

Retail Research	IPO Note
Sector: Real Estate	Price Band (Rs): 140 - 150
28 th July 2025	Recommendation: SUBSCRIBE

Sri Lotus Developers and Realty Ltd.

Company Overview:

Sri Lotus Developers and Realty Ltd. (SLDRL) is a developer of residential and commercial premises, based out of Mumbai, Maharashtra. The company primarily focuses on redevelopment projects in the ultra-luxury and luxury segments in the western suburbs of Mumbai. As of Jun'25, SLDRL has 4 completed projects, 5 ongoing projects and 11 upcoming projects across residential and commercial segments. The company plans to expand its presence in other micro-markets in southern and central regions of Mumbai, such as Nepean Sea Road, Prabhadevi and eastern suburbs of Mumbai, such as Ghatkopar.

Key Highlights:

1. Strategic presence in premium segment: The company has a strategic presence in the ultra-luxury and luxury segments in the Mumbai real estate market, one of the fastest growing luxury markets in India driven by demographics of high-income customer base, limited land availability and an expanding segment of young professionals. SLDRL's presence is further strengthened by high entry barriers to the real estate markets in the western suburbs of Mumbai, primarily due to limited availability of land and stringent regulatory approvals.

2. Pricing power aided by strong brand recognition: Lotus developers enjoys pricing power in the western suburbs of Mumbai, particularly in luxury and ultra-luxury segments led by strong brand recognition. For example, the company commands a premium of approximately 22% on its quoted price as compared to the average quoted price in the Juhu market. The strong pipeline of projects and company's ability to sell throughout the construction phase by leveraging brand name provides visibility on near term cash flows.

3. Asset-light model: A substantial portion of the company's projects are redevelopment or joint redevelopment projects which reduce the upfront cost of land acquisition and borrowings, resulting in a strong balance sheet. Instead SLDRL enters into agreements with housing societies and holders of existing units. This approach has enabled the company to capitalize on strategic market opportunities by providing the flexibility to undertake projects across micro-markets.

4. Expansion plans: Lotus has established a strong foothold in the ultra-luxury and luxury real estate markets of the western suburbs of Mumbai, particularly in the areas of Juhu and Andheri. Going ahead, the company plans to expand into south central and eastern suburbs of Mumbai. South central Mumbai is a premium real estate micro market with high capital values. In the south and central Mumbai, the company intends to focus on areas such as Prabhadevi and Nepean Sea Road, and Ghatkopar in the eastern Mumbai. In addition, the company plans to expand in Bandra in the western suburbs.

Valuation: Sri Lotus, at the upper price band of Rs 150, is valued at a P/E multiple of 32.2x and EV/Pre-sales multiple of 13.6x based on FY25 earnings and pre-sales on post-issue capital respectively. The company primarily focuses on redevelopment projects in the ultra-luxury and luxury segments in the western suburbs of Mumbai. The company registered strong Revenue/EBITDA/PAT CAGR of 82%/268%/268% (FY23-FY25) to Rs 550 cr/ Rs 289 cr/ Rs 228 cr respectively. Going ahead, the company plans to expand its presence in other micro-markets in southern and central regions of Mumbai, such as Nepean Sea Road, Prabhadevi and eastern suburbs of Mumbai, such as Ghatkopar. The company follows an asset-light model, resulting in a strong balance sheet and net debt-free status. Among its peers, SLDRL boasts the highest EBITDA and PAT margin for FY25. We recommend investors to SUBSCRIBE to the IPO at the cut-off price.

