BUY

Kalpataru Ltd

Balance sheet to gradually deleverage

Real Estate ▸ Initiating Coverage ▸ **March 23, 2026** | **CMP (Rs): 296 | TP (Rs): 420**

We initiate coverage on Kalpataru (KL) with BUY and SOTP-based TP of Rs420. KL is an established integrated real estate developer focusing on the Mumbai Metropolitan Region (MMR) and Pune, where it has strong recall and diversified pricing points. KL aims to accelerate cash flow and deleverage the balance sheet, with focus on faster project monetization. KL clocked pre-sales CAGR of ~30% over FY22-25, to Rs45bn. Our expectation of 16% CAGR in pre-sales to Rs71bn and timely progress in construction activities would lead to 16% CAGR in collections over FY25-28E. Accordingly, we expect NOCF (post-tax)to the tune of Rs32bn over FY26-28E which would enable the gradual deleveraging of KL's balance sheet over the medium term. We value the residential business at 8.5x embedded EV/EBITDA and commercial business at 8% cap rate.

Pre-sales CAGR expected at 16% during FY25-28E

KL's pre-sales CAGR was ~30% over FY22-25, to Rs45bn and grew another 23% YoY in 9MFY26 to Rs34.5bn (exceeding FY24 pre-sales). This healthy performance has been on the back of the new launches over past 3-4Y. The company has a healthy launch pipeline in different micro-markets apart from sustenance inventory (total Rs468bn available to be sold, as of 9MFY26), which would lead to 16% CAGR in pre-sales to Rs71bn over FY25-28E. Further, we believe that new project additions in MMR and Pune over the next 1-2 years could offer better-than-expected pre-sales growth in the medium term (not yet factored into our estimates).

Healthy cash flow to gradually deleverage the balance sheet

We expect collections CAGR at 16% to Rs57bn during FY25-28E, on the back of pre-sales growth and timely progress in construction activities. Incrementally, we expect cumulative EBITDA of Rs5bn from the annuity business during this period to generate NOCF (post-tax) worth Rs32bn over FY26-28E. KL's net debt rose sharply to Rs101bn in FY24 and gradually declined to Rs83bn in Q3FY26. Apart from healthy collections, capital raise via the conversion of unsecured CCDs into equity and IPO proceeds worth Rs15.9bn catalyzed the deleveraging. We expect a gradual decline in net debt to Rs73bn by FY28E on the back of cash collection growth and additional annuity income in the next 3 years.

We initiate coverage on KL with BUY

We value the residential business at 8.5x embedded EV/EBITDA, implying ~Rs143bn value of the segment. Further, we value annuity assets at 8.0% cap rate. Factoring in net debt of Rs76bn for FY27E, we arrive at SOTP-based TP of Rs420. The stock has fallen sharply amid the sector-wide correction and offers a good entry point. Hence, we initiate coverage on KL with BUY. Any interim sharp decline in net debt and new project additions would offer avenues for a re-rating. Key risks: Slowdown in housing market, sharp increase in construction costs, and increase in competition in Thane.

Target Price – 12M	Mar-27
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	41.9

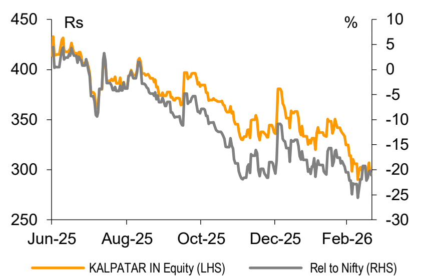
Stock Data	**KALPATAR IN**
52-week High (Rs)	458
52-week Low (Rs)	282
Shares outstanding (mn)	205.9
Market-cap (Rs bn)	61
Market-cap (USD mn)	650
Net-debt, FY26E (Rs mn)	83,041.0
ADTV-3M (mn shares)	0.1
ADTV-3M (Rs mn)	40.9
ADTV-3M (USD mn)	0.4
Free float (%)	18.7
Nifty-50	23,114.5
INR/USD	93.7

Shareholding,Dec-25	
Promoters (%)	81.3
FPIs/MFs (%)	8.0/6.5

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	(13.5)	(12.4)	0.0
Rel. to Nifty	(4.3)	(1.6)	0.0

1-Year share price trend (Rs)



Kalpataru Ltd: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Revenue	19,300	22,216	30,353	34,451	40,664
EBITDA	(1,284)	580	1,185	1,400	1,961
Adj. PAT	(950)	216	770	936	1,364
Adj. EPS (Rs)	(5.7)	1.3	3.7	4.5	6.6
EBITDA margin (%)	(6.7)	2.6	3.9	4.1	4.8
EBITDA growth (%)	0	0	104.3	18.1	40.1
Adj. EPS growth (%)	0	0	189.6	21.7	45.7
RoE (%)	(8.5)	1.2	2.3	2.2	3.2
RoIC (%)	(2.1)	0.1	0.5	0.6	1.0
P/E (x)	(52.2)	229.3	79.2	65.1	44.7
EV/EBITDA (x)	(117.0)	259.0	126.8	107.3	76.6
P/B (x)	4.9	2.0	1.5	1.4	1.4
FCFF yield (%)	2.6	3.0	(3.1)	4.7	1.7

Source: Company, Emkay Research

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We initiate coverage on Kalpataru (KL) with BUY and SOTP-based TP of Rs420. KL is an established integrated real estate developer focusing on the Mumbai Metropolitan Region (MMR) and Pune, where it has strong recall and diversified pricing points. KL aims to accelerate cash flow and deleverage the balance sheet, with focus on faster project monetization. KL clocked pre-sales CAGR of ~30% over FY22-25, to Rs45bn. Our expectation of 16% CAGR in pre-sales to Rs71bn and timely progress in construction activities would lead to 16% CAGR in collections over FY25-28E. Accordingly, we expect NOCF (post-tax) to the tune of Rs32bn over FY26-28E which would enable the gradual deleveraging of KL's balance sheet over the medium term. We value the residential business at 8.5x embedded EV/EBITDA and commercial business at 8% cap rate.

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Exhibit 1: KL - SOTP valuation

Valuation based on multiples (Rs mn)	FY28E
Total pre-sales	**70,548**
Kalpataru's share of pre-sales	64,798
Embedded EBITDA	**16,847**
EV/EBITDA multiple (x)	8.5
EV – residential	**143,204**
Add: Commercial	17,954
Less: Net debt (FY27E)	75,688
Mcap	**85,470**
Rounded-off TP (Rs)	**420**

Source: Company, Emkay Research

Exhibit 2: Peer valuation

Company	CMP (Rs)	EV/EBITDA (x) – Residential		EV/pre-sales (x) – Residential	
		FY27E	FY28E	FY27E	FY28E
Lodha Developers	797	7.0	6.0	2.0	1.7
DLF	541	7.9	6.6	3.6	3.0
Oberoi Realty	1,447	11.7	10.1	4.6	4.0
Sunteck Realty	305	3.0	2.3	0.8	0.6
Arvind Smartspaces	534	4.5	3.4	1.4	1.1
Aditya Birla Real Estate	1,166	5.3	4.0	1.3	1.1
Kalpataru	296	7.5	6.5	1.9	1.7
Puravankara	180	3.1	2.3	0.8	0.6

Source: Company, Emkay Research

A branded play with strong legacy and recall

Kalpataru Ltd (KL) is a prominent integrated real estate developer, focusing on MMR and Pune regions with diversified presence across micro-markets as well as pricing points. The company's primary focus is residential development, while it is selectively adding commercial and retail projects. As of Q3FY26, KL had a portfolio of 83 completed (~23.3msf), 20 ongoing (~23.8msf), 4 forthcoming (~10.7msf), and 5 planned (~6.6msf) projects. The company has in-house capabilities spanning land acquisition, design, construction management, and sales and aftersales services. This execution framework has led to consistency in quality and improved cost efficiency.

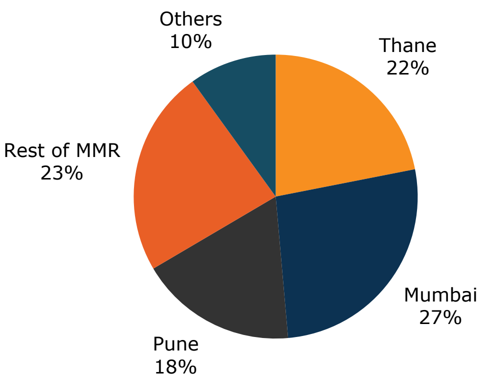
KL remains predominantly focused on MMR and Pune regions which comprise 96% of the 41.2msf developable area in the portfolio (ongoing, forthcoming, and planned). The remaining ~1.6msf is in other regions like Hyderabad, Noida, and Nagpur. Additionally, the company has ~1,850 acres of land reserves in Surat, Nagpur, and Udaipur, providing optionality for future development beyond its core markets. Currently, 75% of the developable area is on outright basis, while 19% is via JDA/JV and 6% is redevelopment. Going forward, the company is likely to increase focus on scaling through the asset-light model (JD/JV/redevelopment), particularly in MMR where land availability is constrained.

