

Shriram Properties Announces Satisfactory Q1FY25 Results

Sales growth impacted by short term external factors, full year volume outlook intact

Muted earnings growth in Q1FY25 but on-track for enhanced earnings momentum in coming quarters with new project completion & handovers in FY25

BENGALURU, August 14, 2024: Shriram Properties Limited (“SPL”) today announced its financial results for the quarter ended June 30, 2024 (“Q1FY25”).

Operational Highlights

SPL reported sales volumes of 0.70 msf and sales values of Rs. 376 crores during Q1 FY25. Overall sales performance remained satisfactory, considering that there were no launches and sustenance sales in ongoing projects drove volumes entirely. Industry demand remained a bit soft, amidst slowdown in customer decision making ahead of election outcomes, water scarcity in Bangalore and unseasonal rains in Chennai during the quarter. The Company’s decision to defer launch in Pune to Q2FY25, in view of prolonged approval process, also impacted volumes. Q1 is seasonally weak quarter traditionally and volumes gain momentum gradually to peak during Q4. The Company has lined up 4 launches in Q2 and 6+ launches in H2 and remains confident of delivering target volumes for the full year.

Gross collections stood at Rs.321 crores (+10% YoY) in Q1FY25. SPL handed over 500+ units in Q1, on top of a record ~1400 units handed over in Q4 FY24. Most of the handovers were from projects completed during Q4 last year. Several new projects are scheduled for completion / handover in coming quarters and thus the Company expects handover and revenue recognition to gain significant momentum during the remainder of FY25.

In a strategic move, SPL gave an early exit to ASK Investment Managers in Shriram Pristine Estates, the maiden project under the co-investment platform, during the quarter. Accelerated sales and expedited completion activities have resulted in stronger cashflows and presented an opportunity for an early exit that accreted value and enhanced profitability for the Company. Both partners are exploring opportunities for further deployment of capital under the co-investment platform in FY25.

On the Business Development front, the Company concluded 2 new projects in Bengaluru. The Company acquired development rights in a land parcel near Yelahanka in North Bangalore and

another near Electronic City, with an aggregate development potential of ~0.8 msf and gross development value of around Rs.500-600 crores. The Company is proposing to launch a new residential development in the North Bangalore land parcel during Q2FY25.

Financial Performance Highlights

Particulars (Rs. crores)	Q1 FY25	Q1 FY24	Growth (% YoY)
Total Revenues	210.9	157.2	34%
EBITDA	53.6	53.3	1%
Profit before taxes	27.3	24.4	12%
Net Profit	17.5	16.6	5%

Summary of significant highlights of Q1FY25 results are as follows:

- Revenue from operations grew by 14% YoY and Total Revenues by 34% YoY to Rs. 210.9 crores. Revenue recognition in recently completed projects viz., Shriram Liberty Square (Bangalore), Shriram Park 63 - 1B (Chennai), Shriram Chirping Woods T5 (Bangalore) Shriram Grand One (Kolkata) accounted for most of revenues. Gain of early exit of ASK has also helped.
- EBITDA for the quarter stood at Rs. 53.6 crores, compared to Rs.53.3 crores in Q1FY24, flat YoY. Change in mix of projects handovers (low margin legacy projects) and higher employee costs reflecting annual revisions impacted margins.
- EBITDA margins thus stood at 25% in Q1FY25, compared to 34% in Q1FY24. Gross margins remained healthy at 31% during the quarter.
- Overall finance cost dropped 19% YoY to Rs.26.7 crores in Q1FY25. Interest costs declined from Rs. 27.8 crores in Q1FY24 to Rs. 22.8 crores during Q1FY25. Non-cash interest charges too dropped from Rs.5.1 crores to Rs.3.9 crores respectively during this period.
- Net debt was only a shade higher at Rs.482.0 crores in Q1 and debt-equity ratio stood low at 0.37:1, which is amongst lowest in the industry.
- Profit before taxes for Q1 stood at Rs. 27.3 crores. Net profit at Rs.17.5 crores in Q1FY25 reflected a modest growth compared to Rs. 16.6 crores in Q1 last year.

- Cashflows remained strong even during the quarter. Cash from Operations remained positive at Rs. 30 Crore, but free cashflow turned marginally negative reflecting debt repayment during the quarter. The Company made new project investments of Rs. 44 crores during Q1 FY25, thereby ending quarter with Cash & Cash equivalents of Rs. 128 crores.

Outlook

The Company is standing firm on its growth path and is focused on leveraging its robust operating platform for profitable growth going forward. Overall market conditions remain strong and is bouncing back nicely from external factor led softness witnessed recently. Mid-market and Mid-market premium segments are presenting significant opportunities and SPL is focusing on this sustainable long-term opportunity for delivering growth in the future.

SPL's project pipeline remains strong and is fully geared to deliver successful launches in the coming quarters, across core markets. The Company is thus confident of delivering strong growth in FY25, meeting guidance.

SPL's ongoing efforts will be supported by robust launch pipeline, timely project completions & handovers, and resultant revenue recognition momentum. SPL's relentless focus on costs and benefits of scale should help sustain margins and profitability in the coming quarters. SPL is well positioned to benefit from ongoing consolidation in the industry. SPL expects to sustain the growth momentum and deliver significant value for its stakeholders.

Commenting on the performance, **Mr Murali M, CMD, Shriram Properties** said: *“Our strong market presence and success of our strategic initiatives give us confidence in maintaining growth and delivering on promises in the years to come. 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”.*

About Shriram Properties Limited

Shriram Properties Ltd (SPL) is one of South India's leading residential real estate development companies, primarily focused on the mid-market and affordable housing categories. SPL's key markets include Bangalore, Chennai and Kolkata, which together account for nearly 85% of its development activities. SPL has demonstrated track record having delivered 44 projects with a saleable area of 24.4 msf, mostly in the cities of Bengaluru and Chennai. SPL has a strong development pipeline comprising of 42 projects with an aggregate development potential of 42.1 msf, as of June 30, 2024.

SPL is part of the Shriram Group, a prominent business group with four decades of operating history in India, SPL made its initial public offering and became a publicly traded company in Dec'21.

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