

# Kolte Patil Developers

## Muted performance due to delayed launches

KPDL reported a muted quarter with presales of 1.03msf (5.1%/+7.3% YoY/QoQ), valued at INR 7.7bn (+21.8%/+8.3% YoY/QoQ), with an average realisation of INR 7,475 per sq. ft. (+15.9%/+0.9% YoY/QoQ). 90% of the sales in value terms came from the Pune region for H1FY25, which KPDL is expecting to lower to 70% as contribution from MMR and Bengaluru is expected to increase, given that major launches in Mumbai are expected in H2FY25. Moreover, KPDL expects to launch projects worth INR 70bn in FY25 (vs INR 80bn earlier), due to certain approval delays and project phasing. It is preparing for a launch heavy H2FY25 with a saleable area of c.9msf and a revenue potential of INR 70bn in MMR, Pune and Bengaluru. We expect Life Republic (LR) project to continue the sales momentum and strong cash flows, further improving the margins with better realisation. KPDL expects to achieve its BD guidance of INR 80bn for FY25, as a few of the deals are nearing completion or in advanced stages. The BD pipeline is largely in Pune (at 70%), MMR (at 20%) and the balance 10% in Bengaluru. With strong cash flows KPDL is a net cash positive company and liquidity is comfortable. This may pave the way for accelerated BD activities. Given strong business development and better-than-expected price realisation, we maintain BUY with TP of INR 480/sh.

- Q2FY25 financial performance:** KPDL reported revenue of INR 3.1bn (55.6%/-9.5% YoY/QoQ, in line). EBITDA came in at INR 144mn vs INR 35mn/278mn Q2FY24/Q1FY25, vs INR 220mn est.). APAT was of INR 97mn (INR (18) mn/INR 62mn Q2FY24/Q2FY25) vs. the estimate of INR 69mn profit. Margins got impacted on the back overhang of legacy projects, though KPDL believes that the margin will improve towards mid-teens in H2FY25, driven by new projects.
- Preparing for a launch heavy H2FY25:** KPDL reported quarterly presales of 1.03msf (5.1%/+7.3% YoY/QoQ), valued at INR 7.7bn (+21.8%/+8.3% YoY/QoQ), with an average realisation of INR 7,475 per sq. ft. (+15.9%/+0.9% YoY/QoQ). Life republic contributed ~50% of total sales in Q2FY25. Collections stood at INR 5.5bn making a 16.5%/-10.1% YoY/QoQ. KPDL expects presales of 35bn in FY25 with 30% contribution from MMR and Bengaluru. It has launched projects with saleable area of 2.21msf and a GDV of INR 18bn, which are largely phased launches. However, it is preparing for a launch heavy H2FY25 with a GDV of INR 70bn in MMR, Pune and Bengaluru. KPDL is expanding its presence in key markets, pursuing new ventures, and prioritizing operational efficiency to improve margins.
- Strong BD guidance to drive the next leg of growth:** Though Q2FY25 was a muted quarter in terms of new business developments, KPDL expects to achieve its BD guidance of INR 80bn for FY25 as a few of its deals are nearing completion or in advanced stages. Net cash stood at INR 580mn (INR 370mn net cash in Q1FY25). During H1FY25, KPDL generated a net operating cash flow of INR 4.4bn.

### Consolidated financial summary (INR mn)

Particulars	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	FY24	FY25E	FY26E	FY27E
Net Sales	3,083	1,982	55.6%	3,408	-9.5%	13,715	16,938	24,672	25,840
EBITDA	144	35	312.9%	278	-48.3%	276	1,651	3,859	4,866
APAT	97	(18)	NA	62	55.2%	-694	554	2,030	2,729
EPS (INR)	1.3	(0.2)	NA	0.8	55.2%	4	7	27	36
P/E (x)						93	49	13	10
EV/EBITDA (x)						123	20	9	7
RoE (%)						-8	6	23	24

Source: Company, HSIE Research

## BUY

CMP (as on 13 Nov 2024) INR 361

Target Price INR 480

NIFTY 23,559

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 480	INR 480
	FY25E	FY26E
EPS Change %	-	-

### KEY STOCK DATA

Bloomberg code	KPDL IN
No. of Shares (mn)	76
MCap (INR bn) / (\$ mn)	27/324
6m avg traded value (INR mn)	167
52 Week high / low	INR 585/345

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.4 (26.0)	(27.1)	
Relative (%)	4.0 (32.8)	(46.8)	

### SHAREHOLDING PATTERN (%)

	Jun-24	Sept-24
Promoters	69.45	69.45
FIs & Local MFs	4.96	3.13
FPIs	4.51	5.19
Public & Others	21.09	22.24
Pledged Shares	0.0	0.0

Source: BSE

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