

IPO Note Homesfy Realty Limited

Book Running Lead Manager: Sarthi Capital Advisors Private Limited

Issue Dates: 21st Dec to 23rd Dec 2022

Issue Type: Fixed Price

Issue Size: 8,05,200 Equity Shares (including 40,800 equity shares reserved for Market Maker)

IPO Size: Rs 1,586.24 Lakhs.

Issue Price: Rs 197 per share

Bid Size: 600 Equity shares and in multiples thereof.

Net Offer Size to the Public: 7,64,400 Equity Shares aggregating to Rs 1,505.87 Lakhs

For Investors Up to Rs 2.00 Lakhs: 3,82,200 Equity Shares are available for allocation

For Investors Above Rs. 2.00 Lakhs: 3,82,200 Equity Shares are available for allocation

Face Value: Rs 10

Book value: Rs 1,908.17 (FY22)

Capital Structure:

Pre-Issue Equity: Rs 225.00 Lakhs

Post issue Equity: Rs 305.52 Lakhs

Listing: NSE Emerge

Lead Manager: Sarthi Capital Advisors Private Limited

Registrar to Offer: Bigshare Services Private Limited

Shareholding Pattern

Category	Pre issue %	Post issue %
Promoters & Promoter Group	71.69	52.80
Public	28.31	47.20
Total	100.00	100.00

Background of the Company

Homesfy Realty Limited was incorporated on May 06 2011, headquartered in Thane, Maharashtra. Proptech Company is engaged in providing real estate broking services to Real Estate Developers, retail buyers/sellers and investors for residential and commercial space. It deal in new constructed properties, whereby assisting the Real Estate Developers in selling and potential customers in purchasing the properties. Business is done through direct selling from in-house sales team and Direct Selling Agent listed on mymagnet platform for referral services.

Business Model

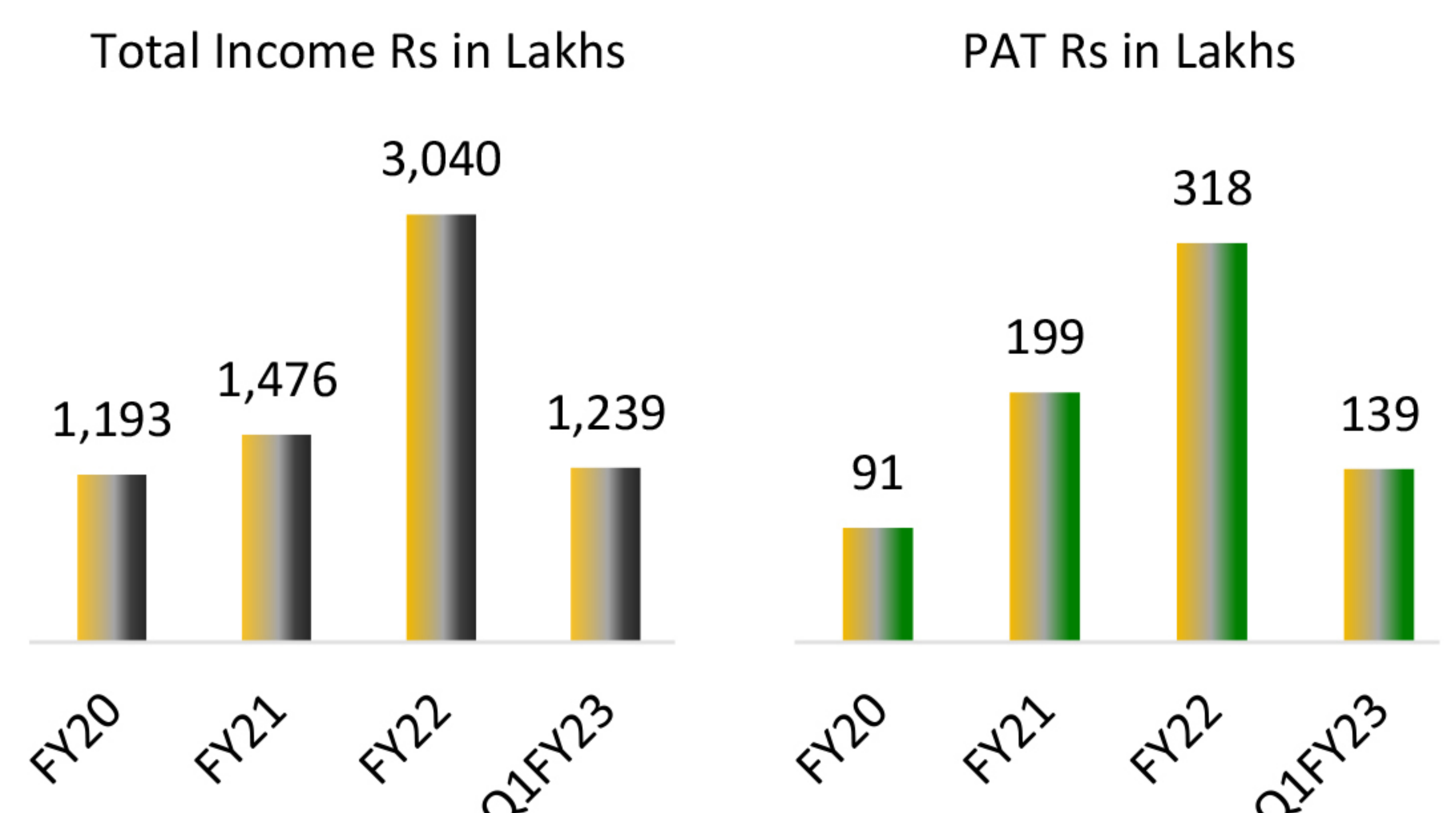
Homesfy brokerage business is a combination of both offline and online presence allowing agents on platform to effectively hone deeper market expertise, generate leads.

