IPO Note

Sri Lotus Developers & Realty Limited

Recommendation: **NEUTRAL**

Company Background –
Sri Lotus Developers & Realty Limited is a developer of residential and commercial premises, focusing on ultra-luxury and luxury segments in the western suburb of Mumbai, Maharashtra. It was incorporated in 2015.

Objects of the Issue –

Particulars	Amt. in Crores
Investment in subsidiaries, Richfeel Real Estate Private Limited, Dhyan Projects Private Limited and Tryksha Real Estate Private Limited for part-funding development and construction cost of ongoing projects, Amalfi, The Arcadian and Varun, respectively.	5,500.0
General corporate purposes.	-

Promoters Name –
Anand Kamalnayan Pandit, Roopa Anand Pandit, and Ashka Anand Pandit.

Promoter Share Holding Pattern	
Pre Issue	**Post Issue**
91.78%	**81.86%**

Rationale for recommendation – Sri Lotus Developers & Realty Limited has a post issue P/E of 32.17 indicating that it is overvalued. The company has performed well financially but the spike in operating margins suggest that it is unsustainable. The management team also have limited experience. According to the industry report, there is high growth in luxury and ultra-luxury segment but the company is moving away from them and focusing more on commercial segment. Moreover, the industry is currently dominated by established players. Negligible borrowings and underleveraged capital structure also raise concerns. Therefore, Investors are recommended to look at post-issue performance of the company and stay **NEUTRAL** to this IPO for now.

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IPO Details

Opening Date	Jul 30, 2025
Closing Date	Aug 01, 2025
Allotment Date	Aug 04, 2025
Listing Date	Aug 06, 2025
Stock Exchange	BSE, NSE
Lot Size	100 Shares
Issue Price Per Share	₹140 to ₹150 per share
Issue Size	792.00 Cr.
Fresh Issue	792.00 Cr.
Offer for Sale	-
Application Amt	₹ 15,000 (100 shares) to ₹1,95,000 (1,300 shares)

KPIs **(In Crores)**

KPI's	**FY 23**	**FY 24**	**FY 25**
Revenue	166.87	461.57	549.68
EBITDA	21.35	157.88	288.96
Net Profit	16.29	119.80	227.89
RoCE	25.06%	76.51%	29.19%
ROE	33.67%	70.66%	24.44%
P/E	357.14	50.00	27.22

Valuation Parameters

Particulars	**Pre-Issue**	**Post Issue**
EPS	5.51	4.66
BVPS	21.42	19.11
P/E	27.22	32.17
P/BV	7.00	7.85
Mkt Cap (In Cr)	6,538.65	7,330.65

Lead Managers –
Motilal Oswal Investment Advisors Private Limited
Monarch Networth Capital Limited

Registrar –
Kfin Technologies Limited

Business Overview -

Sri Lotus Developers & Realty Limited is in the business of developing residential and commercial premises in Mumbai, Maharashtra, with a focus in redevelopment projects in the ultra-luxury segment and luxury segment. The projects taken by the company are largely bifurcated into 3 categories;

1. Greenfield Projects – Projects that have been constructed on parcels of undeveloped land with no previously constructed infrastructure. These projects are undertaken on land acquired by the company.
2. Redevelopment Projects – Projects that are reconstructed through development agreements with housing societies, commercial unit holders, or others.
3. Joint Development Projects – Projects where the company enters into a development agreement with the holder of the land parcel. The project is developed jointly with the land holder. The company is typically entitled to a share in the developed property, or a share of the revenue or profits generated from the sale of the developed property, or a combination of both.

