CMP: ₹ 390 | Target ₹ 590 (50%) | Target Period: 12 months | **BUY**

August 5, 2026

Margin recognition improves; launch pipeline sturdy...

About the stock: Keystone Realtors (Rustomjee) established in 1995 is one of the prominent MMR based realtors having leadership in redevelopment space. It has successfully housed 19000+ families through several redevelopment projects.

- It has a substantial portfolio of projects spanning the MMR, with 39 Completed Projects, 17 Ongoing Projects and 21 Forthcoming Projects. So far, it has delivered over 29+ msf, with a pipeline of over 46 msf of construction area in the works.

Q1FY27 performance: The Keystone Realtors reported strong financial results for Q1FY27. Revenue up 72% YoY to ₹ 470 crore. Better project mix led to EBITDA and PAT margins of 21.3% and 10.4% (vs 10.1% and 6.4% Q1FY26). As a result, EBITDA and PAT up 3.62x and 3.25x YoY to ₹ 105 and ₹ 52 crore respectively. On the operational side, the company achieved presales of ₹ 617 crore driven by sustenance sales amid lack of project launches in Q1FY27. Collections came in at ₹ 599 crore. It secured two business developments of GDV of ₹ 547 crore, one addition to Dindoshi Goregaon Cluster and one plotted development in Igatpuri.

Investment Rationale:

- **Launch pipeline of ₹ 8000 crore for FY27 stay intact:** KRL maintained its launch guidance of ₹ 8000 crore (8 projects totalling 5.2 msf) for FY27. It has already launched 28HQ (Prabhadevi) and Ozone Skye (Goregaon West) aggregating ₹ 2000 crore in July 2026. The management retained its pre-sales guidance of ₹ 5000 crore for FY27 and ₹ 10,000 crore vision for FY30. Further, it added two projects having GDV of ~₹ 550 crore during Q1FY27 and retained ₹ 8000 crore new project additions target for FY27. KRL has an unsold inventory (ongoing + forthcoming) of ~₹ 55,000 crore which is expected to generate more than ₹ 15,000 crore operating cash flows (company's share).
- **Moving towards higher margin trajectory in revenue recognition:** KRL's legacy projects comprised 62% of FY26 revenues generating ~5% adjusted EBIDA margins (before corporate overheads) leading to blended adjusted EBIDA margins of 10.9%. For FY27, legacy projects are expected to contribute 15% of revenues leading to significant improvement in overall EBITDA margins. Further, in its ongoing projects portfolio, embedded EBITDA margins in unrecognised revenues from already sold projects stands at ~21% while for the balance unsold projects is estimated at 35%. Consequently, we expect material improvement in EBITDA margins for the company from FY27 onwards.

Rating and Target Price:

- We value KRL on DCF basis by calculating project-wise NAV discounting net post-tax operating cashflows at 11% WACC rate with valuation methodology for its residential businesses. We retain our target price of ₹ 590 and Buy rating on the stock.

Rustomjee

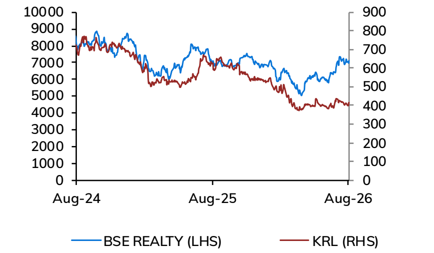
Market data

Particulars	Rs. in crore
Market Capitalisation	5,049
Debt (FY26)	1,463
Cash (FY26)	882
EV	5,631
52 Week H/L (Rs.)	675/359
Equity Capital	126.2
Face Value (Rs.)	10.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	78.3	74.6	74.6	74.6
FII	3.1	3.1	2.5	2.4
DII	15.8	16.6	17.1	16.4
Others	2.9	5.7	5.7	6.7

