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Aiming for a bigger league



*Murali:
leading from the
front*

SPL, armed with its newly-devised strategy, is poised to embark on its next growth phase

Shriram Properties Ltd (SPL) is undergoing a major transition. Having witnessed an impressive growth trajectory in the last few years, the Bengaluru-headquartered realty developer is now looking not only to maintain this momentum but also to position itself among the top realty players in the country. The company, currently in its 25th year of operation, has recently unveiled a brand transformation initiative as part of its ambitious growth strategy.

Celebrating the milestone, SPL, primarily focused on the mid-segment and premium-mid segments of the key residential markets in Bengaluru, Chennai and Kolkata, has embarked on a new brand identity. The company, a part of the prestigious Shriram Group, aims to double its sales, triple its revenue, and quadruple its profits over the next 3 years. Currently, SPL has a project pipeline of 42 projects with 42 million sq ft development potential. Of this, 24 MSF is ongoing while the remaining 18 MSF is earmarked for future projects. SPL is targeting to double this future project inventory in the next 16-24 months.

SPL clocked an all-time high sales

value of ₹2,362 crore (28 per cent y-o-y growth) and annual handovers of over 3,000 residential units in FY24. On the NSE, SPL stock was priced at ₹107 on 9 December 2024, up from ₹58 on 20 March 2023. The stock peaked at ₹137 on 2 September 2024.

"Today, we stand at the cusp of a transformative phase, poised to redefine our position in the industry. This milestone is not merely a celebration of our past achievements, but a strategic pivot towards an even more promising future. Over the past quarter of a century, SPL has emerged as a leader in its core markets, driven by innovation, strategic partnerships, and an unyielding dedication to core values and brand ethos," states Gopalakrishnan J, Executive Director and Group CEO, SPL.

"Now our effort is aimed at asserting our own identity as a mature corporate having earned the reputation over 25 years of operations, while benefiting from the visionary oversight of our parent – the Shriram Group. This new identity aims to transform the perception of the company among customers while elevating its brand and reputation towards better customer delight in the

future," adds Gopalakrishnan.

"SPL is known for their commitment to innovation and customer-centric growth. They're well positioned among the leading real estate developer brands in South India. They've delivered high-quality projects across key urban centres, making them a trusted and value-driven brand. In residential, they cater to the mid-segment and affordable housing markets, and with this approach, they address the needs of a large segment of homebuyers," says Anuj Puri, Chairman and Founder, ANAROCK Group.

Growth initiatives

As part of its new growth strategy, the realtor will soon enter the Pune market, which will provide it the much-desired foray into western India. Besides, the company will enhance its focus further on the mid-segment and premium-mid segments. Since its inception and initial market entry in Bengaluru in 2000, the company has delivered 44 projects (saleable area: 24.4 MSF) across Bengaluru, Chennai, Coimbatore, Visakhapatnam, and Kolkata. Currently, Bengaluru, Chennai, and Kolkata together account for 85 per cent of its development activities. While most of its development activities are in South India, it also has a presence in Kolkata, where it is engaged in developing a large integrated township project – Shriram Grand City in Uttarpara. The project spans over 314 acres, offering 33.5 MSF of development in a phased manner.

Backed by around 700 employees, the company, known for its impeccable track record of quality construction and timely delivery of projects, has emerged as one of the trusted realty brands in the country. While it proudly boasts of having over 28,000 happy customers across its delivered projects, SPL, respected for its customer-centricity and ethical practices, has been aptly supported by marquee equity investors like TPG, Tata Capital, Walton Street Capital, Starwood Capital Group at the entity level, as also investors like Mitsubishi Corporation, Kotak Investment Advisors, Xander,

Motilal Oswal, ASK Group, Amplus, Hypobank, and Sun Apollo at the project level. In fact, SPL was one of the first realty companies to receive FDI in 2006 after the government opened up the sector for FDI in 2005. It received a project-level investment of ₹80 crore from Sun Apollo Investment Holdings for the SEZ project (Shriram Gateway) in Chennai.

