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## Shriram Properties plans to develop 2.5 million square feet this fiscal, to foray into Pune

The company plans to become debt-free within the next 18 months following an increase in demand for the mid-market home segment



*M Murali,  
Chairman & Managing Director,  
Shriram Properties*

Bengaluru-based developer Shriram Properties plans to complete 2.5 million square feet (msf) of development in the current financial year and at least 10 msf between FY23 and FY25. The company is also looking at foraying into Pune within the next 12 months.

M Murali, Chairman and Managing Director (CMD), Shriram Properties, told Moneycontrol, “As of June 30, 2022, we have completed 10 msf across 17 ongoing projects apart from 15 msf across 20 upcoming projects in Bengaluru and 19 msf across 32 projects in India.” Among the projects, the company completed 4 msf across three projects in Chennai, 0.9 msf across 4 projects in Coimbatore and 0.7 msf across 1 project in Vishakhapatnam.

### **Bengaluru plans**

For Bengaluru, the company said the lands have been acquired and several projects are in pipeline. The projects will be coming up on Sarjapur Road, Mysore Road, Kanakapura Road and Bellary Road among several other places.

Murali said the company has six ongoing projects with 10.2 msf in the affordable segment across Bangalore, Chennai and Kolkata (two projects in each city), which will be delivered between FY23 and FY26. “The development will continue in Bangalore, Chennai and Kolkata while we complete and hand over the projects ongoing in Vizag and Shreshta, which are at an advanced stage of completion,” he added.

The company has a presence in Bengaluru, Chennai, Hyderabad, Visakhapatnam and Kolkata.

“However, we plan to foray into Pune within the next 12 months,” Murali added.

He said the company is not looking forward to land banking but will continue projects in joint development. It is eyeing a revenue of Rs 2,600 crore on pre-sale values.

“On new project acquisition, we have about 50 million square feet in the pipeline across India. The paperwork is currently ongoing. Most of our investments happen out of internal accruals or third-party revenue platforms,” he said.

Previously, the Real Estate Credit Opportunities Fund-I of the alternative asset manager Dalmia Nisus Finance Investment Managers LLP invested Rs 60 crore in two Shriram Properties-managed projects in the Bengaluru micro-markets of Sarjapur and Devanahalli.

These investments were made from the Rs 500 crore fund, which mostly funds structured credit and mezzanine deals in India's residential market.

### **Plans to stay in the affordable housing segment**

Within the next three years, Shriram Properties is looking at a pre-sales volume of 5.5 msf, with 4.5 msf alone in the affordable housing segment by 2023.

Murali said, "Our expected sales volume for FY23 and FY24 is about 4.5 msf and 5.5 msf, respectively, with a sale value of around Rs 2,000 crore and Rs 2,400-2,500 crore for FY23 and FY24."

In the first quarter of FY23, the company earned 62 percent from affordable housing sales with Bengaluru having the highest selling value of 38 percent, followed by 33 percent in Kolkata and 29 percent in Chennai. Murali said he sees huge potential in the affordable market segment for the next 20 years and the company will continue to stay in that segment for long-term benefits.

"Year on year, our sales volume grew 20 percent and value grew 26 percent. While our collections grew 34 percent we spent 52 percent more on construction," Murali added.

### **Inflation, price increase concerns for affordable housing**

Murali said, "The Indian government has played a huge role in controlling the prices of steel or cement amid the Ukraine-Russia war and growing inflation. Today, cost increase has flattened compared to pre-pandemic levels with the help of government intervention."

The company said prices of products have gone up across the board for the last three years. Murali sees prices rising at least 10 percent this year. "Currently, we are capping the apartments across affordable segment to Rs 5,000-Rs 6,000 per square foot. And for the luxury segment the prices start from Rs 2.5 crore and above," he added.

However, Murali added that saving has gone up among homebuyers. "After demonetisation, RERA has consolidated the entire sector. Especially after the pandemic, the supply is limited today balancing price inflation. The government has to keep the affordable housing segment incentivised to motivate the developers to provide more apartments in the segment," he added.