Issue Details	
Date of Opening	30 th July 2025
Date of Closing	1 st August 2025
Price Band (Rs)	140-150
Issue Size (Rs cr)	792
Fresh Issue (Rs cr)	792
No. of shares	5,65,71,429 - 5,28,00,000
Face Value (Rs)	1
Post Issue Market Cap (Rs cr)	6,895 - 7,331
BRLMs	Monarch Network Capital Ltd., Motilal Oswal Investment Advisors Ltd.
Registrar	KFin Technologies Ltd.
Bid Lot	100 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%
Employee Reservation (Rs cr)	2.0

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
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	550.0
General corporate purposes*	-
Total proceeds from fresh issue	792.0

*The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	40,00,70,600	91.8
Public & Others	3,58,39,386	8.2
Total	43,59,09,986	100.0

Post Issue @Lower Price Band	No. of Shares	%
Promoter & Promoter Group	40,00,70,600	81.2
Public & Others	9,24,10,815	18.8
Total	49,24,81,415	100.0

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	40,00,70,600	81.9
Public & Others	8,86,39,386	18.1
Total	48,87,09,986	100.0

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from Operations	166.9	461.6	549.7
EBITDA	21.4	157.9	289.0
PAT	16.8	119.1	227.9
EBITDA Margin (%)	12.8	34.2	52.6
PAT Margin (%)	10.1	25.8	41.5
ROE (%)	34.7	70.3	24.4
ROCE (%)	6.2	27.0	29.1
P/E (x)*	389.1	54.9	28.7
EV/EBITDA (x) *	318.0	43.3	21.7
EV/Pre-sales (x)*	34.2	19.7	13.6
P/BV (x)*	135.2	38.6	7.0

Source: RHP, SSL Research

*Note: Pre-issue P/E (x), P/BV (x), EV/Pre-sales (x) and EV/EBITDA (x) based on upper price band

