Godrej Properties

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Diet Report

Global Markets Research

Cashing in; repeat performance likely in FY26

03 May 2025

Godrej Properties' (GPL IN) Q4FY25 presales of >INR 100bn beat estimates of INR 78bn, translating into FY25 presales of INR 294bn (GPL's share at 93%), up 31% YoY. The bigger beat was on OCF print – INR 75bn (estimate: INR 61bn, up 73% YoY) in FY25, reflecting strongly on the execution machinery (completions of 18.4msf, up 47% YoY) and profitability (proforma EBIT margin on presales sustaining at ~26%). Presales guidance of INR 325bn (+10% YoY) and collections of INR 210bn (up ~25% YoY) imply a repeat of the OCF construct (of at least INR 75bn), offering room to beat business development (BD) guidance of INR 200bn while containing leverage levels.

GPL plans to launch projects worth INR 400bn in FY26, with sizeable fast-moving launches front-ended in H1FY25, including Devanahalli (Bengaluru), Sector 39 (Gurugram), Versova (Mumbai), Vastrapur (Ahmedabad) and plotted development in Indore (cumulatively amounting to a pipeline of > INR 100bn). This along with high sustenance sales evident in Q4 is set to sustain the momentum. Overall, we like GPL's strategy, given: 1) the strong micro market selection, 2) margin-accretive project addition, 3) increasing economic share, and 4) deepening footprints in existing markets and expansion beyond top 6-7 markets. **Reiterate Buy.**

NCR retains the lead in presales mix, while MMR is closing the gap: Area sold and presales grew 29% and 31%, respectively in FY25. This was aided by 29msf of new launches, amounting to a launch value of INR 366bn. Notably, 12 projects across six markets registered a booking value exceeding INR 10bn. Overall, NCR retained its lead in presales mix at 36%, followed by MMR at 27% and Bengaluru at 17%. The launch pipeline of INR 400bn includes the ~INR 100bn Worli (Mumbai) launch, likely to increase the share of MMR in overall presales mix in FY26. We view upside risks to FY26 presales guidance of INR 325bn, emanating from unbaked launches of Ashok Vihar (NCR) and Bandra project (MMR), amounting to a gross development value of ~INR 200bn.

High cashflow constructs offer room to sustain BD momentum with limited strain on leverage parameters. GPL closed FY25 business development (BD) at INR 265bn, beating guidance by 32%. Notably, all the acquisitions are on an outright basis. The OCF construct of at least INR 75bn underscored by ~25% growth in collection guidance for FY26 offers availability of growth capex and sustaining momentum in business development. Additionally, the leverage parameters of net debt at < INR 100bn (FY25: INR 33bn) supports strong BD in the medium term.

Reiterate Buy with March 2026E TP at INR 3,700: We like GPL's strategy, given: 1) the strong micro market selection, 2) margin-accretive project addition, 3) increasing economic share, and 4) deepening footprints in existing markets and expansion beyond top 6-7 markets. Our March 2026E TP stands at INR 3,700. The residential business is valued at 12.0x (versus 17.0x) EV/EBITDA (embedded), which is at a ~50% discount to a leading residential pure play that also benefits from a sizeable land reserve.

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Conference call highlight

Management commentary and strategic highlights

- **Record quarterly booking value**: GPL achieved its highest-ever quarterly booking value in Q4 FY25 at INR 101.63 bn, reflecting a remarkable 87% QoQ growth and a 7% YoY increase. This was driven by the sale of 3,173 homes, covering 7.52mn sqft, underscoring continued strong consumer demand and GPL's execution strength. Notably, this quarter marked the seventh consecutive quarter of booking values exceeding INR 50bn, reinforcing consistent performance across market cycles.
- **High-impact launches driving growth:** A major contributor to the quarter's success was the launch of 12 new projects/phases across five cities. These included standout projects such as Godrej Riverine in Noida (INR 22.06bn), Godrej Astra in Gurugram (INR 13.23bn), and the company's first project in Hyderabad, Godrej Madison Avenue (INR 10.81bn). These launches helped GPL build significant momentum, supported by its strategy of catering to high-demand micro-markets with differentiated products.
- **Full-year pre-sales leadership:** For the full-year FY25, GPL recorded a booking value of INR 294.44bn, marking a 31% YoY growth, supported by 25.73mn sq-ft of volume, up 29% YoY. This made GPL the highest among all listed Indian developers in both booking value and volume. The management's commentary underscored that strong execution, strategic capital deployment, and robust product-market fit were core reasons behind this market-leading performance.

