

Keystone Realtors Ltd (Rustomjee)

Neutral

Issue Highlights

Issue Open	November 14, 2022
Issue Close	November 16, 2022
Issue Price	Rs. 514 - Rs. 541 Per Share
Total Issue Size	Rs. 635 Cr
Of which	
Fresh Issue	Rs. 560 Cr
Offer for Sale	Rs. 75 Cr
Face Value	Rs. 10 Per share
Market Lot	27 Equity Shares
Issue Type	Book Built Issue

Offer Structure

QIB Category	50%
Retail category	35%
Non-Institutional	15%

Lead Book Running Managers

- ⇒ Axis Capital Ltd.
- ⇒ Credit Suisse Securities (India) Pvt. Ltd.

Registrar To The Offer

- ⇒ Link Intime India Pvt. Ltd.

Research Analyst

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Key Highlights

- ❑ **Company Background:** Keystone Realtors (Rustomjee) is one of the prominent real estate developers (in terms of absorption in number of units) in the micro markets. They command a market share of 28% in Khar, 23% market in Juhu, 11% in Bandra East, 14% in Virar, 3% in Thane and 5% in Bhandup in terms of absorption (in units) from 2017-2021. Further, as of June 30, 2022, they have 32 Completed Projects, 12 Ongoing Projects and 21 Forthcoming Projects across the Mumbai Metropolitan Region (MMR) that includes a comprehensive range of projects under the affordable, mid and mass, aspirational, premium and super premium categories, all under Rustomjee brand.
- ❑ **Asset-light and scalable model resulting in profitability and stable financial performance:** Their business model is such that it focuses on entering into joint development agreements and re-development agreements with landowners or developers or societies, which requires lower upfront capital expenditure compared to direct acquisition of land parcels. Further, they maintain low capital investment through two approaches like first, their business model allows them to optimize the upfront capex compared to direct acquisition of land parcels. Second, they adopt a disciplined approach and abide by the ceilings of permissible capital commitments for each project.
- ❑ **Demonstrated project execution capabilities with in-house functional expertise:** They have adopted an integrated real estate development model, with capabilities and in-house resources to execute projects from its initiation to completion. So, for every stage they have developed in-house competencies which is positive and helps them to deliver projects as per the customers demand.
- ❑ **Strategies going forward:** The company intends to focus on its strength like assets light model, customer centric approach, high end product design which would support them in expanding its presence in Mumbai city. Besides, their focus will be on maintaining quality, reducing development time & cost and achieving better economies of scale.
- ❑ **Financial:** On financial front, the company's revenue grew by 2.4% CAGR while PAT grew by 206% CAGR over FY20-22. Besides, its debt/equity is at 1.4x and is high as compared to other listed players which is not encouraging.
- ❑ **Key Risk:** 1) Slowdown in demand. 2) High debt on books as compared to peers.

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S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of interest is given below this table]		No
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