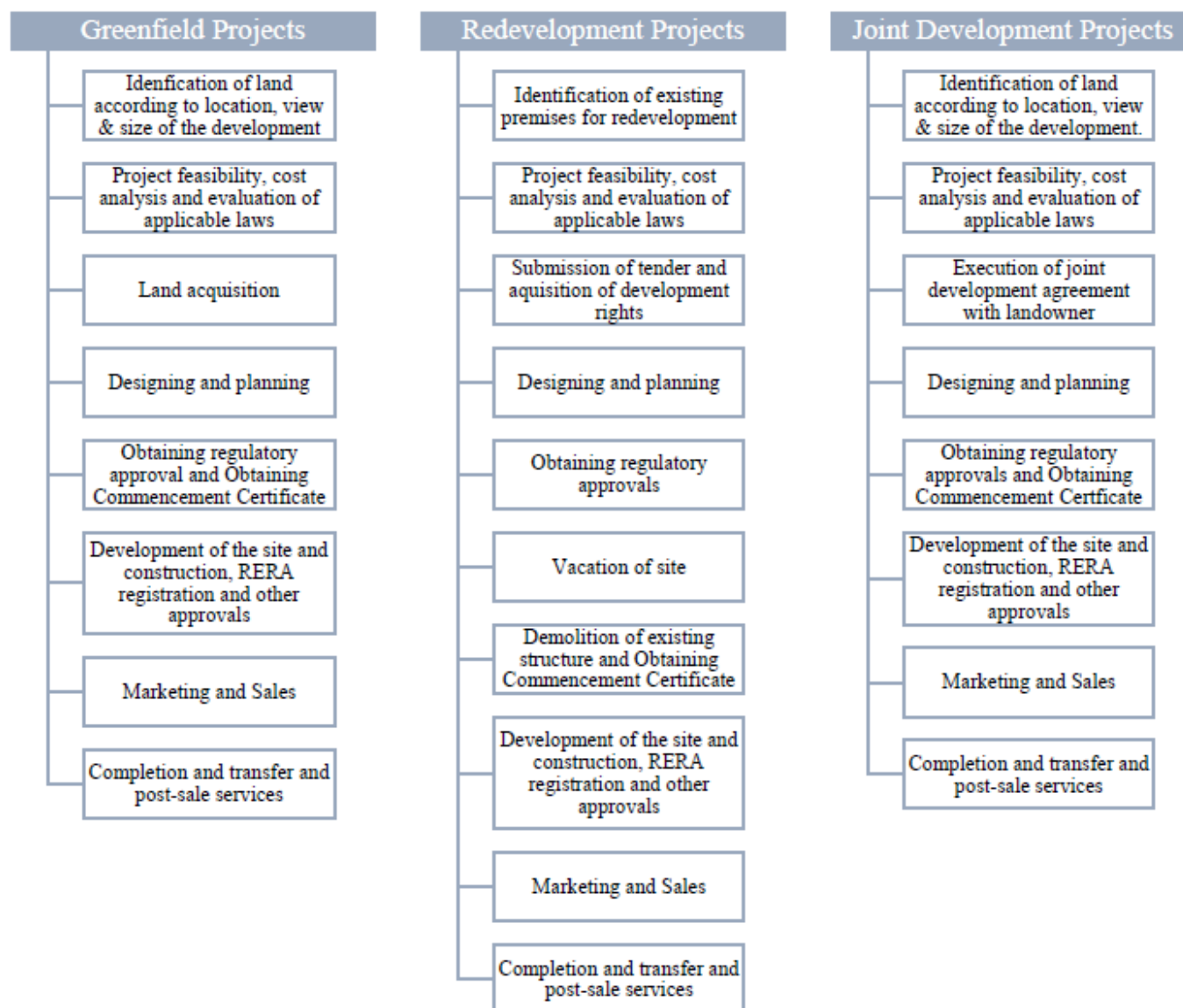
Risk Factors

- **Geographical concentration:** All ongoing and most of the upcoming projects are concentrated in the western suburbs of Mumbai. Any adverse socio-political development in the area might impact the company's operations.
- **Dependence on third party contractors:** The company is entirely dependent on third party contractors for construction and developments of projects. Any failure on their part to perform their obligations could adversely affect the business.
- **Supply chain disruption:** Disruption or fluctuation in supply or prices of key building materials or availability of labors could affect estimated construction cost and timelines resulting in cost and time overruns.
- **Failure to win redevelopment projects:** The company's business model is primarily focused on redevelopment projects. Failure to win newer projects may hamper the company's expansion plans.
- **Competitive risk:** Rising competition from existing and emerging real estate developers may lead to supply saturation, resulting in intense competition and price war.

Growth Strategies

- Strengthening position in the ultra-luxury segment and luxury segment in the western suburbs of Mumbai.
- Focus on developing commercial projects in the Mumbai region, particularly in Andheri.
- Expand into the micro-markets in the south central and eastern regions of Mumbai and other regions of western Mumbai.
- Intend to continue focusing on redevelopment projects and leverage entrenched relationships with housing societies and office unit holders to actively expand business under the asset-light model.
- Focus on enhancing Lotus' brand visibility and reputation through development of quality real estate projects.

Key Development Models



Source: RHP, SSL Research

Key Operational Metrics

Particulars	Developable/Estimated Developable Area as of Jun'25					
	Completed Projects		Ongoing Projects		Upcoming Projects	
	Developable Area (mn sqft)	% of Total Developable Area	Estimated Developable Area (mn sqft)	% of Total Estimated Developable Area	Estimated Developable Area (mn sqft)	% of Total Estimated Developable Area
Redevelopment Projects	5,03,992	54.0	6,27,005	78.6	44,82,073	90.0
Joint Development Projects	-	-	1,70,286	21.4	1,15,446	2.3
Greenfield Projects	4,27,456	46.0	-	-	3,80,860	7.7
Total	9,31,448	100.0	7,97,291	100.0	49,78,379	100.0

Source: RHP, SSL Research

Segment-wise Revenue Break-up (as % of total Revenue)

Project	FY23	FY24	FY25
Luxury Residential Segment	50.5	25.0	6.8
Ultra-Luxury Residential Segment	17.6	6.4	7.7
Commercial Segment	31.9	68.6	85.5
Total	100.0	100.0	100.0