As a part of the Kalpataru Group, the company enjoys strong brand recall in MMR and Pune. Its senior leadership has an average experience of >20 years in real estate and >15 years with the company.

Exhibit 3: Snapshots of some of the key projects

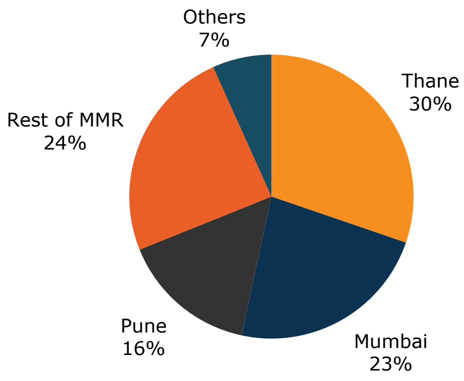
Source: Company, Emkay Research

Exhibit 4: Ongoing portfolio – Region-wise breakup in FY25



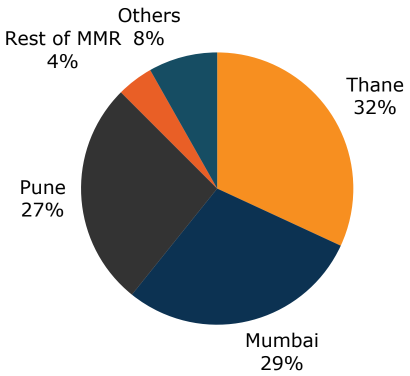
Source: Company, Emkay Research

Exhibit 5: Ongoing portfolio – Region-wise breakup in 9MFY26



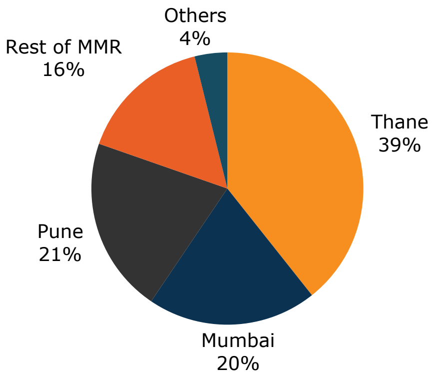
Source: Company, Emkay Research

Exhibit 6: Region-wise split of completed projects as of 9MFY26



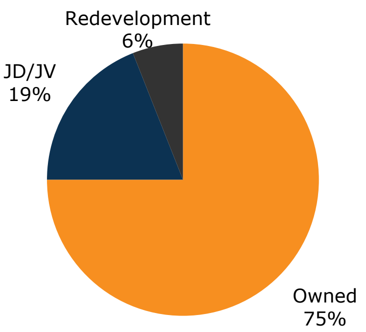
Source: Company, Emkay Research

Exhibit 7: Region-wise split of ongoing, forthcoming, and planned projects as of 9MFY26



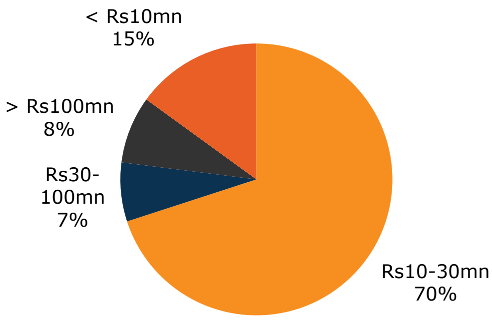
Source: Company, Emkay Research

Exhibit 8: Development model-wise mix of ongoing, forthcoming, and planned projects as of 9MFY26



Source: Company, Emkay Research

Exhibit 9: Ongoing portfolio projects segmented by unit price as of 9MFY26



Source: Company, Emkay Research

Key strategic priorities

KL remains focused on consolidating its presence in MMR and Pune, which together account for over 96% of its development portfolio, while selectively exploring opportunities in other high-growth cities. The company aims to accelerate cash flow and deleverage the balance sheet, with focus on faster project monetization. Furthermore, given the higher leverage currently, to maintain focus on growth, it would follow an asset-light approach via redevelopment, JVs, and JDA models. Residential projects (~95% of portfolio) would continue to be the core focus, with select mixed-use developments that are value accretive. The company also continues to emphasize timely execution, operational efficiency, and sustainability through technology adoption and green building practices.

MMR, Pune to remain in focus while selectively pursuing new cities

MMR and Pune are core markets for the company, comprising >95% of the development portfolio in terms of area (as of Q3FY26). KL plans to consolidate its position in these regions across micro-markets as well as price points. Furthermore, it would selectively pursue opportunities in other high-growth urban centers as additional growth avenues.

Boost cash flow vis-à-vis balance sheet deleveraging

The company's net debt increased to Rs101bn in FY24 and gradually declined to Rs83bn as of Q3FY26. Apart from healthy collections, net debt declined on the back of the conversion of Rs14.4bn unsecured CCDs into equity, as well as the sale of assets in Thane and Pune in FY23 for Rs20bn. Furthermore, the company has utilized IPO proceeds for the repayment or prepayment of borrowings. Also, it has explored the refinancing of construction finance facilities to reduce interest costs. The company's endeavor is to complete and sell ongoing and forthcoming projects within planned timelines to accelerate cash flow generation and deleverage the balance sheet.

Asset-light growth approach

Redevelopment, joint venture (JV), and joint development agreement (JDA) projects combined accounted for 30% of KL's developable area in ongoing projects as of Dec-25. In high-density markets such as South-Central Mumbai and select Western Suburbs—where greenfield land availability is limited—these asset-light models provide access to well-located sites without the capital intensity of an outright acquisition. The company plans to expand participation in such models, leveraging brand recall, execution capabilities, and marketing strength, to capture opportunities arising from industry consolidation and regulatory reforms. We believe this asset-light approach should support the company's focus on timely execution, which, in turn, will drive operating cash flow and strengthen its balance sheet, complementing its broader deleveraging strategy.

Focus on residential, with select mixed-use development

As of Q3FY26, of the overall development portfolio, residential projects accounted for ~95% of KL's developable area. Residential formats would continue to be a priority for the company. In addition, KL plans to selectively add retail, commercial, and other uses as part of mixed-use developments. These will be in locations where such integration would enhance project value and meet evolving consumer preferences for live-work-play environments.

Drive innovation, quality, and sustainability

KL intends to continue using technologically advanced tools and processes, with the objective of enhancing design quality, safety, and sustainability. Focus would remain on process improvement, with initiatives targeted toward increasing usable space, reducing material waste, and improving productivity. Furthermore, practices and efficient systems would be implemented, with sustainability remaining at the core.

Exhibit 10: Kalpataru – Products across categories

Source: Company, Emkay Research

Healthy launches to drive medium-term growth

Kalpataru has seen a strong scale-up in bookings over the past three years. Pre-sales CAGR was ~30% over FY22-FY25, to Rs45bn and grew another 23% YoY in 9MFY26 to Rs34.5bn (exceeding FY24 pre-sales). This healthy performance has been on the back of the launch of new inventory over FY22-9MFY26. The company has a healthy launch pipeline in different micro-markets apart from sustenance inventory (total Rs468bn available to be sold as of 9MFY26), which would lead to 16% CAGR in pre-sales to Rs71bn over FY25-28E. Further, we believe that new project additions in MMR and Pune over the next 1-2 years should strengthen the current launch pipeline and offer better-than-expected pre-sales growth in the medium term (not yet factored into our estimates).

KL's portfolio comprises 29 projects, of which 20 are ongoing and 9 are forthcoming, offering sales potential of Rs468bn. The completed (ready-to-move-in) portfolio comprises limited inventory worth Rs6.2bn as of Q3FY26. In addition to forthcoming projects, the company has vast land reserves spread across >1,850 acres in Maharashtra, Gujarat, and Rajasthan. Of these, a significant portion admeasuring ~1,600 acres is in Surat (Gujarat) and is currently under dispute. Development plans for the balance ~250-acre land are yet to be finalized.

