

Godrej Properties Ltd.

February 5, 2025

CMP: INR 2299 | Target Price: INR 3504 | Potential Upside: 52%

BUY

Change in Estimates	✓
Target Price Change	✓
Change in Recommendation	✗

Company Info

BB Code	GPL IN EQUITY
Face Value (INR)	5
52 W High/Low (INR)	3400/2082
Mkt Cap (Bn)	INR 720.1 / \$8.3
Shares o/s (Mn)	301.2
3M Avg. Daily Volume	8,04,658

Actual vs Consensus

INR Bn	Q3FY25A	Consensus	Dev.%
Revenue	9.7	10.6	-9%
EBITDA	0.3	0.8	-63%
EBITDAM %	2.8%	-0.01	-384%
PAT	1.6	3.2	-51%

Key Financials

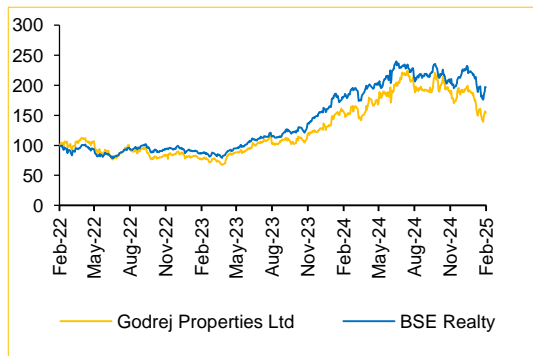
INR Bn	FY23	FY24	FY25E	FY26E	FY27E
Presales	1,22,320	2,25,270	3,04,115	3,64,937	4,19,678
YoY (%)	-	84%	35%	20%	15%
Collections	89,910	1,14,360	1,65,822	1,98,986	2,38,784
YoY (%)	-	27%	45%	20%	20%
Average selling price	8,042	11,264	11,939	12,536	13,163
YoY (%)	-	40%	6%	5%	5%
Operational cash flow	35,330	43,340	41,721	77,651	1,16,415
YoY (%)	-	23%	-4%	86%	50%

Shareholding Pattern (%)

	Dec-24	Sep-24	Jun-24
Promoters	46.5	58.5	46.5
FIIIs	30.9	28.3	29.9
DIIIs	9.4	7.1	5.6
Public	13.3	6.1	5.9

Relative Performance (%)

YTD	3Y	2Y	1Y
BSE REALTY	97	128	10
GPL	59	108	0



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Moderate growth in Presales due to approval delays, however a strong Q4FY25 backed by launches would continue its strong growth trajectory:

- Q3FY25 Presales at INR 54,460 Mn, down 5% YoY and up 5% QoQ (vs CEBPL est. INR 59,253 Mn).
- Collections for Q3FY25 were at INR 30,690 Mn, up 27% YoY and down 23% QoQ (vs CEBPL est. INR 31,932 Mn).
- Average selling price was INR 13,381 per sqft, up 2% YoY and 33% QoQ.
- Net operational cash flow was INR 6,150 Mn, down 23% YoY and 66% QoQ.
- GPL has a strong launch portfolio planned for Q4FY25, including projects in Hyderabad, Noida, Bangalore, Pune, Mumbai, and Gurgaon. The first project in Hyderabad is going well so far, and early signs for the new project in Noida are very positive.

GPL has outperformed its FY25 guidance on all fronts: GPL has achieved 71% of its presales guidance of INR 2,70,000 Mn, 67% of its customer collection guidance of INR 1,50,000 Mn and has delivered 11 msft, which is 79% of its guidance of 15 msft. In addition, GPL has done business development of INR 2,34,500 Mn, achieving 117% of its guidance of INR 2,00,000 Mn.

Fund raise to bolster business development: GPL successfully completed its QIP of INR 60,000 Mn, which will go a long way in supporting business development going forward while maintaining a strong balance sheet. GPL's net debt/equity ratio has reduced to 0.23 from 0.74 earlier, which leaves room for GPL to aggressively increase its launch pipeline which will sustain presales growth.

Valuation: We arrive at a target price of INR 3,504, using discounted cash flow method.