Provide real estate broking related services through its website www.homesfy.in, prospect calling, and digital advertisement platform. Operating model is backed by strong expertise in lead generation backed by process driven digital marketing expertise and automations. These leads are assigned to well-trained agents through the native CRM customized for scalable brokerage business.

Developer Economics: Company charge the Real Estate Developers commissions based on an agreed upon rate. Generates invoice and receive payments directly from the Real Estate Developers.

Mymagnet: Revenue generated on mymagnet platform is shared between the Homesfy and the agent registered on mymagnet who has initiated the lead based on predetermined sharing arrangement.

Financial Snapshot



Promoter

Mr. Ashish Kukreja is the Managing Director of the Company. He is also the founder of Homesfy.in and mymagnet.io, two platforms, that are poised to revolutionize the real estate sector. With an MBA in Finance from ICFAI, Hyderabad, Ashish has over 17 years of experience leading teams in real estate brokerage as well as the private wealth management. Ashish started Homesfy in 2011 to simplify the home buying process and make the real estate transaction reliable, trustworthy, and hassle-free. He saw chaos and believed that it was an opportunity to build something better and fill the gap between developers, advisors, and home buyers. He is currently working on the amalgamation of technology with top-notch services for the benefit of all stakeholders, giving them a plug-and-play solution.

Object of the Issue

Particulars	Amount Rs in Lakhs
Working Capital Requirements	1161.24
General Corporate Purpose	290.00
Issue Expenses*	135.00
Total	1586.24

* As on December 13, 2022, our company has incurred a sum of ₹30.50 lakhs towards issue expenses vide certificate dated December 13, 2022 issued by Venus Shah & Associates, Chartered Accountants.

Geographical Revenue Break up (Figures in Rs Lakhs)

Particulars	For the Quarter ended June 30, 2022	FY 2022	FY 2021	FY 2020
Mumbai	921.77	2,450.11	1,214.85	819.19
Pune	54.62	179.70	91.92	108.58
Bangalore	199.63	281.82	166.08	262.17
NOIDA	35.06	63.09	-	-
Gurugram	28.21	55.86	-	-

Competitive Strength

Highly experienced and stable management

Strong visionary management team with proven track record of innovations and execution. Ashish Kukreja as part of management team is driving vision to transform real estate transaction business into a platform and team has gained a good operational knowledge by building mid-size service enterprise from scratch.

