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Shriram Properties to develop 4.8 million sq ft in FY24, eyes sales of Rs 2,300 crore



Murali M, chairman and managing director (CMD), Shriram Properties Limited.

Bengaluru-based real estate developer Shriram Properties Limited (SPL) plans to develop 7 million square feet (msf) of residential development in Bengaluru, Chennai, and Kolkata by the end of FY25 with a construction expenditure of Rs 2,000 crore.

For the current financial year, the company plans to develop about 4.8 msf with potential sales of Rs 2,300 crore, Murali M, chairman and managing director (CMD), SPL, told Moneycontrol.

Given the vibrant market condition and demand, the company developed 10.8 msf over three years, a figure that it will match in two years going ahead, Murali said. "We have grown at 25 percent CAGR (compound annual growth rate) over the last few years, and we are expecting to grow by 20-26 percent by FY25," he added.

Currently, SPL has over 20 msf as apartments and 3 msf as plots under construction. This year, the company plans to hand over 3,000 units versus 2,000 units last year.

Upcoming launches

SPL said that in this financial year more than 70 percent of the launches will be in Chennai, followed by Bengaluru and Kolkata. Next fiscal, over 50 percent of new launches will be in Bengaluru, 30 percent in Chennai and the rest in Kolkata.

More than 70 percent of FY24 launches will be in the mid-market segment with a ticket size of Rs 50 lakhs to Rs 1.5 crore starting at 700-800 sq ft of carpet area. About 27 percent will be in plotted development and the rest will be in the luxury segment.

For upcoming launches, SPL will house plots of about 1200 sq ft in Bengaluru and Chennai at about Rs 40 lakh each while the luxury segment will have apartments upwards of Rs 3 crore in Bengaluru and Chennai. The villaments will be priced at Rs 2.5 crore for a carpet area of about 2,000 sqft.

Murali added that for villaments SPL is looking at eastern Bengaluru like Sarjapur Road, and the luxury segment will be close to CBD areas like Koramangala and JPNagar to the south of the city.

However, SPL is also looking bullish on North Bengaluru, having launched two projects already. "We have three more projects in North Bengaluru in the pipeline. Currently, Bengaluru is leading the real estate market followed by Pune, Hyderabad, and Chennai. In the mid-market segment, there is tremendous growth and will continue for the next three years," he added.

Reduction in debt

Murali said SPL has a net debt of about Rs 300 crore, against Rs 435 crore last year. "We look forward to reducing debt further as we keep selling inventories throughout FY24," he said, adding that the company is planning to liquidate one asset in Kolkata by the end of this year, without sharing further details.

At an analysts' call on August 23, the company said it plans to have around Rs 250 crore of net debt on its books without considering any land monetisation proceeds.

Last week, SPL and ASK Property Fund announced a joint investment of Rs 206 crore to take up 100 percent development rights in an ongoing stressed project in Chennai.

Shriram 122 West is the second joint investment by the co-investment platform set up by ASK and SPL in November 2022, with an aggregate capital commitment of Rs 500 crore.

"To date we have deployed around Rs 230 crore on this platform, and we are looking forward to deploying more by the end of this year," Murali said.