GPL Particulars	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
Presales	54,460	57,200	(5)	51,980	5
Presales (msft)	4.1	4.3	(6)	5.2	(21)
Residential collections	30,690	24,110	27	40,050	(23)
Average price realisation	13,381	13,180	2	10,093	33
Net OCF	6150	7980	(23)	18340	(66)
Net sales (incl OOI)	9,689	3,304	193	10,932	(11)
Cost of sales	4,731	1,051	350	6,123	(23)
Employee expenses	1,140	801	42	1,079	6
Other operating expenses	3,543	1,869	90	3,412	4
EBITDA	275	(416)	(166)	319	(14)
EBITDA margin	3%	-13%	(123)	3%	(3)
Depreciation	177	142	25	183	(3)
EBIT	99	(557)	(118)	136	(28)
Other income	2,711	2,179	24	2,533	7
Interest cost	424	430	(1)	446	(5)
Share of profit/ loss from JV	(183)	(245)	(25)	(32)	478
PBT	2,203	947	133	2,192	0
Tax	621	319	94	(1,145)	(154)
RPAT	1,582	627	152	3,338	(53)
EPS	5.3	2.3	133	12.0	(56)
Margin Analysis	Q3FY25	Q3FY24	YoY (bps)	Q2FY25	QoQ (bps)
Gross margin (%)	51	68	(1,704)	44	718
Employee exp. % of Sales	12	24	(1,246)	10	190
Other Op. exp % of Sales	37	57	(2,000)	31	535
EBITDA margin (%)	3	(13)	1,542	3	(7)
Tax rate (%)	28	34	(557)	(52)	8,042
APAT margin (%)	16	19	(265)	31	(1,420)

Management Call - Highlights

Strong operational performance

- Sustenance sales to support collections along with new launches.
- A couple of new project launches, including Godrej Madison Avenue in Hyderabad and Godrej Riverine in Sector 44 in Noida, were initially planned for Q3FY25 but were launched in the early part of Q4FY25.
- Consistent growth in presales: Achieved over INR 50,000 Mn in presales for the sixth consecutive quarter across 5 cities in India.
- Record 9 month performance: Collections was INR 1,00,860 Mn, marking a 50% YoY growth and operating cash flow was INR 34,360 Mn, reflecting a 99% YoY growth.
- Added 12 new projects in the year 2025, encompassing an estimated saleable area of 16.9 msft with a potential booking value of INR 2,34,500 Mn

Outlook:

- The CEO suggests that there was some level of "frothiness" in some markets 6-12 months ago, but it has calmed down and demand is still strong. There is always strong demand for ticket sizes between INR 10 Mn to INR 50 Mn, regardless of the market cycle.

Balanced regional growth: In 9MFY25, Bengaluru and Mumbai sales have doubled in the first three quarters and GPL has started penetrating the Hyderabad market, which is expected to deliver strong initial results.

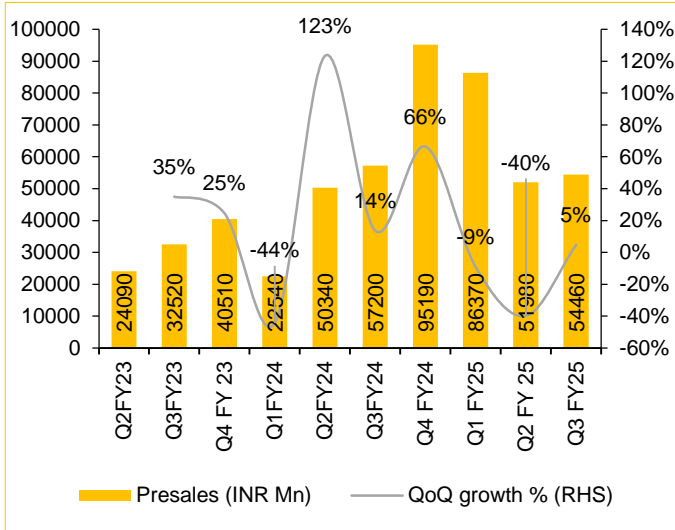
Upcoming key launches:

- Pune: A new project in Hinjewadi, following last quarter's highest-ever launch in Pune.
- Indore: Planned plotted development project.
- Kolkata: Development near a recent plotted acquisition.
- Mumbai: Multiple launches including Carmichael, Vashi, Bandra, and a retail phase.
- Major projects in Noida (Sector 44), Gurgaon (Golf Course Road)

Business development:

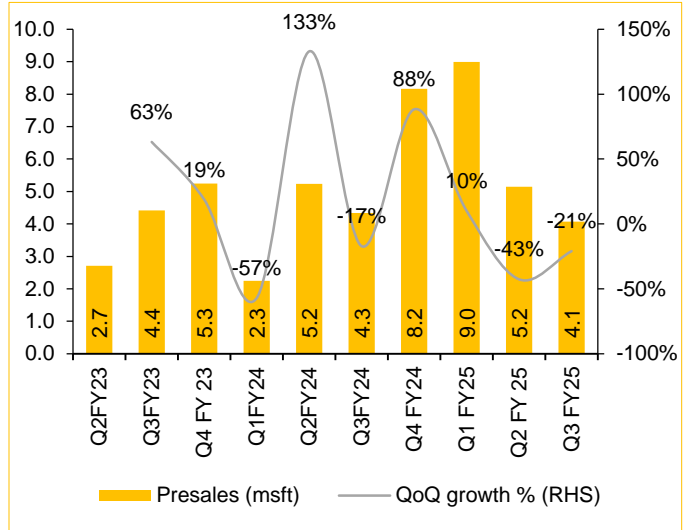
- GPL's business development has been aggressive, with a focus on acquiring new projects, but with a pause in between to wait for the right opportunities and valuations.
- Management expects to see a lot of growth and acquisitions in the next few quarters, but the timing may be lumpy.

