

**IPO Details**

Opening Date	Dec 21, 2022
Closing Date	Dec 23, 2022
Stock Exchange	NSE SME
Lot Size	600 Shares
Issue Price	₹ 197 per share
Issue Size	80,52,000 Equity Shares
Application Amount	₹ 1,18,200

IPO Objective

Working Capital Requirement

General Corporate Purpose

Meet Issue Expenses

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	16,13,052	71.69%
Public	7,34,320	28.31%

Promoter of the Company

- 1 Mr. Ashish Premprakash Kukreja

Competitive Strengths

- 1 The company have highly experienced and stable management
- 2 The company have long-standing relationships with the largest Developers in India
- 3 Efficient Transaction Process
- 4 Service Quality
- 5 The company have a well-qualified and highly motivated workforce
- 6 The company have established a wide network of offices to support and augment our sales and client management

Company Background

- Company was incorporated in the year 2011 and is headquartered in Thane, Maharashtra.
- Company is engaged in providing real estate broking services.
- They deal in new constructed properties where they assist both developers and customers.
- They operate their business through direct selling from their in-house sales team and Direct Selling Agent listed on mymangnet platform for referral services.
- 7 offices located in 4 cities- Mumbai, Pune, Noida and Bangalore.
- As on October 2022, the company had 380 employees on its payroll.

Financial Summary

For the Period Ended	(In Lacs)		
	June-22	Mar-22	Mar-21
Total Assets	1,948.61	1,718.99	1,224.23
Net Assets	1,092.59	954.08	635.67
Total Borrowings	21.36	22.32	-
Total Revenue	1,239.28	3,030.58	1,472.85
Profit After Tax	138.51	318.41	199.14

Tentative Timeline

Opening Date	Dec 21, 2022
Closing Date	Dec 23, 2022
Basis of Allotment	Dec 28, 2022
Initiation of Refunds	Dec 29, 2022
Credit of Shares to Demat	Dec 30, 2022
Listing Date	Jan 2, 2023



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Company Overview

Company was incorporated in the year 2011 and is headquartered in Thane, Maharashtra. Company is engaged in providing real estate broking services. They deal in new constructed properties where they assist both developers and customers. They operate their business through direct selling from their in-house sales team and Direct Selling Agent listed on mymagnet platform for referral services. Currently they generate 80.00% of our revenue via direct selling and remaining 20.00% via mymagnet platform.

Analysis

Being incorporated in the year 2011, the company has a decent track record of existence with steady growth in all areas.

Company has robust growth and improvement in top line and bottom line on restated financial statement. The company has been able to generate good amount of revenues with a CAGR of 83.46%. The company has its offices present in 4 cities viz. Mumbai, Pune, Noida and Bangalore.

Geographical break-up of revenue is given in the table below –

Revenue Breakup			(Rs In Lakhs)	
Particulars	For the Quarter ended June 30, 2022	FY 2021-22	FY 2020-21	FY 2019-20
Mumbai	921.77	2,450.11	1,214.85	819.19
Pune	54.62	179.70	91.92	108.58
Bangalore	199.63	281.82	166.08	262.17
Noida	35.06	63.09	-	-
Gurugram	28.21	55.86	-	-

To conclude, the company has fared very well in terms of revenue generation and expansion with it entering new geographical areas. This is service based industry and human resource is the major driving force and will determine the future growth of this company.



Industry Charts

Exhibit 1: Indian Real Estate Market Size (US\$ Billion)