The company has seen strong traction for its projects at the under-construction stage and targets to sell most inventory by the completion stage. This is evident from the limited unsold ready-to-move-in (RTMI) inventory worth Rs6.2bn in its portfolio as of Q3FY26. In ongoing projects, the company has received a healthy response, as 36% of the GDV was sold as of Q3FY26. Furthermore, significant unsold inventory in ongoing and forthcoming portfolios is in Worli and Thane, which are among the high-velocity micro-markets in MMR. Given the strong brand recall in core markets, track record, and presence in high-traction markets, we believe KL's inventory would drive pre-sales growth for the company over the medium term.

Exhibit 11: Portfolio synopsis – KL has Rs468bn worth of unsold inventory, which gives comfortable visibility of medium-term growth

	No of projects	Total developable area	Sold area	Total GDV potential	Value of sold inventory	Balance collection from sold inventory	Expected value of unsold inventory	Total future inflows
		(msf)	(msf)	(Rs bn)	(Rs bn)	(Rs bn)	(Rs bn)	(Rs bn)
Ongoing projects								
MMR								
-Mumbai	9	5.5	2.9	166.1	62.4	29.4	103.7	133.2
-Thane	3	7.2	1.8	85.5	17.2	6.5	68.3	74.7
-Rest of MMR	3	5.8	3.7	45.0	29.8	7.0	15.2	22.2
Total MMR	**15**	**18.5**	**8.4**	**296.6**	**109.5**	**42.9**	**187.2**	**230.1**
Pune	3	3.7	1.1	40.6	10.7	2.7	29.9	32.6
Others	2	1.6	0.9	8.8	5.0	1.5	3.8	5.3
Total ongoing (A)	**20**	**23.8**	**10.4**	**346.0**	**125.2**	**47.1**	**220.8**	**268.0**
Completed projects – RTMI (B)						**3.2**	**6.2**	**9.4**
Forthcoming/planned projects (C)	**9**	**17.4**	**-**	**241.1**	**-**	**-**	**241.1**	**241.1**
Total (A + B + C)	**29**	**41.2**	**10.4**	**587.1**	**125.2**	**50.4**	**468.2**	**518.5**

Source: Company, Emkay Research

On the back strong launches over the last 3 years, diversified across price points ranging from <Rs10mn to >Rs100mn and micro-markets across MMR and Pune, KL delivered healthy pre-sales at ~30% CAGR over FY22-FY25 to Rs45bn. While leverage remains on the higher side, limiting the ability to add projects on outright basis, the company is focusing on new business development via the asset-light model, including JV, JDA, and redevelopment projects. As a part of this, it signed development agreements (DA) for 2 new society redevelopment projects in FY25, which offer an estimated GDV of Rs21bn.

The company is continuing its momentum in FY26, with its 9MFY26 pre-sales rising 23% YoY to Rs34.5bn. On the back of ready, ongoing, forthcoming, and planned unsold inventory of Rs468bn as of 9MFY26, we expect pre-sales at 16% CAGR to Rs71bn over FY25-28E. Furthermore, we believe that new business development in MMR and Pune over the next 1-2 years should incrementally strengthen the current launch pipeline and offer better than our estimated pre-sales growth in the medium term.

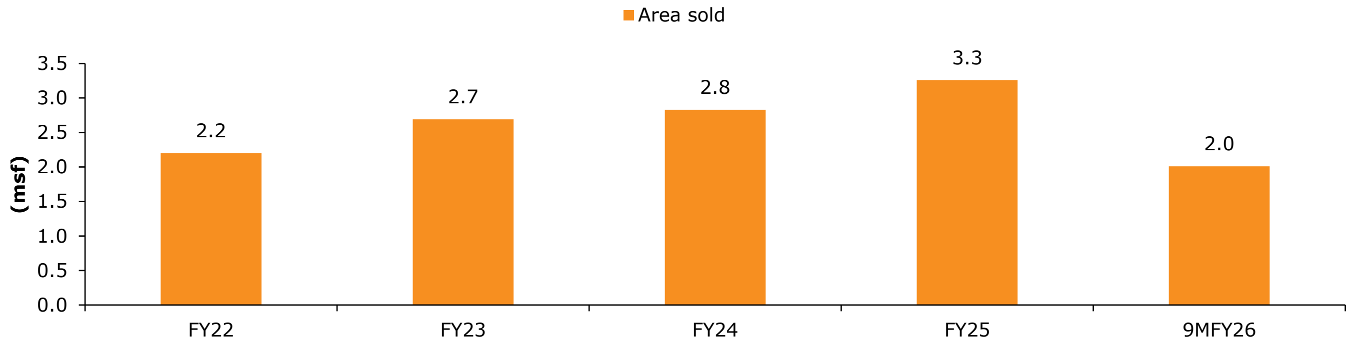
MMR: MMR is the core market for KL, accounting for ~75% of the ongoing, unsold, and planned projects (in area terms) as of Q3FY26. Of the total unsold inventory worth Rs221bn in the ongoing projects, MMR's share is ~85%. Within MMR, it is primarily focused on South Mumbai, Thane, and Western and Central suburbs. The company is scouting for new projects in MMR with focus on redevelopment, and plans for more project additions in Western suburbs.

Major projects for the company include Kalpataru One in Worli and Kalpataru Parkcity in Thane (township project). Kalpataru Parkcity is being developed in a phased manner, given the vast land parcel.

Pune is the next focus market for KL, comprising ~20% of the ongoing, unsold, and planned projects in Q3FY26. Unsold inventory in Pune is ~14% of the total ongoing projects as of Q3FY26. The company continues to scout opportunities in Pune for future development.

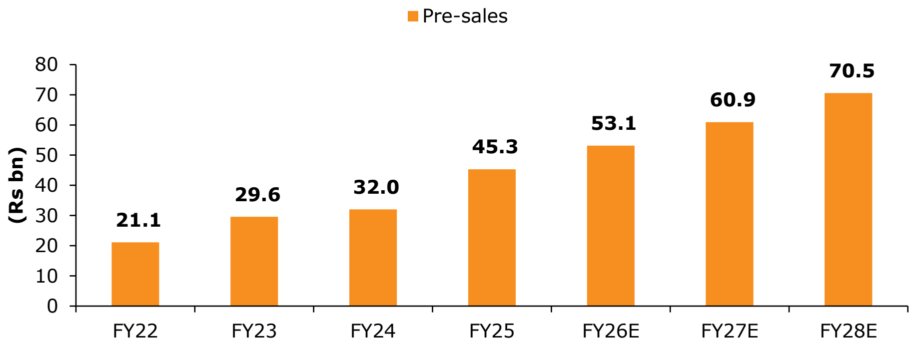
Other markets: The company has limited presence outside MMR and Pune (<5% of the portfolio). Beyond its core markets, it has only one upcoming project, which is planned as plotted development in Nagpur. The company is open to evaluating any potential opportunities in Hyderabad and Noida.

Exhibit 12: Area sold grew 50% during FY22-9MFY26



Source: Company, Emkay Research

Exhibit 13: Pre-sales expected at 16% CAGR over FY25-28E

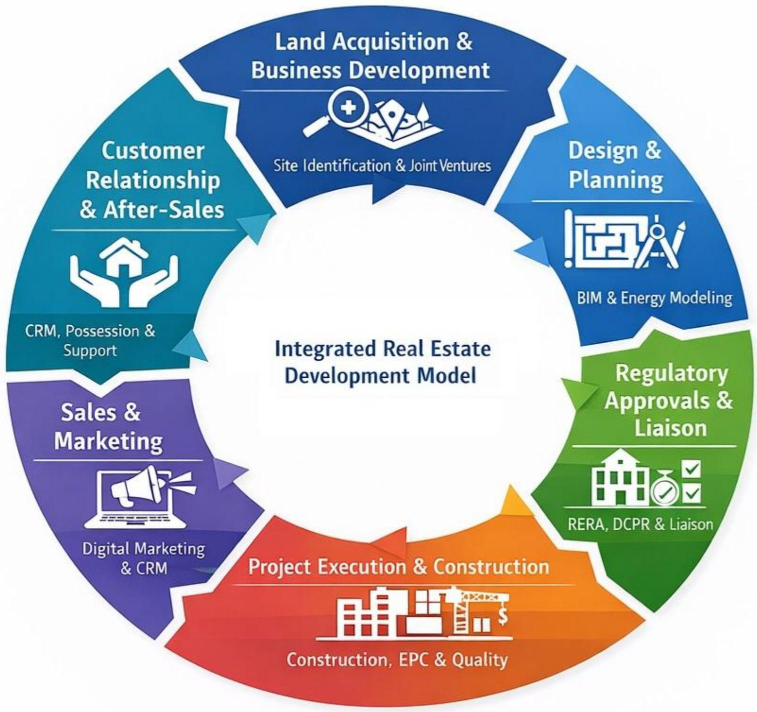


Source: Company, Emkay Research

In-house capabilities

KL's end-to-end integrated real estate development model covers all major stages of the development lifecycle, from identifying land parcels to managing customer relationships after project delivery. This integrated approach enables the company to maintain strong control over quality, timelines, cost management, and customer experience across its projects. By leveraging in-house capabilities along with strategic collaborations, KL ensures efficient execution of project development.

