

14. 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.

15. 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.

16. The market capitilisation to total income, weighted average return on network 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 network 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.

17. The Book Running Lead Managers associated with the Issue have handled 4 public issues during current Financial Year and two financials preceding the current 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
<b>Total</b>	<b>4</b>	<b>Nil</b>

## BID /ISSUE PROGRAMME

**ANCHOR INVESTOR BIDDING DATE FRIDAY, DECEMBER 15, 2023<sup>(1)</sup>**

**BID /ISSUE OPENS ON MONDAY, DECEMBER 18, 2023<sup>(1)</sup>**

**BID /ISSUE CLOSSES ON WEDNESDAY, DECEMBER 20, 2023<sup>(2)</sup>**

<sup>(1)</sup> Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI/ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date. <sup>(2)</sup> UPI mandate end time and date shall be at 5:00 pm on the Bid/Issue Closing Date.

### BASIS FOR ISSUE PRICE

The Price Band, Floor Price and Issue Price will be determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares issued through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 5 each and the Issue Price is [●] times the Floor Price and [●] times the Cap Price. The financial information included herein is derived from our Restated Consolidated Financial Statements. Investors should also see the sections entitled "Our Business", "Risk Factors" and "Financial Information" on pages 220, 33, and 305 of the RHP, respectively, to have an informed view before making an investment decision.

#### Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

- We have established brand with a long standing presence in Value Luxury Segment and Luxury Segment in the residential real estate market of South Central Mumbai region;
- We have diversified portfolio encompassing product offerings across various price points in value luxury and luxury segments;
- We have expertise in tenant settlement in the redevelopment projects in residential sub-markets of Mahim, Matunga, Dadar, Prabhadevi, and Parel;
- Our marketing and sales strategies
- We have an experienced promoter and management team with our Chairperson and Managing Director who is also our Promoter, having over thirty six (36) years of experience in various aspects of real estate business.

For details, please see the section entitled "Our Business – Competitive Strengths" on page 220 of the RHP.

#### Quantitative Factors

Some of the information presented in this chapter is derived from the Restated Consolidated Financial Statements. For further information, please see the section entitled "Financial Information" on page 305 of the RHP.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

#### 1. Basic and Diluted Earnings per Share

Fiscal / period ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2023	10.10	10.10	3
March 31, 2022	8.35	8.35	2
March 31, 2021	1.98	1.98	1
<b>Weighted Average</b>	<b>8.16</b>	<b>8.16</b>	-
Three months period ended June 30, 2023*	4.58	4.58	-

\*Not Annualized

Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/total of weights.

Basic EPS = Net Profit after tax, as restated, attributable to equity shareholders divided by weighted average no. of equity shares outstanding during the year/period

Diluted EPS = Net Profit after tax, as restated, attributable to equity shareholders divided by weighted average no. of diluted equity shares outstanding during the year/period

Notes:

- Basic and diluted earnings per share are computed in accordance with Indian Accounting Standard 33 "Earnings per Share", notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended).
- Weighted average number of shares is the number of Equity Shares outstanding at the beginning of the period adjusted by the number of shares issued during the period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period. The above statement should be read with significant accounting policies and notes on Restated Consolidated Financial Statements as appearing in the Restated Consolidated Financial Statements.

#### 2. Price/Earning ("P/E") Ratio in relation to the Price Band of ₹ 340 to ₹ 360 per Equity Share:

Particulars	P/E at Floor Price (no. of times)	P/E at Cap Price (no. of times)
Based on basic EPS of ₹ 10.10 as per the Restated Consolidated Financial Statements for the year ended March 31, 2023	33.66	35.64
Based on diluted EPS of ₹ 10.10 as per the Restated Consolidated Financial Statements for the year ended March 31, 2023	33.66	35.64

#### 3. Industry Peer Group P/E ratio

Our Company is in the construction and development industry.

Particulars	P/E (number of times)
Highest	4,536.00
Lowest	(72.09)
Average	668.83

Notes:

The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, see Comparison of Accounting Ratios with listed industry peers" on page 147 of the RHP. P/E figures for the peer are computed based on closing price as on November 17, 2023 on BSE, divided by diluted EPS for the Financial Year 2023.

