



# Shriram Properties Limited

## Q4 FY22 & FY22 Performance Highlights

### Analyst / Investor Presentation

30 May 2022

STRICTLY PRIVATE AND CONFIDENTIAL

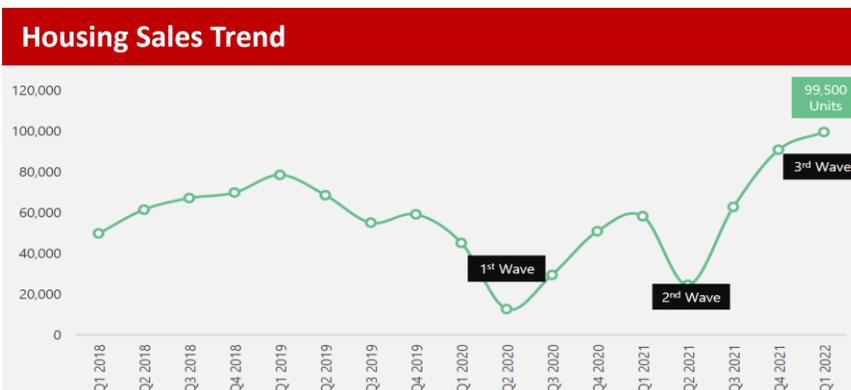


# Residential RE Sector : Sustained Growth Momentum

- ❑ Housing markets remain robust across top 7 markets
- ❑ Pan-India quarterly housing sales at a new high since 2015
- ❑ New launches outpaced pre-covid, despite 3rd wave fears
- ❑ Mid-market and affordable remains strong performers;
  - 65% of FY22 launches in Affordable and Mid-market segment
- ❑ Pan-India prices up 4% over in last 12 months
- ❑ Pan-India inventory overhang declined by 5 months

## Key Emerging Trends

- ❑ Housing affordability remains at a multi-decade high
- ❑ Improved job security and robust hiring (IT/ITeS & financial)
- ❑ Desire for owning a house to remain strong
- ❑ Larger branded players to dominate the market
- ❑ Plotted developments in high demand
- ❑ Focus on mid-market and affordable segments to continue
- ❑ Raw material cost inflation pushing selling prices



# Rising Input Costs & Interest Rates – Key Concerns for the Sector

## Rising Input Costs

- ❑ Rising costs of cement, steel and other materials due to raw material shortage, logistic challenges and rising fuel prices – Likely Impact on construction costs by ~ Rs.250-375 per sq.ft
- ❑ Expect costs to stabilize at lower levels;
- ❑ Recent reduction (by Govt) in fuel prices and favourable change in duties on key commodities to help moderate trends in the near term.
- ❑ Price rise inevitable for protecting margins; Prices moving up since H2 FY22, at least for branded players



## Rising Interest Rates

- ❑ Rising interest rates have natural, direct impact on housing demand; more so in Affordable and Mid-Market segments
- ❑ Recent increase (40bps by RBI) is unlikely to have material dampening
  - Typical mid-market buyer likely suffer Rs.1,200-1,500 pm for every 50bps; Unlikely to change their decision (buy vs lease)
  - More prominent and sharp increase in interest rate may impact demand growth
  - Stagnant property prices vs. 40% higher purchasing power (8-10% hike) in last 5 years (vs.) post WFH desires for owning home / larger homes
- ❑ But, sustained sharp hike may dampen sentiments and slowdown demand growth
- ❑ SPL expects demand growth to remain strong over the next 2-3 years



**Budget Housing Project of the year – Shriram South East**  
**Budget Housing Project of the year – Shriram South East**  
**Property Awards of the Year Plotted Development Shriram Earth**  
**Best Gated Community of the year – Shriram Shankari**  
**Visionary Leader of the year (1)**  
**Integrated Township Project of the year – Shriram Grand City**  
**Best Efficient & Sustainable Smart Real Estate Project Shriram Greenfield**  
**MD of the Year Real Estate Sector<sup>9</sup>**  
**Lifetime Achievement Award For Outstanding Contribution To Real Estate Sector<sup>10</sup>**  
**Most Admired Upcoming Project of the Year Shriram Suvilas<sup>11</sup>**  
**Developer of the Year**

## OPERATIONAL HIGHLIGHTS Q4 | FY22



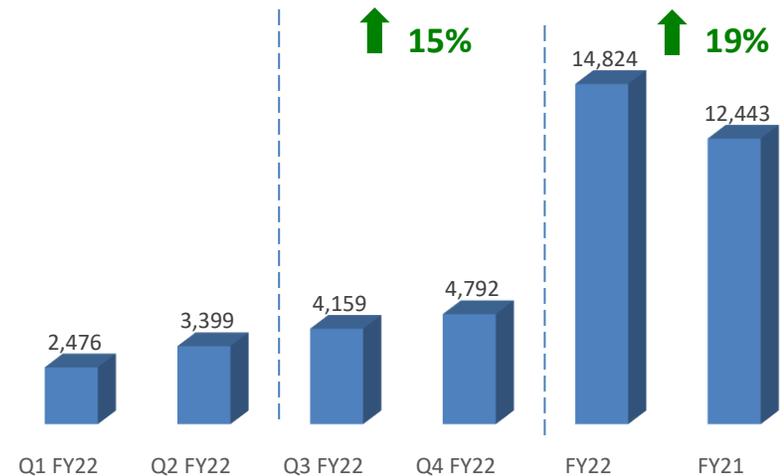
**Brand Leadership Award<sup>1</sup>**  
**Affordable Housing – Brand of the Year<sup>2</sup>**  
**Developer of the Year<sup>3</sup>**  
**Best Builder Residential Projects in Karnataka<sup>4</sup>**  
**Innovative Real Estate Campaign of the Year<sup>5</sup>**  
**Most Admired Upcoming Project of the Year<sup>6</sup>**  
**Outstanding Project of the Year for Shriram Greenfield**  
**Innovative Real Estate Marketing Campaign of the Year for Shriram Greenfield**  
**Innovative Real Estate Marketing Campaign Of The Year<sup>8</sup>**  
**MD of the Year<sup>13</sup>**

# KPI Snapshot : Q4 | FY22

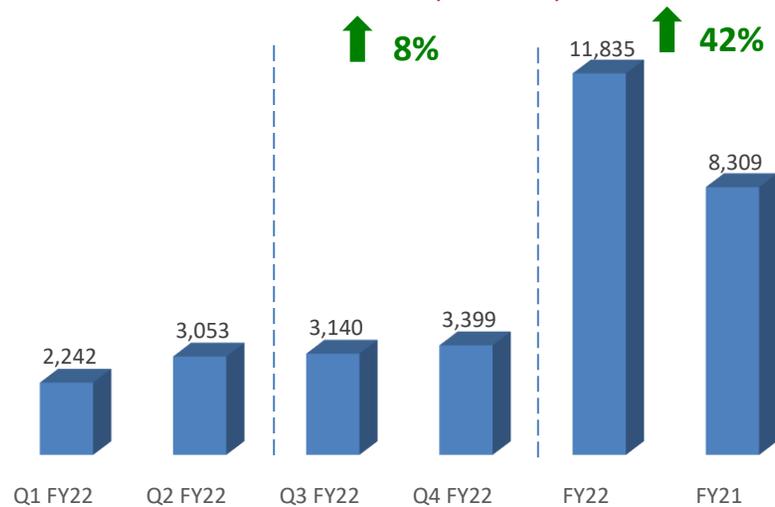
### Pre-Sales Volume (msf)