Presales (INR Mn) declined 5% YoY and increased 5% QoQ



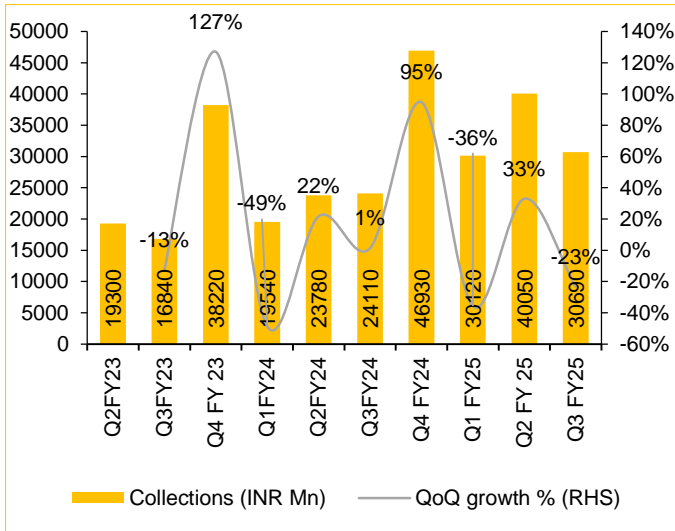
Source: Company, CEBPL

Presales (msft) declined 6% YoY and increased 21% QoQ



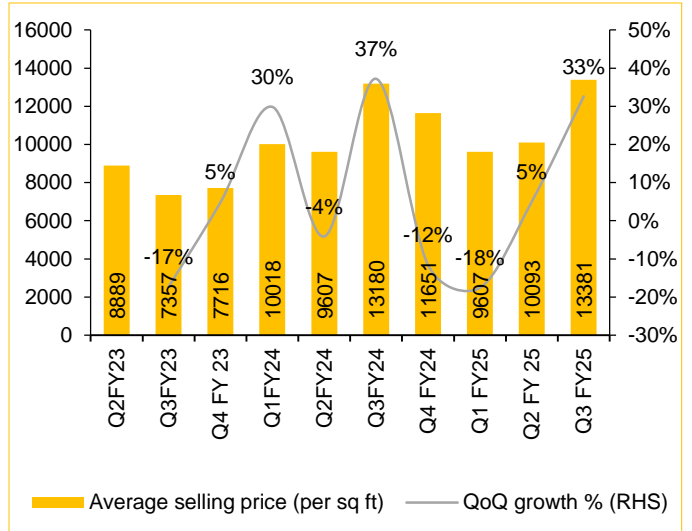
Source: Company, CEBPL

Collections increased 27% YoY and declined 23% QoQ



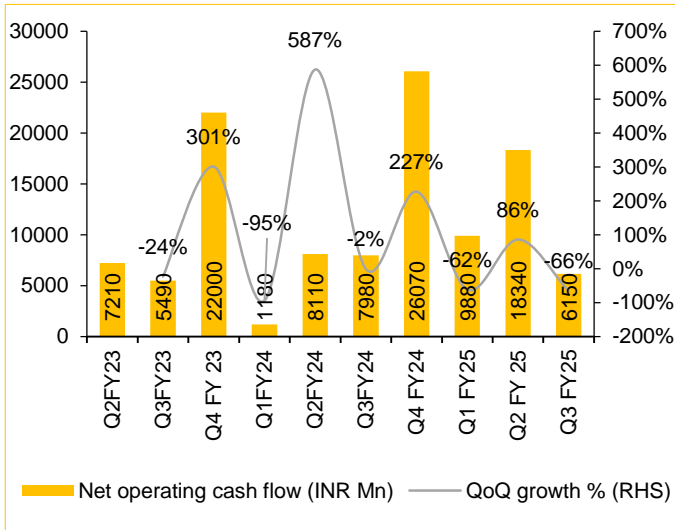
Source: Company, CEBPL

Average selling price increased 2% YoY and 33% QoQ



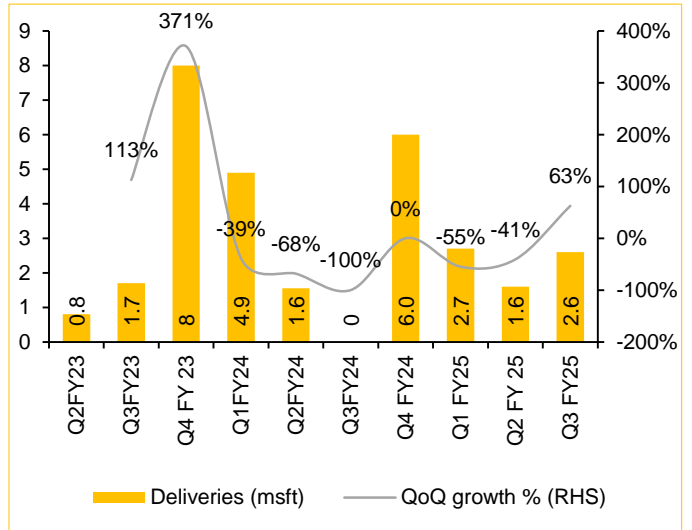
Source: Company, CEBPL

Net operating cash flow increased by 66% QoQ



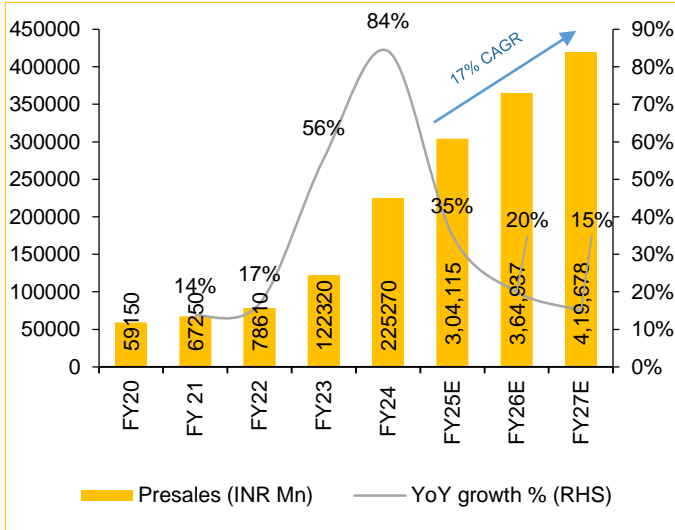
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Deliveries (msft) increased substantially by 63% QoQ



