

**BSE Code:** 533150    **NSE Code:** GODREJPROP    **Reuters Code:** GODR.NS    **Bloomberg Code:** GPL:IN

Established in the year 1990, Godrej Properties Ltd. (GPL) is a real estate entity of the Godrej Group (subsidiary of Godrej Industries Ltd). The company is engaged in the construction of residential and commercial spaces along with managing other construction projects as a development manager. GPL's present project portfolio stands at 95 million square feet (msf) spanning across 12 Indian cities including Chandigarh, Gurgaon, Ahmedabad, Kolkata, Nagpur, Mumbai, Pune, Hyderabad, Mangalore, Bengaluru, Chennai and Kochi.

## Key Developments

### Business model of GPL and current project pipeline:

GPL works on a business model based on Joint Development Agreements (JDAs) for sourcing land. It leases land from third party, undertakes construction and then sells the projects. The agreements are generally based on revenue and profit sharing. The JDAs constitute ~67% of GPL's total projects.

GPL's current project portfolio stands at 95 msf spread across 12 Indian cities. With the JDA model in place the company's share in the overall revenue is ~60% of the overall portfolio.

### Higher other income triggered 20.6% YoY growth in its consolidated net profit in Q1FY16:

The company witnessed 28.4% YoY decline in its top-line to Rs. 237.6 Crores in Q1FY16 from Rs. 331.8 Crores in Q1FY15 mainly impacted by lower revenue generation as there was no new construction project undertaken. However, EBITDA increased by 24.7% YoY to Rs. 55.2 Crores. EBITDA margin saw a 990 bps expansion and was reported at 23.2% in Q1FY16. PAT for the quarter under review was reported at Rs. 55.0 Crores, a 20.6% YoY growth due to higher other income arising from sale of assets. PAT margin increased by 940 bps and stood at 23.2% in Q1FY16.

### Execution level increased to 3.5 msf in FY15:

GPL delivered 3.5 msf of space in FY15 as compared to 0.9 msf in FY14. The delivery included 2.7 msf of residential and 0.8 msf of commercial space across five cities. Besides, GPL has increased construction costs viz-a-viz new launches. The construction costs now account for ~50% of the sales value.

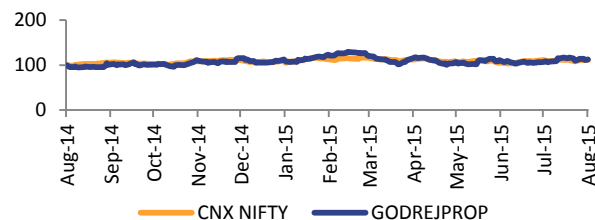
## Market Data

<b>CMP (₹)</b>	<b>319</b>
Face Value	5.0
52 week H/L (₹)	330.7/220
Adj. all time High (₹)	815
Decline from 52WH (%)	3.5
Rise from 52WL (%)	44.9
Beta	1.4
Mkt. Cap (₹Cr)	6,353
Enterprise Value(₹Cr)	8,947

## Fiscal Year Ended

	FY13A	FY14A	FY15A
<b>Net Sales (₹cr)</b>	1,037.1	1,179.2	1,843.1
<b>Net Profit (₹cr)</b>	138.4	159.4	191.0
<b>Share Capital (₹Cr)</b>	78.0	99.1	99.7
<b>EPS (₹)</b>	8.9	8.0	9.6
<b>P/E (x)</b>	59.8	25.3	33.3
<b>P/BV (x)</b>	5.8	2.3	3.4
<b>ROE (%)</b>	9.6	9.9	10.5

## One year Price Chart



Shareholding	Jun15	Mar15	Diff.
<b>Promoters</b>	74.9	74.9	0.0
<b>DII</b>	1.0	1.2	(0.2)
<b>FII</b>	10.3	10.0	0.2
<b>Others</b>	13.9	13.9	0.0

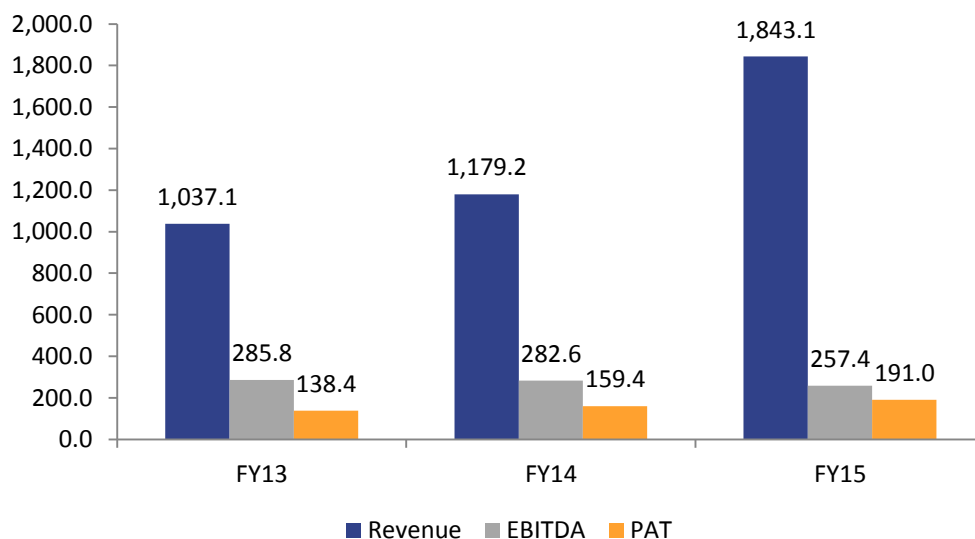
*Godrej Properties Ltd. (GPL) came into existence in 1990. It is a part of a global conglomerate, the Godrej Group. The company operates in the Construction and Contracting division.*

## Company Overview

Incorporated in 1990, Godrej Properties Ltd. is a part of the Godrej Group of companies (subsidiary of Godrej Industries Ltd.), operating in India. The company is engaged in construction & contracting in the real estate sector.