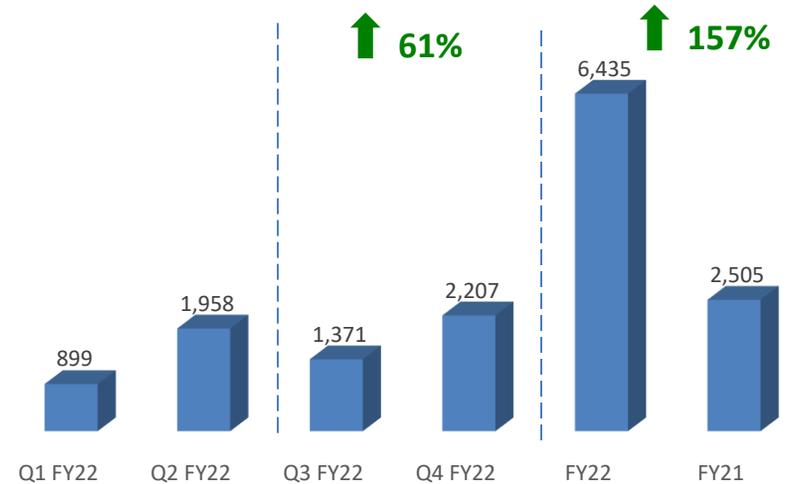
### Sales Value (INR mn)



### Collections (INR mn)



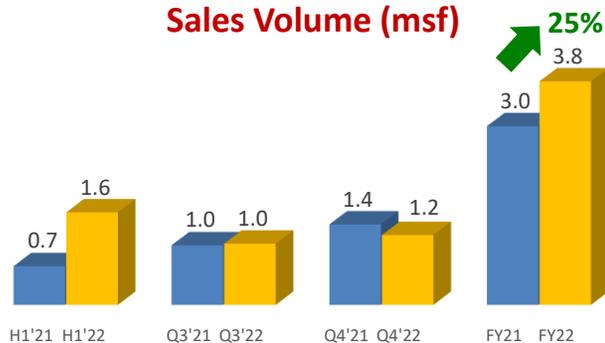
### Construction (INR mn)



**Strong growth momentum, despite Covid led interruptions**

# Operational Highlights (KPIs): Q4 | FY22

## Sales Volume (msf)



- **FY22 Net sales of 3.76 msf – SPL's highest ever**
  - Despite Covid 2.0 led lockdown for 6-8 weeks during Q1FY22
  - Average run rate of 1.0+ msf net sales in Q2, Q3 & Q4
  - Supported by 12 good launches (8 in Bangalore, 3 in Chennai & 1 in Kolkata)

## Sales Value (Rs Mn)



- **FY22 Collections: At a new record high level**
  - Net collection of Rs. 11,835 mn (Gross Rs.12,631), despite 6-8 weeks of Covid interruption
  - Average monthly gross collections at above Rs.1,000 mn range during Q2, Q3 & Q4 FY22

## FY22 Constructions: SPL's highest ever; 1.5x jump YoY

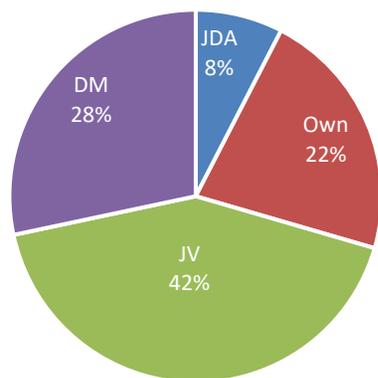
- Construction momentum strong (Rs. 6,435 mn for FY22 vs Rs. 2,505 mn for FY21)
- Labour strength consistently above 5,000 vs 4,200 pre-covid levels

## DM projects accounted for 28% of sales

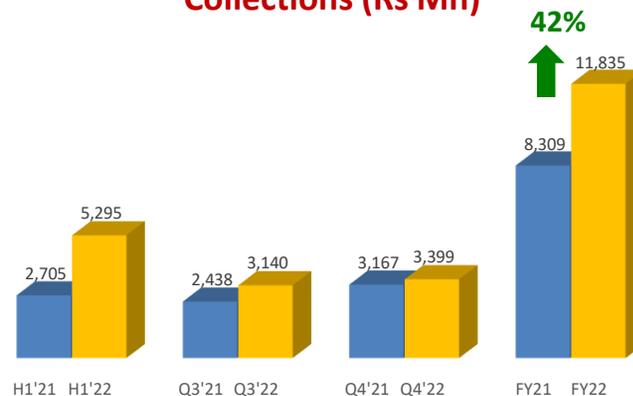
## Q4 FY22 - Net sales at 1.17 msf

- 4 New launches in Q4; 2 in Bangalore & 2 in Chennai
- Q4 Collections at Rs. 3,399 mn (vs Rs.3,167 mn in Q4FY21 reflecting a 7% growth YoY)
- Construction grew to Rs.2,207mn vs Rs.868mn in Q4FY21 with a 154% YoY growth

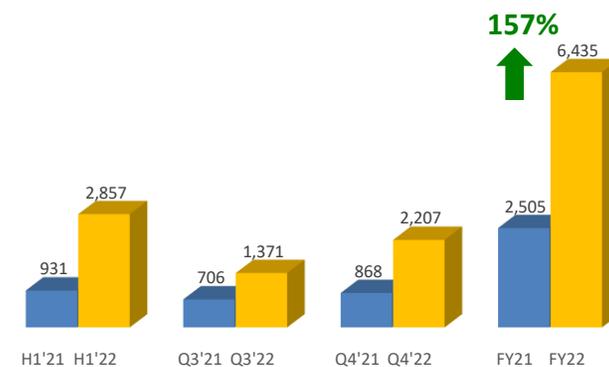
## Sales by Dev. Model



## Collections (Rs Mn)



## Construction (Rs Mn)

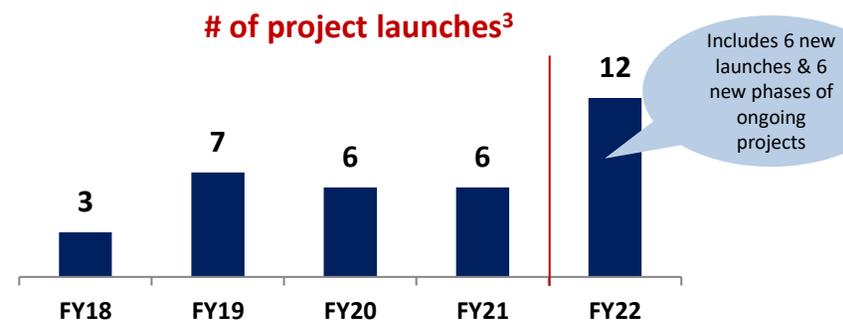


SPL's best-ever operational performance across KPIs

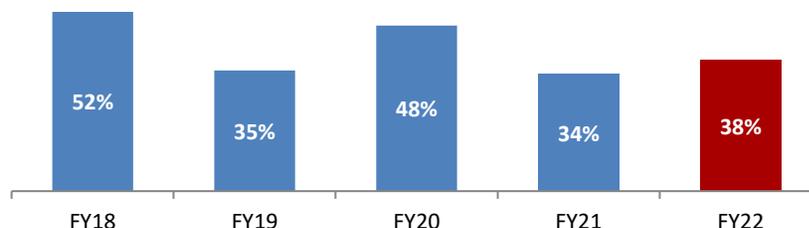
# Successful Launches; Impressive ‘Sales-at-Launch’\*

