SRI LOTUS DEVELOPERS AND REALTY LIMITED

July 28, 2025

SMC Ranking

★½☆☆☆ (1.5/5)

Issue Highlights

Industry	**REALTY**
Fresh Issue (Shares)	52,800,000
Net Offer to the Public	**52,800,000**
Issue Size (Rs. Cr.)	739-792
Price Band (Rs.)	140-150
Employee Discount	Rs 14 per share
Offer Date	30-Jul-25
Close Date	1-Aug-25
Face Value	1
Lot Size	100

Issue Composition

	In shares
Total Issue for Sale	52,800,000
QIB	26,400,000
NIB	7,920,000
Retail	18,480,000

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	91.78%	81.86%
QIB	8.22%	12.74%
NIB	0.00%	1.62%
Retail	0.00%	3.78%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

1. Investment in the Subsidiaries, Richfeel Real Estate Private Limited, Dhyan Projects Private Limited and Tryksha Real Estate Private Limited for part-funding development and construction cost of their Ongoing Projects, Amalfi, The Arcadian and Varun, respectively
2. General corporate purposes

Book Running Lead Manager

- MONARCH NETWORTH CAPITAL LIMITED
- MOTILAL OSWAL INVESTMENT ADVISORS LIMITED

Name of the registrar

- KFIN TECHNOLOGIES LIMITED

About the company

Incorporated in February 2015, Sri Lotus Developers and Realty Limited is a Mumbai-based real estate developer specializing in the redevelopment of ultra-luxury and luxury residential and commercial properties, primarily in the western suburbs of Maharashtra's capital. As of June 30, 2025, the company holds a developable area of 0.93 million square feet across both residential and commercial segments. Its portfolio focuses on:

- **Luxury Residential:** 2BHK and 3BHK flats priced between Rs.3 crore and Rs.7 crore.
- **Ultra-Luxury Residential:** 3BHK, 4BHK, and larger units including penthouses priced above Rs.7 crore.
- **Commercial:** Development of premium office spaces.

As of June 30, 2025, Sri Lotus Developers has completed 4 projects, has 5 ongoing developments, and 11 projects in the pipeline.

Strength

Strong presence in Mumbai's Western Suburbs' luxury housing market, driven by customer focus and a healthy project pipeline: Sri Lotus Developers and Realty Limited holds a strategic position in the ultra-luxury and luxury residential real estate market of Mumbai's Western Suburbs. With most of its completed, ongoing, and upcoming projects in these premium segments, the company benefits from rising demand, particularly in the Rs.1.5–Rs.2.5 crore and Rs.2.5 crore+ categories. Backed by the leadership of Promoter Anand Kamalnayan Pandit, who has over 24 years of experience and has developed over 3.32 crore sq. ft., the company combines deep market insight with customer-centric design. Its premium offerings, especially in Juhu and Andheri, command strong pricing power and brand recall.

Strong brand recognition with ability to sell at a premium pricing, allowing us to sell throughout the construction phase: Sri Lotus Developers and Realty Limited has established a strong brand presence under the "Lotus Developers" name, known for delivering premium, customer-centric real estate projects with a focus on quality, luxury, and timely execution. With a solid foothold in the ultra-luxury and luxury segments of Mumbai's western suburbs, the company has received accolades such as the Best Realty Brand award in the luxury category by ETEdge, the Times Group, for 2024 and 2025. Its reputation allows it to command premium pricing and achieve strong pre-sales soon after project launch, following RERA approvals. By selling units early in the construction phase, the company maintains healthy cash flows, reduces reliance on debt, and enhances return on investment. This strategy not only ensures operational efficiency and financial discipline but also supports long-term growth and positions Sri Lotus Developers to sustain momentum in Mumbai's high-end real estate market. The company believes its established brand and ability to sell its units during launch and throughout the construction period enables it to maintain a strong cash flow and support future growth.

Asset-light model for development of projects through development agreements, enabling us to maintain high level of cash flow generated from operating activities: Sri Lotus Developers and Realty Limited adopts an asset-light development model, primarily executing projects through redevelopment and joint development agreements. Instead of outright land acquisition, the company enters into contracts with housing societies and landowners, significantly lowering upfront capital costs. This strategy enables strong cash flow from operations, reduces debt dependency, and improves return on capital employed. By avoiding heavy investments in land, Sri Lotus maintains a flexible and scalable approach, allowing it to penetrate high-potential micro-markets across