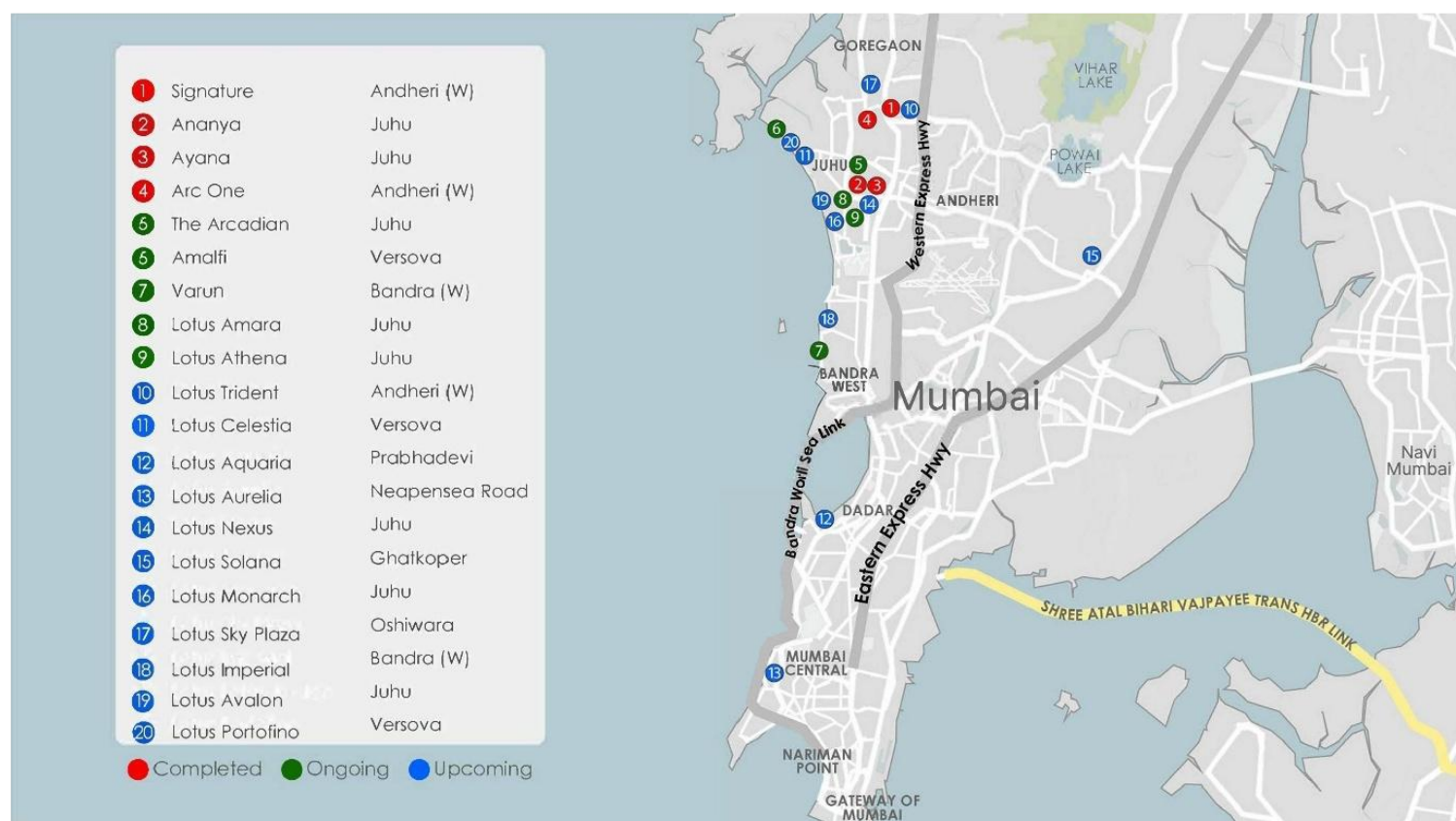
Source: RHP, SSL Research

Completed, Ongoing and Upcoming Projects

Type of Project	No. of projects	In Square Feet	In Square Feet
Completed Projects		Developable area	Saleable area
Residential	2	2,48,042	1,06,521
Commercial	2	6,83,406	2,71,875
Sub Total (I)	4	9,31,448	3,78,396
Ongoing Projects		Estimated Developable area	Estimated Saleable area
Residential	5	7,97,292	2,95,586
Sub Total (II)	5	7,97,292	2,95,586
Upcoming Projects		Estimated Developable area	Estimated Saleable area
Residential	8	28,61,826	8,75,693
Commercial	3	21,16,554	7,65,343
Sub Total (III)	11	49,78,379	16,41,036
Total (I+II+III)	20	67,07,119	23,15,018