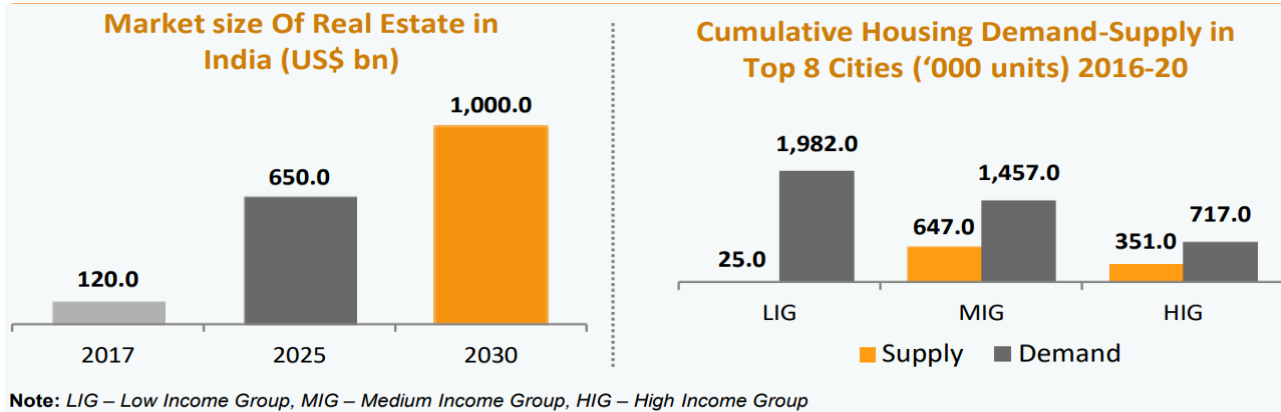


Exhibit 2: Indian Real Estate Sector Composition

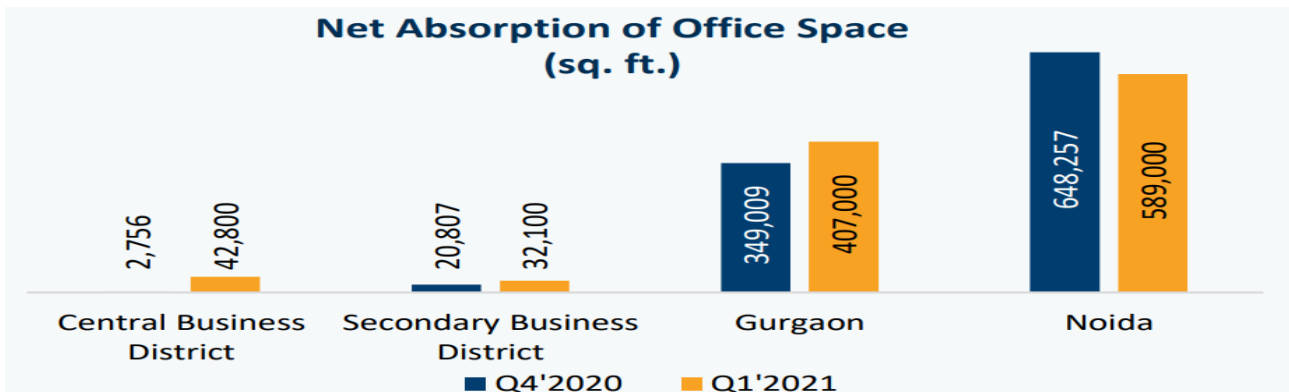
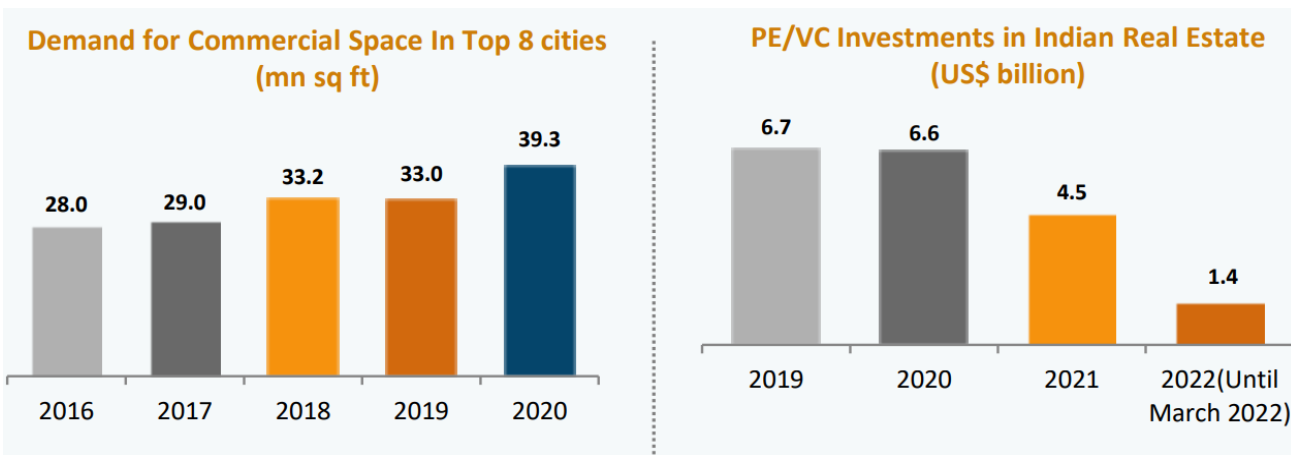


Exhibit 3: Key Trends in Indian Real Estate Market



(Source: ibef.org)



Investment Overview

Real Estate Agency and Brokerage Services Industry

The real estate agency and brokerage services market consists of sales of real estate and brokerage services by entities (organizations, sole traders and partnerships) that act as agents and/or brokers for real estate activities. The main types of real estate agency and brokerage are residential buildings and dwellings brokers, nonresidential buildings brokers, mini warehouses and self-storage unit's brokers and other brokers. A real estate broker is a licensed real estate dealer who has completed further schooling and obtained a local real estate broker license. The different modes include online, offline and involves various property types such as fully furnished, semi-furnished, and unfurnished.