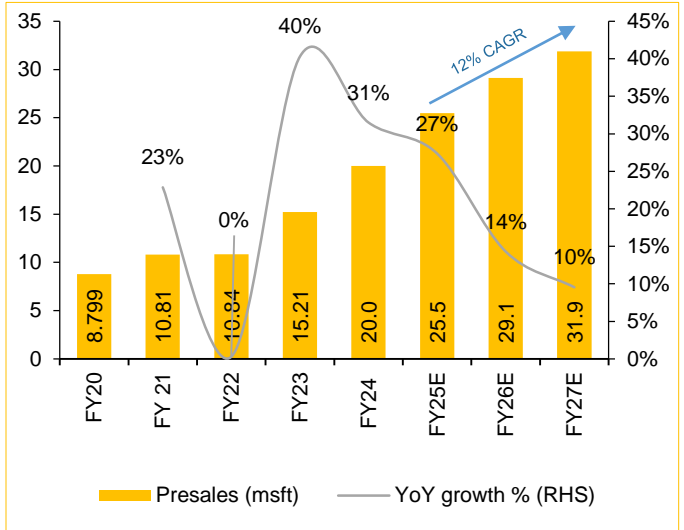
Source: Company, CEBPL

Presales (INR Mn) to grow at 20% CAGR from FY25- FY27



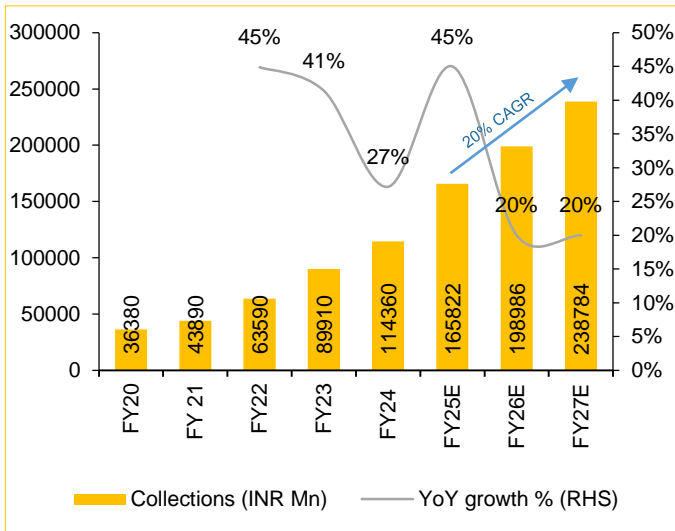
Source: Company, CEBPL

Presales (msft) to grow at a 14% CAGR from FY25-27



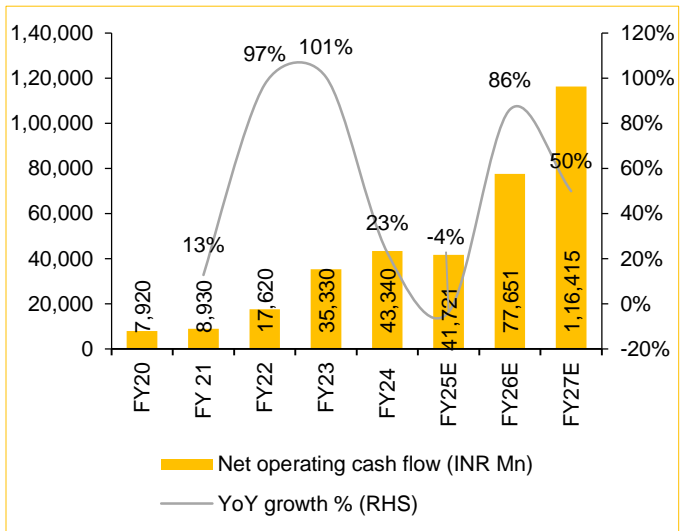
Source: Company, CEBPL

Growth in collections to support operational cash flows



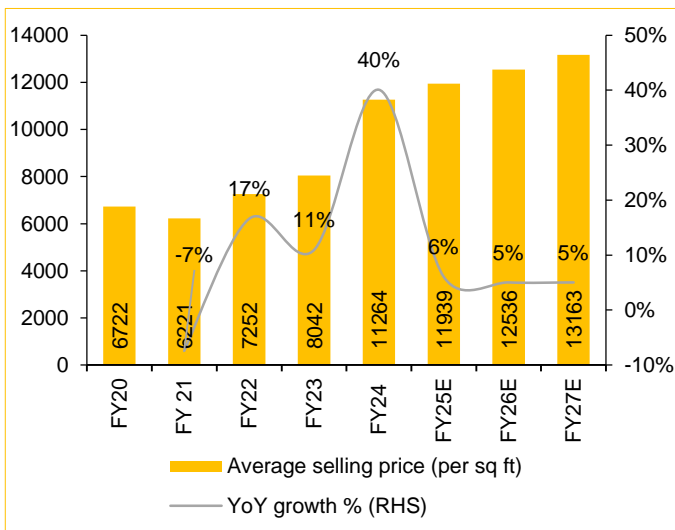
Source: Company, CEBPL

Robust operational cash flows to support investments



Source: Company, CEBPL

Average selling price to consistently rise from FY25



Source: Company, CEBPL

Cash Flows (Consolidated in INR Mn)

Particular	FY23	FY24	FY25E	FY26E	FY27E
Total operating cash inflow	1,04,830	1,29,400	1,57,284	2,38,223	3,01,073
Construction and related outflow	(35,750)	(40,930)	(54,741)	(80,286)	(92,329)
Other project related outflow	(33,750)	(45,130)	(60,823)	(80,286)	(92,329)
Net operating cash flow	35,330	43,340	41,721	77,651	1,16,415
QIP inflow			59,960		
Interest and corporate taxes	(6,970)	(9,440)	(12,165)	(14,597)	(16,787)
Land & approval related outflow	(47,270)	(53,640)	66,905	80,286	92,329
Advance to JV partners and others	(1,350)	(1,800)	(750)	(10,948)	(12,590)
Adjustment for JV projects	(12,300)	(2,910)	(9,123)	(10,948)	(12,590)
Other Ind AS Adjustments	700	(1,060)	(9,123)	(10,948)	(12,590)
Total net GPL cashflow	(31,860)	(25,510)	1,37,425	1,10,495	1,54,186
Net debt	36,490	61,980	38,480	28,480	28,480
Equity	92,872	95,450	95,450	95,450	95,450
Net debt/ equity	0.4	0.6	0.4	0.3	0.3