## FY22 Launches<sup>1 3</sup>

(Area in sft)	Type	Launch	Launch Area	Sold at launch	% sold
Chirping Grove – Phase 1 <sup>1</sup>	New	Q1FY22	250,421	103,793	41%
Suvilas Palms	New	Q1FY22	229,657	99,025	43%
Westwoods	New	Q2FY22	497,790	373,200	75%
Eden 144	New	Q2FY22	151,045	101,553	67%
Chirping Grove – Phase 2	Phase	Q2FY22	244,135	67,605	28%
Yuva – WYTField Phase 2	Phase	Q3FY22	255,320	108,391	42%
Sunshine – Phase 2	Phase	Q3FY22	164,640	97,650	59%
Temple Bells - Phase 4	Phase	Q3FY22	185,286	59,905	32%
Southeast Phase 3 <sup>2</sup>	Phase	Q4FY22	864,609	112,738	13%
Divine City – Phase 2 <sup>2</sup>	New	Q4FY22	313,484	185,159	59%
Clay Grove <sup>2</sup>	New	Q4FY22	108,163	12,723	12%
Temple Bells - Sanjeevini <sup>2</sup>	Phase	Q4FY22	211,970	3,570	2%
<b>Average Sales-at-launch %</b>					<b>38%</b>



## New Launches – Impressive Sales-at-Launch



**FY22 Sales-at-launch at ~38%; Key to de-risking projects and hence thrust continues**

\* Sales-at-launch = Actual sales during first 90-days of launch;

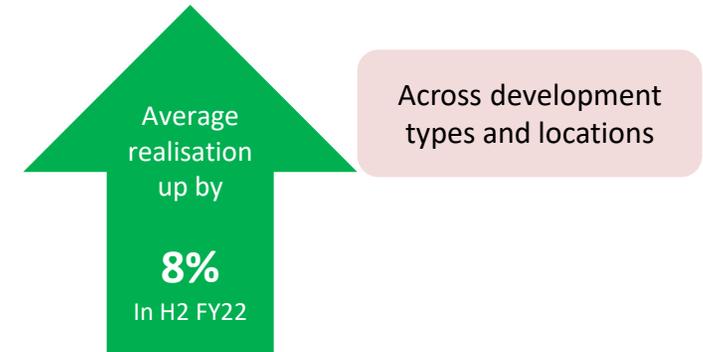
1. Chirping Grove (Phase 1) soft launch towards end of March'21 and hence included in FY22
2. Southeast-3 launched in Feb'22; Temple Bells – Sanjeevini, Clay Grove & Divine City-2 launched in Mar'22. Sales-at-launch is computed only till 31<sup>st</sup> Mar'22 (less than the 90-days)
3. Includes launch of additional phases in ongoing projects

# Improving Sales Realisation Trends

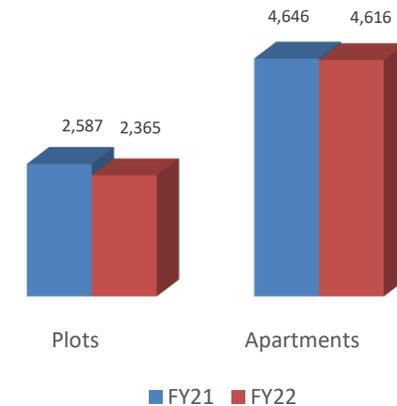
## Price Increase by Project – Top Projects only

Amounts in INR

Project	Development Type	Realisation Sep'21	Realisation Mar'22	% Increase
Southeast Phase 1	Apartments	3,803	4,208	11%
Southeast Phase 2	Apartments	3,925	4,309	10%
Blue	Apartments	5,205	6,003	15%
Chirping Woods	Apartments	6,523	7,359	13%
WYTfield – Phase 1	Apartments	5,026	5,264	5%
Liberty Square	Apartments	4,590	5,311	16%
Chirping Grove – 2	Villas	5,621	6,329	13%
Westwoods	Plots	1,669	1,735	4%
One City – 2	Plots	1,323	1,452	10%
Park 63(1A)	Apartments	5,559	6,600	19%
Park 63(1B)	Apartments	5,506	6,408	16%
Park 63(2A)	Apartments	5,497	6,501	18%
Grand One	Apartments	3,636	3,932	8%
Sunshine	Apartments	3,343	4,025	20%



### Avg. Realisation (INR psf)

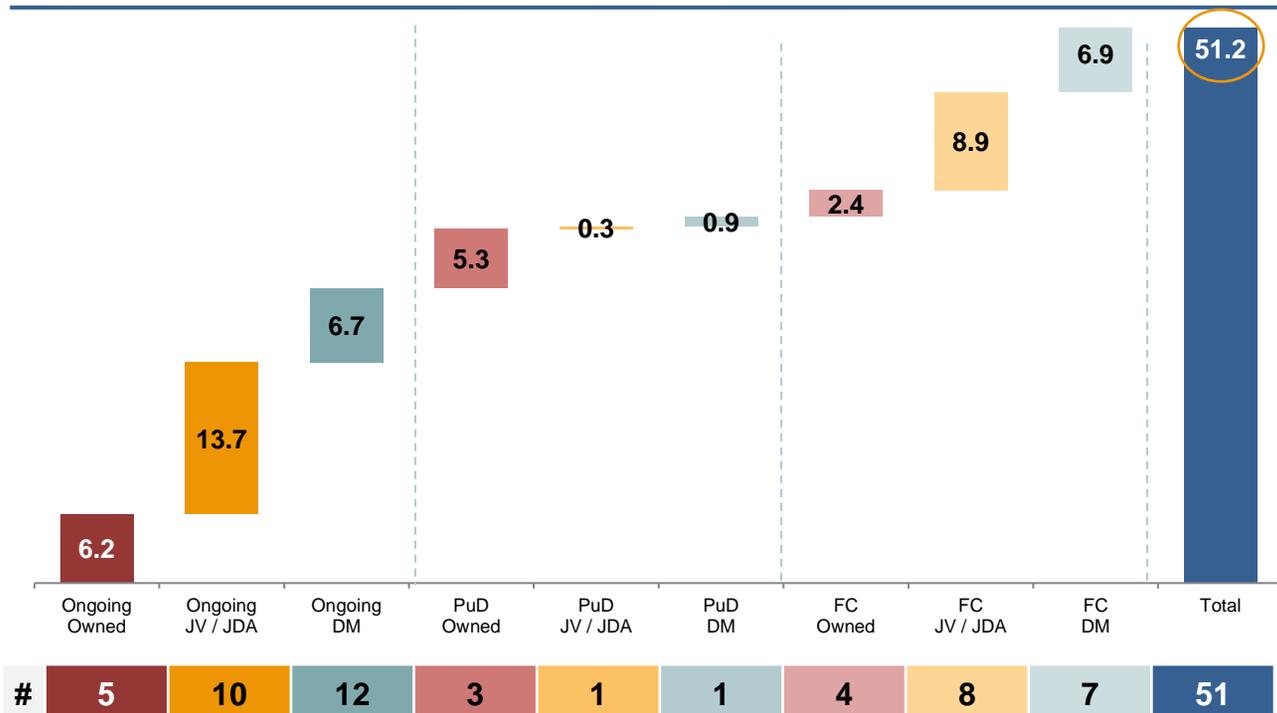


## Encouraging Pricing Trends

- ❑ Capital Prices in the Residential RE Sector have largely been stagnant over last 5 years
- ❑ With significantly increased demand coupled with rising input costs, price curve expected to rise.
- ❑ Industry consolidation impact adding strength
- ❑ Improving price trend since H2-FY22; Rising trend to continue in FY23

# Strong Project Pipeline; Growing Further

## Project pipeline (msf)

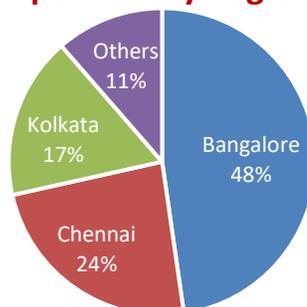


Note: FC : Forthcoming; PuD: Projects under development.

