

June 24, 2025

Issue Details		
Issue Opens	June 24 <sup>th</sup> , 2025	
Issue Closes	June 26 <sup>th</sup> , 2025	
Issue Size (Rs. Crs)	~1,590	
Issue Size –Fresh (Rs Crs)	~1,590	
Issued, Subscribed and Paid Up Sh. Pre offer	16,74,89,537	
Fresh Issue (No. of Shares)	3,84,05,797	
Face Value	10.00	
Lot Size (Sh)	36	
Price Band	Rs 387 – Rs 414	
Employee Discount	Rs 38	
Issue Type	Book Built Issue IPO	
Book Value (in Rs.)( 9MCY25)	110.92	
BRLMs	ICICI Securities, JM Financial, Nomura Financial Advisory	
Registrar	MUFG Intime India Pvt Ltd	
Listing Venue	BSE , NSE	
Finalization of Allotment	On or about 27/06/2025	
Initiation of refund	On or about 30/06/2025	
Credit to Demat Account	On or about 30/06/2025	
Listing	On or about 01/07/2025	
Issue Structure		
Categories		
QIBs	<=75%	
Non-Institutional	>=15%	
Retail Portion	>=10%	
Total	100%	
Shareholding %		
Categories	Pre issue	Post Issue
Promoter	100	81.30
Public	-	18.70
Recommendation		
NEUTRAL		

### Company Background

Kalpataru Limited (KPL), founded in 1988, is a real estate development company based in Mumbai, Maharashtra. It specializes 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.

### Objects of the issue

- Fresh Issue of 3,84,05,797 (3.84 Cr) shares of FV Rs10 amounting to ~Rs 1,590 Cr
- Repayment/pre-payment, in full or in part, of certain borrowings availed by KP and its Subsidiaries.
- General Corporate purposes.

### Key Points

- KPL is a 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.
- For the calendar year 2019 to December 31, 2024, the MMR region was ranked first among the top seven Indian markets (MMR (Maharashtra), Pune (Maharashtra), Bengaluru (Karnataka), Hyderabad (Telangana), the National Capital Region, Chennai (Tamil Nadu) and Kolkata (West Bengal)) in terms of supply, absorption and average base selling price thus providing a lucrative business opportunity for established developers like KPL.
- KPL is the fifth largest developer in the MCGM (Municipal Corporation of Greater Mumbai). area in Maharashtra and the seventh largest developer in Thane, Maharashtra in terms of units supplied from the calendar year 2019 to December 31, 2024.
- KPL focuses on the development of luxury, premium, and mid-income residential, commercial, and retail projects, integrated townships, lifestyle gated communities, and redevelopments. For its residential developments, it builds and sells a wide range of properties including villas, duplexes, apartments, and plots of varying sizes, with a primary focus on luxury, premium, and mid-income residential real estate.
- KPL adopts an “asset-light” development model by entering into redevelopment, JDA and JV projects with other landowners to develop their land.
- KPL has made a turnaround in 9MFY25 after suffering losses from FY19-24 and the management is confident of further improvements in its financial performance in coming years considering the projects on hand.
- As on 31<sup>st</sup> Dec, 2024, KPL's Ongoing Projects comprised approximately 24.83 msf of Developable Area, Forthcoming Projects comprised approximately 16.33 msf of Developable Area, and are expected to launch across the next 2 financial years in various phases