southern, central, and eastern Mumbai—such as Nepean Sea Road, Prabhadevi, and Ghatkopar. These partnerships leverage Sri Lotus's technical expertise and project management skills while allowing simultaneous execution of multiple projects with lower risk exposure. The asset-light model not only strengthens the balance sheet but also enhances capital efficiency, positioning the company to scale sustainably while reducing its overall risk profile in land development. As of June 30, 2025, Sri Lotus Developers and Realty Limited has adopted a balanced development portfolio led by an asset-light approach. Out of a total completed developable area of approximately 9.31 lakh square feet, redevelopment projects accounted for 54% and greenfield projects for 46%. In ongoing projects, the company is developing around 7.97 lakh square feet, with 78.64% under redevelopment and 21.36% under joint development. Notably, in upcoming projects, the estimated developable area stands at approximately 49.78 lakh square feet, of which a dominant 90.03% comprises redevelopment projects, followed by 7.65% greenfield projects and 2.32% joint development projects. This data underlines the company's strategic focus on capital-efficient models such as redevelopment and joint development, enabling it to expand aggressively in Mumbai's key micro-markets while optimizing returns and reducing financial leverage.

End to end capabilities and timely completion of projects Sri Lotus Developers and Realty Limited has demonstrated a consistent ability to complete projects within or ahead of scheduled timelines, driven by its integrated real estate development model and robust in-house execution capabilities. The company follows a structured approach, commencing work only after securing all necessary approvals, and manages each project from inception to delivery through specialized internal teams. The Sales and Business Development team identifies strategic land parcels and negotiates agreements; the Architecture and Designing team develops market-specific concepts and collaborates with external consultants; the Project, Procurement, and Liasoning team ensures timely regulatory clearances and cost-optimized sourcing; the Construction Management team oversees build quality and timely execution; and the Customer Support and Facility Management team upholds post-occupancy standards. This comprehensive model is supported by external professionals such as architects, designers, engineers, and consultants, enabling the company to deliver high-quality developments efficiently. This end-to-end execution strength has underpinned its strong sales momentum and sustained business growth.

Strategy

Strengthening Position in Luxury Real Estate (Western Suburbs): Sri Lotus Developers and Realty Limited is strategically positioned to capitalize on the increasing demand for ultra-luxury and luxury housing in Mumbai's Western Suburbs. According to Anarock, rising incomes and stable property prices have significantly improved housing affordability, shifting buyer preferences towards premium segments. The share of luxury housing (Rs.1.5 Cr and above) has increased by 32 percentage points since 1995, while affordable housing has declined. With deep experience and a strong portfolio, the company is well-equipped to serve this growing demand, leveraging Mumbai's status as India's financial hub and its evolving appetite for high-end residential living.

Commercial Real Estate Advantage in Andheri West: The commercial property market in Andheri West, Mumbai, has exhibited consistent growth from 2021 to Q1 2025, driven by rising demand, infrastructure improvements, and a vibrant business ecosystem. Sri Lotus Developers and Realty Limited, with deep expertise in Mumbai's Western Suburbs, is well-placed to benefit from these trends. The company is actively involved in projects that align with this upward trajectory, particularly in the ultra-luxury and luxury space. As the area continues to attract offices and retail ventures, Sri Lotus aims to leverage its location advantage and track record to expand its presence in Andheri's thriving commercial real estate market.

Ongoing and Upcoming Project Pipeline: As of June 30, 2025, Sri Lotus Developers and Realty Limited had five Ongoing Projects in Mumbai's Western Suburbs, covering 0.08 crore sq. ft. of developable area and comprising 231 residential units. These projects include a total RERA carpet area of 0.03 crore sq. ft. The company also has 11 Upcoming Projects with an estimated 0.497 crore sq. ft. of developable area, 8 of which are located in the Western Suburbs. This robust pipeline highlights the company's intent to solidify its leadership in Mumbai's premium housing market, particularly by executing high-quality projects that cater to the luxury segment.

Focus on Asset-Light Development Model: Sri Lotus Developers and Realty Limited continues to adopt an asset-light model by leveraging redevelopment and joint development structures. As of June 30, 2025, its five Ongoing Projects comprise 3 Redevelopment and 2 Joint Development Projects with a combined developable area of 0.08 crore sq. ft. Of its 11 Upcoming Projects, 9 are Redevelopment and 1 is a Joint Development Project, totaling 0.497 crore sq. ft. This model enables capital efficiency by reducing upfront land acquisition costs. The company's experience in such partnerships strengthens its financial flexibility and supports expansion across Mumbai through capital-light, high-margin developments.

