

Suraj Estate Developers Limited Main Line IPO

Opens on 18th Dec. & Closes on 20th Dec. ; Price Band Rs. 340 to 360

It has posted consistent growth in its in the top & bottom line for the reported period

Company has expertise in redevelopment: Company has megaprojects and land banks

Investors may apply for long-term perspective in this issue

Incorporated in 1986, Suraj Estate Developers Limited is a real estate construction company. The company develops residential and commercial real estate in the South Central Mumbai region. The company does not provide any in-house construction services and is 100% dependent on third-party contractors for the construction services of its Projects. Suraj Estate Developers Limited has completed forty-two (42) projects in the South-Central Mumbai region.

Issue Details

- Issue Opens on 18th Dec. & Closes on 20th Oct. 2023
- Object of the issue : Repayment/Prepayment of the aggregate outstanding borrowings of the company and its subsidiaries, Accord Estates Private Limited and Iconic Property Developers Private Limited., Acquisition of land

or land development rights and General corporate purposes.

- Issue Size : : 1,11,11,111 Shares ; Rs. 400 Cr. • Face Value Rs. 5
- Offer price Rs. 340 to 360 • Minimum Lot Size : 41 Share • Listing on : NSE & BSE
- BRLM : ITI Capital Ltd, Anand Rathi Securities • Registrar : Link Intime India Private Ltd
- Company Management : Mr. Rajan Meenathakonil Thomas • Market Cap : Rs. 1597 Cr.
- Pre Issue Promoter Holding : 100% • Post Issue holding : 74.95%
- Issue constitutes 25.06% of the post issue paid up capital
- Average of last 3 Yrs. EPS Rs. 8.16 & RONW : 58.77 %
- Pre IPO Eq. Capital Rs. : 16.63 Cr. • Post IPO Eq. Capital Rs. 22.18 Cr.
- Pre IPO : P/BV Ratio 13.27 (NAV : 27.12) • Post Issue : P/BV Ratio : 3.29 (NAV : 109.58)
- Pre IPO P/E Ratio : 35.64 • Post IPO asking P/E on fully diluted equity : 27.48
- BRLM's Performance : This is 5th Issue from BRLM in last 3 years. In last 4 Listing : 4 Issued opened with premium.

Financial Performance : Consolidated Basis

<u>Particulars (Rs. Cr.)</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>Q1FY24</u>
Total Revenue	244.00	273.91	307.89	120.81
Profit After Tax	6.28	26.50	32.06	14.53
EPS	1.98	8.35	10.10	4.58
RONW (%)	23.62	77.22	58.18	18.68

OTHER SIDE OF THE COIN

- The average cost of acquisition of equity shares by the promoter of the company is Rs. 2.06 per share while the offer price is Rs. 360 is
- In October 2021, the company issued bonus shares in the ratio of 1.5:1.
- This business is capital intensive.
- Debt Equity Ratio of the company is 8.31.

Recommendation : - The Company has registered strong growth in the financial performance of the last 3 financial years and Q1FY24. It has expertise in redevelopment projects of rental properties and the company has 13 ongoing projects and 16 upcoming projects. It also has a large land bank. On the valuation front, the issue appears to be fully priced considering P/BV 3.29 and PE 28.53. Investors may consider applying for long term perspective.