Long-standing relationships with a largest Developers

Long-standing relationship is a result of efficient, transparent and effective services to home buyers and developers. Clientele list includes name like Prestige group, Lodha (Macrotech), Godrej Properties, L&T Realty, Runwal Group, DLF, Shapoorji Pallonji and many more.

Efficient Transaction Process

Company has standardized transaction process through proprietary CRM system that enables agents to enhance efficiency and service quality through productivity tools and commission distribution. Company has effectively created a system that is comparable to best CRM systems in business and continuously adopting to changing sector conditions with technology to target the unique market dynamics in India. Gaining from industry experience, it have been constantly implementing new initiatives and protocols to standardize the transaction process.

Well-qualified and a highly motivated work force

Housed over 350 employees. Homesfy has a structured performance incentive, Career growth planner, Equity linked incentive program, performance-linked variable pay structure and Training system.

Combination of Inorganic and organic growth

Intend to evaluate acquisition opportunities as well as organic growth. For example, Company is in the process of acquiring EQServ, a Mumbai based real estate broking firm to support the future business prospects. It also continually evaluating strategic alliances for the growth and expansion of our businesses.

Mymagnet Platform

Mymagnet is a tech based mobile app where independent real estate brokers/agents can register themselves on the platform and list and execute the leads on predestined revenue sharing arrangement between them and Homesfy. Mymagnet provides great network effect and attracts more brokers organically to scale, which allow to fulfil more transactions and expand our presence across many markets.

Meet the Board



Mr. Ashish Kukreja

MD & CEO Homesfy and
Mymagnet.io



Mr. Mukesh Mishra

Executive Director & Head
of Sales at Homesfy



Ms. Neha Idnany

Non-Executive Director
Value Investor



Mr. Sachin Tagra

Independent Director
Managing Partner at JSW Ventures
Audit



Mr. Jayant Chauhan

Independent Director
CPTO at Mamaearth
Stakeholders Relationship



Mr. Dinesh Bojwani

Independent Director
Head Of HR at Star Union Dai-ichi
Life Insurance Co. Ltd

Meet the Management



Mr. Shashank Mewada

Chief Finance Officer



Ms. Neha Mishra

Vice President of Human
Resources



Mr. Shitij Kaushal

Director & Head of Channel
Sales



Mr. Sandeep Vadnere

Chief Product and Technology
Officer



Mr. Rajul Tandon

Executive Director Sales



Mr. Subodh Nathan

Director Sales

Key Concerns

- There are other key competitors for this business like Anarock, Square Yards and some other internet-based service providers. If company is not able to compete effectively with existing or future competitors, business and financial condition could be adversely affected.
- Homesfy rely upon Real Estate Developers and Real Estate Brokers to provide broking services to customers. Company don't have any formal agreement with the Real Estate Developers whose properties it deal in as a broker for customers. The Top 10 Real Estate Developers in whose properties it deals in, contributes 45.07%, 62.83% and 72.35% for last 3 Financial Years i.e. March 2022, 2021 and 2020 respectively, The Top 5 Real Estate Developers in whose properties it deals in, contributes 31.62%, 49.57% and 48.84% for last 3 Financial Years i.e. March 2022, 2021 and 2020 respectively. If any developer no longer wishes to work with Company, then company might face heavy losses and our reputation and brand could be damaged. Further, there are many real estate brokers registered on our mymagnet portal through which part of our revenue comes in. If there is any misconduct on the part of such brokers, like misleading information or false representation to customers, the reputation and brand of company could be damaged.
- Business is concentrated on providing broking services for residential properties and is entirely dependent on the demand for the same. Any slowdown in this demand or a slack in the real estate markets, may adversely affect business operations. It is not possible to predict whether demand for residential property in the areas in which company is operational will continue to grow in the future, as many social, political, economic, legal and other factors may affect the development of the property market. Accordingly, there can be no assurance that the level of demand will consistently match the level of supply. In the event of any unfavourable developments in the supply and demand or any decreases in property prices in the areas or other parts in India, business, financial condition and results of operations may be adversely affected.