Market's Size

The global real estate agency and brokerage market size is expected to grow from \$1,221.82 billion in 2021 to \$1,344.45 billion in 2022 at a compound annual growth rate (CAGR) of 10.0%. The growth in the real estate agency and brokerage market is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The real estate agency and brokerage market is expected to reach \$1,912.99 billion in 2026 at a CAGR of 9.2%.

Asia Pacific was the largest region in the real estate agency and brokerage market in 2021. North America was the second-largest region in the real estate agency and brokerage market. The regions covered in the real estate agency and brokerage market are Asia-Pacific, Western Europe, Eastern Europe, North America, South America, Middle East, and Africa.

<https://www.thebusinessresearchcompany.com/report/real-estate-agency-and-brokerage-global-market-report>



Addressable Market for Homesfy Realty Limited

The company is operating in 5 cities majorly viz. Mumbai, Pune, Noida, Gurugram and Bangalore. Since the real estate industry is of such nature, their product is scalable PAN India. This industry is people driven and therefore in order to expand their operations they will need to hire new personnel and train them which will be a challenging task.

Competition

Company, per se, doesn't have any listed peers but still has a lot of competitors in the industry. With growing technology and awareness, one can notice a shift in customers going with the traditional broking methods. Major challenge for them would be to gain the trust of customers and that can be done by building a name of itself in the market.

Peer Analysis

As per the prospectus filed by the company, the company does not have any listed peers.



Promoters' Profile and Management Analysis

Mr. Ashish Kukreja



- **Mr. Ashish Premprakash Kukreja**, is Promoter-Chairman and Managing Director of the Company.
- He is the founder of Homesfy.in and mymagnet.io.
- He is an MBA in Finance from ICFAI, Hyderabad.
- Ashish has over 17 years of experience leading teams in real estate brokerage as well as the private wealth management.



Analysis on the Company's Promoter and Board of Directors

Mr. Ashish Kukreja, aged 42 years, is the Managing Director and one of the Promoters of the company. He is also the founder of Homesfy.in and mymagnet.io, two platforms, that are poised to revolutionize the real estate sector. With an MBA in Finance from ICFAI, Hyderabad, Ashish has over 17 years of experience leading teams in real estate brokerage as well as the private wealth management. Ashish started Homesfy in 2011 to simplify the home buying process and make the real estate transaction reliable, trustworthy, and hassle-free. He is currently working on the amalgamation of technology with top-notch services for the benefit of all stakeholders, giving them a plug-and-play solution.

Mr. Mukesh Mishra, aged 38 years, is an Executive Director. Before starting with Homesfy, Mukesh oversaw sizable teams at prestigious financial institutions like HDFC Bank. Mukesh is a result-oriented person who is likely to be excited about projects that are ground breaking. He is decisive, energized by ideas, and has a keen eye for details. He is innovating the sales process with leading technology to move from customer satisfaction to customer delight. He is an undergraduate from Gorakhpur, Uttar Pradesh.

To conclude, the company's promoters and board of directors are highly experienced. Independent directors are also highly experienced and qualified in their respective fields and could play a major role in the growth of this company. Promoter & Board of Directors are and will be the driving force for this company. One can definitely bet on them. For a deeper look into their independent and non-executive directors one can go through the prospectus.

**Financial Snapshot**

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th June, 2022
Profit and Loss			
Revenue from operations	1,472.85	3,030.58	1,239.28
Other income	3.07	9.34	0.06
Total Revenue	1,475.92	3,039.92	1,239.34
Expenses	1,203.44	2,584.83	1,044.49
Depreciation and Amortisation Cost	4.24	4.15	2.65
Finance Cost	1.18	1.02	5.48
Total Expenses	1,208.86	2,590.00	1,052.62
PBT	267.06	449.92	186.72
PBT Margin	18.13%	14.85%	15.07%
EBITDA	269.41	445.75	194.79
EBITDA Margin	18.29%	14.71%	15.72%
Net Profit	199.14	318.41	138.51
Net Profit Margin	13.52%	10.51%	11.18%
Balance Sheet			
Total Borrowings	-	22.32	21.36
Net Worth	635.67	954.08	1,092.59
Fixed Assets	8.82	33.10	31.79
Net Working Capital	634.82	937.17	1,060.80
Financial Measures (Annualised)			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	3.46	4.23	4.57
Payables Turnover Ratio	-	-	-
Fixed Assets Turnover Ratio	166.99	91.56	233.94
Return on Capital Employed	39.15%	42.90%	24.70%
Return on Equity	31.33%	33.37%	17.91%
Debt-Equity Ratio	-	0.02	0.01