"As we enter our 25th year of operations, we stand with a deep sense of pride and gratitude as well as excitement over what lies ahead for us, together. Our new brand identity is not just a symbol for us but a promise of our dedication to excellence and innovation. We are embarking on a mission with this brand-new identity. It will allow us to create our own identity and elevate and reposition the trusted Shriram brand among NextGen buyers. While embracing change, our dedication to customers, quality and design, industry-leading construction standards, and enhancing customer satisfaction will continue. We will leverage technology for enhanced customer delight going forward. We envision SPL as a dominant force, not only in South India but across our key markets," says Murali M, Chairman & Managing, SPL, who has been instrumental in building this business from scratch for the Shriram Group. His leadership transformed



Gopalakrishnan: crafting the growth plans

the company from a nascent player to one of the top 5 players in its core markets today. An alumnus of IIM-Bangalore and Harvard Business School, Massachusetts, he has over 37 years of experience. He is a recognised industry leader and has received many industry recognitions and awards.

Going ahead, the company has embarked on a mission – called SPLNXT – towards accelerating growth,

repositioning the brand, and enhancing focus on the mid-market segments. "As part of its mission, the company aims to enhance its focus on the mid-market and mid-premium segments of the residential real estate markets in Bengaluru, Chennai and Kolkata, as well as Pune, which it plans to enter soon. We aim to achieve leadership in this segment over the next decade and be one of the most valued, most trusted and most preferred mid-segment real estate brands in India," says KR Ramesh, Executive Director - Strategy and Corporate Development, SPL.

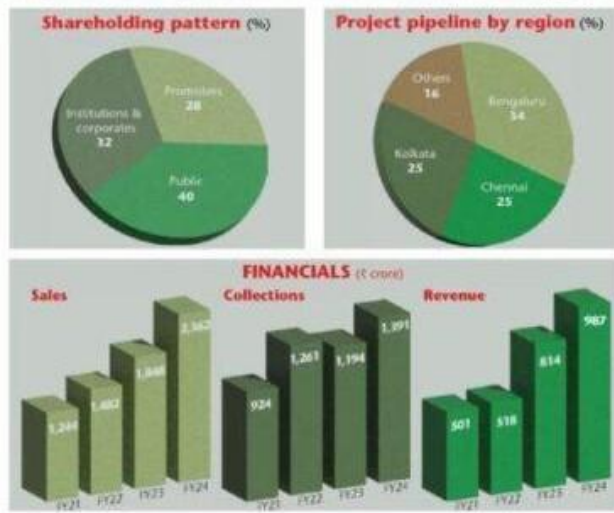
Market dynamics

The mid-market residential segment has expanded remarkably in recent years, accounting for 59 per cent of housing demand in India in 2023, compared to 49 per cent pre-Covid. In SPL's core markets of Bengaluru and Chennai, mid-segments accounted for around 75 per cent of demand in 2023, compared to pre-Covid levels of 60 per cent and 52 per cent, respectively. In Kolkata, it stood at 64 per cent and 48 per cent, respectively.

"The company's renewed thrust on mid-segments reflects changing market dynamics and evolving customer needs. The mid-segment has shown strong resilience and accelerated growth in recent years, thus presenting significant opportunities for large branded players like SPL. Historically, the company had a strong presence in the mid-segment, which accounted for 67 per cent of its completed and ongoing portfolio, with the rest coming from affordable and other segments," states Vivek Venkateswar, Chief Sales & Marketing Officer, SPL.

Vivek, who joined the company in December 2023, was brought in to fortify its core management team for effectively pursuing its future growth strategy. He brings a wealth of experience exceeding two decades in a variety of sectors, including real estate, FMCG, telecom and financial services, both domestically and internationally. He has held prominent positions with leading firms like Xanadu and Lodha, as well as other global brands like Coca-Cola, Vodafone, Sify, Xpress Money (UK) and Transfast (UK).

Equipped with a unique blend of sales, operational acumen and strategy





formulation skills, Vivek has proven adept at managing large teams and steering highly skilled groups towards business development, market planning and strategies. Before joining SPL, he was part of Xanadu, where, as part of the founding team, he was a key player in building the outpost market and NRI sales across multiple clients and spearheading several projects across the MMR region.