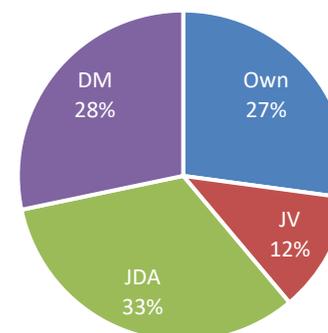
## Project pipeline Movement – Dec'21 to Mar'22

	# projects	msf
<b>Pipeline – Dec'21 (RHP)</b>	<b>35</b>	<b>46.7</b>
<b>Add: Project Additions</b>		
- Own	3	2.5
- JV/JDA	7	6.4
- DM	7	4.7
Sub-total	<b>17</b>	<b>13.6</b>
<b>Less: Project Deferred</b>		
- DM	(1)	(3.0)
<b>Less: Other adjustments</b>		
-	-	(6.1)
Sub-total	<b>(1)</b>	<b>(9.1)</b>
<b>Pipeline – Current</b>	<b>51</b>	<b>51.2</b>

### Pipeline – By Region



### Pipeline – By Dev. Type



- **17 projects with 13.6 msf potential added since IPO filings**
- **Over 10% net addition to the portfolio during Q4FY22 (51.2msf vs 46.7msf @ RHP in Dec'21)**



## FINANCIAL HIGHLIGHTS

### Q4 | FY22



# Financial Highlights : Q4 | FY22

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- ❑ **FY22 is the ‘turnaround year’, in line with investor guidance**
- ❑ **Improved margins and earnings – ROCE at 11%, sustained improvement in last 3 years**
- ❑ **Improving operating leverage and rising share of DM income supporting higher margins**
- ❑ **Thrust on reducing debt and cost of debt**
  - *Finance costs lower by 24% QoQ in Q4, reflecting impact of refinancing & pre-payments post IPO*
  - *Encouraging fall in Net Debt and Debt-Equity; Amongst lowest in the listed RE space*
- ❑ **Income recognition at Grand-1 (Kolkata) with commencement of Customer handovers**

# Financial Highlights : P&L Quarterly Trends

INR Mn	H1 FY22 RHP	Q3 FY22 Audited	9M FY22 Audited	Q4 FY22 Audited	QoQ (%)	FY22 Audited
Revenue from operations*	1,182	1,096	2,278	2,051	91%	4,329
Other income	330	205	535	314		849
<b>Total Revenues</b>	<b>1,512</b>	<b>1,301</b>	<b>2,813</b>	<b>2,365</b>	<b>85%</b>	<b>5,178</b>
Cost of revenue	603	460	1,063	760		1,823
Employee benefit expense	345	175	520	210		730
Other expenses	233	134	367	443		810
Total Expenses	1,181	769	1,950	1,413	84%	3,363
<b>EBITDA</b>	<b>331</b>	<b>532</b>	<b>863</b>	<b>952</b>	<b>94%</b>	<b>1,815</b>
Finance Costs	639	301	940	259	-14%	1,199
- Interest expense	524	249	773	190	-24%	964
- Unwinding of interest (non-cash charge)	99	52	152	53		205
- Other finance costs (net of finance income)	16	(1)	15	16		31
Depreciation	34	14	48	18		66
<b>Profit before Tax</b>	<b>(343)</b>	<b>217</b>	<b>(126)</b>	<b>675</b>		<b>549</b>
Tax expense	73	38	112	35		146
Share of profit/(loss) of JVs	(184)	(46)	(231)	5		(226)
<b>Net Profit</b>	<b>(600)</b>	<b>132</b>	<b>(468)</b>	<b>645</b>		<b>177</b>

\* Includes DM fee of INR 323 million, INR 299 million, INR 622 million and INR 421 million in H1 FY22, Q3 FY22, 9M FY22 and Q4 FY22 respectively

- **Q4 positive earnings fully offset cumulative negatives of 9M**
- **Sequential Improvement in financial performance, helped by operating leverage and rising DM income**
- **Strong QoQ growth despite postponed revenues from key projects - Southern Crest and Grand One**

# Q4FY22 : Financial Performance Highlights

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- ❑ Aggregate revenues nearly doubled QoQ in Q4
  - Improved Revenue from Operations, driven by starting of handover and income recognition in Grand-1 (Kolkata) and Panorama Hills (Vizag) as well as Earth (Whitefield), and Chirping Woods
  - Income recognition from transfer of development rights in Sannath and Prime Life also contributed positively
  - DM Fee up 41% QoQ to Rs.421 mn; driven by higher flows from Xander (Gateway) and 9 residential DM projects
  - Despite delayed income recognition in case of Grand-1 (*initially planned for Q3*) and deferred recognition in case of Southern Crest (*OC delayed from Q4 to H1FY23*)
  
- ❑ Total Expenses grew relatively lower at 84% QoQ; thus leading to improved EBITDA
  
- ❑ EBITDA up 94% QoQ at Rs. 952 Mn
  
- ❑ Interest costs down by 24% QoQ; Overall finance costs (including non-cash charges) down 14% QoQ
  
- ❑ PBT Turns Positive; Net profit remains positive sustaining the turnaround witnessed in Q3FY22

# Financial Highlights : P&L Annual Trends FY19-FY22

INR Mn	FY19	FY20	FY21	FY22	YoY %
Revenue from operations	6,117	5,667	4,315	4,329	
<i>(Of which, DM Revenues)</i>	571	871	1,142	1,043	
Other income	1,121	651	698	849	22%
<b>Total Revenues</b>	<b>7,238</b>	<b>6,318</b>	<b>5,013</b>	<b>5,178</b>	<b>3%</b>
Cost of revenue	4,854	3,524	2,387	1,823	
Employee benefit expense	783	848	634	730	
Other expenses	807	1,043	793	810	
Total Expenses	6,444	5,414	3,814	3,363	
<b>EBITDA</b>	<b>794</b>	<b>904</b>	<b>1,211</b>	<b>1,815</b>	<b>51%</b>
Finance Costs	1,051	1,232	1,253	1,199	
- Interest expense	1,080	1,070	1,025	964	
- Unwinding of interest (non-cash charge)	-	182	202	205	
- Other finance costs (net of finance income)	(29)	(20)	27	31	
Depreciation	48	65	66	66	
<b>Profit before Tax</b>	<b>(306)</b>	<b>(392)</b>	<b>(120)</b>	<b>549</b>	
Tax expense	341	47	230	146	
Share of profit/(loss) of JVs	(90)	(409)	(332)	(226)	
Exceptional items	1,224	(15)	-	-	
<b>Net Profit</b>	<b>487</b>	<b>(864)</b>	<b>(682)</b>	<b>177</b>	
EBITDA Margin	11%	14%	24%	35%	

- **FY22 a turnaround year for SPL, consistent with our guidance**
- **Improving profitability and returns, consistent with guidance**
- **Reinforces confidence on sustainable revenue and earnings growth going forward**



# FY22 : Financial Performance Highlights

## ❑ Revenues and Cost of revenues

- Revenue growth 3% YoY despite postponed revenues in key projects: *Southern Crest and Grand One*
- Top 6 projects contribute **84%** of revenues; Key projects: *Panorama Hills, Earth (Whitefield), One City, Luxor, Chirping Woods*
- Higher gross margin YoY, **31%** for FY22 vs **17%** for FY21, arising from revenue recognition in
  - Earth (Whitefield), a high margin plotted development and One City plots in Chennai
  - Income recognition from transfer of development rights in 2 projects (Sannath, Bangalore & Prime Lifespaces, Chennai)