#### 4. Return on Net Worth ("RoNW")

Fiscal/period ended	RoNW (%)	Weight
March 31, 2023	58.18	3
March 31, 2022	77.22	2
March 31, 2021	23.62	1
<b>Weighted Average</b>	<b>58.77</b>	-
Three months period ended June 30, 2023*	18.68	-

\*Not Annualized

Note:

Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company, as restated for the end of the year/average Net worth

"Net Worth" under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2021, 2022 and 2023, in accordance with Regulation 2(1)(hh) of the SEBI/ICDR Regulations. The Weighted Average Return on Net Worth is a product of Return on Net Worth and respective assigned weight, dividing the resultant by total aggregate weight.

#### 5. Net Asset Value ("NAV")

Net Asset Value per Equity Share (₹)	(₹)
As on March 31, 2023	22.49
As on June 30, 2023	27.12
After the Issue	
- At the Floor Price	107.99
- At the Cap Price	109.58
- At the Issue Price	[●]

Notes:

Net Asset Value per share = Net Worth at the end of the year/period divided by total number of equity shares outstanding at the end of year/period

"Net Worth" under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2021, 2022 and 2023, in accordance with Regulation 2(1)(hh) of the SEBI/ICDR Regulations.

#### 6. Comparison of accounting ratios with listed industry peers

Name of the company	Consolidated/ Standalone	Face value (₹ per share)	Closing price on November 17, 2023 (₹)	Total Revenue (in ₹ million)	EPS (₹) Basic <sup>(1)</sup> Diluted <sup>(1)</sup>	NAV <sup>(2)</sup> (₹ per share)	P/E <sup>(3)</sup>	RoNW <sup>(4)</sup> (%)
Suraj Estate Developers Limited <sup>(5)</sup>	Consolidated	5	NA	3,057.44	10.10 10.10	22.49	NA	58.18
Oberoi Realty Limited	Consolidated	10	1342.40	41,925.82	52.38 52.38	335.81	25.63	16.83
Sunteck Realty Limited	Consolidated	1	453.60	3,624.37	0.10 0.10	198.45	4536.00	0.62
Keystone Realtors Limited	Consolidated	10	543.25	6,856.60	7.67 7.67	146.59	70.83	6.29
Shriram Properties Limited	Consolidated	10	106.38	6,744.03	3.88 3.88	70.58	27.42	5.63
Mahindra Lifespace Developers Limited	Consolidated	10	510.85	6,066.10	6.56 6.56	116.75	77.87	5.64
D B Realty Limited	Consolidated	10	211.95	6,982.40	(2.94) (2.94)	60.69	-72.09	(5.93)
Hubtown Limited	Consolidated	10	67.24	3,190.90	4.16 4.16	171.03	16.16	2.03

Source: All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the listed peer for the year ended March 31, 2023.

(1) For listed peer - sourced from the annual audited financial results of the listed peer for the year ended March 31, 2023.

(2) For listed peer, Net Asset Value (NAV) is computed as equity attributable to owners (total equity) divided by the number of equity shares outstanding at the end of the year.

(3) For listed peer, P/E Ratio has been computed based on the closing market price of equity shares on the website of BSE as of November 17, 2023, divided by the Basic EPS provided under Note 1 above.

(4) For listed peer, return on Net Worth for equity shareholders (%) (RoNW) = Profit for the year divided by total average equity.

(5) Source for our Company: Based on the Restated Financial Information for the year ended March 31, 2023.

#### 7. Key Performance Indicators ("KPIs")

In evaluating our business, we consider and use certain KPIs, as disclosed below which have been used historically by our Company to review and analyse the business performance, which helps us in analysing the growth of our business. The Bidders can refer to the below-mentioned KPIs to make an assessment of our Company's performance and make an informed decision. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS. Investors are encouraged to review the Ind AS financial measures and to not rely on any single financial or operational metric to evaluate our business. The tables below set forth the details of our KPIs that our Company considers have a bearing for arriving at the basis for Issue Price.

Our Company considers the following KPIs to have a bearing for arriving at the basis for the Issue Price. The table below also sets forth a brief explanation of and the importance of these KPIs for our business and operations, along with details of KPIs as at for three months period ended June 30, 2023 and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021:

Particulars	For the three months period ended June 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations <sup>(1)</sup>	1024.10	3,057.44	2,727.18	2,399.87
EBITDA <sup>(2)</sup>	467.32	1,510.03	1,317.33	866.29
EBITDA margin as of revenue from operations (%) <sup>(3)</sup>	45.63	49.39	48.30	36.10
PAT <sup>(4)</sup>	145.28	320.64	265.04	62.77
PAT Margin (%) <sup>(5)</sup>	14.19	10.49	9.72	2.62
Net Debt <sup>(6)</sup>	5,509.53	5,650.73	6,145.62	5,796.25
Total Equity <sup>(7)</sup>	861.05	713.92	391.63	291.47
Inventories <sup>(8)</sup>	6,341.09	6,522.70	6,209.75	5,652.80
Trade Receivables <sup>(9)</sup>	1,563.11	1,130.45	932.31	806.65
ROE (%) <sup>(10)</sup>	18.68	58.18	77.22	23.62
ROCE (%) <sup>(11)</sup>	6.78	21.93	19.42	14.51

Notes:

- Revenue from Operations: This represents the income generated by our Company from its core operating operation.
- EBITDA: calculated as restated profit/(loss) before tax, plus interest, depreciation & amortization expense, less other Income. This gives information regarding the operating profits generated by our Company in comparison to the revenue from operations of our Company.
- EBITDA Margin (in %): calculated as the percentage of EBITDA during a given year/period divided by revenue from operations. This gives information regarding operating efficiency of our Company.
- Profit after tax and non-controlling interest: This gives information regarding the overall profitability of our Company.
- PAT Margin (in %): calculated as the restated profit after tax and non-controlling interest attributable to equity shareholders of our Company divided by the revenue from operations. This gives information regarding the overall profitability of our Company in comparison to revenue from operations of our Company.
- Net debt: calculated as Non-current borrowing plus current borrowing less Cash & Cash Equivalent and Bank Balance. This gives information regarding the overall debt of our Company.
- Total Equity: This represents the aggregate value of equity share capital and the other equity. This gives information regarding total value created by the entity and provides a snapshot of current financial position of the entity.
- Inventories: This represents closing balance of construction work-in-progress of respective projects.
- Trade Receivables: This represents amount receivable on sale of inventories.
- Return on Equity (ROE): calculated as Profit After Tax for the year/period attributable to shareholders divided by Average Equity Shareholders Fund
- Return on Capital Employed (ROCE): Calculated as earnings before Interest and tax for the year/period excluding other income divided by Average Capital Employed (Total Assets – Current Liability excluding short term borrowings).

All the KPIs disclosed above have been approved by the Audit Committee pursuant to resolution dated December 6, 2023. The Audit Committee has confirmed and taken on record that: (a) no KPIs has been shared by our Company with any investors in the last three financial years prior to filing of the RHP, and (b) verified details of the aforementioned KPIs have been included in this section. Further, the KPIs herein have been certified by M/s SKLR & Co. LLP, Chartered Accountants. Statutory Auditors by their certificate dated December 6, 2023.

We have described and defined all above KPIs, wherever applicable, in "Definitions and Abbreviations" section beginning on page 1 of the RHP. For details of other financial and operating metrics disclosed elsewhere in the Red Herring Prospectus, see "Our Business" and "Basis of Issue Price – Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 220, 145 and 382 of the RHP, respectively.

Our Company confirms that it shall continue to disclose all the KPIs included in this section titled, "Basis for Issue Price", on a periodic basis, at least once in a year (or for any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchanges or such period as may be required under the SEBI/ICDR Regulations.

#### Comparison of KPIs based on additions or dispositions by our Company

Set forth below are details of material additions/ acquisitions made by our Company, as considered by our Company in the meeting of board dated July 11, 2023, during the last three Financial Years ended March 31, 2023, March 31, 2022, March 31, 2021 and three months period ended June 30, 2023 along with the comparison of KPIs over time from the period of undertaking such material acquisitions until the last completed financial year.

The details of companies acquired by our Company during the last three Financial Years ended March 31, 2023, March 31, 2022, March 31, 2021 and three months period ended June 30, 2023:

Name of company acquired	Date of acquisition/ controlling interest	Financial year in which tranches of consideration was paid	Number of equity shares of the company acquired	% of equity capital acquired	Consideration paid
Iconic Property Developers Private Limited	October 27, 2021	2021-2022	10,000	100%	0.10
Accord Estates Private Limited	October 27, 2021	2021-2022	1,89,000	62.99%	154.04
Uditi Premises Private Limited	October 27, 2021	NA*	NA*	98.52%	NA*

\*On October 27, 2021, our Company acquired "controlling interest" in Accord Estates Private Limited by virtue of acquisition, Uditi Premises Private Limited became step-down subsidiary of our Company.