Geographic Expansion into South Central and Eastern Mumbai: While Sri Lotus Developers and Realty Limited maintains a stronghold in Juhu and Andheri, it is expanding into high-value micro-markets like South Central Mumbai (e.g., Prabhadevi, Nepean Sea Road), Eastern suburbs (e.g., Ghatkopar), and Bandra. According to Anarock, South Central Mumbai has shown consistent capital appreciation of 6% annually due to its premium nature. The company's established brand and track record in the luxury segment position it well to capitalize on rising absorption levels in these areas. With post-pandemic recovery driving higher demand and limited supply, Sri Lotus is strategically targeting growth in these emerging micro-markets.

Selective Commercial Real Estate Development: Sri Lotus Developers and Realty Limited intends to selectively expand its presence in the Commercial Segment, particularly in Andheri West. As of June 30, 2025, two of its four Completed Projects and three of its eleven Upcoming Projects fall under this segment. Andheri West offers 4.32 million (0.432 crore) sq. ft. of office space with strong demand from corporates, SMEs, and startups. Rental values have steadily increased, supported by connectivity and residential demand. The company plans to leverage its expertise in high-end development to pursue additional commercial projects in Andheri and extend into other prime western suburb locations such as Juhu.

Brand Enhancement through Quality and Innovation: Sri Lotus Developers and Realty Limited remains focused on enhancing its brand through the delivery of quality real estate projects and customer-centric innovation. The company emphasizes planning, execution, and timely delivery as key differentiators in a competitive market. By adopting advanced technologies, investing in process efficiency, and tailoring its offerings to various customer segments, it aims to elevate customer satisfaction. After-sales services and property management are integral to its value proposition. To further strengthen brand recognition, the company will continue promotional efforts via advertising campaigns and participation in real estate expos, reinforcing its position as a trusted luxury developer.

Risk Factor

- The company's operations are heavily reliant on the performance of real estate micro-markets, particularly in the Western Suburbs of Mumbai. This high geographical concentration exposes the business to localized market fluctuations and regulatory changes.
- As of June 30, 2025, the company had 85 unsold units in Completed Projects and 167 unsold units in Ongoing Projects. Any delays in selling these units may adversely impact its revenue, cash flows, and overall financial performance.
- The company is entirely dependent on external contractors for the construction and development of its projects. Any disruption or underperformance by these contractors could delay project timelines and affect operational outcomes.
- The company's largest contractor, Shree Gajanand Associates, accounted for 21.71%, 29.89%, and 28.10% of its total expenses in Fiscal 2025, 2024, and 2023, respectively. Over-reliance on a single contractor poses a significant operational and financial risk if they fail to deliver as expected.
- The company is required to obtain various statutory and regulatory approvals, licenses, and permits at multiple stages of project development. Delays or failures in securing these clearances can hinder project progress and affect business continuity.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Mahindra Lifespaces Limited	216.10	99.81	1.93	191.04	2.32	158.99	10	368.70	7862.74
Keystone Realtors Limited	2004.10	171.96	13.64	45.35	2.81	219.95	10	618.60	7796.20
Sunteck Realty Limited	725.42	160.97	10.99	38.21	1.89	222.54	1	419.95	6151.81
Hubtown Limited	408.47	46.54	3.43	91.98	1.78	177.60	10	315.50	4278.20
Arkade Developers Limited	717.17	155.46	8.45	23.38	4.15	47.60	10	197.55	3667.78
Suraj Estate Developers Limited	547.89	91.38	20.97	15.09	1.67	189.11	5	316.45	1511.79
Sri Lotus Developers And Realty Limited	549.68	227.89	4.66	32.17	4.25	35.31	1	150.00	7330.65

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.150, the stock is priced at pre issue P/E of 28.69 x on FY25 EPS of Rs5.23. Post issue, the stock is priced at a P/E of 32.17x on its EPS of Rs. 4.66. Looking at the P/B ratio at Rs. 150 pre issue, book value of Rs.21.42 of P/Bvx 7.00x. Post issue, book value of Rs.35.31 of P/Bvx 4.25x.

Considering the P/E valuation, on the lower end of the price band of Rs.140, the stock is priced at pre issue P/E of 26.78 x on FY25 EPS of Rs. 5.23. Post issue, the stock is priced at a P/E of 30.02x on its EPS of Rs. 4.66. Looking at the P/B ratio at Rs. 140 pre issue, book value of Rs. 21.42 of P/Bvx 6.54x. Post issue, book value of Rs.35.31 of P/Bvx 3.96x.