Product-Wise Revenue Bifurcation:

Particulars	FY 23	%	FY 24	%	FY 25	%
Greenfield Projects						
Signature	53.29	31.93%	266.45	57.73%	340.34	62.60%
Redevelopment Projects						
Ananya	72.32	43.34%	97.36	21.09%	15.89	2.92%
Ayana	41.26	24.73%	47.62	10.32%	59.05	10.86%
Arc-One	-	-	50.15	10.86%	103.42	19.02%
Joint Development Projects						
Lotus Amara	-	-	-	-	25.00	4.60%
Total Revenue	**166.87**	**100.00%**	**461.58**	**100.00%**	**543.68**	**100.00%**

The company has completed 4 projects till date of which 2 are residential and 2 are commercial. The company currently has 5 ongoing projects and 11 upcoming projects. All ongoing projects are residential projects. Of the upcoming projects, 8 are residential and 3 are commercial. The upcoming projects are in Versova, Prabhadevi, Neapen Sea Road, Ghatkopar, Juhu, Bandra, Andheri West, and Oshiwara. Expected commencement date for 9 projects (6 residential and 3 commercial) range between Q2 to Q4 of 2027. Commencement date of 2 residential projects are in Q2 and Q3 of 2026. Only 1 project is under the company's name, rest of the projects are under the subsidiaries names.

The table given below is the revenue breakup based on luxury, ultra-luxury, and commercial segment:

Particulars	FY 23	%	FY 24	%	FY 25	%
Luxury Residential Segment	84.30	50.52%	115.55	25.03%	35.07	6.76%
Ultra-Luxury Residential Segment	29.28	17.55%	29.43	6.38%	39.86	7.68%
Commercial Segment	53.29	31.93%	316.60	68.59%	443.75	85.55%
Total	**166.87**	**100.00%**	**461.58**	**100.00%**	**518.68**	**100.00%**

Business Strategies -

1. Strengthening position in the ultra-luxury and luxury segment in western suburb of Mumbai by undertaking 8 residential projects in these two segments.
2. Enhanced focus on asset-light model. Entering into redevelopment agreements with housing societies or joint development agreements with landowners enables the company to remain capital efficient.
3. Expand into the micro markets in the South-Central and Eastern regions of Mumbai and other regions of Western Mumbai. The current foothold of the company is only in Andheri West and Juhu situated in Western Mumbai. The company wants to expand its geographic horizon to Prabhadevi, Neapen Sea Road, Ghatkopar, and Bandra.
4. A majority of projects in commercial segment are located in Andheri West. This is because Andheri West is a prime location due to its connectivity and good demand for rental housing. The company intends to selectively develop more projects in the commercial segment in Andheri West.

5. Focus on enhancing brand visibility and reputation through development of quality real estate projects.

Risk Factors -

-As of Jun 30, 2025, the company has 85 unsold units in completed projects and 167 unsold units in ongoing projects.
-Monarch Networth Capital Limited has very limited experience as a lead manager.
-The company has incurred negative cash flows from operating activities worth ₹ 19.50 Cr in FY 25.
-The company has contingent liability worth ₹ 50.33 Cr as at Mar 31, 2025.
-Certain subsidiary companies have incurred losses in FY 23, 24, and 25.
-The company is concentrated in Western region of Mumbai. Moreover, there is concentration in commercial segment, and greenfield projects.
-Projects undertaken by the company have long gestation periods. The nature of business is also capital-intensive.

Key Management

-The management consists of **Anand Kalamnayan Pandit (Chairman, and Managing Director), Roopa Anand Pandit (Non-Executive Director)**, and **Ashka Anand Pandit (Whole-Time Director)**. Roopa Pandit and Ashka Pandit have a limited experience of 9 years each. Roopa Pandit has a Bachelor's and Master's degree in Arts. Ashka Pandit has a Bachelor Degree in Business Management and Master of Science degree in Economics and International Financial Economics. Anand Pandit has 24 years of experience and a Bachelor of Engineering degree in Electronics and Communication and a diploma in marketing management.
-**Madhukant Sanghvi**, **Ved Prakash Bhardwaj**, and **Priti Desai** are **independent directors**.
-**Sanjay Kumar Jain** is the **CEO**, **Ankit Kumar Tater** is the **CS & CO**, and **Rakesh Gupta** is the **CFO** of the company. They have 28, 18, and 6 years of experience respectively.