#### Comparison of KPIs over time from the period/year of undertaking such material acquisition until the last completed financial year:

Name of company acquired	Financial Year As at	KPIs as at/ for the completed fiscal year when acquired										
		Revenue from operations	EBITDA	EBITDA Margin (%)	PAT	PAT Margin (%)	Net Debt	Total Equity	Inventories	Trade Receivables	ROE (%)	ROCE (%)
Iconic Property Developers Private Limited	31.03.2023	0.00	(1.46)	0.00	(3.94)	0.00	889.48	(8.18)	818.89	0.00	0.00	0.00
Accord Estates Private Limited	31.03.2023	344.09	86.34	25.09	(59.62)	0.00	1,306.64	59.59	1,150.77	136.40	0.00	6.24
Uditi Premises Private Limited	31.03.2023	0.00	0.17	0.00	(0.14)	0.00	2.63	(0.79)	39.46	0.00	0.00	0.00

\* In case of EBITDA Margin (%), PAT Margin (%), ROCE (%) and ROE (%) being negative then not shown in above table.

The above financial information with respect to Skyline Realty Private Limited, Iconic Property Developers Private Limited, Accord Estates Private Limited and Uditi Premises Private Limited has been extracted from the audited financial statements for the relevant year and may not be comparable to the Restated Consolidated Financial Information. The above has been provided for the limited purpose of explaining the changes in the aforementioned KPIs over time due to the acquisitions. For further details, please see the audited financial statements of our Subsidiaries for the said financial year.

Notes:

- Revenue from Operations: This represents the income generated by our Company from its core operating operation.
- EBITDA: calculated as restated profit/(loss) before tax, plus interest and depreciation & amortization expense, less other Income. This gives information regarding the operating profits generated by our Company in comparison to the revenue from operations of our Company.
- EBITDA Margin (in %): calculated as the percentage of EBITDA during a given year/period divided by Revenue from Operations. This gives information regarding operating efficiency of our Company.
- Profit after tax and non-controlling interest: This gives information regarding the overall profitability of our Company.
- PAT Margin (in %): calculated as the restated profit after tax and non-controlling interest attributable to equity shareholders of our Company divided by the Revenue from Operations. This gives information regarding the overall profitability of our Company in comparison to Revenue from Operations of our Company.
- Net debt: calculated as Non-current borrowing plus current borrowing less Cash & Cash Equivalent and Bank Balance. This gives information regarding the overall debt of our Company.
- Total Equity: This represents the aggregate value of equity share capital and the other equity. This gives information regarding total value created by the entity and provides a snapshot of current financial position of the entity.
- Inventories: This represents closing balance of construction work-in-progress of respective projects.
- Trade Receivables: This represents amount receivable on sale of inventories.
- Return on Equity (ROE): calculated as Profit After Tax for the year/period attributable to shareholders divided by Average Equity Shareholders Fund
- Return on Capital Employed (ROCE): Calculated as earnings before Interest and tax for the year/period excluding other income divided by Average Capital Employed (Total Assets – Current Liability excluding short term borrowings).

Notes:

The above financial information with respect to Accord Estates Private Limited, Iconic Property Developers Private Limited, Skyline Realty Private Limited and Uditi Premises Private Limited has been extracted from the audited financial statements for the relevant year and may not be comparable to the Restated Consolidated Financial Information. The above has been provided for the limited purpose of explaining the changes in the aforementioned KPIs over time due to the acquisitions. For further details, please see the audited financial statements of our Subsidiaries for the Financial Years ended March 31, 2023, March 31, 2022, March 31, 2021 and three months period ended June 30, 2023 and the reports thereon are available at www.surajestate.com.

#### Comparison of KPIs with listed industry peers

SR	Listed Peers	Revenue from Operation	EBITDA	EBITDA %	PAT	PAT %	Net Debt	Total Equity	Inventories	Trade Receivables	ROCE %	ROE %
1	Oberoi Realty Limited	41,925.82	23,320.65	55.62	19,045.47	45.43	34,311.71	1,22,101.20	85,430.95	10,983.09	15.31	16.83
2	Sunteck Realty Limited	3,624.47	711.80	19.64	14.09	0.39	5,271.96	27,878.56	57,251.16	1,496.17	1.75	0.62
3	Keystone Realtors Limited	6,856.6	1,090.80	15.91	795.00	11.59	6,119.40	16,867.30	25,703.50	616.40	3.71	6.11
4	Shriram Properties Limited	6,744.03	462.13	6.85	682.50	10.12	5,267.81					