Industry Outlook

India is the fastest-growing major economy in the world and is expected to be one of the top economic powers in the coming decade with the real estate sector along with its ancillary industries being a significant growth driver of the Indian economy. The real estate market in India has grown at a CAGR of approximately 11% from USD 50 billion in 2008 to USD 180 billion in 2020 and is expected to further reach USD 1000 billion by 2030 and touch USD 5800 billion by 2047. By 2025, it is estimated to contribute 13% to the country's GDP. Mumbai is one of the biggest real estate markets in India. It has various micro-markets along with Mumbai City, suburbs, extended suburbs, and neighboring areas such as Thane and Navi Mumbai. In Mumbai, redevelopment plays a crucial role due to the limited availability of land, particularly in the western suburbs. This micro-market faces significant land constraints, making redevelopment a key factor in addressing the demand.

Outlook

Sri Lotus Developers' asset-light model, strong presence in Mumbai's luxury real estate market, and end-to-end execution capabilities position it well for growth. A robust project pipeline and focus on redevelopment reduce capital risk and support cash flows. However, high regional concentration and dependency on regulatory clearances pose risks. Overall, the company offers promising prospects for investors seeking exposure to premium urban real estate, but risk appetite should be considered.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	30-July-25
BID/ISSUE CLOSES ON	01-August-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	04-August-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	05-August-25
Credit of Equity Shares to Demat Accounts of Allottees	05-August-25
Commencement of trading of the Equity Shares on the Stock Exchanges	06-August-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	549.68	461.58	166.87
Total expenditure	260.72	303.70	145.52
Operating Profit	**288.97**	**157.88**	**21.36**
OPM%	5.26	3.42	1.28
Other Income	19.60	4.61	3.08
Total Net Income	**308.56**	**162.49**	**24.43**
Interest	0.20	0.16	0.64
PBDT	**308.37**	**162.34**	**23.79**
Depreciation	1.54	1.22	0.91
Share of profit / (loss) from associates before tax	**306.82**	**161.12**	**22.88**
Share of profit / (loss) from associates	0.00	0.00	-0.29
PBT	**306.82**	**161.12**	**22.60**
Tax	78.94	41.97	5.79
PAT	**227.89**	**119.14**	**17.09**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	3.38	1.81	2.31
Intangible assets under development	0.02	0.00	0.00
Investment property	0.00	0.00	1.05
Goodwill on consolidation	1.80	2.67	0.15
Investment in associates	0.00	0.00	1.75
Financial assets			
Investments	0.00	0.00	0.00
Loans	0.00	0.19	0.00
Other financial assets	10.59	17.77	4.10
Deffered tax assets	0.55	2.81	6.91
Total non-current assets	**16.34**	**25.24**	**16.28**
Current asset			
Inventories	525.58	479.28	230.68
Financial Assets			
Trade receivables	204.76	42.63	10.44
Cash and cash equivalents	348.18	101.86	72.32
Other bank balances	32.33	22.40	3.74
Loans	25.03	29.61	104.82
Other financial assets	34.97	5.90	10.63
Current tax assets	2.10	4.58	2.51
Other current assets	29.33	25.29	34.80
Total current assets	**1202.26**	**711.56**	**469.95**
Total Assets	**1218.60**	**736.81**	**486.23**
Non-current liabilities			
Financial Liabilities			
Borrowings	24.86	31.60	29.78
Lease liabilities	0.69	0.08	0.52
Other financial liabilities	24.03	1.32	1.21
Provisions	1.15	0.82	0.45
Deferred tax liabilities	0.00	0.46	2.01
Total Non- Current liabilities	**50.73**	**34.28**	**33.97**
Current liabilities			
Financial Liabilities			
Financial liabilities			
Borrowings	97.27	396.64	299.15
Lease liabilities	0.93	0.56	0.81
Trades Payable - MSME	2.77	3.21	5.45
Trades Payable - other thanMESE	9.02	11.30	2.34
Other financial liabilities	14.97	11.40	2.31
Other current liabilities	103.39	103.83	94.56
Provisions	0.13	0.00	0.00
Current tax liabilities	5.56	5.13	0.01
Total Current liabilities	**234.05**	**532.05**	**404.62**
Total	**284.78**	**566.33**	**438.58**
Net worth represented by:			
Equity Share Capital	43.59	20.00	20.00
Other equity	888.85	149.56	28.36
Non-controlling interest	1.39	0.92	-0.72
Net Worth	**933.83**	**170.47**	**47.64**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

E-mail: researchfeedback@smcindiaonline.com

Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park , A Wing 401 / 402 ,
4th Floor ,Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court,Gate No.- 4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

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