Source: RHP, SSL Research

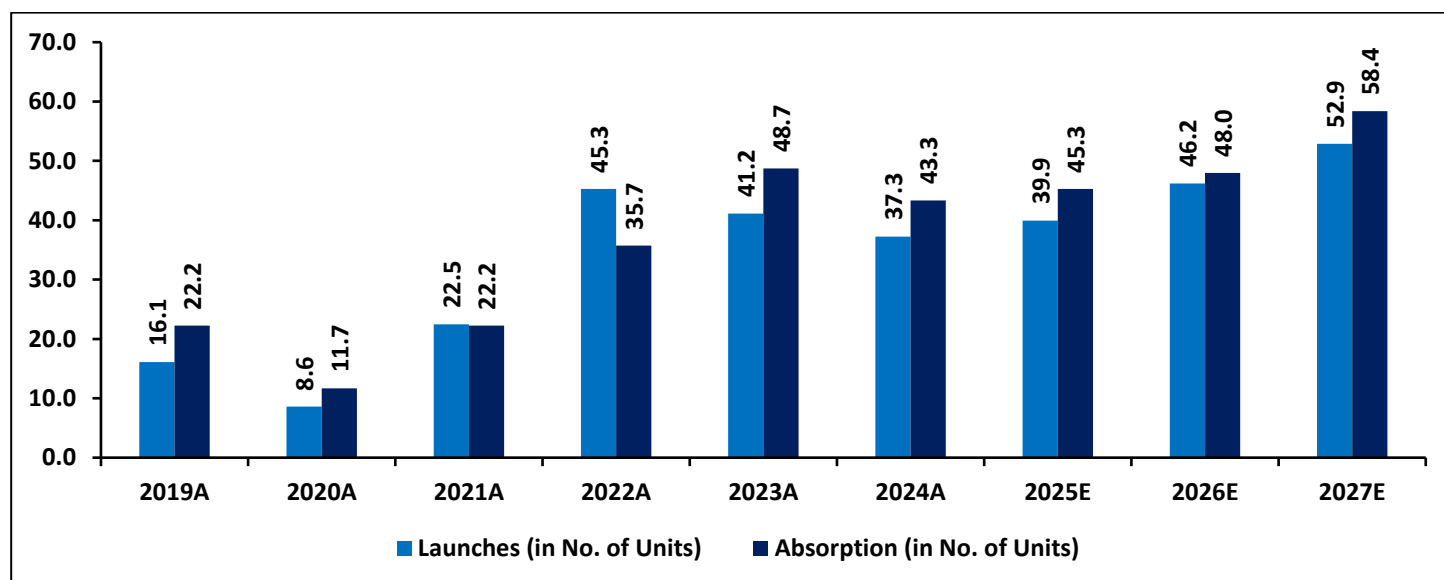
Projects Location



Source: RHP, SSL Research

Industry Overview

MCGM Supply Absorption Forecast (in Thousands)