For further details, refer the Draft Prospectus filed with NSE Emerge

Income Statement (Amount in Rs Lakh)

Particulars	For the Quarter Ended June 30,	For the Year Ended March 31,		
	2022	2022	2021	2020
Revenue				
Revenue from Operations	1,239.28	3,030.58	1,472.85	1,189.94
Other Income	0.06	9.34	3.07	3.16
Total Income	1,239.34	3,039.93	1,475.92	1,193.10
Expenses				
Cost of Raw Material Consumed	-	-	-	-
Changes in Inventories	-	-	-	-
Employee Benefits Expenses	462.38	1,273.87	660.76	503.19
Finance Costs	5.48	1.02	1.18	2.03
Depreciation and Amortization Expense	2.65	4.15	4.24	5.64
Other Expenses	582.11	1,310.96	542.69	552.81
Total Expenses	1,052.62	2,590.00	1,208.86	1,063.65
Profit before exceptional items and tax	186.72	449.92	267.06	129.45
Add/(Less): Exceptional items	-	-	-	-
Profit before tax	186.72	449.92	267.06	129.45
Tax Expense:				
(a) Current Tax	49.58	128.55	78.42	39.05
(b) Deferred Tax	(1.38)	(4.63)	(10.50)	(0.95)
(c) Prior period tax adjustment	-	7.60	-	-
Profit/ (Loss) for the year	138.51	318.41	199.14	91.35
Earning per Equity Share (₹) (Nominal value of share is ₹10.00)				
(a) Basic	277.02	636.82	398.29	182.69
(b) Diluted	277.02	636.82	398.29	182.69

Particulars	For The Year Ended March 31,		
	2022	2021	2020
Return on Net Worth (%)	33.37%	31.33%	20.93%

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Balance Sheet (Amount in Rs Lakh)

Particulars	For the Quarter Ended June 30,	As at 31st March,		
	2022	2022	2021	2020
Shareholders' Funds				
(a) Share Capital	5.00	5.00	5.00	5.00
(b) Reserves and Surplus	1,087.59	949.08	630.67	431.53
Non-Current Liabilities				
(a) Long -Term Borrowings	21.36	22.32	-	-
(b) Long -Term Provisions	55.74	53.05	41.65	12.77
Current Liabilities				
(a) Short -Term Borrowings	-	-	-	-
(b) Trade Payables	-	-	-	-
(i) Total outstanding due of micro enterprises and small enterprises; and	-	-	-	-
(ii) Total outstanding due of creditors other than micro enterprises and small enterprises	362.90	282.16	121.38	89.67
(c) Other Current Liabilities	328.20	363.83	331.42	212.24
(d) Short -Term Provisions	87.81	43.54	94.11	42.42
TOTAL	1,948.61	1,718.99	1,224.23	793.63
Non-Current Assets				
(a) Property, Plant & Equipment and Intangible Assets				
(i) Property, Plant & Equipment	31.79	33.10	8.82	11.83
(ii) Intangible Assets	-	-	-	-
(b) Non -Current Investments	-	-	-	-
(c) Deferred Tax Assets (Net)	23.18	21.80	17.17	6.67
(d) Long -Term Loans and Advances	-	-	-	-
(e) Other Non-Current Assets	53.91	37.38	16.51	97.87
Current Assets				
Current Investment	-	-	-	-
Trade Receivables	1,083.84	716.11	425.12	263.58
Cash and Cash Equivalents	200.64	193.72	52.39	37.69
Short -Term Loans and Advances	469.77	484.78	409.48	79.79
Other Current Assets	85.46	232.09	294.74	296.19
TOTAL	1,948.61	1,718.99	1,224.23	793.63

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Industry Overview

Real Estate Agency and Brokerage Services

Overview

The real estate agency and brokerage services market consists of sales of real estate and brokerage services by entities (organizations, sole traders and partnerships) that act as agents and/or brokers for real estate activities.

The main types of real estate agency and brokerage are residential buildings and dwellings brokers, non-residential buildings brokers, mini warehouses and self-storage unit's brokers and other brokers. A real estate broker is a licensed real estate dealer who has completed further schooling and obtained a local real estate broker license. The different modes include online, offline and involves various property types such as fully furnished, semi-furnished, and unfurnished.

Market Size

The global real estate agency and brokerage market size is expected to grow from \$1,221.82 billion in 2021 to \$1,344.45 billion in 2022 at a compound annual growth rate (CAGR) of 10.0%. The growth in the real estate agency and brokerage market is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The real estate agency and brokerage market is expected to reach \$1,912.99 billion in 2026 at a CAGR of 9.2%.