(The data has been taken and calculated from the financials given in the prospectus)

**Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**

The EBITDA of the company has grown from Rs. 269.41 lacs in 2021 to Rs. 445.75 lacs in 2022 and on 30th June 2022 it was Rs.194.79 lacs and if we annualise the same it would be around Rs. 779.16 lacs. The EBITDA on annualised basis has grown at a CAGR of 70.06%. The EBITDA margin in 2021 was 18.29%, 14.71% in 2022 and 15.72% on 30th June 2022.

Net Profit

The net profit of the company has grown from Rs 199.14 lacs in 2021 to Rs. 318.41 lacs in 2022 and on 30th June 2022 it was Rs. 138.51 lacs and if we annualise the same it would be around Rs. 554.04 lacs growing at a CAGR of 66.80% which seems quite high. The net profit margin in 2021 was 13.52%, 10.51% in 2022 and 11.18% in June 30, 2022. Due to increased expenses, net profit margins have decreased.

Finance Cost.

The company's finance cost mainly seems to be from secured long term and short-term borrowings from bank.

Financial Measures/Ratios

RoCE of the company up to 30th June 2022 is 16.43% vs 42.90% in 2022 and 39.15% in 2021. If we annualise the ROCE of FY 2022-2023, the ROCE is expected to be around 24.70%.

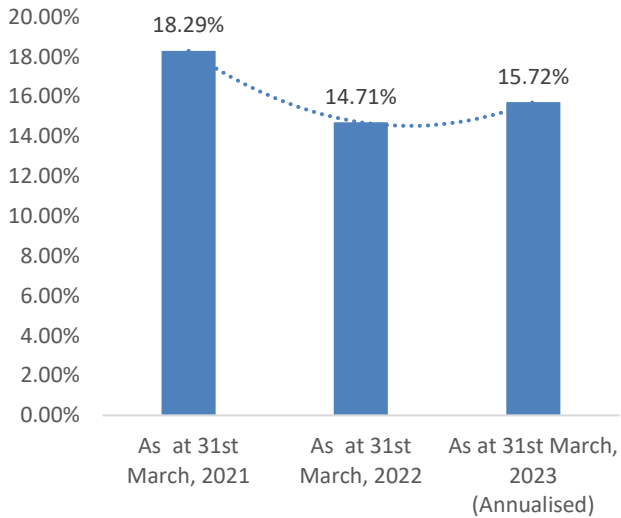
ROE of the company in 2021 was 31.33%, 33.37% in 2022 and 12.68% in June 2022, if annualised, ROE would be around 17.91%. The ROE is estimated to fall due to new capital being brought in by the company through IPO.

The company has a debt-equity ratio of 0.02. The debt-equity ratio is going to go further down to around 0.01 post IPO.