Price Chart



Key risks

(i) Delay in under-construction residential projects

(ii) Inability to acquire new residential project

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Key Financial Summary

Particulars (₹ crore)	FY23	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	685.7	2222.3	2004.1	2634.5	8.9%	2839.2	3565.3	10.6%
EBITDA	103.8	109.5	215.3	122.1	5.6%	388.2	649.1	74.5%
EBITDA margin (%)	15.1	4.9	10.7	4.6		13.7	18.2	
Net Profit	79.5	112.2	172.0	78.9	-16.2%	249.7	435.8	76.8%
EPS (Rs)	6.3	8.9	13.6	6.2		19.8	34.5	
P/E (x)	63.5	45.0	29.4	64.0		20.2	11.6	
P/B (x)	3.0	2.8	1.8	1.8		1.6	1.4	
RoCE (%)	3.7	3.6	5.5	2.4		7.1	11.2	
RoE (%)	4.7	6.3	6.2	2.7		7.9	12.1	

Source: Company, ICICI Direct Research

Q1FY27 – Earnings call summary

- **Guidance:** Rustomjee maintained pre-sales guidance of ₹ 4500-5000 crore for FY27E. Project launch of ~₹ 8000 crore during 9MFY27E. And aspirational presales of ₹ 10,000 crore by FY30E. On the plotted development the company expects to achieve annual sales of ₹ 500-750 crore with EBITDA margin of ₹ 100-150 crore over the long term.
- **Launch pipeline:** Rustomjee plans to launch projects with 5.2 msf having estimated GDV of upto ₹ 8,000 crore in 9MFY27E. It plans to launch a Dhuru wadi (GDV of ~₹ 1500 crore), Urban Woods, Dombivli (~₹ 1100 crore) Avinash Towers, Versova (~₹ 1200 crore) Urbania Thane (~₹ 1200 crore) Ozone Sky, Goregaon (~₹400 crore) and Phase 1 of clusters of GTB Nagar, Dindoshi and Om Nagar.
- **Result highlights:** Pre-sales were ₹ 617 crore led entirely by sustenance sales in absence of launches in Q1FY27. Collections were at ₹ 599 crore. The construction outflow during Q1FY27 was ₹ 299 crore vs ₹ 238 crore in Q1FY26. It secured two business developments with total GDV of ₹ 547 crore.
- **Demand:** The demand for residential remains robust across luxury, premium and mass market segments in the MMR region where the company is present.
- **Legacy Orders:** The legacy orders comprising lower margins to phase out in FY27E as the company transitions into percentage completion method thus reflecting margins of ongoing projects.
- **Credit Rating:** It has been awarded credit rating of AA- from ICRA and Crisil.
- **Capex:** It spent ₹232 crore in land and related approvals.
- **Cash balance:** The company currently holds a cash reserve of ~ ₹ 15,200 crores, with around ₹ 11,305 crores allocated to RERA accounts.

Exhibit 1: Q1FY27 consolidated results overview (₹ crore)

Year	Q1FY27	Q1FY26	YoY (Chg %)	Q4FY26	QoQ (Chg %)	Comments
Operating Income	**470.3**	**273.1**	**72.2**	**1,596.0**	**-70.5**	Strong revenue growth as company transitions to percentage completion method from project completion method
Other Income	23.0	15.5	48.0	17.4	32.1	
Total Revenue	**493.3**	**288.6**	**70.9**	**1,613.4**	**-69.4**	
Raw materials costs	285.0	167.9	69.8	1,372.3	-79.2	
Employees Expenses	47.5	40.4	17.5	45.6	4.1	
Other Expenses	55.6	51.1	8.8	96.6	-42.5	Lower mix of legacy orders led margin expansion in Q1FY27
Total Expenditure	388.1	259.4	49.6	1,514.5	-74.4	
EBITDA	**82.2**	**13.7**	**498.7**	**81.5**	**0.9**	
EBITDA margins (%)	**17.5**	**5.0**	**1245 bps**	**5.1**	**1237 bps**	
Interest	30.6	7.2	327.0	32.9	-7.2	
Depreciation	5.4	4.2	28.2	5.8	-7.6	
PBT	**69.2**	**17.9**	**286.6**	**60.1**	**15.1**	
Tax	18.0	-0.5	-3,839.6	3.6	394.5	
Minority Interest	-0.8	1.8	-142.3	11.2	-106.9	
Income from Assoc.	1.1	-2.1	-	7.1	-	
PAT	**53.1**	**14.5**	**266.2**	**52.4**	**1.4**	

Source: Company, ICICI Direct Research

Exhibit 2: Valuation mix

Particulars	**Valuation Methodology**	**Value per share (Rs)**
Residential (Ongoing+Completed)	Project NAV basis	164
Residential (Upcoming)	Project NAV basis	288
Business Development	Over the next two years	126
Less: Net Debt		-8
Price Target (Rs) (Rounded)		**590**