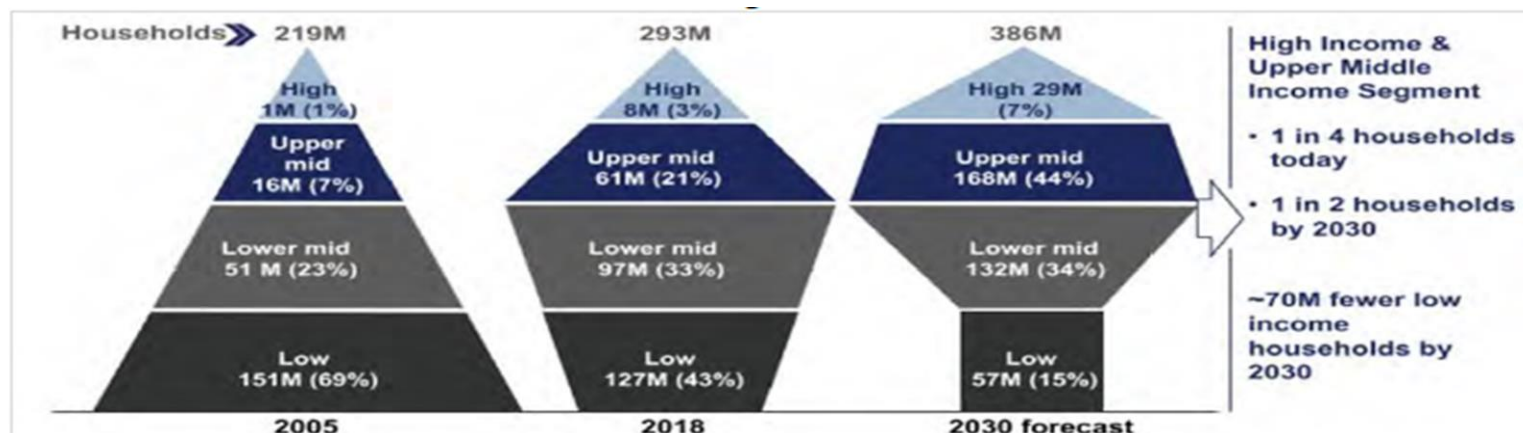
**Kalpataru Ltd's reliability is driven by its track record of delivering quality projects on time. It has a customer-centric approach and seeks to address customers' requirements and preferences, which in turn enhances its brand recognition. A turn around in its operating performance in 9MFY25 after suffering losses from FY19-24 is another positive development**

Consolidated Financials In INR Crs	9MFY25	FY24	FY23	FY22
Revenue from Operations	1,624.73	1,929.98	3,633.18	1,000.67
Profit Before Interest, Depreciation & Tax (PBIDT)	152.47	-28.47	4.22	200.08
Adjusted Profit After Tax (PAT)	5.52	-100.74	-200.73	-120.74
EPS	0.56	-7.21	-14.37	-8.65
Equity Paid Up	139.65	139.65	139.65	139.65