To implement its accelerated growth plans, the company is ramping up its management capabilities. SPL has also appointed Debasis Panigrahi as the Chief Human Resource Officer. Panigrahi comes with over 20 years of experience in HR strategy and operations for diverse industries and geographies, across leading names including Emami Realty, Tata Realty, Puravankara and RMZ Corp. He has in-depth experience in setting up HR systems and delivering strategic HR assignments around workforce integration, talent and culture, competency models, performance and reward strategy, and HR digitalisation. He is a graduate in Physics, holds a PGDPM from Sambalpur University, a Master's in Sociology, and is pursuing a Master's in Economics, along with various certifications in management and entrepreneurship from both domestic and international institutions.

In July 2024, SPL elevated Gopalakrishnan as Executive Director and Group CEO of the company, from his previous position as Executive Director and Group Chief Financial Officer. As part of this transition, Ramesh assumed the role of Executive Director - Strategy and Corporate Development.

Gopalakrishnan, who joined SPL in 2018, has been instrumental in driving the company's transformation and played a vital role in the IPO process in 2021, building a strong growth platform in recent years. With over 33 years of experience in corporate finance and capital markets, including tenures at Reliance Industries, Aditya Birla Group, Crédit Agricole Indosuez, and Caribank Mutual Fund, he brings extensive expertise to his new role.

Core team empowerment

Ramesh joined SPL in 2007 and successfully led the company's operations and business development initiatives in recent years. He has played a crucial role in building a strong project pipeline and streamlining operations, in addition to providing leadership in the ongoing transformation of SPL. He has over 34 years of experience in accounting and finance and has previously worked with Southern Automatic Industries, Sun Beverages, and Varun Beverages as Financial Controller.

With these changes in management, the company is confident of the successful implementation of its mission, against the backdrop of an impressive ramp-up in size, scale and profitability in the last few years. Since the introduction of RERA, in the last 7 years, SPL has achieved a remarkable scale expansion, with its annual sales volume growing 3.5x to 4.6 MSF and sales value growing 5x to ₹2,362 crore, while annual handovers have jumped 4x to over 3,000 units in FY24. The company's project execution trends have improved significantly to 3-4 MSF per annum now. SPL has also

successfully scripted a financial turnaround since the initial public offering in 2021. The ROCE has risen from 3 per cent in FY18 to 11 per cent in FY24, placing SPL in the top quartile of industry returns.

For SPL, FY24 was a remarkable period as it reported its highest-ever sales volume of 4.6 MSF, growing by 14 per cent y-o-y and reported its highest-ever sales value of ₹2,362 crore, which was higher by 28 per cent. These sales were primarily driven by ongoing projects and supported by launches during the year. Buoyant demand in its core markets led to healthy momentum and record-high sales. The company recorded its highest-ever gross collection of around ₹1,391 crore, up 16 per cent from the previous fiscal. It made significant progress in project execution, completing eight projects, accounting for a total saleable area of 3.8 MSF.

Besides, the fiscal year saw the handover process significantly improving upon receiving occupancy/completion certificates for crucial projects. The company added a feather to its cap by delivering around 1,400 units to customers within 45-60 days in Q4 FY24 and eventually crossing the 3,000-unit handover mark in FY24 – a new high.

In H1FY25, SPL has achieved sales volume of 1.73 MSF. Growth on a y-o-y basis was muted, reflecting industry-wide trends. However, improving consumer sentiment, with the onset of the festive season and traditional peak demand periods, promises a strong outlook for H2 FY25.

Following no launches in Q1 FY25, SPL launched 3 new projects – one each in Bengaluru, Chennai and Kolkata – in Q2FY25. As these launches were carried towards the quarter end, due to approval issues, their impact on the quarter was limited. However, reflecting the strong customer response received since their launch in September 2024, SPL expects these newly launched projects to drive significant volume growth during Q3 and H2 FY25.

SPL reported gross collections of ₹683 crore in H1 FY25 and it handed over 1,100 units. Despite this, overall handovers and thus revenue recognition momentum was below expectation during Q2, due to delay in receipt of regulatory clearances (OC/CC) for its couple of projects.