The management team is satisfactory. Though their total experience may be limited, they have relevant educational qualifications.

Industry Overview –

The Indian residential real estate sector has witnessed substantial growth between CY 2021 and Q1 2025, especially across the top seven cities: MMR, NCR, Bangalore, Pune, Hyderabad, Chennai, and Kolkata. This period saw a marked improvement in both supply and absorption. New launches surged significantly—51% in 2022 over 2021 and a striking 88% increase in 2023 compared to 2021. Unsold inventory across the top 7 cities has reduced over time, indicating strong absorption. Specifically, unsold inventory stood at 6,38,192 units in 2021, dipped slightly to 6,30,973 units in 2022, and dropped further to 5,53,073 units in 2024.

Capital prices across all top seven markets have also seen a significant uptick from 2021 to Q1 2025. MMR saw its average base selling price rise from ₹10,886/sq. ft. in 2021 to ₹16,900/sq. ft. in Q1 2025—an increase of 55.3%. NCR followed a similar upward trend from ₹4,700/sq. ft. in 2021 to ₹8,330/sq. ft. in Q1 2025, a 77.4% growth. Bengaluru appreciated from ₹5,122 to ₹8,650/sq. ft. (+68.8%), Pune from ₹5,640 to ₹7,800/sq. ft. (+38.3%), Hyderabad from ₹4,293 to ₹7,550/sq. ft. (+75.9%), Chennai from ₹5,030 to ₹6,900/sq. ft. (+37.2%), and Kolkata from ₹4,441 to ₹5,950/sq. ft. (+34%). This translates to a strong price appreciation across all cities.

Focusing on MMR, the region stands out as the biggest real estate market in India. Mumbai, the commercial and financial capital, accounts for over 6.16% of India's GDP and one-third of tax revenues. MMR's real estate market is supported by multiple micro-markets including Mumbai city, suburbs, extended suburbs, and adjoining areas like Thane and Navi Mumbai. Key growth drivers for real estate market in MMR include employment generation and social infrastructure. Grade-A office developments in BKC, Lower Parel, Andheri, and Goregaon are driving employment-led demand. Employment generation in both organized and unorganized sectors contributes to housing demand, particularly in suburban belts like Ghodbunder Road and Kolshet.

The housing segment has seen a substantial shift towards luxury products. The share of demand for luxury housing (priced > ₹2.5 Cr) grew from 3% in 2021 to 22% in Q1 2025. Likewise, the ₹1.5–₹2.5 Cr segment expanded from 8% to 21% in the same period. Affordable housing (below ₹40 lakh) witnessed a 35% decline in its share, while the share of luxury housing (above ₹1.5 Cr) rose by 32 percentage points.

(source: ANAROCK Report in the RHP)

Lead Manager

Motilal Oswal Investment Advisors Private Limited has handled 18 IPOs in preceding 3 years out of which 4 have opened at a discount.
Monarch Networth Capital Limited has handled 2 IPOs in preceding 3 years and both have opened at a premium.

Peer Analysis

Particulars	Sri Lotus Developers & Realty Limited			Arkade Developers Limited			Keystone Realtors Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	9.76%	25.96%	41.46%	22.26%	19.30%	22.58%	11.22%	4.87%	8.11%
EBITDA Margin	12.80%	34.20%	52.57%	29.94%	26.61%	31.37%	20.31%	8.32%	15.16%
RoCE	25.06%	76.51%	29.19%	44.95%	60.04%	18.74%	7.24%	7.10%	13.38%
ROE	33.67%	70.66%	24.44%	25.35%	37.99%	17.76%	4.93%	6.30%	6.20%
EPS (INR)	0.42	3.00	5.51	3.34	8.08	9.25	7.66	9.85	13.85
P/E*	357.14	50.00	27.22	-	-	16.96	60.46	68.28	37.95

