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Shriram Properties eyeing 25% YoY revenue growth in FY24

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Murali Malayappan Credit: DH Photo

Bengaluru-based real estate player Shriram Properties is on track to register a 25% year-on-year growth in revenue to clock Rs 2,300 crore this financial year, company chairman and managing director Murali Malayappan told DH during an exclusive interaction.

The realty player is also anticipating a 20% surge in its annual sales on the back of a 14% year-on-year rise in housing prices so far, Malayappan added. Industry players attribute this price jump in 2023 to a demand rally accompanied with increase in construction costs.

Malayappan cited an average 5-10% escalation in input costs resulting from the increase in raw material prices, labour wages and interest on capital.

With five residential projects slated to be launched across Bengaluru and Chennai in coming months, the brand is looking to collectively deliver over 4.5 million square feet of saleable area during the fiscal ending on March 31, 2024.

However, in light of the difficulties tied to sustaining profit margins, Malayappan attested to a shifting of focus towards the premium end of the middle housing segment in the future.

“We’ve been dominant in the mid-market segment, (moving) to mid-premium now because That is where the demand is also going up phenomenally well today,” he said.

This comes after 2023 recorded the smallest share of affordable housing units in the overall pie of new launches at 18%, according to data from property consultancy Anarock. Domestic real estate players have persistently advocated for greater concessions in favor of the affordable housing segment.

“The input and output is relative here. With volume, cost also goes up,” Malayappan argued, further elaborating that with a minimum of one bedroom, kitchen and toilet spaced over a smaller area, the number of walls increase in the affordable housing segment, leading to a corresponding rise in the cost of construction.

He listed minimal stamp duty charges, a lower Goods and Services Tax and a single window clearance for regulatory approvals as actionable measures to improve the supply of budget housing units in the country.