SPL officials are of the view that despite these short-term challenges, the company is on a steady growth path, focused on leveraging its strong operational base for profitable progress. Market conditions are rebounding well, particularly in the mid-market and mid-market premium segments, which offer promising long-term opportunities for sustainable growth. With a strong project pipeline, the company is prepared for successful launches in core markets in the coming quarters and targeting strong growth in FY25, as per guidance. Continued efforts supported by timely project completions and handovers and steady revenue recognition, should further strengthen growth momentum.

Commenting on the performance, SPL's CMD, says: "We have witnessed some short-term aberrations for the sector that witnessed reduced launches. The long-term prospects for the sector remain positive and our strong market presence and success of our strategic initiatives will enable us in maintaining growth and deliver on promises in the coming years. Our solid project pipeline, a strong execution platform, and our unwavering focus on costs and quality will contribute towards profitable growth even in the future."

Having launched three projects in Q2 2024 – Bengaluru (0.37 MSF, JD), Chennai (1.1 MSF, DM), and Kolkata (0.86 MSF, own) – SPL is now gearing up to launch as many as eight projects, totalling approximately 4.79 MSF, across Bengaluru, Chennai, Kolkata, and Pune in H2 2024. Among these, three projects will focus on plotted development. The company is also entering the Pune market with a residential project, pursuing an asset-light (DM/JDA) model.

Primarily focused on an asset light model, SPL currently has 26 ongoing projects (24.3 MSF) of which 18 projects are being developed through JD, JV or DM models. Besides, there are 16 projects (17.2 MSF) in the pipeline.

For the Pune project, SPL has recently signed a Joint Development Agreement for six acres of prime land, in the upcoming micro market of Undri. The company is embarking on mixed-use development, comprising of 650+ apartments and some retail/commercial spaces with an aggregate saleable area of over 1.0 MSF, to be developed over the next 4 years. The



project has aggregate revenue potential of around ₹700-750 crore.

"This investment in Pune is consistent with our asset light strategy for accelerated growth. Pune is a promising market, and we see significant potential for large, established brands like ours. Owing to its proximity to IT/ITes, Undri emerges as a vital micro market witnessing significant demand in recent years. We are looking forward to the project launch soon and remain committed to delivering top-notch quality swiftly and ensuring utmost satisfaction for our customers," says Murali.

Advantage location

In September this year, the company launched a new project, Pudhiya Chennai, a prestigious apartment project situated in the vibrant Thirumazhisai neighbourhood of Chennai. Strategically located in the rapidly growing West Chennai corridor, this RERA-approved development offers a total saleable area of 1.1 MSF and has a revenue potential of around ₹550-600 crore.

"SPL has an in-depth understanding of Chennai's dynamic landscape. Our extensive presence and experience in the region enable us to create developments that align with the city's character while meeting the evolving needs of its residents. This micro market is a perfect combination of connectivity and lifestyle, making it an attractive choice for customers. We are confident that this project will deliver long-term value and strong appreciation, ensuring our customers a highly rewarding investment," states

SPL CSMO Vivek.

While most of its activities are in south India, SPL is building its presence in other markets as well. The company entered the Kolkata market by acquiring 314 acres of land parcel in Uttarpara from Hindustan Motors (formerly the Ambassador car factory). It is developing an integrated township – Shriram Grand City (33.5 MSF of development potential) in a phased manner.

As part of its value-unlocking strategy, SPL plans to independently develop over 10 MSF into apartments, villas, row houses, and plotted developments, while the remaining 20+ MSF of land is earmarked for monetisation in the coming years.

Out of the 10+ MSF intended for independent development, SPL has already launched two projects: Shriram GrandOne, offering a saleable area of around 2.0 MSF, and Shriram Sunshine/Shriram Symphony, with a saleable area of approximately 2.3 MSF. The remaining 6+ MSF of development potential is planned for launch within the next 2-3 years. Since its launch in 2017, SPL has achieved annual sales exceeding 0.5 MSF, demonstrating its strong market presence in the region. Phase I of Shriram GrandOne has been completed, with over 1,000 families already moved in, and the remaining units are set for handover soon.