Exhibit 14: KL's integrated development model



Source: Company, Emkay Research

Land acquisition and business development

KL has a dedicated business development team for identifying and evaluating land parcels in strategic locations. This includes several critical parameters like ensuring that the land has a clear and legally verified title, strong development potential, and competitive pricing. In addition to outright land purchases, the company also explores JV, JDA, and redevelopment opportunities, to expand its development pipeline while minimizing upfront land acquisition costs. Through carefully structured JDAs, the company is able to align the interests of landowners and developers, thereby enabling efficient project execution and risk sharing.

Design and planning

The in-house design team works closely with market research specialists. The team is involved in detailed planning of the project layout, building architecture, amenities, and overall product positioning. The design team conducts thorough customer requirement analysis to understand the needs of different buyer segments. This helps the team to appropriately position the project in terms of pricing, unit configuration, and lifestyle amenities. KL also collaborates with international consultants from Singapore and Thailand, to incorporate global best practices in architectural design and urban planning, as well as to bring expertise in areas such as sustainable design, efficient space utilization, and modern lifestyle features. To enhance precision and efficiency in the design process, KL utilizes several advanced technological tools like Building Information Modeling (BIM), Computational Fluid Dynamics (CFD), etc.

Regulatory approvals and liaison

KL has a specialized liaison team that has extensive knowledge of approval processes, documentation requirements, and regulatory frameworks, and is responsible for coordinating with relevant authorities. Additionally, it actively explores green building incentives and sustainability certifications, where applicable.

Project execution and construction management

The project execution team oversees construction activities and contractor management, to ensure timely completion of projects. The company benefits from the broader capabilities of the Kalpataru Group, which has expertise in EPC works. This synergy enables the real estate division to leverage technical knowledge, best construction practices, and operational efficiencies across projects. Furthermore, the company has a robust vendor network (domestic and international) for the supply of construction materials, equipment, and specialized services.

Additionally, the company follows well-defined standard operating procedures (SOPs) throughout the construction process, to maintain consistency, improve safety standards, and minimize construction defects.

Sales and marketing

The company adopts a multi-channel approach to customer engagement, utilizing a combination of on-ground sales teams, channel partners, digital marketing platforms, and targeted advertising campaigns, to maximize project visibility. Furthermore, as digital marketing is increasingly becoming an important component of the company's sales strategy, it plans to implement advanced technologies, such as AI-driven analytics, to analyze customer interactions and preferences to deliver personalized marketing messages.

The company also has self-service bots that allow customers to manage documentation and access project information more conveniently. Additionally, marketing campaigns are managed using digital platforms, such as Salesforce marketing cloud, which enable targeted customer outreach, campaign automation, and performance tracking.

CRM and after-sales services

The company operates a centralized CRM system built on the Salesforce platform. This provides a unified view of the entire customer journey—from the initial inquiry and site visit to booking, construction updates, and eventual possession of the property. It also tracks payments, manages construction-linked milestones, and maintains transparent communication with customers. Furthermore, the platform has a structured complaint management system and connects customers with dedicated teams to ensure concerns are addressed promptly and efficiently.

Even after project completion and possession, KL continues to engage with residents through various post-possession programs. These initiatives help build a strong community within residential developments and strengthen long-term relationships with homeowners.

Kalpataru Parkcity

Kalpataru Parkcity is an over 100-acre integrated township located at Kolshet Road, Thane (West), comprising residential, commercial, and retail development. Given the large scale of development, the project is being executed in a phased manner. The first phase of the project, Sunrise, was completed in CY19. More four phases are ongoing: Immensa (Phase II), Eternia (Phase III), Primera (Phase IV), and Estella (Phase V).

Kalpataru Parkcity's appeal lies in its scale, location, and integrated open spaces, with the township anchored around the ~25-acre NaMo Grand Central Park. The project offers strong connectivity to Thane and Mumbai through proximity to Kolshet Road, Ghodbunder Road, and the Eastern Express Highway, along with access to upcoming infrastructure projects like Metro Line 4 (Wadala – Ghatkopar – Thane – Kasarvadavali) and Metro Line 5 (Thane – Bhiwandi – Kalyan). Multiple prime residential developments like Forestville by Oberoi, Lodha Amara, and Godrej Ascend lie in proximity to the township.

Exhibit 15: Kalpataru Parkcity

Source: Google Maps, Emkay Research

Parkcity: Phase-wise development

- **Sunrise (Phase I):** Kalpataru launched the first phase of Parkcity in Dec-13 at Rs11,500/sqft. This phase consists of 5 towers with development of 0.4msf and 626 units, including 1/2/3BHK apartments. At the time of launch, the project was priced at a premium of 22% compared to the micro-market average price. Despite this, the project was fully sold out.
- **Immensa (Phase II):** Immensa was launched in Apr-16 and comprised of 8 towers, of which the front two towers have high-street retail options. This phase comprises 1,508 units, with a salable area of 2msf spread across 8 acres. This phase received strong response and was fully sold out before the receipt of OC.
- **Eternia (Phase III):** Eternia comprises 10 towers, of which 8 have been launched in a phased manner between May-18 (first phase) and Oct-24 (last launch). Along with residential, the three front towers in Eternia will have high-street retail options. The demand for the project has been healthy, with more than 70% of inventory sold out and ~50% increase in launch price from the initial launch to the last launch.

- **Primera (Phase IV):** Primera will comprise two residential towers which are expected to have high-street retail options. The project was launched in Mar-24 and as of Feb-26, 174 of 664 units have already been sold out.
- **Estella (Phase V):** Estella is the largest offering at Parkcity, comprising 8 towers spanning 12 acres. The first phase of Estella was launched in Sept-25, comprising two residential towers with 611 units, including 2BHK and 3BHK apartments. Demand for the project has been healthy, with 25% of inventory sold out within 5 months of launch, with pricing in the range of Rs22,000-23,000/sqft.

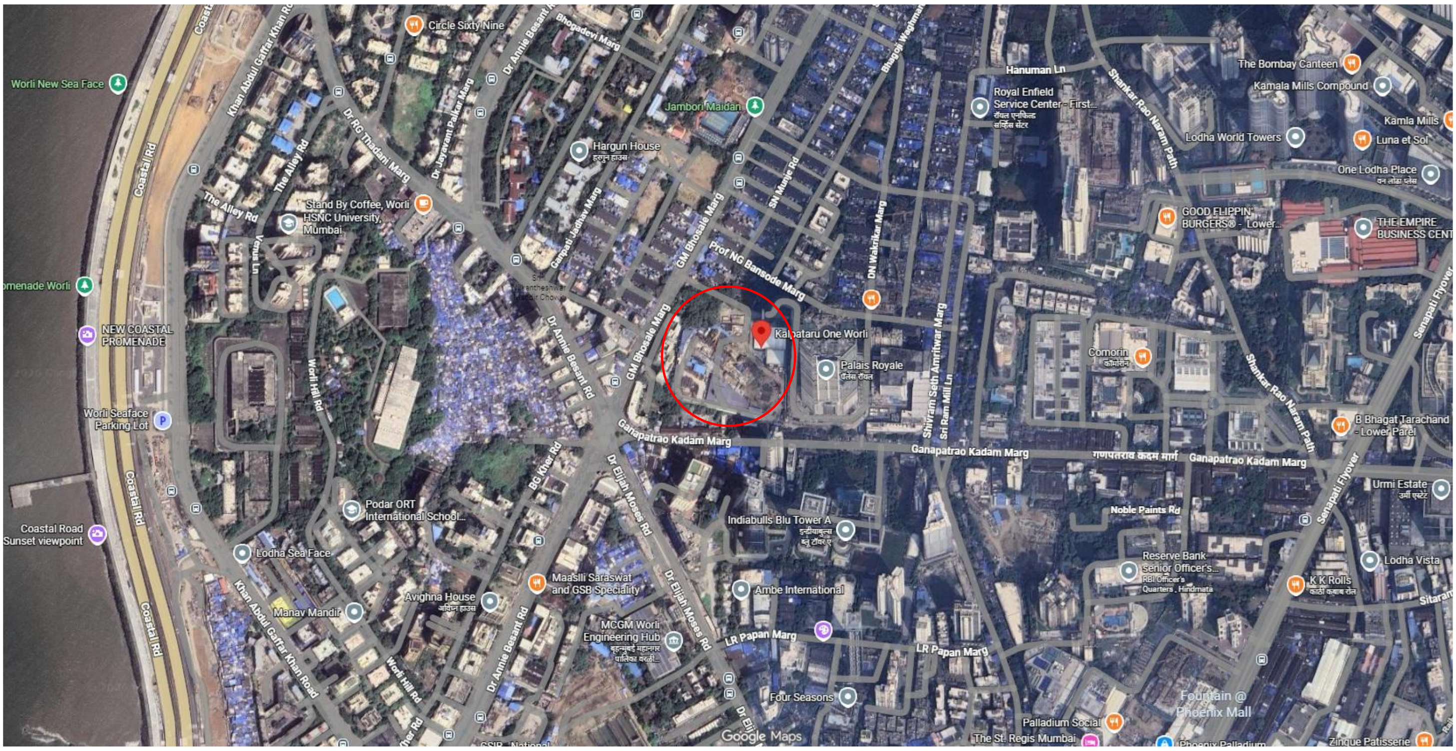
Exhibit 16: Kalpataru Parkcity's snapshots