Particulars	Sri Lotus Developers & Realty Limited			Suraj Estate Developers Limited			Sunteck Realty Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	9.76%	25.96%	41.46%	10.4%	16.2%	18.1%	0.35%	11.43%	16.62%
EBITDA Margin	12.80%	34.20%	52.57%	49.7%	56.9%	37.4%	25.04%	27.86%	26.22%
RoCE	25.06%	76.51%	29.19%	35.6%	30.3%	16.0%	2.80%	4.81%	6.51%
ROE	33.67%	70.66%	24.44%	45.1%	13.1%	11.1%	0.05%	2.27%	4.61%
EPS (INR)	0.42	3.00	5.51	10.13	18.09	21.80	0.10	4.94	10.26
P/E*	357.14	50.00	27.22	-	17.83	14.69	2847.00	89.01	37.54

*The company was not listed during those FYs, therefore P/E is blank.

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Recommendation: NEUTRAL

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Key Performance Indicators: (in Crores)

Particulars	FY 23	FY 24	FY 25
P&L Statement			
Total Income	**169.94**	**466.18**	**569.28**
Total Expenses	147.06	305.07	262.46
EBITDA	**21.35**	**157.88**	**288.96**
EBIT	20.452	156.65	287.42
PBT	**22.88**	**161.11**	**306.82**
Tax Expenses	5.79	41.97	78.93
Net Profit	**16.32**	**119.72**	**227.84**
Balance Sheet			
Total Equity	**47.64**	**170.47**	**933.83**
Assets			
Non-Current Assets	16.28	25.24	16.34
Current Assets	469.94	711.56	1,202.26
Total Assets	**486.22**	**736.81**	**1,218.60**
Liabilities			
Non-Current Liabilities	33.97	34.28	50.73
Current Liabilities	404.62	532.05	234.05
Total Liabilities	**438.58**	**566.33**	**284.78**
Cash Flow Statement			
CFO	71.14	46.16	-19.50
CFI	-14.77	27.66	15.86
CFF	-11.04	-44.27	249.96

Key Ratios:

Particulars	FY 23	FY 24	FY 25
Per Share Data			
Diluted EPS	0.42	3.00	5.51
BV per share	2.38	8.52	21.42
Operating Ratios			
EBITDA Margins	12.80%	34.20%	52.57%
PAT Margins	9.76%	25.96%	41.46%
Debtor days	22.90	33.80	135.96
Creditor days	21.75	16.64	17.63
Return Ratios			
RoCE	25.06%	76.51%	29.19%
RoE	33.67%	70.66%	24.44%
Valuation Ratios (x)			
EV/EBITDA	14.07	3.01	2.34
Market Cap / Sales	17.978	6.500	11.90
P/E	357.14	50.00	27.22
Price to Book Value	62.97	17.60	7.00
Solvency Ratios			
Debt / Equity	6.80	2.53	0.13
Current Ratio	1.16	1.34	5.14
Quick Ratio	0.59	0.44	2.89
Asset Turnover	0.34	0.63	0.45
Interest Coverage Ratio	31.96	997.80	1,473.95

Financial Analysis

-Revenue from operations increased by 176.6% and 19.09%, and total income increased by 174.32% and 22.11% in FY 24 and 25 respectively. The spike in revenue in FY 24 is due to increase in sale of residential and commercial units.
-There was a decrease in construction and development cost in FY 25 due to decrease in permission and approval fees and decrease in overall construction costs.
-Employee benefit expenses decreased in FY 24 by 27.89% and increased by 1,640.62% in FY 25 due changes in salaries and wages. This figure has remained very unstable.
-Other expenses increased in FY 24 by 114.61% primarily due to an increase in stamp duty.
-The company has negligible non-current liabilities as well as non-current assets. Its current liabilities also became half in FY 25 due to repayment of borrowings. Majority of current assets are in inventories, trade receivables, and cash.

The company has performed well over the preceding years given by how its revenue figures as well as operating margins have increased. However, It has repaid most of its borrowings and currently has negligible debt. Post-issue, the capital structure of the company will be highly under leveraged. Ideally, a company should use a combination of both debt and equity.