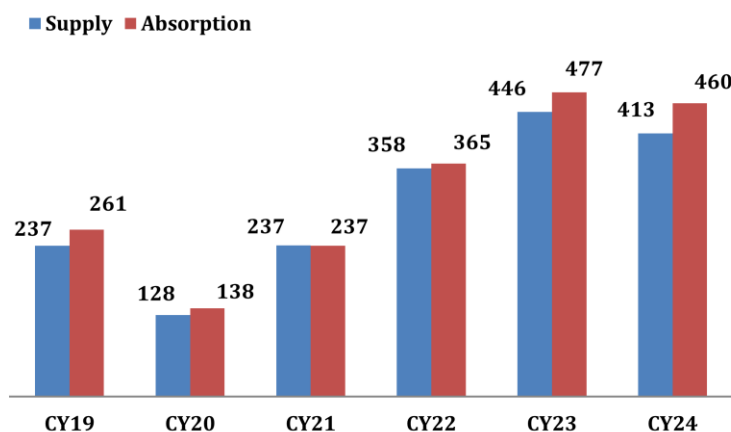
Company's RHP, ACE Equity, AUM Research

## Industry Overview

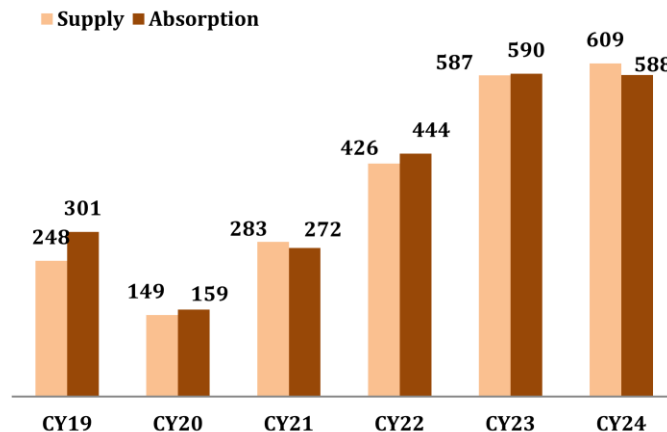
### Growing income levels to fuel the demand for quality housing in India



PAN India Supply & Absorption (No. Of Units in '000)



Absorption & Supply In Million Square Feet



In INR Cr	CY19	CY20	CY21	CY22	CY23	CY24
Supply	1,39,071	83,609	1,64,787	3,05,824	4,11,424	5,31,342
Absorption	1,97,274	1,07,699	1,95,169	3,26,878	4,87,582	5,69,067

Company's RHP, AUM Research

*In real estate, absorption refers to the rate at which available properties (like homes or commercial spaces) are leased or sold within a specific market during a given period, typically measured in months. It essentially indicates the speed at which properties are being absorbed by the market, reflecting demand. High absorption rates suggest strong demand and can lead to increased property values, while low absorption rates might indicate a slower market with potential for price adjustments.*

*The absorption rate is calculated by dividing the number of properties sold (or leased) in a given period by the total number of available properties. For example, if 50 homes were sold out of 200 available homes in a month, the absorption rate would be 25%.*

***Example:-** If 100 homes were listed for sale in an area and 50 were sold in a month, the absorption rate would be 50 homes per month. This indicates that, on average, 50 homes are being sold each month in that specific market.*

### Consolidation Of Real Estate Sector Due To Regulatory Changes

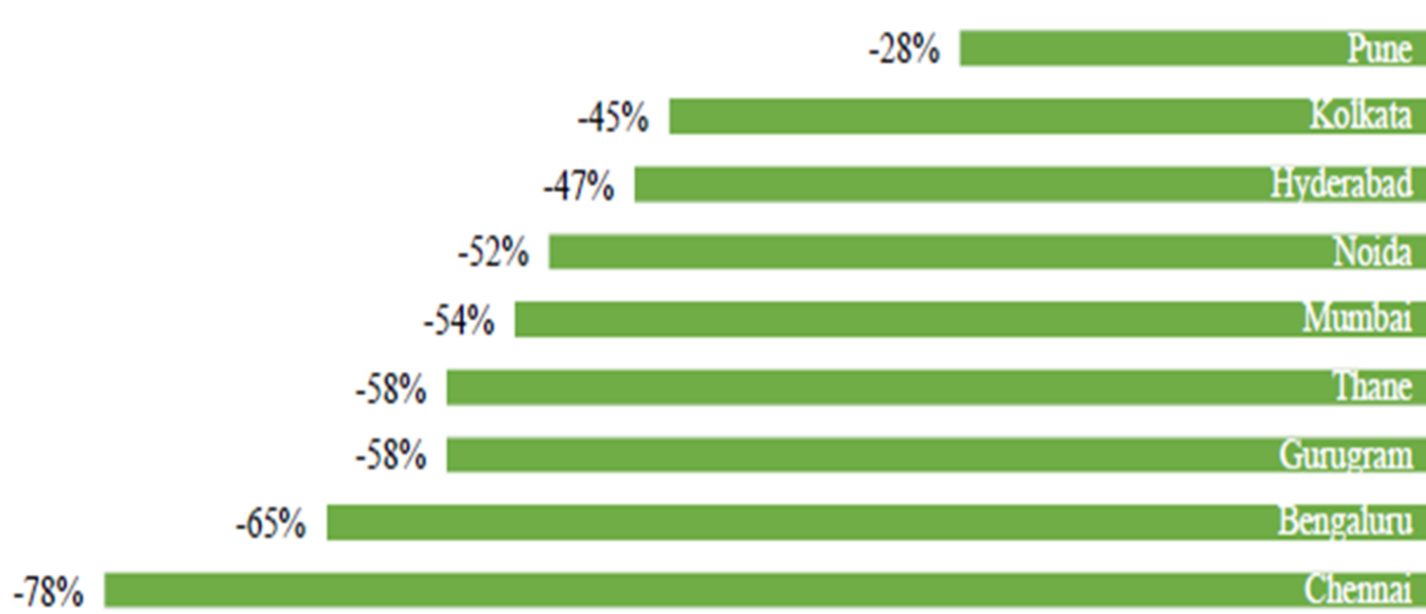
To improve transparency and address challenges in the residential real estate sector, the government introduced several measures:-