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**2,004**	**2,635**	**2,839**	**3,565**
% Growth	(10)	31	8	26
Other income	117	82	91	100
Total Revenue	2,121	2,717	2,930	3,665
% Growth	(7)	28	8	25
Raw Material Costs	1,446	2,088	1,987	2,353
Employee Expenses	130	163	180	207
Other expenses	212	261	284	357
Total Operating Exp.	1,789	2,512	2,451	2,916
EBITDA	**215**	**122**	**388**	**649**
% Growth	97	(43)	218	67
Interest	51	79	111	128
PBDT	281	125	367	621
Depreciation	13	18	23	28
PBT	**268**	**107**	**344**	**593**
Profit/(Loss) from JV	(13)	2	-	-
Total Tax	69	16	87	149
PAT before MI	199	94	258	444
PAT	**172**	**79**	**250**	**436**
% Growth	53	(54)	217	75
EPS	**14**	**6**	**20**	**35**

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	172	79	250	436
Depreciation	14	19	23	28
Interest	123	136	111	128
Cash Flow before WC changes	322	213	388	649
Change in working capital	(292)	(682)	(600)	(557)
Tax paid	(42)	(40)	(87)	(149)
Net CF from Operations	(11)	(509)	(299)	(57)
(Purchase)/Sale of Fixed Assets	(19)	(8)	(12)	(12)
Others	26	135	91	100
Net CF from Investing	7	127	79	88
Inc/(Dec) in Loan	363	780	500	-
Dividend and Dividend Tax	-	(19)	-	-
Others	121	(343)	(111)	(128)
Net CF from Financing	484	418	389	(128)
Net Cash flow	479	36	168	(97)
Opening Cash	366	846	882	1,051
Closing Cash	846	882	1,051	953

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	126	126	126	126
Reserve and Surplus	2,659	2,768	3,026	3,470
Total Shareholders' funds	**2,785**	**2,894**	**3,152**	**3,596**
Total Debt	904	1,463	1,963	1,963
Total Liabilities	**3,689**	**4,358**	**5,116**	**5,559**
Gross Block	424	441	453	465
Acc: Depreciation	57	75	98	126
Net Block	367	366	355	339
Capital WIP	-	-	-	-
Total Fixed Assets	367	366	355	339
Non-Current Assets	**637**	**593**	**593**	**593**
Inventory	3,861	3,669	4,403	5,284
Debtors	83	339	346	353
Other Current Assets	856	861	953	1,063
Cash	846	882	1,051	953
Total Current Assets	5,646	5,751	6,752	7,653
Current Liabilities	2,943	2,323	2,556	2,997
Provisions	17	29	29	29
Total Current Liabilities	2,960	2,352	2,584	3,026
Net Current Assets	2,685	3,399	4,168	4,628
Total Assets	**3,689**	**4,358**	**5,116**	**5,559**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
EPS	13.6	6.2	19.8	34.5
Cash per Share	14.7	7.7	21.6	36.8
DPS	-	-	-	-
BV	220.0	227.2	247.0	281.6
Operating Ratios				
EBITDA Margin	10.7	4.6	13.7	18.2
PAT Margin	8.6	3.0	8.8	12.2
Return Ratios				
RoE	6.2	2.7	7.9	12.1
RoCE	5.5	2.4	7.1	11.2
Valuation Ratios				
EV / EBITDA	21.4	42.1	14.1	8.6
P/E	29.4	64.0	20.2	11.6
EV / Net Sales	2.3	1.9	1.9	1.6
Sales / Equity	0.7	0.9	0.9	1.0
Market Cap / Sales	2.3	1.7	1.6	1.3
Price to Book Value	1.8	1.8	1.6	1.4
Working Capital Management Ratios				
Inventory Days	703.1	508.4	566.1	540.9
Debtor Days	15.2	47.0	44.5	36.1
Creditor Days	144.2	146.0	149.0	142.4
Asset Turnover	0.5	0.6	0.6	0.6
Solvency Ratios				
Debt / Equity	0.3	0.5	0.6	0.5
Current Ratio	1.9	2.4	2.6	2.5
Quick Ratio	0.6	0.9	0.9	0.8

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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