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S U R A J

# SURAJ ESTATE DEVELOPERS LIMITED

Our Company was originally incorporated as 'Suraj Estate Developers Private Limited', a private limited company under the Companies Act, 1956 at Mumbai, Maharashtra, pursuant to a certificate of incorporation dated September 10, 1986 issued by the Registrar of Companies, Maharashtra at Mumbai ("RoC"). Subsequently, our Company was converted into a public limited company, pursuant to a special resolution of the shareholders of our Company dated October 30, 2021 and the name of our Company was changed to 'Suraj Estate Developers Limited' and a fresh certificate of incorporation dated December 9, 2021 was issued by the RoC. For further details on the change in the name and the registered office of our Company, see "History and Certain Corporate Matters" beginning on page 260 of the red herring prospectus dated December 6, 2023 ("RHP" or "Red Herring Prospectus").

Registered and Corporate Office: 301, 3<sup>rd</sup> Floor, Aman Chambers, Veer Savarkar Marg, Opp. Bengal Chemicals, Prabhadevi, Mumbai 400025, Maharashtra, India. Tel: +91 22 40154746/ +91 22 40154764, Website: www.surajestate.com  
Contact Person: Shivil Kapoor, Company Secretary and Compliance Officer, E-mail: suraj@surajestate.com; Corporate Identity Number: U99999MH1986PLC040873

## OUR PROMOTER: RAJAN MEENATHAKONIL THOMAS

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 5 EACH ("EQUITY SHARES") OF SURAJ ESTATE DEVELOPERS LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹ [●] PER EQUITY SHARE) ("ISSUE PRICE"), AGGREGATING UP TO ₹ 4,000 MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE [●] % OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

We have been involved in the real estate business since 1986 and develop real estate across the residential and commercial sectors in South Central Mumbai region.

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Issue • Non-Institutional Portion: Not less than 15% of the Issue • Retail Portion: Not less than 35% of the Issue

PRICE BAND: ₹ 340 TO ₹ 360 PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH

THE FLOOR PRICE IS 68 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 72 TIMES THE FACE VALUE OF THE EQUITY SHARES

THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 33.66 TIMES AND AT THE CAP PRICE IS 35.64 TIMES

BIDS CAN BE MADE FOR A MINIMUM OF 41 EQUITY SHARES AND IN MULTIPLES OF 41 EQUITY SHARES THEREAFTER

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated December 12, 2023 the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Issue Price' section of the RHP. The price band is in line with the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the 'Basis for Issue Price' section on page 145-155 of the RHP.

Disclaimer : In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Issue, including the risks involved and not rely on any other external sources of information about the Issue available in any manner.

## RISKS TO INVESTORS:

- Our business is dependent on the performance of, and the conditions affecting, the real estate sub markets in the South-Central Mumbai region. As of October 31, 2023, we did not have any ongoing projects in any other areas apart from South Central Mumbai. Consequently, we are exposed to risks from economic, regulatory and other changes as well as natural disasters in the South Central Mumbai region, which in turn may have an adverse effect on our business, results of operations, cash flows and financial condition. Also, our real estate activities are concentrated in and around the South Central Mumbai region.
- We intend to utilise majority portion of the Net Proceeds for repayment/ prepayment, in full or part, of borrowings availed by our Subsidiaries, Accord Estates Private Limited, Skyline Realty Private Limited and Iconic Property Developers Private Limited and Iconic Property Developers Private Limited contributes nil revenues in our consolidated revenues from operation during the Fiscals 2021, 2022 and 2023 and three months' period ended on June 30, 2023.
- Our business is capital intensive and requires us to incur expenditure for land acquisition and development and we have incurred expenditure of ₹834.42 million, ₹2,646.78 million, ₹2,377.56 million and ₹2,349.52 million in the three month period ended on June 30, 2023 and Fiscals 2023, 2022 and 2021, respectively. Therefore, we are heavily dependent on the availability of real estate financing, which may not be available on terms acceptable to us in a timely manner or at all.
- As on September 30, 2023, the total unsecured loans stood at ₹ 774.35 million which is 13.61 % of the total loans availed by the Company (including outstanding Non fund based facility of ₹ 137.28 million). The unsecured loans taken by our Company may be recalled by the respective lenders at any time.
- Our redevelopment projects have long gestation periods and any delays and cost overruns in relation to our Ongoing Projects and Upcoming Projects could adversely affect our prospects, business and results of operations. If we are unable to complete our projects in a timely manner or at all, it would adversely affect our business prospects, financial conditions and results of operations.
- Our Company was incorporated in 1986 and certain documents filed by us with the RoC and certain corporate records and other documents, are not traceable. The forms for the allotment of (i) 104,980 equity shares of ₹10 each on November 18, 1986; and (ii) 95,000 equity shares of ₹10 each on March 31, 1994 and certain share transfer forms were not traceable. We cannot assure you that such forms or records will be available at all or any time in the future.
- Our business is subject to seasonality and we may experience difficulties in expanding our business into additional geographical markets including MMR region which may contribute to fluctuations in our results of operations and financial condition.
- We require approvals and renewals of certain approvals from Brihanmumbai Municipal Corporation for our projects that are typically valid for one year from the date of approval. Any difficulties in fulfilling certain conditions precedent in respect of those projects, and any delay or failure to obtain required approvals or renewal of approvals may require us to reschedule our Ongoing Projects and Upcoming Projects which may have adverse effect on our operations. Further, our Company has to stop the construction activity in the event of withdrawal of such licenses/approval.
- We have in the past experienced, and may in the future, experience negative operating cash flows. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition. The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods indicated to our cash flows on a consolidated basis for the periods indicated:

(In ₹ million)

Particulars	Three month period ended on June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net cash generated / (used in) from operating activities	245.05	1,885.25	697.57	(149.31)
Net cash (used in)/ from investing activities	40.32	(271.22)	(210.63)	(122.69)

- Our redevelopment projects require compliance of the provisions of Regulation 33(7) of the Development Control and Promotion Regulation, 2034. The compliance inter alia involves tenant settlement, approvals from MHADA & MCGM, construction of the tenant and saleable portion units.

- As of October 31, 2023, we have total 216 unsold units (29.35% of total units for sale) in our Ongoing Projects. If we are not able to sell our project inventories in a timely manner, then it may adversely affect our business, results of operations and financial condition.
- Our indebtedness and the conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations. As of September 30, 2023, we had total financial indebtedness of ₹5,688.25 million including financial indebtedness of ₹835.00 million by our Subsidiary Iconic property developers Private limited and financial indebtedness of ₹511.60 million by our Subsidiary Accord Estates Private Limited and financial indebtedness of ₹142.00 million by our Subsidiary Skyline Realty private limited and financial indebtedness of ₹4.20 million by our step-down Subsidiary Udit Premises Private Limited and financial indebtedness of ₹254.18 million by our Subsidiary, New Siddharth Enterprises and financial indebtedness of ₹5.86 million by our Subsidiary, S R Enterprises. Failure to meet the conditions listed in the financing arrangements or in obtaining consents from lenders, as may be required, could invoke certain penalty clauses or any other consequence of events of default set out in the respective financing arrangement, which could have significant consequences for our business.
- We have certain contingent liabilities, as of the Fiscal 2023, Fiscal 2022 Fiscal 2021 and three month period ended June 30, 2023, that have not been provided and if they materialize, may adversely affect our business, financial condition and results of operations. As of June 30, 2023 (i) Claims against the Company/disputed liabilities not acknowledged as debts (disputed income tax demands) are ₹155.64 million and (ii) Guarantees given by the bank on behalf of Company and group entities are ₹116.69 million.
- The industry in which we operate is competitive and highly fragmented. Given the fragmented nature of the real estate development industry, we often do not have adequate information about the property our competitors are developing and accordingly, run the risk of underestimating supply in the market. Our inability to compete successfully in our industry with the new entrants or the existing players may materially affect our business prospects and financial condition.
- Weighted average cost of acquisition of all the Equity Shares of the Company transacted in the last 3 (three) years, 18 (eighteen) months and 1 (one) year preceding the date of this Red Herring Prospectus

Name of shareholder	Weighted average cost of acquisition (WACA) (in ₹)	Lower end of the Price Band is 'X' times the WACA	Upper end of the Price Band is 'X' times the WACA	Range of acquisition price Lowest Price-Highest Price (in ₹)
Last 3 years	Nil	N.A.	N.A.	Nil
Last 18 months	N.A.	N.A.	N.A.	N.A.
Last 1 year	N.A.	N.A.	N.A.	N.A.

- The market capitilisation to total income, weighted average return on networth and PE Ratio of our company may not be indicative of the market price of Equity Shares on Listing or thereafter.

Market capitalisation to total income (Fiscal 2023) multiple at the lower end of the price band	Market capitalisation to total income (Fiscal 2023) multiple at the upper end of the price band	Weighted average return of networth for last three financial years (%)	PE Ratio (based on Fiscal 2023 diluted EPS at lower price band)	PE Ratio (based on Fiscal 2023 diluted EPS at upper price band)
4.97	5.19	58.77	33.66	35.64

The total market valuation of the Company considering the higher and lower end of the price band is ₹ 15,970 million and ₹ 15,305 million, respectively.

- The Book Running Lead Managers associated with the Issue have handled 4 public issues during current Financial Year and two financials preceeding the curent Financial Year out of which none of the issues closed below the issue price on the listing date.

Name of the BRLMs	Total Public Issue	Issues closed below issue price on listing date
ITI Capital Limited	1	Nil
Anand Rathi Advisors Limited	3	Nil
Common issues of above BRLMs	Nil	Nil
Total	4	Nil