Economic growth and a rapidly growing urban population is expected to increase the demand for residential and commercial buildings brokers, during the forecast period. The increasing number of rural residents migrating into cities is resulting in increasing demand for access to affordable housing and commercial spaces. This provides a significant opportunity for real estate service providers to improve housing, retail and other commercial services. Globally, around 60% of urban settlements remained to be built. According to the World Bank, the urban population in South Asia is expected to grow by 250 million by 2031. This rapid urbanization is expected to boost the demand for real estate agencies and brokers and drive the real estate agency and brokerage market going forward.

The outbreak of the Coronavirus disease (COVID-19) has acted as a massive restraint on the real estate agency and brokerage market in 2020 as the need for services offered by these establishments declined due to lockdowns imposed by governments globally. COVID-19 is an infectious disease with flu-like symptoms including fever, cough, and difficulty in breathing. The virus was first identified in 2019 in Wuhan, Hubei province of the People's Republic of China and spread globally including Western Europe, North America and Asia. Steps by national governments to contain the transmission have resulted in a decline in economic activity with countries entering a state of lockdown and the outbreak had a negative impact on businesses throughout 2020 and into 2021. However, it is expected that the real estate agency and brokerage market will recover from the shock across the forecast period as it is a 'black swan' event and not related to ongoing or fundamental weaknesses in the real estate agency and brokerage services market or the global economy.

Real estate companies are investing in artificial intelligence applications to perform various functions such as property search, building management and design. Artificial intelligence is helping real estate companies to find people looking to buy or sell properties, find a suitable property based on customer requirements, redesign office spaces based on user behaviour. According to the research conducted by Drooms, AI technology provider around 54% of property professionals surveyed already use artificial intelligence to improve keyword search and 69% believe AI gives their companies competitive advantage by enabling high speed search of documents. For instance, REX, a real estate company analyses data from third parties such as Google to determine willingness of a person to buy or sell a house. We Work, a start-up that provides shared workspaces is using artificial intelligence to design its office spaces. Skyline, an Israeli company's artificial intelligence platform recommends properties to real estate investors by using data from more than 130 sources and taking into account over 10,000 different attributes on properties.

Major companies in the real estate agency and brokerage market include Anarock, Square Yards, Guardians, Realogy Holdings Corp., Mitsui Fudosan Co. Ltd., Berkshire Hathaway Inc., CBRE Group, FirstService Corporation, Sekisui House, Savills plc, Jones Lang LaSalle Inc., Colliers International and Shimizu Corporation.

Asia Pacific was the largest region in the real estate agency and brokerage market in 2021. North America was the second-largest region in the real estate agency and brokerage market. The regions covered in the real estate agency and brokerage market are Asia-Pacific, Western Europe, Eastern Europe, North America, South America, Middle East, and Africa.

For further details, refer the Draft Prospectus filled with NSE Emerge

Sarthi Capital Advisors Private Limited

(Category – 1 Merchant Banker)

Bridging the Gap



Corporate Headquarters:

Mumbai

401, 4th Floor, Manek Plaza, 167 Vidya Nagari Marg,
Kalina, Santacruz(E), Mumbai-400098
Landline: (022) 26528671-72, Fax: (022) 26528673

Regional Office:

New Delhi

411, Pratap Bhawan, 5 Bahadurshah Zafar Marg, New
Delhi - 110002
Landline: (011) 23739425 – 27, Fax: (011) 23739424

Disclaimer

The company has filed the Draft Prospectus on NSE Emerge, subject to the approval of exchange.

This documents is prepared only for information purpose and do not solicit/recommend/guide for any investment/Buy-Sell in any financial instrument of Homesfy Realty Limited and/or any of its subsidiary company or associate company. Neither Homesfy Realty Limited nor Sarthi Capital Advisors Private Limited (SCAPL) nor any of its group company/subsidiary Company/ associate company/ related person are responsible for any gains/loss arising to any person/body corporate due to any investment/Buy-Sell in any financial instrument of Homesfy Realty Limited.