## ❑ DM Revenues

- DM Revenues stabilised around Rs.1bn mark. **INR 1,043 million in FY22** vs INR 1,142 million in FY21.
  - Higher base of FY21 is driven by large contribution from Xander (Gateway Office). In FY22, construction matured and now ready for OC thus adding residual DM Fee.
- Top 5 projects account for **75%** of DM revenues viz., Blue, Chirping Grove, Divine City, WYTfield and Xander (Gateway Office)

## ❑ Operating Expenses

- Employee expenses up higher by 15% YoY, but 13% below pre-Covid levels of FY20.
  - Lower base of FY21 due to Covid pay cut & head count reduction
- Other expenses **up 4% YoY** as a result of higher sales & marketing costs consistent with sales growth

## ❑ EBITDA

- Highest-ever EBITDA at INR 1,815 million despite postponement of revenue recognition in key projects
- EBITDA margin at 35% reflects income recognition from high value projects, higher DM fee income and transfer of develop. rights
- **Improving operating leverage and rising share of DM to help stabilise EBITDA margin around mid-20s going forward**

## ❑ Finance Costs

- Interest costs lower YoY; Interest saving in Q4F22 from pre-payment of debt from IPO proceeds;
- FY23 likely to see significantly lower interest cost

❑ **Share of JV income remains negative, reflecting early stage of these projects, that will come into income recognition in future**

❑ **Net Profit turns positive, rising on the turnaround momentum witnessed since Q3-FY22. Full year profits at Rs.177 Mn**

❑ **ROCE: Improved to 11% in FY22; Likely to stabilise over the next 12-18 months**

# Financial Highlights : Cashflows Q4 | FY22

## SPL Consolidated Cashflows

(INR mn)	9M FY22	Q4 FY22	FY22
Collections	3,397	1,948	5,346
DM Income	553	168	722
Other Inflows	5	1	6
<b>Operating Inflow</b>	<b>3,955</b>	<b>2,118</b>	<b>6,073</b>
Construction	2,553	1,123	3,645
Marketing & Admin Overheads	884	445	1,329
Other Operating outflows	(36)	249	213
<b>Operating Outflow</b>	<b>3,401</b>	<b>1,816</b>	<b>5,217</b>
<b>Cash flow from Operations</b>	<b>554</b>	<b>302</b>	<b>856</b>
IPO (Primary) Proceeds	2,775	-	2,775
Loan Drawals	709	350	1,059
Loan Repayment	1,214	2,135	3,349
Interest expense, net	655	152	807
<b>Cash flow from Financing</b>	<b>1,615</b>	<b>(1,937)</b>	<b>(323)</b>
<b>Net Cash Flow</b>	<b>2,169</b>	<b>(1,636)</b>	<b>533</b>
Opening cash & cash equivalents	872	3,040	872
Closing cash & cash equivalents	<b>3,040</b>	<b>1,405</b>	<b>1,405</b>

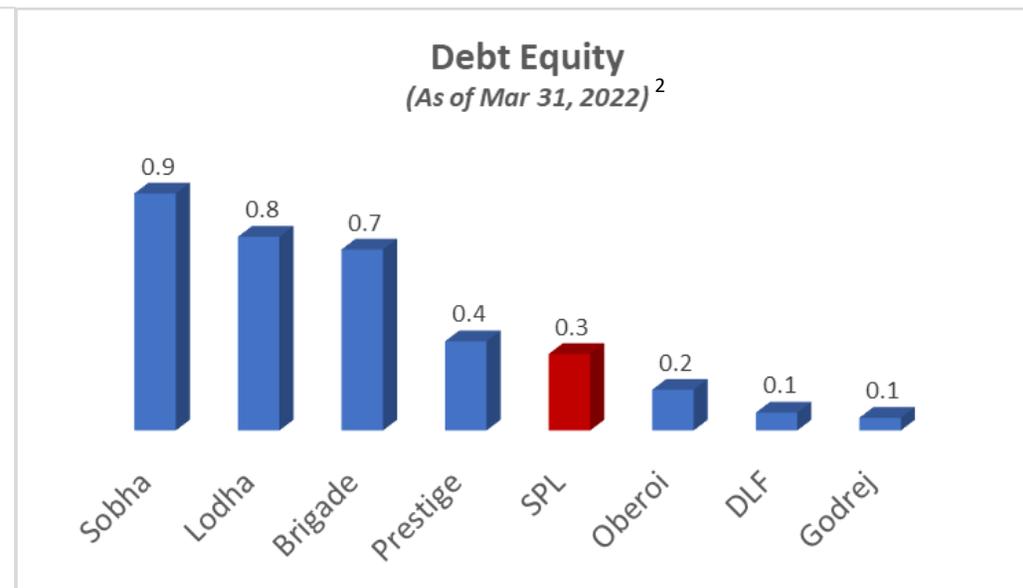
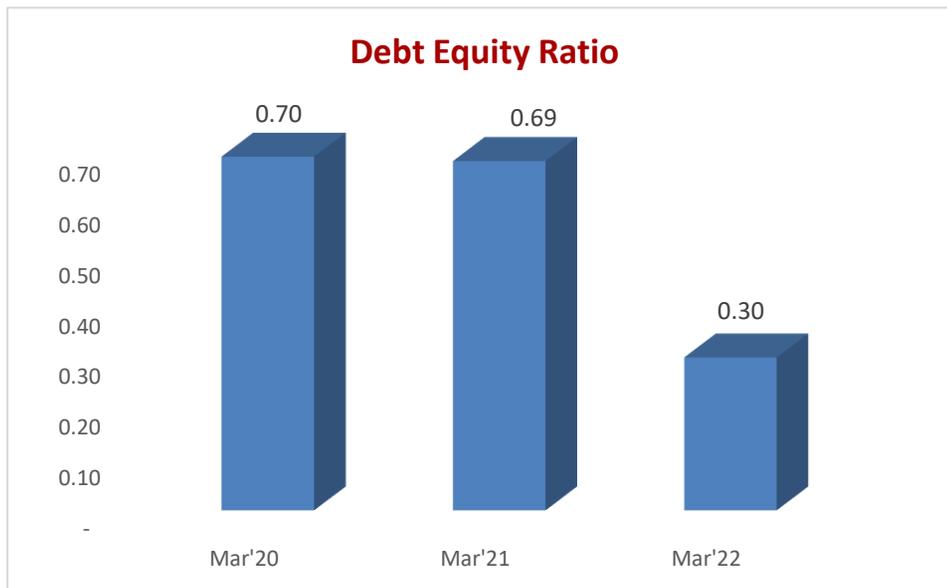
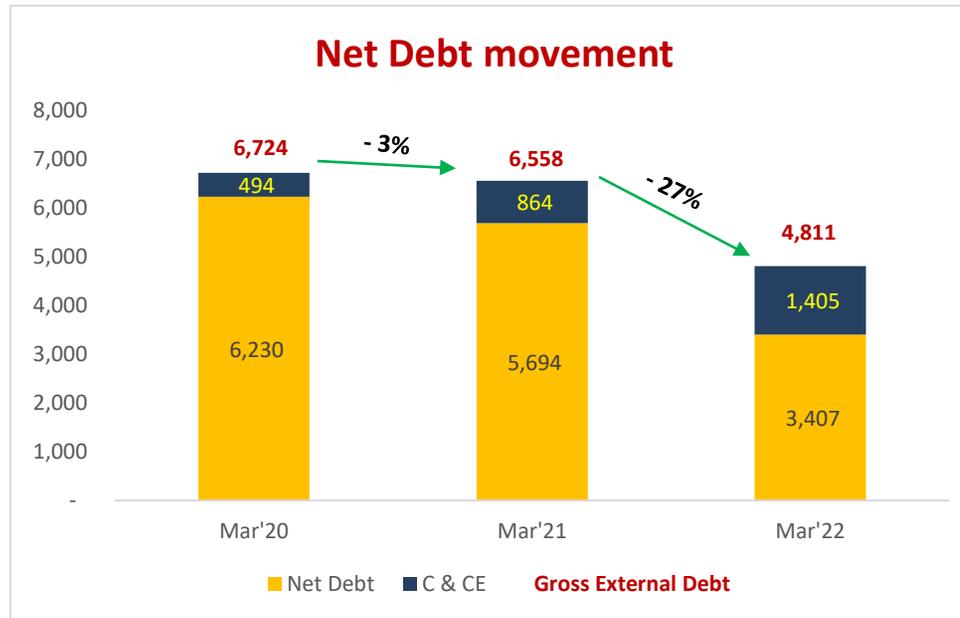
- **Positive cash from operations; Improving trend continues**
- **Strong liquidity even with significant repayment of debt in Q4FY22**
- **Likely additional cashflows from scheduled completion of projects during FY23**

