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SHRIRAM PROPERTIES REPORTS STRONG FULL YEAR PERFORMANCE



Shriram Properties Limited (“SPL”), announced its financial results for the quarter and full year ended March 31, 2022 (“FY22”). The Company has reported record high sales volumes of 3.76 million square feet (msf) for the full year, up 25% year-on-year (“YoY”) in FY22. The Company had 12 successful launches during the year. The Company has been able to sustain sales momentum over the quarters, despite Covid led interruptions during early part of the year.

Correspondingly, aggregate sales value reached an all-time high of Rs.1,482 crores, up 19% YoY in FY22. Gross collections reached a new high of Rs.1,263 crores, up 37% YoY in FY22, while the construction spend jumped 157% YoY to a record high of Rs.644 crores in FY22, demonstrating continued focus on project execution.

Quarterly performance was impressive on all key parameters as well. Sales volumes stood at 1.17 msf in Q4FY22 while sales value at Rs.479 crores, up 15% QoQ. Quarterly gross collections at Rs.361 crores and construction spend higher at Rs. 221 crores in Q4.

Projects under the Development Management (DM) accounted for 28% of sales volumes and plotted development share was at ~25% during FY22. Average realization on comparable basis (plots and residential) were higher by 8% during H2 compared to levels prevailed during first half of the year.

The Company has reported strong financial performance, with a turnaround in profitability during FY22. Total revenues stood at Rs.517.8 crores despite delayed revenue recognition in a couple of projects. Reflecting lower costs, EBITDA has gone up 51% YoY to Rs.181.5 crores in FY22. The Company was able to sustain the turnaround momentum witnessed in Q3 and reported a sharp turnaround earnings for the full year. Net profit for the year stood at Rs.17.7 crores in FY22.

Project implementation is on track and the Company expects to handover nearly 10 msf over the next 3 years. Nearly 70% of aggregate revenues over the next 3 years would come from cumulative sold volumes as at the end of Mar’22 and nearly 60% DM fee income from DM projects launched already. These should provide strong income recognition potential. Improving operating leverage and rising DM income should help sustain earnings momentum.

The Company is targeting to achieve sales volumes of approx.4.5 msf, supported by over 12 new launches during FY23.

The Company's gross debt dropped 27% YoY to Rs.481.1 crores in Mar'22, while its net debt declined from Rs. 569.4 crores Mar'21 to Rs. 340.7 in Mar'22. The Company's debt-equity is among the lowest in the sector. The Company remains focused on reducing debt levels and interest costs further in the coming years. The Company's return on capital employed (ROCE)has improved to 11% in FY22.

Commenting on the Company's performance, Murali M, Chairman and Managing Director, SPL, said: "It is encouraging to see turnaround in financial performance, consistent with guidance to the markets. Given our thrust on asset light models and strong growth momentum, our ROCE should stabilize at even higher levels from 11% in FY22. Our focused efforts to ramp-up and build scale towards leveraging strong operating platform in recent years is yielding results. We believe, we are on the right path to delivering superior shareholder value in the coming years".