- 1) **Real Estate (Regulation and Development) Act, 2016 (RERA):-** Enforced in May 2016, RERA aimed to enhance transparency, financial discipline, and accountability. Key features include mandatory project registration, escrow accounts for funds, and timelines for project completion.
- 2) **GST Implementation:-** Introduced on July 1, 2017, GST simplified taxation. Post-April 2019, GST rates were reduced to 5% for under-construction properties and 1% for affordable housing. \
- 3) **Benami Transactions (Prohibition) Amended Act 2016:-** Aimed at curbing unaccounted cash transactions and increasing transparency.
- 4) **Demonetization:-** The 2016 ban on Rs 500 and Rs 1,000 notes helped organize the sector by reducing black money.
- 5) **Reduced Capital Access for Unorganized Developers:-** Post-2018, NBFCs reduced funding for under-construction projects, affecting those smaller and unorganized developers who acted as fly-by-night operator, and favouring developers with proven track records with better access to bank loans.

#### 6) **Impact:-**

- *The Indian real estate sector has witnessed consolidation in the past few years. With the implementation of RERA, the financially weak developers were not able to adhere to compliance norms and were, therefore, either going out of business or consolidating with larger players.*
- *The liquidity crisis further worsened the situation for such developers, which resulted in an increase in share of new launches by branded developers.*
- *The consolidation of developers has been continuing in post-pandemic era, with many weak players ceasing to exist. This will enable the larger branded players to outpace industry growth over the longer term. Post structural changes, consolidation is on a rise and the share of organized and branded players is rising.*

#### **Decline in the in the number of developers in select Indian cities between 2012 and 2019**



Company's RHP, AUM Research

### Policy Level Initiatives And Reforms In The Real Estate Sector

- 1) **Reduction in rates by The Reserve Bank of India:-** RBI has decreased the key rates in the last 2 MPC meets held in April 2025 and June 2025. The primary reason behind the rate cut is to stimulate economic growth. Despite the increase in mortgage rates, demand has stayed strong, suggesting sustained consumer confidence and active economic engagement. The rate cut is expected to promote borrowing, investment, and spending, which are crucial for economic growth. This move by the RBI would positively impact various sectors, including real estate, automotive, and consumer goods.
- 2) **Loan Restructuring:-** In August 2020, the RBI allowed one-time restructuring of loans, helping real estate developers manage debt.
- 3) **Extended Repayment Periods:-** Developers received an additional year for loan repayments, reducing stress on Real Estate focused NBFCs. RBI provided a Rs 50,000 Cr window under Targeted Long-Term Repo Operations (TLTRO) to inject liquidity into the banking system.
- 4) **National Housing Bank Funding:-** In August 2020, Rs 10,000 Cr was allotted to the National Housing Bank to ease liquidity for housing finance companies and developers.
- 5) **Stamp Duty Reduction:-** The Maharashtra government reduced stamp duty from 5% to 2% (September-December 2020) and to 3% (January-March 2021), boosting property sales. Despite a return to 5% in April 2021, sales remained strong.
- 6) **Pradhan Mantri Awas Yojana-Urban 2.0:-** It is an extension of Pradhan Mantri Awas Yojana, which will provide financial assistance to 1 crore urban poor and middle-class families over 5 years (starting from September 1, 2024). The scheme aims to help beneficiaries construct, purchase, or rent affordable houses in urban areas. Under PMAY-U 2.0, the government will offer up to ₹2.50 lakh per unit for eligible families. With an investment of ₹10 lakh crore, the initiative seeks to improve the quality of life for citizens.
- 7) **SWAMIH Investment Fund (Special Window for Affordable and Mid-Income Housing):-** Over Rs 13,200 Cr was invested in stalled projects, benefiting 87,000 homebuyers and funding 108 developments.
- 8) **Premium Discounts for Builders:-** Maharashtra offered a 50% reduction in real estate premiums for builders in 2021, which was extended till March 2022.
- 9) **Property Tax Waiver:-** The Maharashtra government waived property tax for homes up to 500 sq. ft. in Mumbai, benefiting 1.61 million flats. The Central as well as State Governments along with RBI have been instrumental and supportive to ensure that the real estate sector emerges stronger post the pandemic.

