

Keystone Realtors Ltd. (Rustomjee Group)

Company Background:

- It specializes in making 'thoughtful spaces' that redefine living and repurpose life. We consider luxury not as opulence, distance, individualism or heroism, but rather, togetherness, family, and the richness of life
- As part of our business model, the company focuses on entering into joint development agreements, redevelopment agreements with landowners or developers or societies, and slum rehabilitation projects, which requires lower upfront capital investment compared to direct acquisition of land parcels. Our business model allows us to minimise the upfront capital expenditure compared to direct acquisition of land parcels, which ensures that our capital allocation is balanced and calibrated, allowing us to generate revenue with lower initial investments. With our experience, we have been able to institutionalize the development process, which includes managing the relationships with all stakeholders in the project.
- It has adopted an integrated real estate development model, with capabilities and in-house resources to execute projects from its initiation to completion. We have developed in-house competencies for every stage of the property development life cycle, commencing from business development, which involves identification of land parcels and the conceptualization of the development, to execution, comprising planning, designing and overseeing the construction activities, marketing and sales.

IPO ANALYSIS

Sector: Residential & Commercial Projects (Real Estate)

Issue Price: Rs 514 – 541

Issue Size: Rs 635 Crores

Issue Opens/Closes: 14th to 16th Nov'22

IPO Basics

Promoters:

Boman Rustom Irani, Percy Sorabji Chowdhry, And Chandresh Dinesh Mehta

Selling Shareholders:

Boman Rustom Irani, Percy Sorabji Chowdhry, And Chandresh Dinesh Mehta

Lead Managers: Axis Capital, Credit Suisse

Registered Office: Mumbai

Registrar: Link In Time India Pvt. Ltd.

Listing: NSE and BSE

IPO Capital Structure

Fresh Issue	Rs. 560 Cr.
Offer for Sale	Rs. 75 Cr.
Total Issue as % of total capital (Post-Issue)	10.31%
Post Issue No. of Shares (Cr.)	1.14
Post Issue Market Cap	Rs 6,161 Cr.
Face Value	10
Issue Route	Book Build Issue
Bid Lot (Shares)	27
Minimum Bid Amount	Rs 14,607
<i>All values calculated at upper band</i>	

Financial Snapshot (Rs. Crs.)

Y/E Mar	FY22	FY21	FY20
Equity Share Capital	100.03	100.03	100.03
Reserves	832.61	700.88	327.27
Net Worth as stated	932.64	800.91	427.30
Revenue	1269.37	848.72	1211.47
Growth (%)	49.56%	(29.94%)	-
EBITDA	210.74	149.45	193.43
Net Profit	135.81	231.82	14.49
Basic EPS	13.96	31.04	2.20
RONW (%)	14.97%	38.77%	5.14%
Net Asset Value	93.24	80.07	42.72

Shareholding Pattern (%)

Holders	Pre-issue	Post Issue
Promoters	96.71	86.70
Public	3.29	13.30
Total	100.00	100.00

Issue Size

Particulars	No. of Shares at Lower Band (Cr)	No. of Shares at Upper Band (Cr)	Rs. In Cr. at Lower Band	Rs. In Cr. at Upper Band	% Of Issue
QIB	0.62	0.58	317.50	317.50	50%
NIB	0.18	0.18	95.25	95.25	15%
Retail	0.43	0.41	222.25	222.25	35%
Employee	-	-	-	-	-
Shareholder	-	-	-	-	-
Total Issue	1.23	1.17	635.00	635.00	100%

Note: Employee Discount :- Not Applicable

An Indicative Timetable Post Issue Closing

Particulars	Tentative Date
Finalization of Basis of Allotment	21-Nov-2022
Refunds/un-blocking of ASBA Accounts	22-Nov-2022
Credit of Equity Shares to DP Ac	23-Nov-2022
Trading Commences	24-Nov-2022

DETAILED OBJECTS OF THE ISSUE

The net proceeds of the Issue are proposed to be utilized as:

Objects	Amount (Rs. Cr.)
Repayment/ prepayment, in full or part, of certain borrowings availed by our Company and/or certain of our Subsidiaries	341.60
Funding acquisition of future real estate projects and general corporate purposes*	*
Total	*

*The amount to be utilised for funding acquisition of future real estate projects and general corporate purposes will not individually exceed 25% of the Gross Proceeds respectively, and will not collectively exceed 35% of the Gross Proceeds.