Financial performance and cash flow strength

- **Strong collections reflecting healthy customer confidence:** Customer collections stood at INR 69.61bn in Q4FY25, a sharp 127% QoQ and 48% YoY increase, signaling timely cash inflows backed by execution progress. For the full year, collections totaled INR 170.47bn, rising 49% YoY, and surpassing the annual guidance by 14%, indicating both conservative planning and strong customer trust in GPL's delivery.
- **Record operating cash flows and strategic fundraising:** Operating cash flows touched a record INR 40.47bn in Q4, up 559% sequentially and 55% YoY, while full-year cash flow reached INR 74.84bn, growing 73% YoY. These inflows were strategically supplemented with a QIP of INR 60bn raised in December 2024, enhancing GPL's financial capacity to pursue new business development, reduce leverage, and reinforce its balance sheet.

Sales distribution and market-wise strength

- **Balanced regional growth and diversification:** Sales growth was well distributed across key markets. The NCR led with INR 105.23bn in booking value, followed by Mumbai at INR 80.34bn and Bengaluru at INR 50.89bn. This shows a pan-India growth pattern, with no over-reliance on a single geography. The management highlighted that only 27% of sales came from Mumbai and the largest project contributed just 13%, demonstrating robust diversification and a de-risked sales approach.
- **Widespread project success across cities:** GPL achieved sales of INR 10bn+ in 12 different projects across six cities, further showcasing strong product acceptance and brand pull nationwide. The company continues to gain market share, with a current standing of 4.3% across the top seven cities, and a vision to scale this up to double digits in the medium term, backed by robust demand, brand equity, and execution reliability.
- **Strong year in NCR, sustained growth in Mumbai, expansion in South and West:** NCR sales crossed INR 100bn for the second year in a row, with a consistent 'launch and pricing' strategy. Mumbai posted a strong 40% CAGR over five years, while Bengaluru and Pune, despite smaller current bases, are projected to grow significantly, with a large Bengaluru project already launched in April FY26 (expected to contribute meaningfully in the coming quarters).

FY26 outlook and strategic guidance

- **Pre-sales and launch targets:** For FY26, GPL has provided a conservative yet strong booking guidance of INR 325bn, up 20% versus its FY25 guidance and ~10% higher than actual FY25 achievement. The company plans to launch over INR 400bn worth of inventory this year, with adequate buffers included to offset any unforeseen delays.
- Projects such as **Ashok Vihar** are expected to be launched during the year, while **Bandra** project may move to FY27, based on regulatory approvals and market timing.
- **Approach to execution and planning:** The management emphasized that GPL's philosophy is to under-promise and overdeliver, citing FY25 launch guidance of INR 300bn being exceeded by actual launches of INR 360bn. The FY26 plan includes a healthy mix of premium, mid-income, and plotted projects, catering to varied demand pockets, which should help maintain healthy volume and pricing growth.

Business development momentum and delivery

- **Strong BD pipeline with future monetization potential:** GPL added 14 new projects in FY25 with a combined saleable area of 19mn sq-ft, and an estimated booking value potential of INR 264.50bn. Of these, two projects added in Q4 contributed INR 30bn. This reflects 132% achievement of GPL's FY25 business development target, ensuring future revenue visibility and a steady supply of fresh inventory.
- **Record deliveries enhancing credibility:** Deliveries touched 18.4mn sq-ft across five cities in FY25, a robust 47% YoY growth. This supports strong customer confidence and allows for better cash realization. The management reiterated that timely delivery remains a cornerstone of GPL's brand promise and competitive advantage in a consolidating market.

Demand outlook, pricing trends and consumer sentiment

- **Balanced contribution from volume and pricing:** Booking value growth in FY25 was equally driven by a 29% volume increase and improved pricing. The management expects a similar pattern going forward, with pricing influenced by project types. For example, premium developments such as Godrej Golf Links enhance average realization, while plotted projects bring strong conversion but at lower price points.
- **Sales conversion, scheme use, and market health:** Average conversion rates from walk-ins remain healthy at 10–15%, depending on the product and location. GPL uses subvention schemes sparingly — mostly for older or less liquid inventory — and such schemes account for only low single-digit of total sales. This conservative approach supports healthy receivables and limits risk exposure.
- **Macro confidence and industry tailwinds:** The management expressed strong optimism about the Indian housing market's long-term prospects, supported by rising incomes, improved consumer sentiment, and demand consolidation around credible, branded players. GPL is strategically positioned to benefit from this trend, as its brand, scale, and execution track record make it a preferred choice for homebuyers.