## Consolidated Summary Balance Sheet

Particulars (INR mn)	31-Mar-21	30-Sep-21	31-Mar-22
Fixed Assets	758	728	823
Investments and loans	1,899	1,918	1,810
Inventories	20,261	20,626	22,630
Cash and Bank Balances	814	422	1,405
Other Assets	9,264	9,240	10,746
<b>Total Assets</b>	<b>32,996</b>	<b>32,934</b>	<b>37,414</b>
<b>Less: Liabilities</b> ( <i>Customer advances, trade payables, provisions excl. borrowings</i> )	17,450	18,315	20,674
<b>Net Assets</b>	<b>15,546</b>	<b>14,619</b>	<b>16,740</b>
Equity	8,274	7,668	11,309
Borrowings	7,272	6,951	5,431
- External borrowings	6,558	6,201	4,811
- Inter-company borrowing ( <i>from JVs</i> )	714	750	619
<b>Total Equity + Borrowings</b>	<b>15,546</b>	<b>14,619</b>	<b>16,740</b>

**Strong Balance Sheet further strengthened post IPO with headroom for growth**

# Improving Gearing Ratio and Cost of Debt – Consolidated<sup>1</sup>



<sup>1</sup> As per consolidated financial statements excluding inter-company debt from JVs

<sup>2</sup> Source: Company Presentations



## STRATEGY AND OUTLOOK



- ❑ SPL standing firm on its growth path – proven sales and execution machine delivering strong performance
- ❑ Operating leverage kicking-in, on the back of scale and improving efficiency
- ❑ FY23 to be a promising year with strengthened long-term fundamentals, for the sector and SPL
  - Markets conducive for new launches with improving outlook
  - Opening inventory from ongoing projects at ~5msf currently to drive sustenance sales in FY23
  - Strong project pipeline to support growth momentum
  - Launch pipeline robust with 17 potential projects in FY23;

## Strategic Objectives

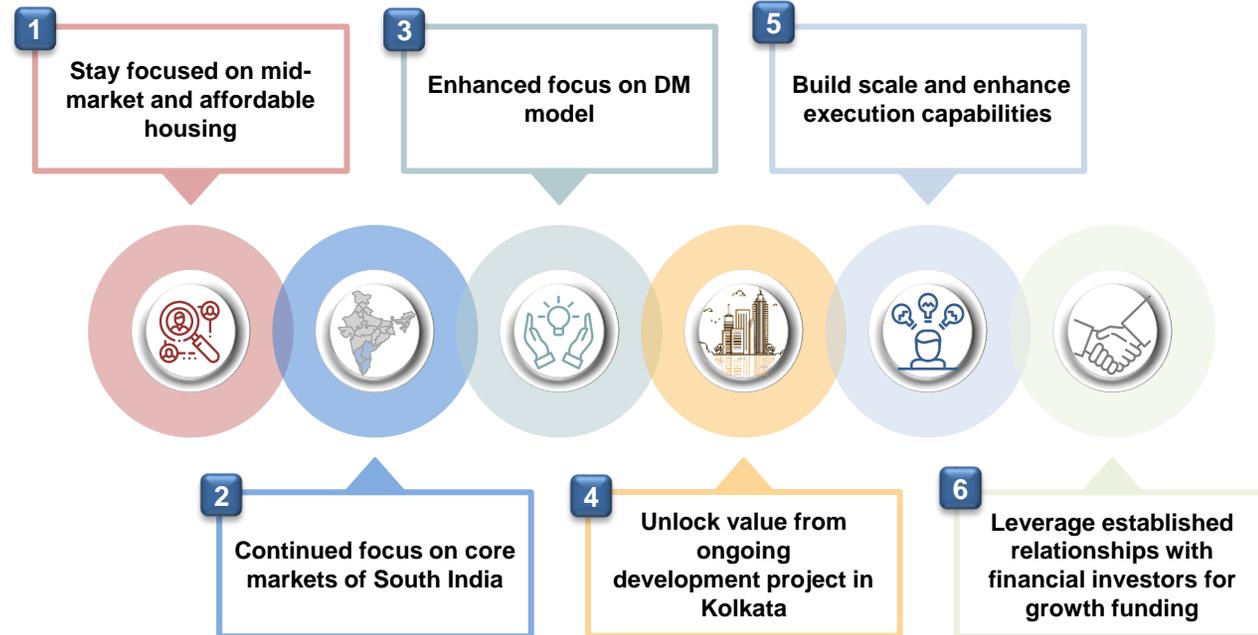
- ❑ Sustain growth momentum: Target 20+ % CAGR in Sales over the next 2-3 years
- ❑ Unlock potential from Kolkata
- ❑ Emphasis on DM
- ❑ Sustain profitability at ~22-25% ; Positive net earnings
- ❑ Improve and sustain RoCE at ~10-15%
- ❑ Cautious entry into new markets – Hyderabad

# Long Term Strategy & Growth Outlook

## SPL Competitive Strengths



## SPL Forward Strategy



## Growth Outlook: FY23-FY25e

### Sales Volume Outlook (msf)



**Supported by 18 Launches in FY23**

*(12 New projects and 6 new phases)*

## A. Project Revenues – Current status of key drivers

Projects	Current Status
Southern Crest	In the process of obtaining Occupancy Certificate ('OC')
Grand One	OC Obtained. Only Sale Deeds to be registered
Summit	In the process of obtaining Occupancy Certificate ('OC')
Park 63 (1A & 1B)	Park63 (1A) OC already received & Park63 (1B) OC expected