**The table below shows the total number of projects and total built-up area (in msf) that have adopted IGBC Green Ratings at the MMR level, Mumbai / Municipal Corporation of Greater Mumbai ("MCGM") level and Thane level for Calendar Year 2024**

#### MMR level

Particulars	Total No Of Projects	Built Up Area (MSF)
Residential	595	428.39
Commercial	91	35.66
Township	13	121.19
Landscape	3	NA

#### Mumbai

Particulars	Total No Of Projects	Built Up Area (MSF)
Residential	446	298.24
Commercial	63	28.97
Township	2	7.40
Landscape	1	NA

#### Thane

Particulars	Total No Of Projects	Built Up Area (MSF)
Residential	114	120.2
Commercial	24	6.00
Township	7	49.63
Landscape	1	NA

**Company Overview (Ongoing Projects, Forthcoming & Planned Projects)**

Type of Project	No. Of Projects	Developable Area (MSF)
<b>Ongoing Projects</b>		
Residential	23	23.96
Commercial	2	0.87
<b>Sub-Total</b>	<b>25</b>	<b>24.83</b>
<b>Forthcoming Projects</b>		
Residential	5	7.36
Commercial	0	-
Mixed Use Development	1	8.97
<b>Sub-Total</b>	<b>6</b>	<b>16.33</b>
<b>Planned Projects</b>		
Residential	5	7.81
Commercial	0	-
<b>Sub-Total</b>	<b>5</b>	<b>7.81</b>
<b>Grand Total</b>	<b>36</b>	<b>48.97</b>

**Number of completed projects as on 31<sup>st</sup> December 2024**

Type of Project	No. Of Completed Projects	Developable Area IN MSF						
		Mumbai	Thane	Rest Of MMR	Total MMR	Pune	Others	Total
Residential	64	4.83	4.00	1.04	9.87	3.93	1.02	<b>14.82</b>
Commercial	10	0.65	0.00	0.00	0.65	0.16	0.00	<b>0.81</b>
Mall	1	0.00	0.42	0.00	0.42	0.00	0.00	<b>0.42</b>
<b>Total</b>	<b>75</b>	<b>5.48</b>	<b>4.42</b>	<b>1.04</b>	<b>10.94</b>	<b>4.09</b>	<b>1.02</b>	<b>16.05</b>