Source: Company, CEBPL

Launch Pipeline FY25

City	Expected Launch Area (mnsft)	H1FY25 Launch Area (mnsft)	Expected Launch Value (Rs. Mn)	9MFY25 Launch Value (Rs. Mn)	Achievement
MMR	5.5	6.8	95,000	67,500	71%
NCR	4.1	4.1	92,000	76,000	83%
Bengaluru	5.1	5.2	49,000	49,000	100%
Pune	4.5	3.1	37,000	28,500	77%
Others	2.7	1.8	27,000	15,000	56%
Total	21.9	21.0	3,00,000	2,36,000	79%

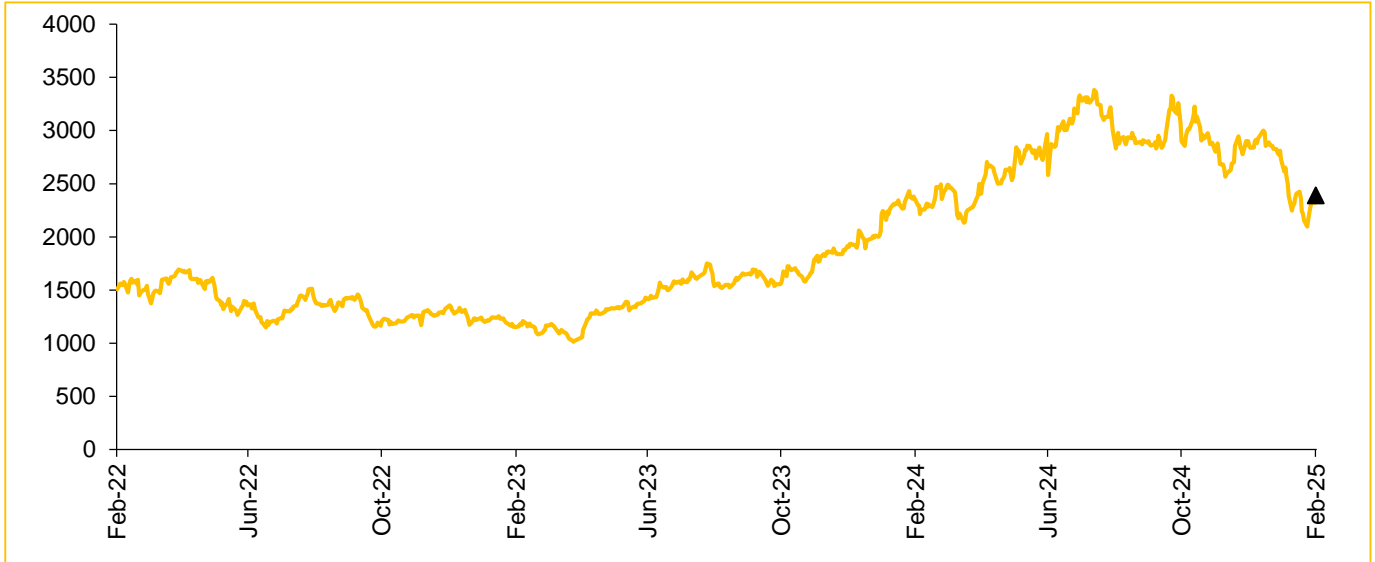
Source: Company, CEBPL

FY25 Guidance and Achievement (Rs. Mn)

Particulars	FY 24 Actual	FY 25 Guidance	9MFY25 Actual	Achievement
Booking Value	2,25,270	2,70,000	1,92,810	71%
Cash Collection	1,14,360	1,50,000	1,00,860	67%
Deliveries (msft)	12.5	15.0	11.9	79%
Business Development	2,12,250	2,00,000	2,34,500	117%

Source: Company, CEBPL

Historical price chart: GPL



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BUY	The security is expected to generate upside of 15% or more over the next 12 months
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