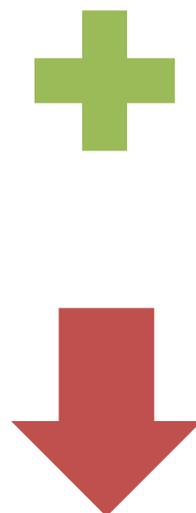
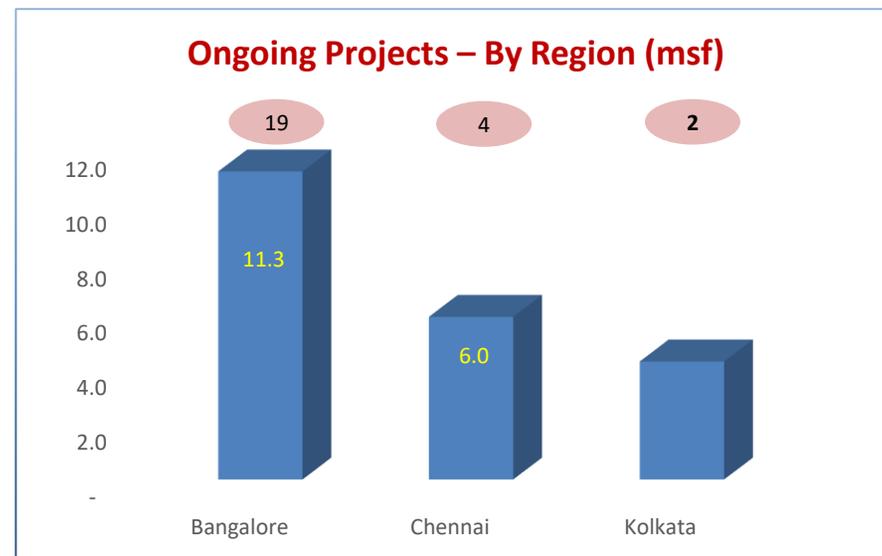
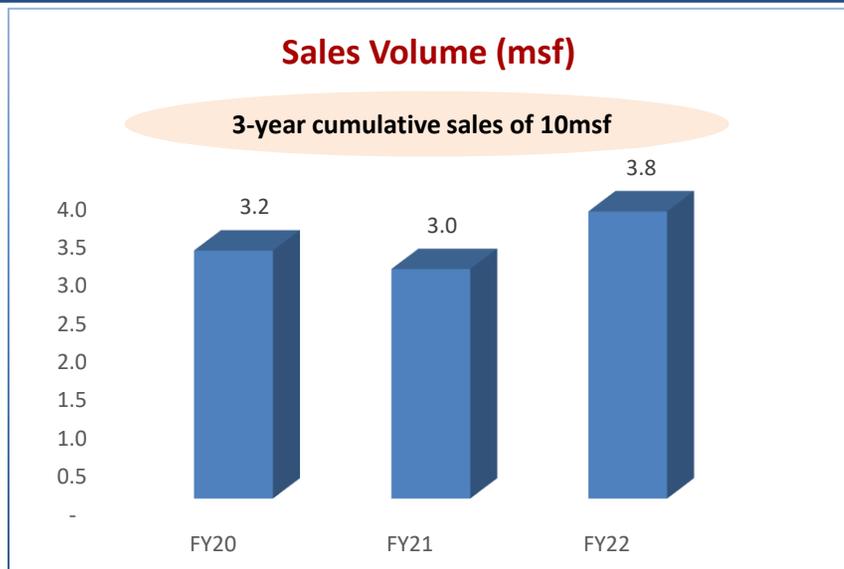
- 62% of FY23 revenues likely from 4 Projects
- 83% revenue share with Gateway Mall
- Bengal FSI Sale not included

## B. DM Revenues – Current Status of key drivers

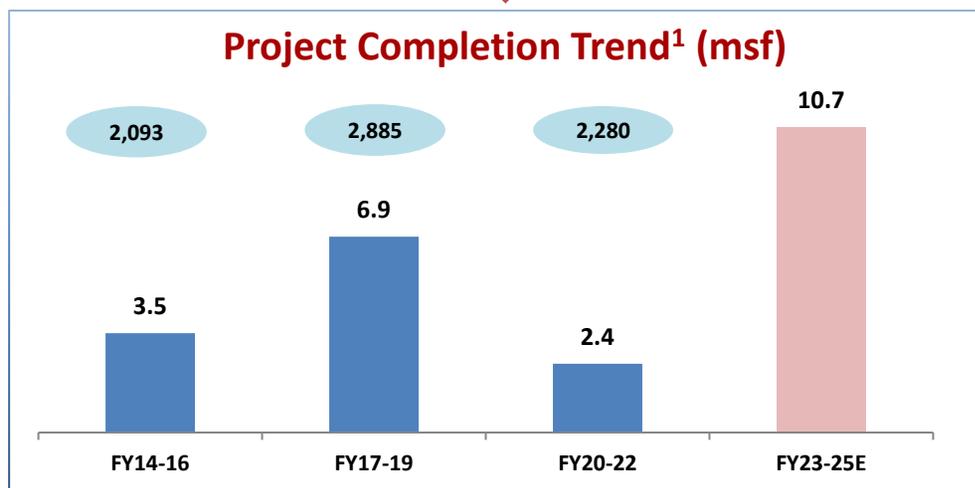
- 11 ongoing DM Projects (out of 15 in the portfolio)
- Ongoing projects likely to account for 67% of FY23 DM Income
- New Projects to add 33% of DM Income

- ~ 70% of aggregate revenues over next 3 years to come from volumes sold as of Mar'22
- ~ 60% of aggregate DM fees over next 3 years to come from projects launched already
- Nearly Rs.3 billion of FCF likely in next 3 years

# Strong Income Recognition Outlook (FY23-25e)



# No. of units handed over



- SPL sold over 10msf in last 3 years
- Construction progress encouraging and most projects on track
- SPL to deliver over 10msf in next 3 years, to support income recognition & earnings

<sup>1</sup> Completed projects based on timing of receipt of Occupancy Certificate while there would be a lag in handing over of individual units

# Unlock Potential from Kolkata

## Project Overview

- ❑ Integrated township in Uttarapara, Kolkata
  - 314 acres of land parcel with 33.54msf of estimated total saleable area

## Development Strategy

- ❑ Focused on developing c.10msf over the next 3-5 years; and
- ❑ Simultaneous focus on monetising remaining land bank

## Development Status Update

- ❑ **Shriram Grand-1:** (2.1msf)
  - Fully sold. Construction in full swing.
  - **Handover commenced; To deliver 600 units in FY23**
- ❑ **Shriram Sunshine:** (2.3msf)
  - Launched in 3 phases; ~95% of Sunshine Phase-1 (0.8msf) sold.
  - Sunshine Phase-2 launched in Dec'21 (0.7msf) and ~26% sold
- ❑ **FSI sale progressing well; MoU with LOGOS, integral part of the strategy**

## LOGOS Deal:

- ❑ Integral part of SPL's strategy of selling land bank to partners for other formats of development
- ❑ MoU entered for a potential sale of up to 90 acres of land; Due diligence underway
- ❑ LOGOS to develop a Logistics Park offering ~ 2.2msf of industrial and warehousing space
- ❑ Expected to generate 50,000 of local direct and indirect jobs in West Bengal
- ❑ Transaction expected to complete during H2FY23



Tower - 22: 12<sup>th</sup> Floor in Progress Tower - 23: 8<sup>th</sup> Floor in Progress Tower - 24: 12<sup>th</sup> Floor in Progress



External painting  
Done – Custer A & B

# Development Management (DM) Model Update

❑ Successfully stabilised development model, now account ~30% of Pipeline

❑ **Sustainable Opportunity:**

- RERA-led changes in the industry are irreversible
- Large opportunity from existing players: smaller developers/land-owners are looking to handover the project to larger player for risk issues
- Fragmented land ownership : small players continue to look for larger, branded players to unlock value from land
- Recent success endorses SPL’s ability to build strong DM pipeline

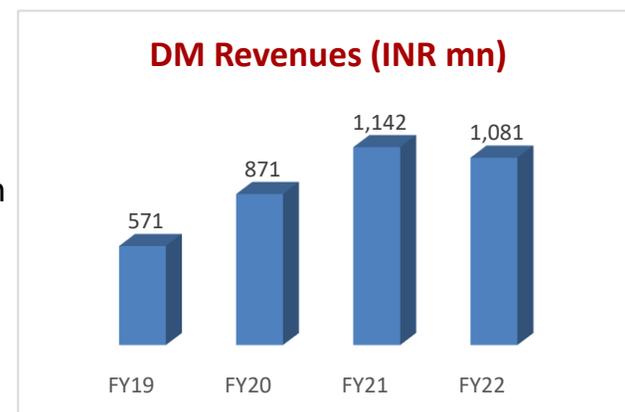
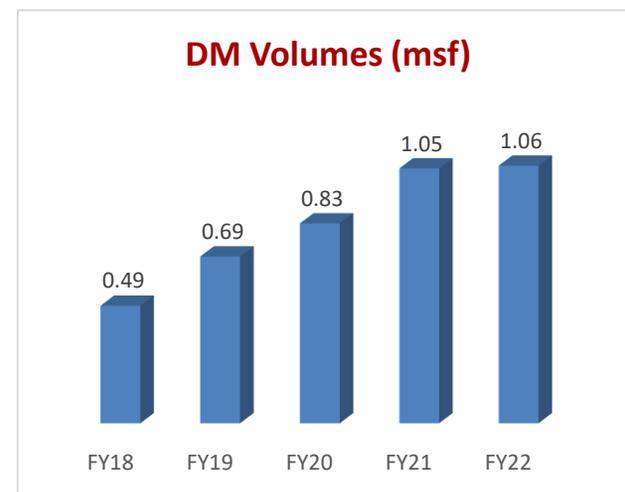
❑ **Scalable Opportunity:**

