | | | | |
| Total Assets | 4,312.1 | 4,343.2 | 5,021.7 | | | | |

Source: Company Reports

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