Source: Company, Emkay Research

Kalpataru One

Kalpataru One is spread over ~5 acres of land parcel in Worli. It is being developed as an ultra-luxury residential project with an estimated GDV of ~Rs90bn. This project will comprise three residential towers with 247 units. The towers will include 4BHK and 5BHK apartments ranging 3,500-4,800sqft, making the project a low-density residential development. The project's appeal lies in its location and green spaces, which span three acres. The project is located at proximity to key infrastructure, including CBD, schools, the Bandra-Worli Sea Link, South Mumbai, etc, and commercial developments in the vicinity. As per our checks, the project was launched in Mar-25 and is currently selling at base price of Rs85,000/sqft, with ~15% of units sold as of Jan-26.

Exhibit 17: Kalpataru One



Source: Google Maps, Emkay Research

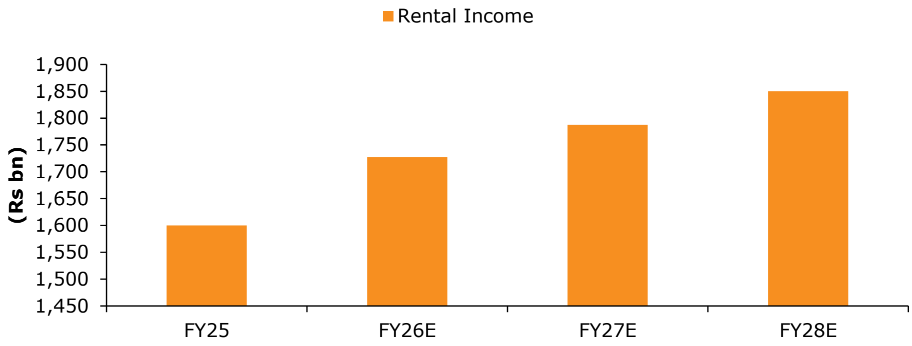
Exhibit 18: Kalpataru One – Artistic impression of the planned development

Source: Company, Emkay Research

Annuity portfolio to generate steady income

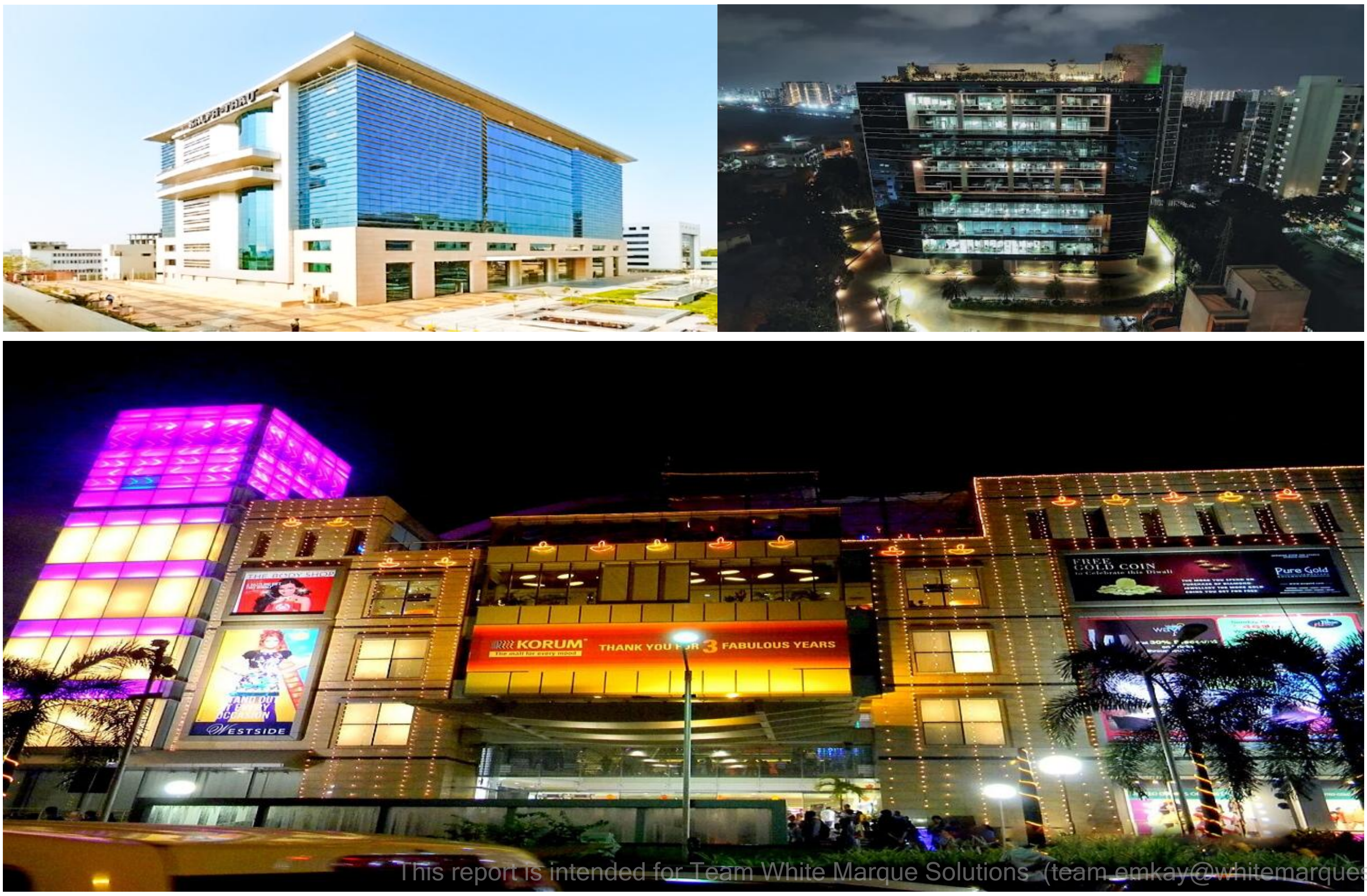
KL's annuity portfolio admeasuring 0.75msf comprises five assets, including one retail asset—Korum Mall in Thane (0.28msf)—and four office assets (0.47msf) located in MMR and Pune. The office assets are located in Mumbai (Santacruz, Andheri) and Pune. The portfolio generated Rs1.6bn rental income in FY25. Currently, the office assets are fully leased, and growth is anticipated to be largely from rental escalations and space churn. We expect net rental income from the current operational assets to see ~5% CAGR over FY25-28E (growing to Rs1.85bn). This would generate additional stream of cash for the company over the medium term.

Exhibit 19: Annuity income expected at 5% CAGR over FY25-28E



Source: Company, Emkay Research

Exhibit 20: Key projects in the annuity portfolio include Korum Mall, Kalpataru Synergy, and Kalpataru Inspire



Source: Company, Emkay Research

Healthy cash flow to enable gradual deleveraging

We expect collections at 16% CAGR to Rs57bn during FY25-28E, on the back of pre-sales growth and timely progress in construction activities. Incrementally, we expect cumulative EBITDA of Rs5bn from the annuity business during this period to generate NOCF (post-tax) worth Rs32bn over FY26-28E. The company's net debt sharply increased to Rs101bn in FY24 and gradually declined to Rs83bn in Q3FY26. Apart from healthy collections, capital raise via the conversion of unsecured CCDs into equity and IPO proceeds worth Rs15.9bn catalyzed the deleveraging. We expect a gradual decline in net debt to Rs73bn by FY28E, on the back of cash collection growth as well as additional annuity income in the next 3 years.