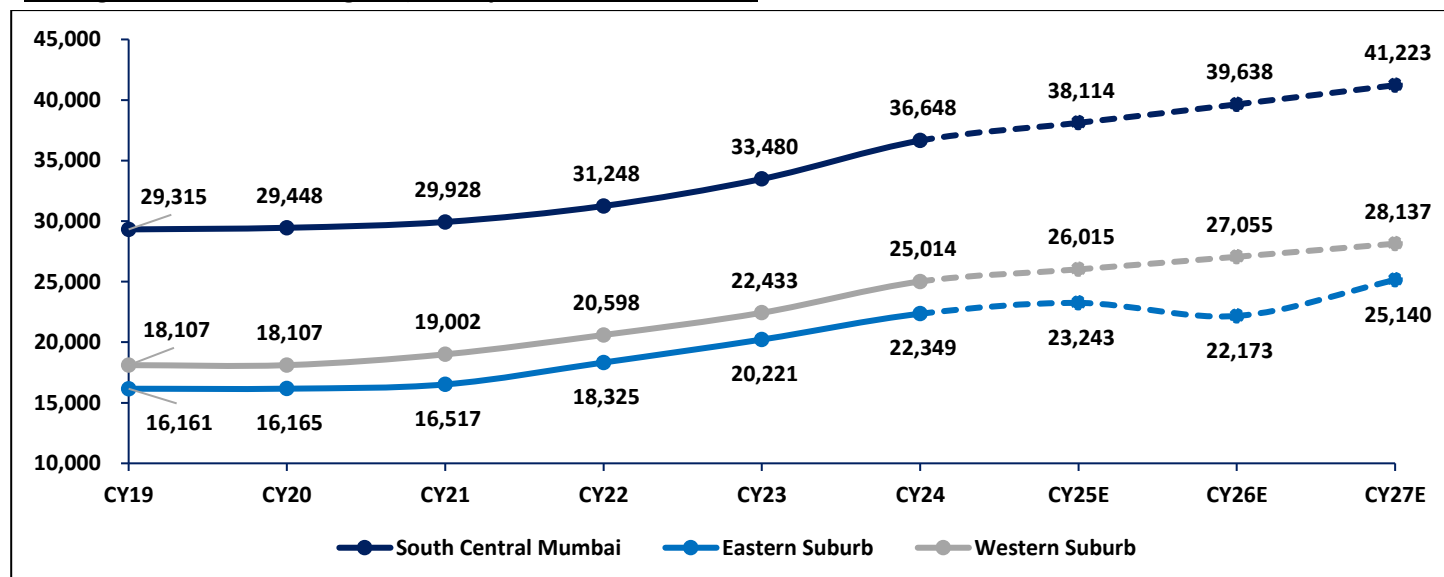


Source: RHP, SSL Research

MCGM refers to the Municipal Corporation of Greater Mumbai

Note: All the figures in the above graph are as per Calendar Year (CY)

Average Price – MCGM Region (INR/sq. ft. on Saleable Area)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY23	FY24	FY25
Revenue from Operations	167	462	550
YoY growth (%)	-	176.6%	19.1%
Cost of Materials Consumed	125	262	199
Gross Profit	41	199	351
Gross margin (%)	24.8%	43.2%	63.9%
Employee Cost	1	1	13
Other Operating Expenses	19	41	50
EBITDA	21	158	289
EBITDA margin (%)	12.8%	34.2%	52.6%
Other Income	3	5	20
Interest Exp.	1	-	-
Depreciation	1	1	2
PBT	23	161	307
Exceptional item/Extraordinary item	-	-	-
Tax	6	42	79
PAT	17	119	228
PAT margin (%)	10.1%	25.8%	41.5%
EPS	0.4	2.7	5.2

BALANCE SHEET			
Particulars (Rs cr)	FY23	FY24	FY25
Assets			
Net Block	2	2	3
Capital WIP	-	-	-
Intangible Assets	-	3	2
Intangible Assets under development	-	-	-
Right of use assets	-	-	-
Other Non-current Assets	14	21	11
Current Assets			
Current Investment	-	-	-
Inventories	231	479	526
Trade receivables	10	43	205
Cash and Bank Balances	76	124	381
Short-term loans and advances	105	30	25
Other Current Assets	48	36	66
Total Current Assets	470	712	1,202
Current Liabilities & Provisions			
Trade payables	8	15	12
Other current liabilities	97	120	124
Short-term provisions	-	-	-
Total Current Liabilities	105	135	136
Net Current Assets	365	577	1,066
Total Assets	382	602	1,083
Liabilities			
Share Capital	20	20	44
Reserves and Surplus	28	150	889
Total Shareholders' Funds	48	170	932
Minority Interest	-1	1	1
Total Debt	329	428	122
Long Term Provisions	-	1	1
Lease Liabilities	1	1	2
Other Long-Term Liabilities	1	1	24
Net Deferred Tax Liability	2	-	-
Total Liabilities	382	602	1,083