- Market being vacated by smaller developers is large enough to support significant growth for larger players
- SPL’s model of outsourcing construction & scaling up in-house capabilities for project mgmt. & cost control is key
- SPL has created a strong platform over the last 2-3 years
- Minimal capital investments from the DM partner

❑ **Profitable Opportunity – both for DM operator and landowners**

- Fees ranging from 10%-16% of total project revenues
- Less competition : Large developers are balancing between unlocking value from own land banks and projects
- Low risk profile given low capital investment
- Doesn’t involve land valuation constraints, and provides next best return to landowner after outright purchase

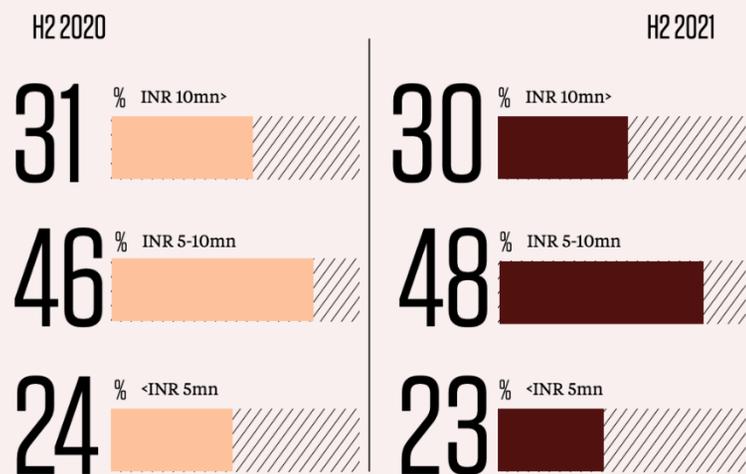
DM Portfolio	# projects	Area (msf)
Completed	1	2.0
Ongoing	12	6.7
PUD	1	0.9
Forthcoming	7	6.9
	<b>21</b>	<b>16.5</b>



## HYDERABAD MARKET SUMMARY

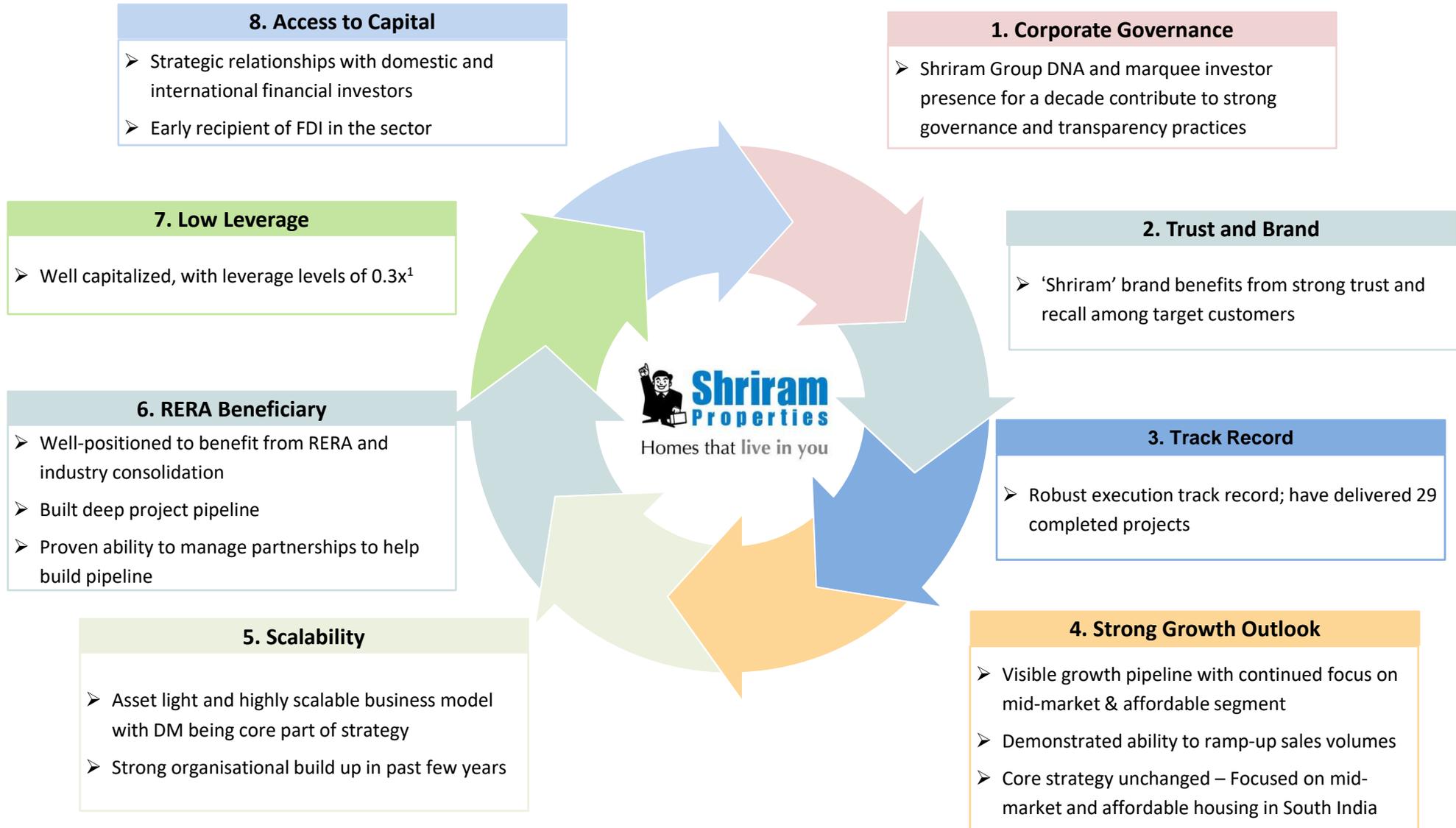
PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	35,736	179%	19,204	126%	9,768	36%
Sales (housing units)	24,318	142.0%	12,344	135%	6,357	74%

## HYDERABAD TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



Source: Knight Frank Research

- Hyderabad was the best performing residential market in 2021 with sales growing by a resounding 142% YoY to 24,318 units in 2021.
- The mid segment of INR 5-10 Mn has constituted the bulk of sales and accounted for 48% in H2 2021 which resonates with SPL's target audience in other operational markets.
- 12,344 housing units were sold in Hyderabad during the second half, an increase of 135% year-on-year.
- Hyderabad's homebuyer base is composed of a substantial Information Technology (IT) workforce which has been largely unaffected by the pandemic.



**Well-positioned to navigate key challenges of the real estate industry**

Note: 1. As of Mar 31, 2022. Net debt calculated as (Gross debt – Cash & cash equivalents). Gross debt excluding unsecured inter-company loans (from JVs)

**THANK YOU**