Company's RHP, AUM Research

- KPL focuses on the development of luxury, premium, and mid-income residential, commercial, and retail projects, integrated townships, lifestyle gated communities, and redevelopments.
- For residential purposes, KPL builds and sells a wide range of properties including villas, duplexes, apartments, and plots of varying sizes, with a primary focus on luxury, premium, and mid-income residential real estate. As of December 31, 2024, 68.31% of the Developable Area of the residential projects within its Development Portfolio were located within the MMR, aggregating to 33.45 msf of Developable Area.
- For commercial developments, KPL adopts a model of developing, leasing and/or selling commercial units. In its retail developments, KPL develops, manages and leases units within shopping malls.
- KPL's integrated township developments and lifestyle gated community projects typically consist of the development, sale or lease and management of residential, commercial and retail developments. Further, as of December 31, 2024, it had five Land Reserves aggregating to 1,886.10 acres.
- KPL's Land Reserves comprise land (or rights thereto) that has been acquired, including through purchase or acquisition of development rights, on which there are currently no Developing Projects, Forthcoming Projects or Planned Projects.
- In addition to acquiring freehold and leasehold interests in land for development, KPL adopts an "asset-light" development model by entering into redevelopment, JDA and JV projects with other landowners to develop their land.
- A majority of KPL's projects and Land Reserves are located in the MMR and Pune, Maharashtra, it has two Ongoing Projects in Hyderabad, Telangana and Noida, Uttar Pradesh; one Forthcoming Project in Nagpur, Maharashtra; and three pieces of land comprising Land Reserves in Surat, Gujarat; Nagpur, Maharashtra; and Udaipur, Rajasthan.
- KPL has adopted 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 its projects.



