

Kolte Patil Developers

Launches critical for sales ramp-up

KPDL reported sequential recovery in pre-sales at 0.55msf (57% QoQ) in 3QFY21. In terms of value, sales grew by 63% QoQ. With the launch of two projects at the end of December, management is confident of achieving full-year guidance of 1.8mn sq ft for FY21. A sharp rebound in the collection (Rs 3.8bn vs Rs 2bn in 2QFY21) led to reduction in net D/E to 0.41x from 0.52x on Sep-20. We cut our FY21 estimate by 70% to account for deferment in revenue recognition and maintain BUY on KPDL, with an unchanged target price of Rs 321/sh, given comfortable balance sheet (net D/E 0.4x) and robust launch pipeline (~5.9mn sqft). Any delay in launches key risk to our estimates.

- Financial highlight:** KPDL reported revenue at Rs 1.9bn (+46.1/+195% YoY/QoQ), 43% behind our estimates on slower-than-expected recovery in execution. A sequential decline in finance cost and depreciation led to APAT of Rs 226mn, miss of 44%. On POCM basis, revenue fell by 4% YoY and profit was at Rs 468mn (vs Rs 377mn profit in 3QFY20).
- A sequential recovery in pre-sales; launches key monitorable:** KPDL reported pre-sales at 0.55msf (-33/+57% YoY/QoQ), with average realisation of Rs 5,764/sf. After a hiatus of close to two years, KPDL launched two new projects during the quarter. It also added three new projects recently with a saleable area of 2.2msf. KPDL is planning to launch projects across categories and across key target markets with saleable area of ~5.9msf and topline potential of Rs 52bn. We believe these launches and new business developments are critical for KPDL to ramp up sales.
- Lean balance sheet provides room for expansion:** KPDL completed the buyout of ICICI Venture's 50% stake in Life Republic with the final payment of Rs 700mn. Despite this, consolidated net debt decreased to Rs 3.6bn (vs Rs 4.5bn on Sep 20), on robust collections during the quarter. Persistence with asset-light strategy has helped in keeping the balance sheet in good shape, which provides KPDL scope for expansion.

Consolidated Financial Summary

YE March (Rs mn)	3QFY21	3QFY20	YoY (%)	2QFY21	QoQ (%)	FY20	FY21E	FY22E	FY23E
Net Sales	1,903	1,302	46.1	646	194.6	11,295	6,651	12,454	14,320
EBITDA	455	28	1,543.7	(95)	NA	2,336	1,020	2,888	3,454
APAT	226	(131)	NA	(219)	NA	657	119	1,057	1,387
Diluted EPS (Rs)	3.0	(1.7)	NA	(2.9)	NA	8.7	1.6	13.9	18.3
P/E (x)						31.1	171.2	19.4	14.8
EV / EBITDA (x)						10.8	20.5	9.0	7.7
RoE (%)						5.2	0.8	9.9	12.2

Estimate change summary

Consolidated (Rs mn)	FY21E			FY22E			FY23E		
	New	Old	% Chg.	New	Old	% Chg.	New	Old	% Chg.
Revenues	6,651	9,495	(30.0)	12,454	12,454	-	14,320	14,320	-
EBITDA	1,020	1,744	(41.5)	2,888	2,888	0.0	3,454	3,443	0.3
EBITDA (%)	15.3	18.4	(303.4)	23.2	23.2	0.3	24.1	24.0	7.5
APAT	119	400	(70.1)	1,057	1,047	0.9	1,387	1,385	0.1
AEPS (Rs/sh)	1.6	5.3	(70.1)	13.9	13.8	0.9	18.3	18.3	0.1

Source: Company, HSIE Research

BUY

CMP (as on 5 Feb'21)	Rs 270
Target Price	Rs 321
NIFTY	14,924

KEY CHANGES	OLD	NEW	
Rating	BUY	BUY	
Price			
Target	Rs 321	Rs 321	
EPS change (%)	FY21 (70.1)	FY22 0.9	FY23 0.1

KEY STOCK DATA

Bloomberg code	KPDL IN
No. of Shares (mn)	76
MCap (Rs bn) / (\$ mn)	21/282
6m avg traded value (Rs mn)	48
52 Week high / low	Rs 286/103

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	59.5	83.6	18.3
Relative (%)	36.8	48.9	(5.0)

SHAREHOLDING PATTERN (%)

	Sep-20	Dec-20
Promoters	74.45	74.45
FIs & Local MFs	0.00	0.01
FPIs	14.18	14.22
Public & Others	11.37	11.32
Pledged Shares	0.0	0.0

Source : BSE

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Disclosure:

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