Cashflows (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	71	46	(20)
Cash flow from Investing Activities	(15)	28	16
Cash flow from Financing Activities	(11)	(44)	250
Free Cash Flow	70	46	(21)

RATIOS			
	FY23	FY24	FY25
Profitability (%)			
Return on Assets	3.5	16.2	18.7
Return on Capital Employed	6.2	27.0	29.1
Return on Equity	34.7	70.3	24.4
Margin Analysis (%)			
Gross Margin	24.8	43.2	63.9
EBITDA Margin	12.8	34.2	52.6
Net Profit Margin	10.1	25.8	41.5
Short-Term Liquidity			
Current Ratio (x)	1.2	1.3	5.2
Quick Ratio (x)	0.6	0.4	2.9
Avg. Days Sales Outstanding	23	34	136
Avg. Days Inventory Outstanding	671	667	966
Avg. Days Payables	20	17	17
Fixed asset turnover (x)	72.2	255.4	162.6
Debt-service coverage (x)	0.1	0.4	2.5
Long-Term Solvency			
Total Debt / Equity (x)	6.8	2.5	0.1
Interest Coverage Ratio (x)	36.8	1,027.2	1,574.4
Valuation Ratios			
EV/EBITDA (x)	318.0	43.3	21.7
EV/Pre-sales (x)	34.2	19.7	13.6
P/E (x)	389.1	54.9	28.7
P/B (x)	135.2	38.6	7.0
EV/Sales (x)	40.7	14.8	11.4

**Valuation ratios are based on pre-issue capital at the upper price band*

Source: RHP, SSL Research

Peer Comparison – Financials (FY25)

Particulars (Rs cr)	Sri Lotus Developers and Realty Ltd.	Arkade Developers Ltd.	Keystone Realtors Ltd.	Suraj Estate Developers Ltd.	Sunteck Realty Ltd.	Mahindra Lifespaces Ltd.	Hubtown Ltd.
CMP (Rs)	150	198	625	317	420	370	316
Sales	550	683	2,004	549	853	372	408
EBITDA	289	206	204	203	186	(170)	116
Net Profit	228	157	172	100	150	41	46
Mkt Cap.	7,331	3,670	7,878	1,513	6,147	7,890	4,282
Enterprise Value	6,280	3,649	7,937	1,930	6,331	9,066	4,884
EBITDA Margin (%)	52.6	30.2	10.2	37.0	21.8	NA	28.4
Net Margin (%)	41.5	23.0	8.6	18.2	17.6	11.0	11.3
RoCE (%)	29.1	21.4	8.4	14.9	6.1	2.0	7.2
RoE (%)	24.4	17.8	6.2	11.1	4.6	2.2	1.9
P/E (x)	32.2	23.4	45.8	15.1	41.0	192.4	93.3
EV/EBITDA (x)	21.7	17.7	38.9	9.5	34.0	NA	42.1
EV/Sales (x)	11.4	5.3	4.0	3.5	7.4	24.4	12.0
EV/Pre-sales (x)	13.6	4.7	2.6	3.9	2.5	3.2	NA

For Sri Lotus Developers and Realty Ltd., the Market Cap, P/E(x), EV/EBITDA (x), EV/Sales (x) and EV/Pre-sales are calculated on post-issue equity share capital based on the upper price band.

CMP of 25th July 2025 for peer companies

Source: RHP, SSL Research

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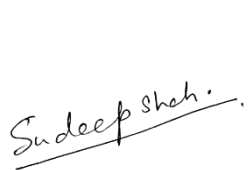
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