"SPL is committed to unlocking the full potential of its Kolkata landholding by delivering current projects efficiently while preparing for new launches. With promising land monetisation opportunities on the horizon,

the company is confident that Kolkata will play a pivotal role in driving its future growth," says a company official.

SPL has benefited immensely from the strategic inputs and support of marquee global private equity investors like TPG, Tata Opportunities Fund, Walton Street Capital, and Starwood, which collectively held 58 per cent of equity in the company prior to the IPO in 2021 and continued to hold 35 per cent post-IPO. However, all private equity investors have now fully exited the company.

Apart from attracting entity-level investment, SPL has successfully established relationships with several domestic and international financial investors who have invested and exited at the project level over the years. These include Sun Apollo India Real Estate Fund, Mitsubishi Corporation, Ampus Capital, ASK Real Estate Fund, Motilal Oswal India Realty Excellence Fund, and Kotak Affordable India Fund (a JV between CDC of the UK and Kotak Alternative Investment Managers). SPL has a unique track record of such investors exiting successfully with positive returns, with several making multiple successive investments in SPL's projects over the years.

In 2006, Sun Apollo invested ₹80 crore in SPL, marking one of the earliest FDIs in the industry, and subsequently exited in 2017. In 2007, Walton/Starwood invested ₹210 crore, and Hypo Real Estate Bank International AG invested ₹559 crore for SPL's SEZ project in Chennai, subsequently exiting in 2017. In 2011, Walton/Starwood invested ₹243 crore, and TPG Asia invested ₹325 crore in the company.

ASK Property Investment entered into a JV in SPL's Bangalore project in 2012 with an investment of ₹83.9 crore and exited in 2020. Moreover, in 2022, ASK formed a ₹500 crore co-investment platform with SPL, out of which ASK invested ₹68 crore (exited in 2024) and ₹188 crore.

In 2014, India Realty Excellence Fund (Motilal Oswal) invested ₹66.5 crore in SPL's Bangalore project and subsequently exited. Xander acquired SPL's Gateway SEZ in Chennai for ₹371 crore in 2017 and exited in 2018. In 2018, Mitsubishi invested ₹178.5 crore



in the Shriram Park 63 project in Chennai and exited in 2024.

"As of now, SPL has successfully facilitated the full exit of all private equity investors who previously held equity stakes in the company. This marks a significant milestone in the company's commitment to providing smooth exits for its partners. Presently, investments are primarily focused on projects developed under the ASK Fund-led co-investment platform. SPL is currently developing Shriram 122 West, a residential apartment project in Mangadu, Chennai, which received investments from ASK in 2023," says a company official.

"I would like to use an analogy from the real estate sector. Over the last 25 years, SPL has built its foundation, and now that the foundation is ready, the company has reached the plinth level. I see SPL as a story that will become a

multi-storey structure. Going forward, the company will continue to build on this foundation and the heritage that has been created," states Puneet Bhatta, co-managing partner and country head, India, TPG Capital Asia.

"Going ahead, SPL remains committed to its growth trajectory, focusing on leveraging its strong operational platform for future profitability. SPL's project pipeline is robust, and with targeted accelerated new project additions, the company will be well-positioned to reap the benefits of the positive industry outlook and attain leadership in the mid-segments, our renewed focus area. Relentless pursuit of operational excellence while ensuring enhanced customer satisfaction will support our journey forward. We are confident of success in our new mission – SPLNXT – and in creating significant value for our stakeholders," sums up SPL chief Murali.

With all these developments in place, SPL is strongly positioned in a market set to witness consistent long-term demand. Having grown rapidly in the booming residential scenario of recent years, the company is now well-prepared to commence its next growth phase, consolidating its leadership position further. With an impeccable track record of quality construction and timely delivery, the company has emerged as one of the most trusted real estate brands, firmly committed to customer-centricity. In today's buyer's market, SPL has carved a niche for itself with its strong relationships, not only with customers but also with partners and investors.

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