Collections expected at 16% CAGR during FY25-28E

KL's cash flow has been strong, with Rs85bn cumulatively collected during FY23-25, accounting for 80% of total pre-sales worth Rs107bn during this period. This is on the back of higher sales achieved during the under-construction stage as well as healthy progress in project execution. In some of the key projects, KL has been able to sell over 80% of its saleable area during the construction phase, with 60% of saleable area sold within one year of launch (Exhibit 21) and 95% before the receipt of OC (Exhibit 22). This has helped the company generate healthy operating cash flow during the construction phase, hence reducing the need for construction finance and enabling optimal returns on its projects.

On the back of 16% CAGR in pre-sales during FY25-28E and timely progress in construction activities, we expect collections at 16% CAGR to Rs57bn during this period. Incrementally, we expect its annuity business to generate cumulative EBITDA of Rs5bn during FY26-28E. Accordingly, we expect NOCF (post-tax) to the tune of Rs32bn over FY26-28E.

Exhibit 21: KL sold ~60% of saleable area within 1 year of launch

(msf)	Location	Total saleable area	Saleable area sold within one year	% of saleable area sold within one year of launch
Kalpataru Avante	Hyderabad	0.7	0.3	40
Kalpataru Park Riviera	Panvel	0.5	0.2	47
Kalpataru Vivant	Andheri	0.8	0.4	56
Srishti Namaah	Mira Road	1.8	1.1	62
Kalpataru Jade Skyline	Pune	0.5	0.25	56
Kalpataru Aria	Karjat	0.8	0.7	88
Total		**5.0**	**3.0**	**60**

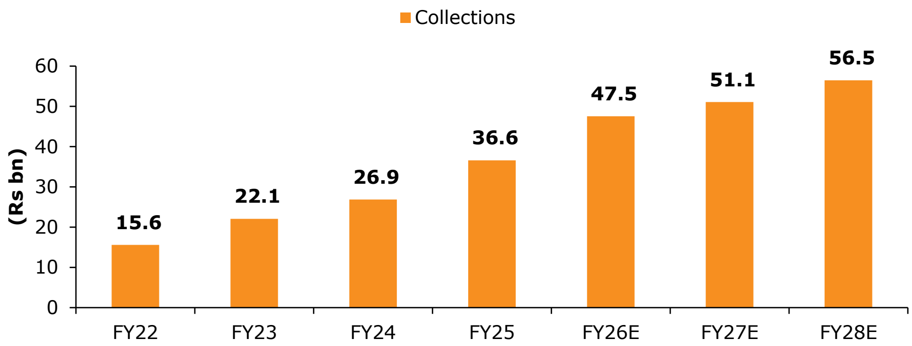
Source: Company, Emkay Research; Note: Projects with towers or phases >0.2msf that were launched during CY21, CY22, CY23, and 9MFY24

Exhibit 22: ~95% of saleable area sold prior to receipt of OC

(msf)	Location	Total saleable area	Saleable area sold prior to receipt of sales	% of saleable area sold prior to receipt of OC
Kalpataru Avana	Parel, Mumbai	0.6	0.5	86
Kalpataru Exquisite	Wakad, Pune	0.4	0.4	95
Kalpataru Paramount	Balkum, Thane	0.8	0.8	99
Kalpataru Serenity – 2 & 3	Manjri, Pune	0.4	0.4	96
Kalpataru Jade Residences	Baner, Pune	1.0	0.9	94
Kalpataru Residency	Hyderabad, Telangana	0.9	0.9	95
Kalpataru Bliss	Santacruz, Mumbai	0.1	0.1	97
Kalpataru Estate	Pune, Maharashtra	0.1	0.1	100
Kalpataru Imperia	Santacruz, Mumbai	0.1	0.0	76
Matruashish	Matunga, Mumbai	0.0	0.0	15
Immensa at Kalpataru Parkcity	Kolshet Road, Thane	0.5	0.5	100
Kalpataru Vienta	Kandivali, Mumbai	0.3	0.3	98
Total		**5.1**	**4.9**	**95**

Source: Company, Emkay Research; Note: Projects that received OC during CY21, CY22, CY23, and 9MFY24; the above details pertain to the receipt of OC in each respective phase/tower/project

Exhibit 23: Collections expected at 16% CAGR during FY25-28E



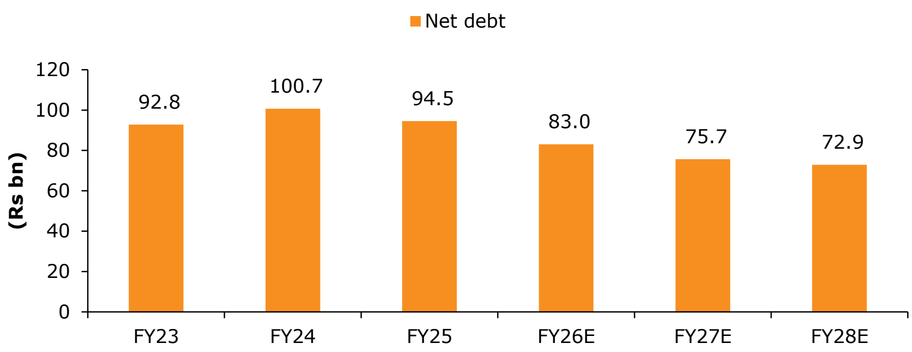
Source: Company, Emkay Research

Net debt declined from peak; further deleveraging on the cards

The company's net debt sharply increased to Rs101bn in FY24, before declining to Rs95bn as of FY25. This has further reduced to Rs83bn in Q3FY26. Apart from healthy collections, net debt declined on the back of the conversion of Rs14.4bn unsecured CCDs into equity, as well as the sale of assets in Thane and Pune in FY23 for Rs20bn. Furthermore, the company has utilized IPO proceeds for the repayment or prepayment of borrowings. The company's endeavor is to complete and sell ongoing and forthcoming projects within planned timelines, to accelerate cash flow generation and deleverage the balance sheet.

As of Q3FY26, the total debt worth Rs92bn is bifurcated, with Rs8.9bn pertaining to the commercial portfolio, which is backed by lease rental discounting (LRD). The balance is largely residential debt. We expect collection growth as well as additional annuity income in the next 3 years to lead to gradual deleveraging, with net debt expected to decline to ~Rs73bn by FY28E.

Exhibit 24: Net debt expected to gradually decline by FY28



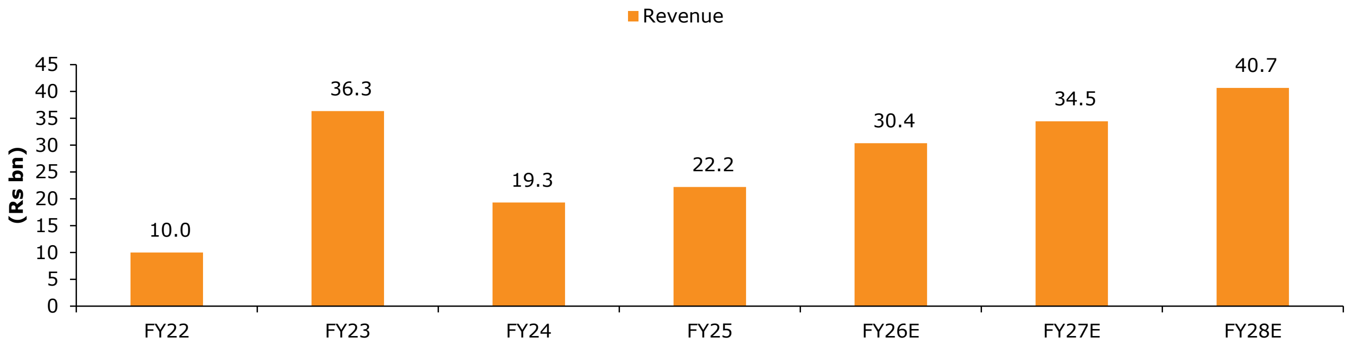
Source: Company, Emkay Research

Financials

Revenue CAGR of 22% expected over FY25-28E

The company follows a project completion method (PCM) of recognizing revenue for its projects started after Apr-22. Due to this transition, currently, some of KL's residential projects have revenue recognition on percentage of completion method (POCM), while revenue for most of the other projects is recognized on PCM basis. Basis the projects being executed, we expect revenue CAGR at 24% to Rs37bn over FY25-28E from the residential segment. In the lease rental business, we expect net rental income CAGR of ~5% over the same period. Overall, we expect KL to record 22% revenue CAGR to Rs41bn during FY25-28E.