Exhibit 1: Cashflow

(INR mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Sales value	50,340	57,200	95,190	86,370	51,980	54,460	1,01,630	*6.8*	*86.6*
Sales volume (msf)	5.2	4.3	8.2	9.0	5.2	4.1	7.5	(8.3)	84.8
Collections	23,780	24,110	46,930	30,120	40,050	30,690	69,610	48.3	126.8
Total operating cash inflow	**26,560**	**27,180**	**53,330**	**34,450**	**43,380**	**34,560**	**76,390**	43.2	121.0
Construction and related outflow	(9,110)	(9,560)	(12,850)	(11,200)	(11,580)	(14,130)	(18,090)		
Other project related outflow	(9,340)	(9,640)	(14,400)	(13,370)	(13,460)	(14,290)	(17,830)		
Net operating cashflow	**8,110**	**7,980**	**26,080**	**9,880**	**18,340**	**6,140**	**40,470**	55.2	559.1
Interest and corporate taxes	(2,510)	(2,150)	(2,730)	(2,230)	(5,210)	(2,100)	(2,450)		
Land & approval related outflow	(13,890)	(12,500)	(11,510)	(19,690)	(16,820)	(26,840)	(26,780)		
Advance to JV partners and others	(130)	(370)	(170)	(60)	(310)	(120)	(430)		
Adjustment for JV projects	(90)	210	(4,680)	900	1,090	1,250	(4,130)		
Total net GPL cashflow	**(8,510)**	**(6,830)**	**6,990**	**(11,200)**	**(2,910)**	**(21,670)**	**6,680**		
Core FCFF	**8,020**	**8,190**	**21,400**	**10,780**	**19,430**	**7,390**	**36,340**	69.8	391.7
Net debt	61,740	69,030	61,980	74,320	75,720	38,480	32,690	(47.3)	(15.0)
Equity	94,590	95,220	99,930	1,05,130	1,08,500	1,69,343	1,73,120		
Net debt / equity	65.3	72.5	62.0	70.7	69.8	22.7	18.9		

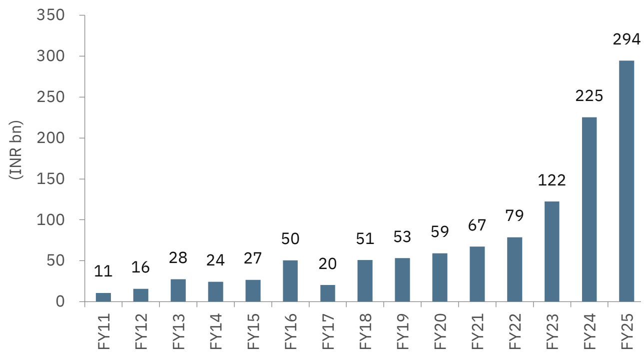
Source: Company, Elara Securities Research

Exhibit 2: Profit and loss summary

(INR mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Revenue	**5,710**	**5,240**	**19,520**	**16,380**	**13,430**	**12,220**	**26,460**	35.6	116.5
Growth (%)	(56.6)	(8.2)	272.5	(16.1)	(18.0)	(9.0)	116.5		
Adj. EBITDA	**1,780**	**1,670**	**7,170**	**8,520**	**3,290**	**3,090**	**6,750**	(5.9)	118.4
Adj. EBITDA margin (%)	31.2	31.9	36.7	52.0	24.5	25.3	25.5		
PAT	**670**	**620**	**4,710**	**5,200**	**3,350**	**1,630**	**3,820**	(18.9)	134.4
PAT margin (%)	11.7	11.8	24.1	31.7	24.9	13.3	14.4		

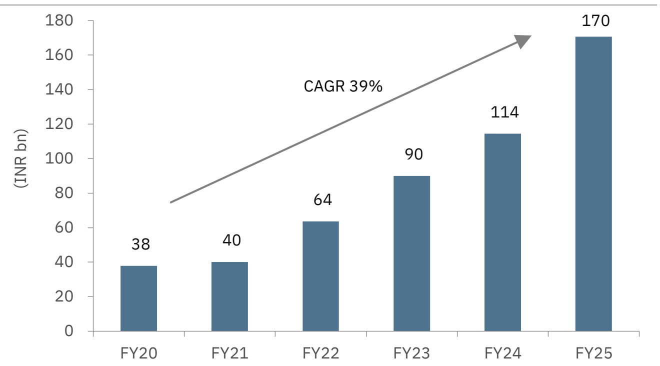
Source: Company, Elara Securities Research

Exhibit 3: Significant ramp-up in scale; presales CAGR at 55% in FY22-25



Source: Company, Elara Securities Research

Exhibit 4: Record collections CAGR of 39% during FY22-25



Source: Company, Elara Securities Research

Exhibit 5: Outperformed FY25 guidance across all fronts; sets confident FY26 outlook

Particulars (INR mn)	FY25 guidance	FY25 actual	Achievement (%)	FY26 guidance
Launch value	3,00,000	3,66,000	122	4,00,000
Presales	2,70,000	2,94,440	109	3,25,000
Collections	1,50,000	1,70,470	114	2,10,000
Deliveries (mn sf)	15	18	123	10
Business development	2,00,000	2,64,500	132	2,00,000

Source: Company, Elara Securities Research

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