Following an increase in demand for the mid-market home segment, Shriram Properties intends to have no debt within the next 18 months, Murali added. Since its listing, the company has paid off Rs 200 crore of debt in addition to refinancing it in a joint venture this fiscal year.

### **Bengaluru flooding not a growing concern**

Murali said, "Flooding is an issue across the globe. In places like Boston, the UK, and Europe floods continue to batter cities. However, not being prepared to deal with it is an issue. We are currently using old maps and drawings to plan the city layout. We need to create more lakes and waterways to control flooding. Additionally, we need recharge pits to control floods. Over the next 10 years, the city will keep driving demand for the real estate sector."

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## Shriram Properties Plans to Develop 2.5 Mn. SFT this Fiscal



*M Murali,  
Chairman & Managing Director,  
Shriram Properties*

Bengaluru-based developer Shriram Properties plans to complete 2.5 mn sq ft of development in the current financial year and at least 10 mn sq ft between FY23 and FY25. The company is also looking at foraying into Pune, and Kolkata within the next 12 months.

M Murali, Chairman and Managing Director (CMD), of Shriram Properties, said, "Shriram Properties is primarily focused on mid-market and affordable housing categories. Chennai is the major market of property development as the city is not dependent on one industry. The city has active construction activity with many formats of real-estate projects underway and completed. The demand for housing is high, unlike in other cities. Things like inflation, and recession cannot deter the growth of Chennai's real-estate development. It is one of the nine major cities contributing to the overall GDP growth of the country. Chennai will witness higher growth because of urbanisation as demand for housing will continue to remain robust."

He further added, "Coimbatore, Vizag, Pune, and Kolkata are key markets for us. The company doesn't believe in having a landbank, JV format, and joint development works for them. For the quarter, aggregate sales value stood at Rs 313 crore, against Rs.248 crore in Q1FY22, up 26% YoY."

Construction spending was higher by 52% YoY at Rs.137 crores, demonstrating continued focus on project execution. The company as of June 30, 2022, has completed 10 mn sq ft across 17 ongoing projects besides 15 mn sq ft across 20 upcoming projects in Bengaluru and 19 mn sq ft across 32 projects in India." Among the projects, the company completed 4 mn sq ft across three projects in Chennai, 0.9 mn sq ft across four projects in Coimbatore, and 0.7 mn sq ft across one project in Vishakhapatnam.

Murali said the company has six ongoing projects with 10.2 mn sq ft in the affordable segment across Bangalore, Chennai, and Kolkata two projects in each city, which will be delivered between FY23 and FY26. "The development will continue in Bangalore, Chennai, and Kolkata while we complete and hand over the projects ongoing in Vizag and Shreshta, which are at an advanced stage of completion," he added. On new project acquisition, the company has about 50 mn sq ft in the pipeline across India.

Within the next three years, Shriram Properties is looking at a pre-sales volume of 5.5 mn sq ft, with 4.5 mn sq ft alone in the affordable housing segment by 2023. Murali said, "Our expected sales volume for FY23 and FY24 is about 4.5 mn sq ft and 5.5 mn sq ft, respectively, with a sale value of around Rs 2,000 crore and Rs 2,400-2,500 crore for FY23 and FY24."

In the first quarter of FY23, the company earned 62 percent from affordable housing sales with Bengaluru having the highest selling value of 38 percent, followed by 33 percent in Kolkata and 29 percent in Chennai. Murali said he sees huge potential in the affordable market segment for the next 20 years and the company will continue to stay in that segment for long-term benefits. Year on year, our sales volume grew 20 percent and value grew 26 percent. While our collections grew 34 percent we spent 52 percent more on construction," Murali added.

The company said prices of products have gone up across the board for the last three years. Murali sees prices rising at least 10 percent this year. "Currently, we are capping the apartments across affordable segment to Rs 5,000-Rs 6,000 per sq ft. And for the luxury segment the prices start from Rs 2.5 crore and above," he added. However, Murali added that saving has gone up among homebuyers. "After demonetisation, RERA has consolidated the entire sector. Especially after the pandemic, the supply is limited today balancing price inflation. The government has to keep the affordable housing segment incentivised to motivate the developers to provide more apartments in the segment," he added.