SHAREHOLDING PATTERN

Shareholder	Pre-offer		Approx. No. of Shares offered*	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	9,71,31,240	93.82	13,86,320	9,57,44,920	84.08
Promoter Group	29,90,570	2.89		29,90,570	2.62
Total Promoter	10,01,21,810	96.71		9,87,35,490	86.70
Public Selling Shareholders	34,04,412	3.29	1,17,37,521	1,51,41,933	13.30
Public Others	-	-		-	-
Total Public	34,04,412	3.29		1,51,41,933	13.30
Total Equity Shares	10,35,26,222	100		11,38,77,423	100

*Calculated on Upper Price Band

OFFER DETAILS

The Offer	No. of Shares	
Fresh Issue (Rs. 560 Cr.)	1,08,94,941 – 1,03,51,201* Shares	
Offer for Sale : 13,86,320 Shares*	No. of shares (in Lacs)	Weighted Average Cost of Acquisition per Equity Share on a fully diluted basis (Rs.)
Name of Selling Shareholders		
<u>Promoters</u>		
Boman Irani	6.93	3.36
Percy Chowdhry	3.47	3.36
Chandresh Mehta	3.47	3.35

*Calculated on Upper Price Band

Management Profile/KMP/Top Management

Sr. No.	NAME	Profile, Designation & Career History
1	Boman Rustom Irani	one of our Promoters and is also the Chairman and Managing Director on our Board
2	Percy Sorabji Chowdhry	one of our Promoters and is also an Executive Director on our Board..
3	Chandresh Dinesh Mehta	Independent Director of the company. He has been associated with the company since 2022. He has several years of experience and was previously associated with the Ashok Leyland.
4	Ramesh Tainwala	Non-Executive Independent Director
5	Rahul Gautam Divan	Non-Executive Independent Director

BUSINESS OVERVIEW

- The company is into integrated real estate development. Since its inception in 1995, it has strived to create a brand focused on customer satisfaction, building communities and nurturing spaces that provide our customers a superior lifestyle. We aspire to have our customers perceive the 'Rustomjee' brand as a trusted provider of quality offerings and services due to our track record of delivering multiple high-end awardwinning buildings, gated communities and townships. Our experience in the MMR market have helped us develop a firm understanding and acquire the requisite skill sets to create ideal spaces for communities to flourish.
- We have a diversified suite of projects across a wide range of price points, and a presence in several micro markets. We have experience in developing lifestyle projects, high value standalone buildings, gated communities and fully integrated townships, re-developments and stalled projects. We strategically introduce differentiated offerings and corresponding amenities based on the needs of the location and community to maximise our revenue. Over the years, we have implemented designs based on customer insights and eco-friendly construction technologies to deliver modern lifestyle solutions and a diverse range of projects. Some of our notable projects include Rustomjee Elements, a large gated community in Upper Juhu, Mumbai; Rustomjee Paramount, a signature complex in Khar, Mumbai; Rustomjee Seasons, a 3.82 acres gated community in Bandra Annexe, Mumbai; Rustomjee Crown, a 5.75 acres land parcel for high-end development at Prabhadevi, South Mumbai, consisting of three high-rise towers. Our projects include features for entertainment for the family, such as an approximately 150,000 square feet clubhouse at our Virar Global City project, a 6.22 acres podium at our Thane project, a 11.72 acres amusement park at our Virar Global City project, Leon's World which is an interactive play space for children and adults at our Rustomjee Urbania project. We consider gated communities as the future of living, and strive to create "nurturing spaces" to deliver convenience, community and comfort to our customers. We place emphasis on understanding the demographic we cater to, their needs, traditions and lifestyles.
- As of June 30, 2022, it had 1,542 channel partners who present the Rustomjee portfolio to their customers and drive customer's traffic to our projects.
- India has been one of the fastest growing economies in the world over the last few years and per capita income is expected to rise further and job creation in sectors such as IT would lead to More Housing Demand which the company expects to capitalize upon, given the preference for home ownership and changing customer tastes and preferences.

- Keystone Realtors Limited (“Rustomjee”) is one of the prominent real estate developers (in terms of absorption in number of units) in the micro markets that they are present in. They command a market share of 28% in Khar, 23% market in Juhu, 11% in Bandra East, 14% in Virar, 3% in Thane and 5% in Bhandup in terms of absorption (in units) from 2017 to 2021. As of June 30, 2022, they had 32 Completed Projects, 12 Ongoing Projects and 21 Forthcoming Projects across the Mumbai Metropolitan Region (“MMR”) that includes a comprehensive range of projects under the affordable, mid and mass, aspirational, premium and super premium categories, all under the Rustomjee brand. As of June 30, 2022, they have developed over 20 msf of high-value and affordable residential buildings, premium gated estates, townships, corporate parks, retail spaces, schools, iconic landmarks and various other real estate projects.
- Since their inception in 1995, Rustomjee has strived to create a brand focused on customer satisfaction, building communities and nurturing spaces that provide their customers a superior lifestyle. Their experience in the MMR market have helped them develop a firm understanding and acquire the requisite skill sets to create ideal spaces for communities to flourish.
- Rustomjee has a diversified suite of projects across a wide range of price points, and a presence in several micro markets. They have experience in developing lifestyle projects, high value standalone buildings, gated communities and fully integrated townships, re-developments and stalled projects. Over the years, Rustomjee has implemented designs based on customer insights and eco-friendly construction technologies to deliver modern lifestyle solutions and a diverse range of projects.