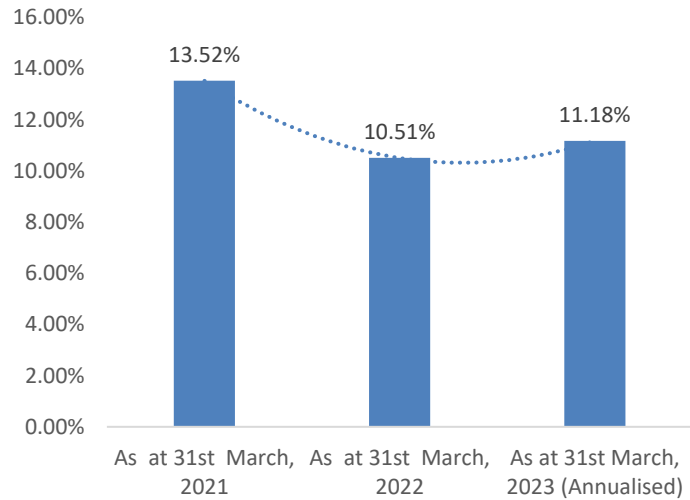


Financial Charts

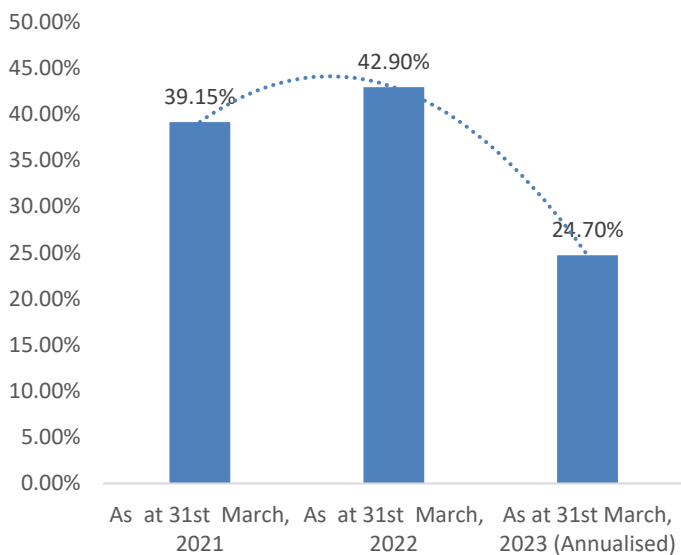
EBITDA Margin



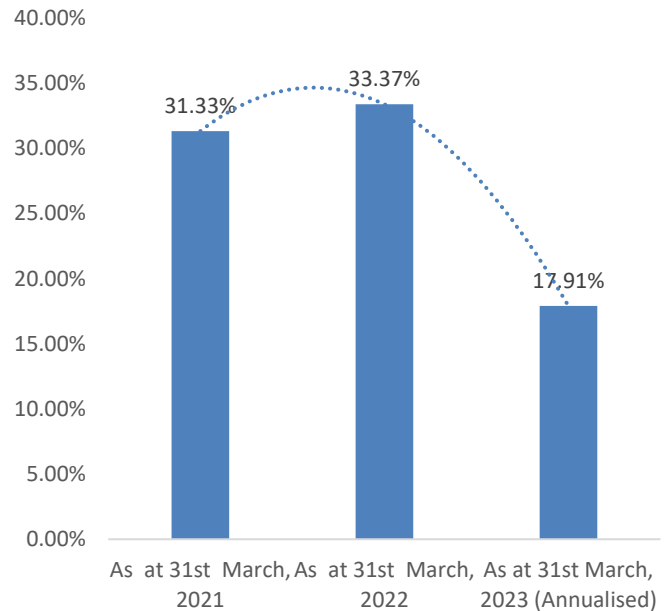
Net Profit Margin



Return on Capital Employed



Return on Equity





Key Risk Factors

1. This is a service industry with very high dependence of the company on human resources. If the company is not able to manage its human resources properly, it could have a major impact on the revenue generation capability of the company.
2. Since the company's main revenue is linked to the Real Estate Industry, it is exposed highly to the risks involved with changes in the industry due to change in government policies or change in inflation levels of the Indian Economy.

**Track Record of Lead Manager**

The lead manager to the issue is Sarthi Capital. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP#
1.	Brand Concepts Limited	12.62	45/-	10/01/2018	261.10
2.	Arvee Laboratories (India) Limited	8.91	61/-	22/02/2018	152.35
3.	Marvel Décor Limited	26.26	57/-	23/03/2018	36.25
4.	Mittal Life Style Limited	4.41	21/-	02/04/2018	12.50
5.	Five Core Electronics Limited	46.66	140/-	21/05/2018	31.70
6.	Marshall Machines Limited	16.25	42/-	07/09/2018	27.70
7.	Bonlon Industries Limited	10.52	28/-	13/07/2020	83.85
8.	Vivo Collaborations Solutions Limited	4.40	82/-	31/12/2021	101.95
9.	P. E. Analytics Limited	16.55	111/- to 114/-	04/04/2022	142.80
10.	Frog Cellsat Limited	41.57	97/- to 102	13/10/2022	253.00

CMP is taken as on 16th December 2022

This is the 47th mandate from Sarthi Capital in the last 11 fiscals (including the ongoing one). Out of the last 10 listings, 2 opened at discount, 2 at par, and the rest with premiums ranging from 0.71% to 333.05% on the date of listing.



Recommendation

Being incorporated in the year 2011, the track record of the company is decent. The industry in which the company is operating has a decent growth prospect as it showing a growth CAGR of 9.2%.

The company's management has a **very good** outlook as they have excellent experience in their respective field of business.

The company is showing a PE Ratio of 5.69 Times Post IPO- Basis which makes it a fairly priced IPO.

To conclude, the company has shown healthy revenues in the last 3 fiscal years. There has however been a slight increase in its total expenses resulting in a slight decrease in Net Profit Margin. Management outlook is excellent with highly quality promoters and Board of Directors. The company has a very low Debt-Equity Ratio of 0.02. So, considering all these factors, the company seems to have a good prospect and one **may apply** for the IPO.



Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.