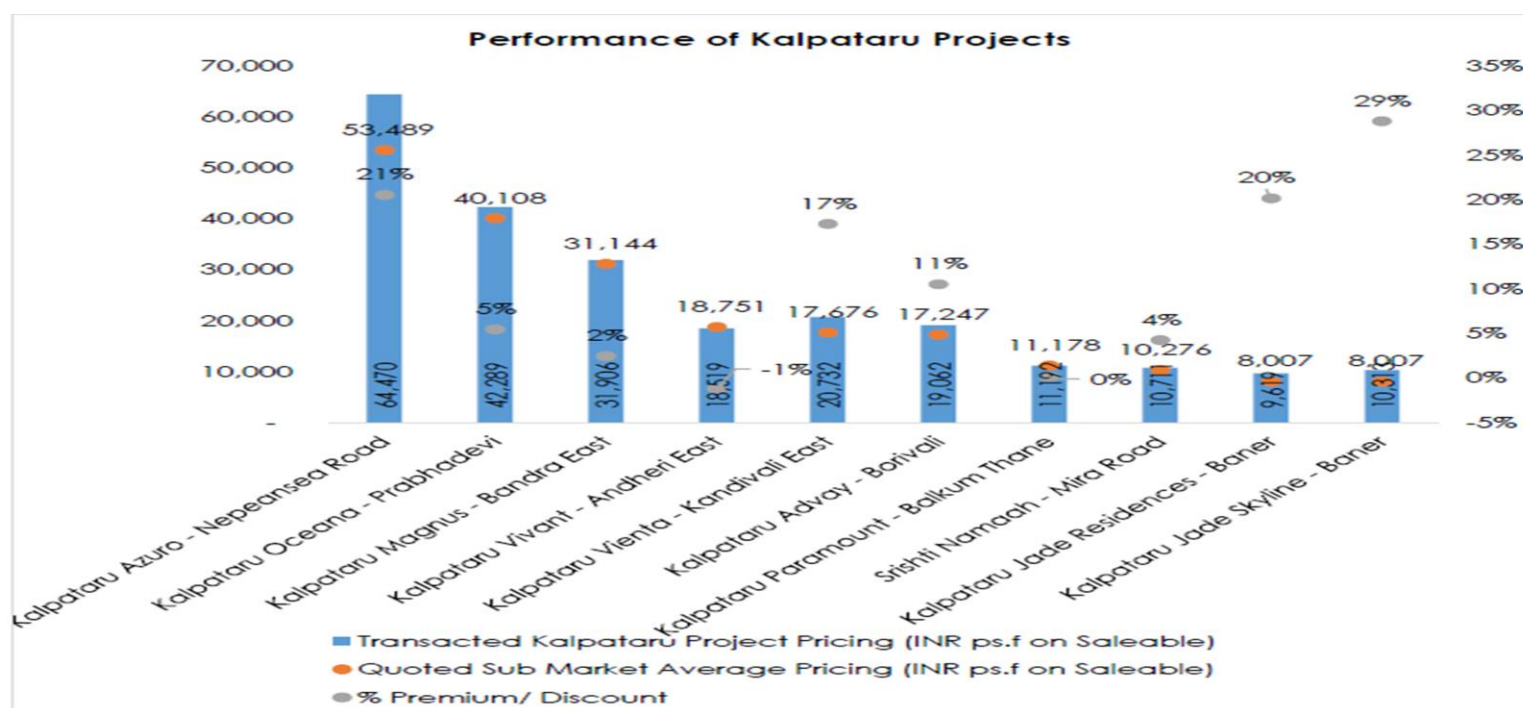
## Rationale For Investment

### 1) Prominent real estate company in the Mumbai Metropolitan Region in Maharashtra with a portfolio of projects diversified across different micro-markets and price points in the Mumbai Metropolitan Region and Pune, Maharashtra

- **MMR region amongst the prominent ones:-** For the calendar year 2019 to December 31, 2024, the MMR region was ranked first among the top seven Indian markets (MMR, Pune, Bengaluru, Hyderabad, the National Capital Region, Chennai and Kolkata) in terms of supply, absorption and average base selling price and thus presenting a lucrative business opportunity for established players like KPL.
- **Position of KPL:-** KPL is fifth largest developer in the MCGM area in Maharashtra and the seventh largest developer in Thane, Maharashtra in terms of units supplied from calendar year 2019 to December 31, 2024. As of December 31, 2024, it had a total of 73 Completed Projects in the MMR and Pune, Maharashtra, aggregating to 15.03 msf of Developable Area, representing 93.63% of the total Developable Area of its Completed Projects. Further, as of December 31, 2024, KPL has 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 its Development Portfolio.

### 2) Well-established brand with the ability to sell throughout the construction phase

- **Focus on strong brand positioning and premium pricing:-**



Company's RHP, AUM Research

- 3) **Timely execution capabilities:-** KPL aims to sell over 80% of the Saleable Area of a project during the construction phase. It leverages its brand value and focuses on selling a sizeable percentage of Saleable Area within one year from the launch of a project as well as prior to the receipt of the occupation certificate, which assists it in generating operating cash flows during the construction phase. Such sales help reduce the need for construction finance and enable KPL to achieve optimal returns on its projects.
- 4) **End-to-End execution capabilities:-** KPL's end-to-end execution capabilities also enables it to offer a wide range of projects to cater to different segments of the market, including multi-storey premium apartments, lifestyle gated communities, townships, office buildings, IT buildings, shopping malls and retail shops. KPL's execution capability comprises of a strong in-house operations consisting of design, EPC monitoring and quality control teams, is a critical factor that has contributed to its notable position.
- 5) **Strong Pipeline:-** As of December 31, 2024, its Ongoing Projects comprised approximately 24.83 msf of Developable Area. Further, as of December 31, 2024, its Forthcoming Projects comprised approximately 16.33 msf of Developable Area, and are expected to launch across the Financial Years 2025, 2026 and 2027 in various phases. KPL's Ongoing Projects and the pipeline of Forthcoming Projects offers a significant competitive advantage to it.

June 24, 2025

Particulars In Rs Cr	9MFY25
Net Sales & Other Operating Income	1,624.73
Total Expenditure	1,547.01
<b>PBIDT (Excl OI)</b>	<b>77.72</b>
Other Income	74.75
<b>Operating Profit</b>	<b>152.47</b>
Interest	77.12
<b>PBDT</b>	<b>75.35</b>
Depreciation	26.87
<b>PBT Before Share of Profit/(Loss) of Associates/JV</b>	<b>48.48</b>
Share of Profit/(Loss) of Associates/JV	-1.15
<b>Profit Before Tax</b>	<b>47.33</b>
Tax	41.81
<b>Adjusted Net Profit</b>	<b>5.52</b>
EPS (Rs.)	0.56