Some of their notable projects include

- **Rustomjee Elements**, a large gated community in Upper Juhu, Mumbai;
- **Rustomjee Paramount**, a signature complex in Khar, Mumbai;
- **Rustomjee Seasons**, a 3.82 acres gated community in Bandra Annexe, Mumbai;
- **Rustomjee Crown**, a 5.75 acres land parcel for high-end development at Prabhadevi, South Mumbai.

The table below shows certain information on our projects for the periods indicated.

Particulars	Fiscal			Three months period ended June 30, 2021	Three months period ended June 30, 2022
	2020	2021	2022		
No. of Buildings Launched	-	7	12	2	2
No. of Completed Buildings	7	4	3	-	2
Pre-Sales (Units sold)	607	823	1241	134	225
Pre-Sales Saleable Area (million sq. ft.)	0.71	0.98	1.49	0.13	0.20

The table below shows total area developed pursuant to joint development/development management, redevelopment and joint venture arrangements of our Completed Projects and Ongoing Projects:

Particulars	Total area (Mn sq. ft.) developed pursuant to Joint Development / Development Management as of June 30, 2022	Total area (Mn sq. ft.) developed pursuant to Re-development as of June 30, 2022	Total area (Mn sq. ft.) developed pursuant to Joint Venture Arrangements as of June 30, 2022
Completed Projects	7.97	5.96	5.39
Ongoing Projects	7.06	1.21	0.33
Total	15.04	7.17	5.71

COMPANY BUSINESS AND PRODUCTS

Rustomjee®

IN THE BUSINESS OF NURTURING SPACES

26+

YEARS

20+

MILLION SQ FT
DEVELOPED

14,000+

HOMES
DEVELOPED

280+

BUILDINGS

2

MEGA
TOWNSHIPS

34+

MILLION SQ FT
IN THE PIPELINE

THE RUSTOMJEE BRAND

1

**AFFORDABLE
HOUSING**

With an endeavor of building affordable, value-oriented homes that help maximize life

2

**TOWNSHIPS,
GATED
COMMUNITIES &
ESTATES**

With an endeavor of bringing people together through meaningful spaces and experiences

3

**STANDALONE
LANDMARKS**

With an endeavor of creating landmarks & iconic projects with top quality + trust

4

COMMERCIAL

With an endeavor of creating commercial spaces that redefine the world of work

REDEVELOPMENT

GREENFIELD

SRA

COMPETITIVE STRENGTHS

- Well established customer-centric brand in the Mumbai Metropolitan Region
- Amongst the leading residential real estate development companies in MMR with a well-diversified portfolio and strong pipeline
- Asset-light and scalable model resulting in profitability and stable financial performance
- Demonstrated project execution capabilities with in-house functional expertise
- Robust stakeholder management capabilities across the spectrum of project development
- Technology focused operations resulting in operational efficiency and enhancing customer experiences
- Strong focus on sustainable development
- Experienced Promoters, qualified senior management, good corporate governance and committed employee base

KEY BUSINESS STRATEGIES

- Leverage the 'Rustomjee' Brand to grow the asset-light operations
- Improve operational efficiency with technological innovation, trusted vendors and stakeholder management
- Leverage the leadership position in the premium category to grow the presence in the mid and aspirational category
- Increased focus on key growth areas in the proximity of upcoming infrastructure projects and relaxation of Coastal Regulation Zone norms
- Focus on sustainability

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2022)

Name of the Company	FV	Total Income for FY 2022 (₹ Cr)	EPS (Basic)	NAV	P/E*	RoNW
Keystone Realtors Ltd	10	1302.97	13.96	93.24	[•]	14.97%
Peer Group						
Macrotech Developers Ltd	10	9579.17	26.28	255.11	38.25	26.25%
Godrej Properties Ltd	5	2585.69	12.68	312.09	94.92	12.67%
Oberoi Realty Ltd	10	2752.42	28.80	286.47	30.02	28.80%
Sunteck Realty Ltd	1	534.02	1.79	198.77	215.45	1.79%

*P/E Ratio has been computed based on the closing market price of the equity shares on October 18, 2022

Source: RHP

For additional information & risk factors please refer to the Red Herring Prospectus.

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