Exhibit 25: Revenue CAGR expected at 22% during FY25-28E

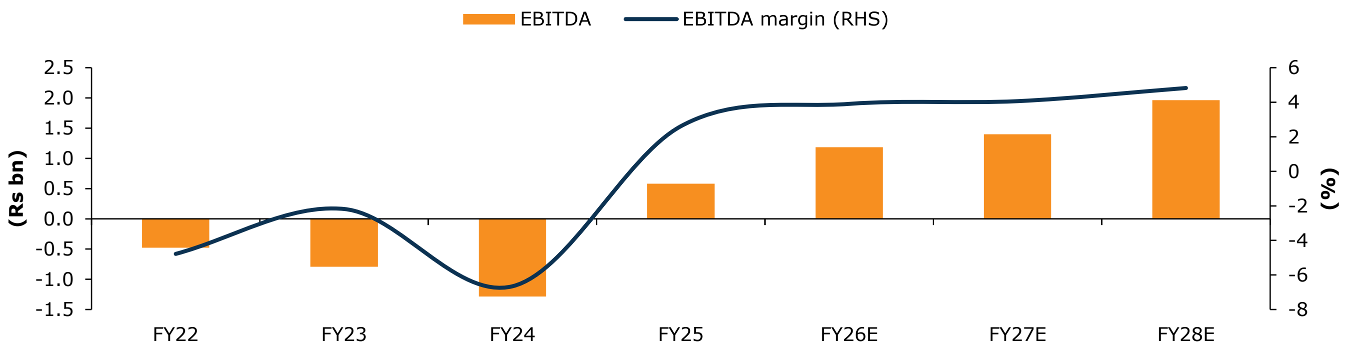


Source: Company, Emkay Research

Profitability expected to improve

The company is targeting ~35% margin in owned projects (outright) and 20-25% in JDA projects. Furthermore, in the rental business, the margin is typically higher at >80%. Accordingly, we expect EBITDA at Rs1.2bn/Rs1.4bn/Rs2.0bn during FY26E/FY27E/FY28E, respectively. Overall, we forecast its EBITDA margin to expand by 220bps to 4.8% during FY25-28E.

Exhibit 26: Profitability expected to improve over the medium term

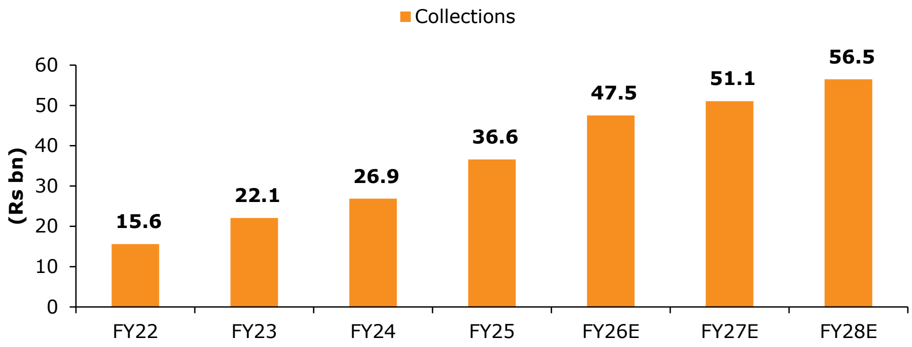


Source: Company, Emkay Research

Healthy cash flow to gradually deleverage the balance sheet

On the back of 16% CAGR in pre-sales during FY25-28E and timely progress in construction activities, we expect collections at 16% CAGR to Rs57bn during this period. Incrementally, we expect its annuity business to generate cumulative EBITDA of Rs5bn during FY26-28E. Accordingly, we expect NOCF (post-tax) to the tune of Rs32bn over FY26-28E.

Exhibit 27: Collections expected at 16% CAGR during FY25-28E



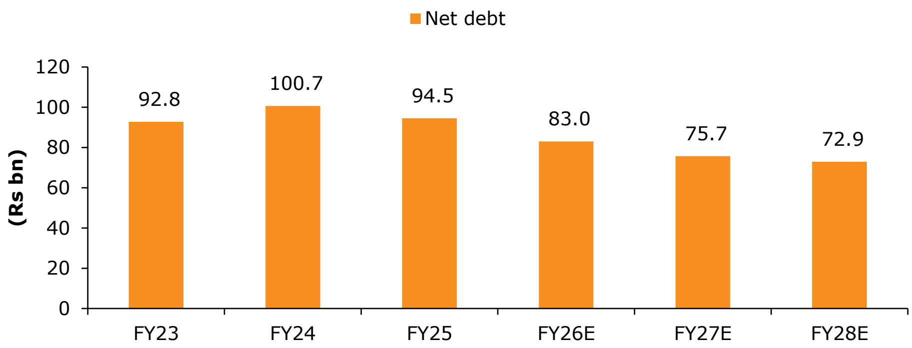
Source: Company, Emkay Research

Net debt declined from peak; further deleveraging on the cards

The company's net debt sharply increased to Rs101bn in FY24, before declining to Rs95bn as of FY25. This has further reduced to Rs83bn in Q3FY26. Apart from healthy collections, net debt declined on the back of the conversion of Rs14.4bn unsecured CCDs into equity, as well as the sale of assets in Thane and Pune in FY23 for Rs20bn. Furthermore, the company has utilized IPO proceeds for the repayment or prepayment of borrowings. The company's endeavor is to complete and sell ongoing and forthcoming projects within planned timelines, to accelerate cash flow generation and deleverage the balance sheet.

As of Q3FY26, the total debt worth Rs92bn is bifurcated, with Rs8.9bn pertaining to the commercial portfolio which is backed by LRD. The balance is largely residential debt. We expect collection growth as well as additional annuity income in the next 3 years to lead to gradual deleveraging, with net debt expected to decline to Rs73bn by FY28E.

Exhibit 28: Net debt expected to gradually decline by FY28E



Source: Company, Emkay Research

Valuation

We value the residential business at 8.5x embedded EV/EBITDA, implying ~Rs143bn value of the segment. Further, we value annuity assets at 8.0% cap rate. Factoring in net debt of Rs76bn for FY27E, we arrive at SOTP-based TP of Rs420. The stock has fallen sharply amid the sector-wide correction and offers a good entry point. Hence, we initiate coverage on KL with BUY. Any interim sharp decline in net debt and new project additions would offer avenues for a re-rating.

Exhibit 29: KL - SOTP valuation

Valuation based on multiples (Rs mn)	FY28E
Total pre-sales	**70,548**
Kalpataru's share of pre-sales	64,798
Embedded EBITDA	**16,847**
EV/EBITDA multiple (x)	8.5
EV – residential	**143,204**
Add: Commercial	17,954
Less: Net debt (FY27E)	75,688
Mcap	**85,470**
Rounded-off TP (Rs)	**420**

Source: Company, Emkay Research

Risks and concerns

- Demand slowdown in housing could impact pre-sales growth and collection velocity, delaying the deleveraging.
- Failure to achieve closure on new JDA deals or the acquisition of new land parcels could impact the launch momentum at new locations.
- Influx of new branded developers in the Thane micro-market could impact sales momentum of the Kalpataru Parkcity project, leading to inventory overhang and slower cash conversion.
- A sharp increase in construction costs could impact profitability.
- Korum Mall is operating at lower occupancy, given better retail assets in proximity. Further increase in competition could impact rental income and lead to lower asset returns.

Management overview

Mofatraj P Munot, Non-Executive Chairman

- Munot is the Non-Executive Chairman of the company and Founder of the Kalpataru Group of Companies.
- A first-generation entrepreneur, he has played a pivotal role in creating landmark infrastructure and real estate developments. He brings over 55 years of experience across real estate development, civil contracting, and infrastructure-related businesses.
- He has served as the ex-President of the Maharashtra Chamber of Housing Industry.
- In his role, he provides strategic guidance to the management on long-term direction, critical issues, and corporate governance.

Parag M Munot, Managing Director

- He holds a Master's degree from Carnegie Mellon University, Pennsylvania.
- He has been associated with the company since Oct-1990, and has over 33 years of experience in real estate and property development.
- Under his stewardship, KL has delivered several landmark developments, with strong emphasis on customer-centricity, sustainability, and design excellence.
- He has driven new business initiatives and provides overall strategic direction for KL.

Narendra Kumar Lodha, Executive Director

- Lodha holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant and Company Secretary.
- He has been associated with the Kalpataru Group since Mar-1988 and has over 36 years of experience in the real estate sector.
- His financial acumen, industry expertise, and long-standing association with the group position him as a key contributor to KL's growth and strategic direction.