Source: Company's RHP, Ace Equity, AUM Research

Consolidated Income Statement (Value in Rs. Crs)			
Particulars	FY24	FY23	FY22
Net sales	1,717.49	3,396.83	848.79
Total Expenditure	2,058.40	3,712.39	1,048.47
Operating Profit (Excl OI)	-128.42	-79.21	-47.80
Other Income	99.95	83.43	247.88
Operating Profit	-28.47	4.22	200.08
Interest	34.24	130.29	306.41
PBDT	-62.71	-126.06	-106.33
Depreciation	32.64	31.84	32.70
Profit Before Tax & Exceptional Items	-95.34	-157.91	-139.03
Share of Profit/Loss of JV & Associates	-0.36	-0.84	0.77
Profit Before Tax	-95.70	-158.74	-138.27
Provision for Tax	18.10	68.04	-16.72
Profit After Tax	-113.81	-226.79	-121.55
Minority Interest	13.06	26.06	0.81
Adjusted Net Profit	-100.74	-200.73	-120.74
EPS (Rs.)	-7.21	-14.37	-8.65

\*Source: Company, Ace Equity, AUM Research

Consolidated Balance Sheet (Value in Rs. Crs)			
Particulars	FY24	FY23	FY22
<b>EQUITY AND LIABILITIES</b>			
Share Capital	139.65	139.65	139.65
Total Reserves	888.58	1,082.24	1,289.36
<b>Shareholder's Funds</b>	<b>1,028.23</b>	<b>1,221.89</b>	<b>1,429.01</b>
Minority Interest	-27.92	-14.85	11.20
Secured Loans	3,484.93	2,505.15	2,573.11
Unsecured Loans	495.16	580.18	336.90
Deferred Tax Assets / Liabilities	-170.95	-162.38	-197.49
Other Long Term Liabilities	180.02	185.26	139.03
Long Term Provisions	32.27	27.90	20.33
<b>Total Non-Current Liabilities</b>	<b>4,021.43</b>	<b>3,136.11</b>	<b>2,871.88</b>
Trade Payables	441.70	225.22	284.86
Other Current Liabilities	2,031.57	1,626.85	1,338.82
Short Term Borrowings	6,207.90	6,175.96	7,274.57
Short Term Provisions	5.57	7.22	2.74
<b>Total Current Liabilities</b>	<b>8,686.74</b>	<b>8,035.25</b>	<b>8,901.00</b>
<b>Total Liabilities</b>	<b>13,708.48</b>	<b>12,378.40</b>	<b>13,213.09</b>
<b>ASSETS</b>			
Gross Block	196.47	203.17	194.05
Less: Accumulated Depreciation	83.83	71.58	70.96
<b>Net Block</b>	<b>112.64</b>	<b>131.59</b>	<b>123.08</b>
Capital Work in Progress	145.53	130.59	120.55
Assets In Transit	526.76	550.22	575.37
Non Current Investments	93.28	86.19	77.32
Long Term Loans & Advances	88.86	86.27	129.63
Other Non Current Assets	93.83	59.85	32.56
<b>Total Non-Current Assets</b>	<b>1,060.89</b>	<b>1,044.71</b>	<b>1,058.52</b>
Inventories	10,654.44	9,709.05	10,353.19
Sundry Debtors	622.96	478.35	675.11
Cash and Bank	620.43	399.38	352.36
Other Current Assets	125.32	159.55	232.55
Short Term Loans and Advances	624.43	587.36	541.36
<b>Total Current Assets</b>	<b>12,647.58</b>	<b>11,333.69</b>	<b>12,154.57</b>
Net Current Assets (Including Current Investments)	3,960.85	3,298.44	3,253.57
Total Current Assets Excluding Current Investments	12,647.58	11,333.69	12,154.57
<b>Total Assets</b>	<b>13,708.48</b>	<b>12,378.40</b>	<b>13,213.09</b>

\*Source: Company, Ace Equity, AUM Research



## **Aum Capital RESEARCH DESK**

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