Chandrashekhar Joglekar, Chief Financial Officer

- Joglekar has been associated with the company since Sep-04 and oversees finance, accounts, secretarial, and taxation functions of the company.
- He holds a Bachelor's degree in Commerce from the University of Bombay and is a Chartered Accountant and a Certified Information Systems Auditor (CISA), USA.
- He has over 31 years of experience, including 28 years in real estate.
- He earlier worked with FEM Care Pharma, Hiranandani Developers etc.

Jayant Oswal, Head – Pune and Hyderabad

- Oswal has been associated with the company since Dec-11.
- He holds a Bachelor's degree in Civil Engineering from Bangalore University.
- He has over 39 years of experience in the real estate sector.
- Prior to joining Kalpataru, he worked with Kalpataru Construction Overseas and Shapoorji Pallonji & Company.

Sachin Kanitkar, Director – Operations

- Kanitkar has been associated with the company since Jul-1988 and has over 36 years of experience in the real estate sector.
- He holds a Bachelor's degree in Civil Engineering from Sardar Patel College of Engineering, University of Bombay, and a Diploma in Civil Engineering from the Board of Technical Examinations, Government of Maharashtra.
- He oversees operations in Mumbai, including execution, design, procurement, quality, planning, and horticulture.

Kalpataru Ltd: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**19,300**	**22,216**	**30,353**	**34,451**	**40,664**
Revenue growth (%)	(46.9)	15.1	36.6	13.5	18.0
EBITDA	**(1,284)**	**580**	**1,185**	**1,400**	**1,961**
EBITDA growth (%)	0	0	104.3	18.1	40.1
Depreciation & Amortization	326	377	452	460	468
EBIT	**(1,611)**	**204**	**733**	**940**	**1,494**
EBIT growth (%)	0	0	260.0	28.2	58.9
Other operating income	2,574	2,844	3,492	3,636	3,786
Other income	1,100	1,100	1,111	1,166	1,225
Financial expense	342	532	797	837	879
PBT	**(854)**	**772**	**1,046**	**1,269**	**1,839**
Extraordinary items	0	0	0	0	0
Taxes	223	512	262	317	460
Minority interest	131	(31)	(15)	(15)	(15)
Income from JV/Associates	(4)	(13)	0	0	0
Reported PAT	**(950)**	**216**	**770**	**936**	**1,364**
PAT growth (%)	0	0	256.0	21.7	45.7
Adjusted PAT	**(950)**	**216**	**770**	**936**	**1,364**
Diluted EPS (Rs)	**(5.7)**	**1.3**	**3.7**	**4.5**	**6.6**
Diluted EPS growth (%)	0	0	189.6	21.7	45.7
DPS (Rs)	**0**	**0**	**0**	**0**	**0**
Dividend payout (%)	**0**	**0**	**0**	**0**	**0**
EBITDA margin (%)	(6.7)	2.6	3.9	4.1	4.8
EBIT margin (%)	(8.3)	0.9	2.4	2.7	3.7
Effective tax rate (%)	(26.2)	66.3	25.0	25.0	25.0
NOPLAT (pre-IndAS)	**(2,032)**	**69**	**550**	**705**	**1,120**
Shares outstanding (mn)	167	167	206	206	206

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,397	1,675	2,059	2,059	2,059
Reserves & Surplus	8,804	23,137	39,408	40,329	41,678
Net worth	**10,200**	**24,812**	**41,467**	**42,388**	**43,737**
Minority interests	(279)	(248)	(233)	(218)	(203)
Non-current liab. & prov.	(1,710)	(1,634)	(1,666)	(1,699)	(1,733)
Total debt	**106,883**	**101,720**	**86,720**	**78,720**	**75,720**
Total liabilities & equity	**117,217**	**127,932**	**129,569**	**122,472**	**120,802**
Net tangible fixed assets	1,112	2,607	2,477	2,340	2,196
Net intangible assets	2	4	4	5	5
Net ROU assets	2	1	1	1	1
Capital WIP	1,455	1,046	1,096	1,146	1,196
Goodwill	10	10	10	10	10
Investments [JV/Associates]	5,275	5,058	4,889	4,719	4,547
Cash & equivalents	**6,204**	**7,172**	**3,679**	**3,033**	**2,810**
Current assets (ex-cash)	120,271	142,832	154,597	168,990	191,054
Current Liab. & Prov.	19,785	34,183	40,732	61,482	84,891
NWC (ex-cash)	**100,487**	**108,649**	**113,865**	**107,509**	**106,163**
Total assets	**117,217**	**127,932**	**129,569**	**122,472**	**120,802**
Net debt	100,679	94,548	83,041	75,688	72,910
Capital employed	117,217	127,932	129,569	122,472	120,802
Invested capital	**101,611**	**111,270**	**116,356**	**109,863**	**108,374**
BVPS (Rs)	60.9	148.1	201.4	205.9	212.4
Net Debt/Equity (x)	9.9	3.8	2.0	1.8	1.7
Net Debt/EBITDA (x)	(78.4)	163.0	70.1	54.1	37.2
Interest coverage (x)	(1.5)	2.5	2.3	2.5	3.1
RoCE (%)	**(0.5)**	**1.1**	**1.5**	**1.7**	**2.3**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	(854)	772	1,046	1,269	1,839
Others (non-cash items)	(286)	(84)	0	0	0
Taxes paid	(311)	(248)	(262)	(317)	(460)
Change in NWC	5,038	4,074	(5,362)	6,210	1,199
Operating cash flow	**3,765**	**4,883**	**(4,438)**	**7,293**	**2,700**
Capital expenditure	148	(397)	(203)	(203)	(203)
Acquisition of business	-	-	-	-	-
Interest & dividend income	492	393	1,111	1,166	1,225
Investing cash flow	**(1,325)**	**(346)**	**842**	**898**	**956**
Equity raised/(repaid)	0	14,400	15,900	0	0
Debt raised/(repaid)	9,035	(11,624)	(5,027)	1,053	5,708
Payment of lease liabilities	-	-	-	-	-
Interest paid	(12,032)	(9,214)	(10,770)	(9,890)	(9,587)
Dividend paid (incl tax)	-	-	-	-	-
Others	-	-	-	-	-
Financing cash flow	**(2,997)**	**(6,437)**	**103**	**(8,837)**	**(3,879)**
Net chg in Cash	(558)	(1,901)	(3,493)	(647)	(223)
OCF	3,765	4,883	(4,438)	7,293	2,700
Adj. OCF (w/o NWC chg.)	(1,273)	809	924	1,083	1,502
FCFF	3,913	4,486	(4,641)	7,090	2,497
FCFE	4,062	4,347	(4,328)	7,419	2,843
OCF/EBITDA (%)	(293.2)	841.7	(374.5)	521.0	137.7
FCFE/PAT (%)	(427.7)	2,010.7	(562.3)	792.2	208.4
FCFF/NOPLAT (%)	**(192.5)**	**6,541.8**	**(844.3)**	**1,006.0**	**222.9**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	(52.2)	229.3	79.2	65.1	44.7
EV/CE(x)	1.3	1.2	1.2	1.2	1.3
P/B (x)	4.9	2.0	1.5	1.4	1.4
EV/Sales (x)	9.0	7.8	5.6	4.9	4.1
EV/EBITDA (x)	(117.0)	259.0	126.8	107.3	76.6
EV/EBIT(x)	(93.3)	738.0	205.0	159.9	100.6
EV/IC (x)	1.5	1.4	1.3	1.4	1.4
FCFF yield (%)	2.6	3.0	(3.1)	4.7	1.7
FCFE yield (%)	6.7	7.1	(7.1)	12.2	4.7
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	(4.9)	1.0	2.5	2.7	3.4
Total asset turnover (x)	0.2	0.2	0.2	0.3	0.3
Assets/Equity (x)	10.1	7.0	3.9	3.0	2.8
RoE (%)	**(8.5)**	**1.2**	**2.3**	**2.2**	**3.2**
DuPont-RoIC					
NOPLAT margin (%)	(10.5)	0.3	1.8	2.0	2.8
IC turnover (x)	0.2	0.2	0.3	0.3	0.4
RoIC (%)	**(2.1)**	**0.1**	**0.5**	**0.6**	**1.0**
Operating metrics					
Core NWC days	1,900.4	1,785.0	1,369.3	1,139.0	952.9
Total NWC days	**1,900.4**	**1,785.0**	**1,369.3**	**1,139.0**	**952.9**
Fixed asset turnover	9.7	7.9	8.1	9.0	10.3
Opex-to-revenue (%)	17.7	18.2	16.1	16.9	16.7

Source: Company, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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