Currently, the business focuses on residential (apartments, villas and plotted developments), commercial (including corporate office blocks, built-to-suit facilities, technology parks and campuses) and township developments. Its residential portfolio consists of accommodations of varying sizes. The commercial portfolio includes building office space catering to blue-chip Indian and international companies, IT parks catering to the requirements of IT/ITES companies and retail space. Township portfolio includes integrated townships consisting of residential and commercial developments. The company undertakes projects through in-house teams and by partnering with companies with domestic and international operations. It is operational in 12 cities across India including Chandigarh, Gurgaon, Ahmedabad, Kolkata, Nagpur, Mumbai, Pune, Hyderabad, Mangalore, Bengaluru, Chennai and Kochi. GPL's current project portfolio covers over 95 million square feet. The company has a different business model of land sourcing. It usually enters into JVs with other companies and sources land from them and constructs on a profit/revenue sharing basis.

### Financial snapshot of GPL



Consolidated net revenue stood at Rs. 237.6 Crores in Q1FY16. EBITDA was reported at Rs. 55.2 Crores and the net profit stood at Rs. 55.0 Crores in the same period.

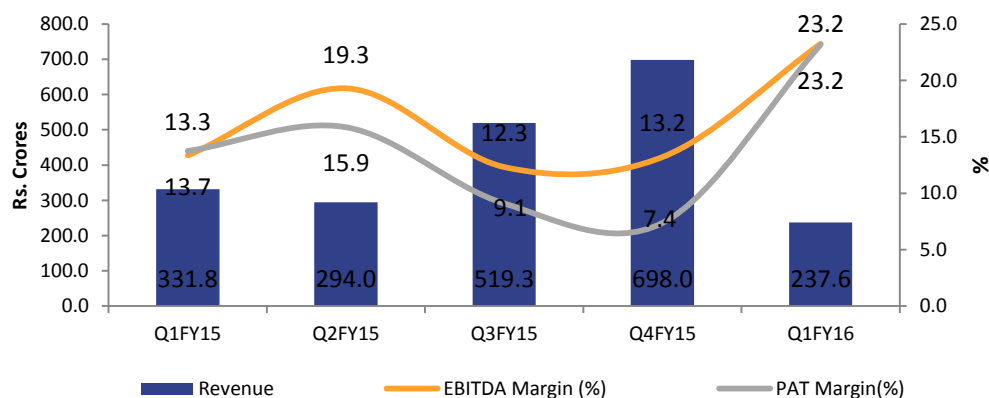
## PAT grew by 20.6% YoY despite a 28.4% YoY fall in net revenue in Q1FY16

GPL witnessed 28.4% YoY decline in its net revenue from Rs. 331.8 Crores in Q1FY15 to Rs. 237.6 Crores in Q1FY16 mainly due to lower revenue recognition in the absence of any new construction projects undertaken. However, the company registered sales of 1.72 msf delivered area in volume terms and Rs. 1,251 Crores in terms of the booking value, reporting a 52% YoY growth. It added two new projects (in Bangalore) with 1.75 msf of saleable area in the quarter. The company delivered 912 units measuring 1 msf at Godrej Garden City, Ahmedabad, and 84 units measuring 0.11 msf at Godrej Horizon, Pune, 33 villas measuring 0.11 msf at Godrej Gold County, Bangalore and 0.5 msf commercial spaces at Godrej Eternia, Chandigarh.

On the EBITDA front, the company saw growth with the EBITDA increasing by 24.7% YoY. The EBITDA was reported at Rs. 55.2 Crores in Q1FY16. The margin saw a 990 bps expansion and was reported at 23.2%. This was achieved primarily due to 43.6% YoY decline in cost of sales of the company from Rs. 267.6 Crores in Q1FY15 to Rs. 150.9 Crores in Q1FY16.

PAT for the quarter under review was reported at Rs. 55.0 Crores, a 20.6% YoY growth due to higher other income arising from sale of assets. PAT margin stood at 23.2%.

### Quarterly performance trend



The Joint Development Agreements (JDAs) constitute around 67% of GPL's total projects.

## GPL's business model based on Joint Development Agreements (JDAs)

GPL works on a model based on Joint Development Agreements (JDAs). It leases land from third party, undertakes construction and then sells the projects. The agreements are generally based on revenue and profit sharing. The JDAs constitute ~67% of GPL's total projects. Also, GPL undertakes close to 20% projects as Development Manager (DM). GPL has recently been appointed as the DM for Godrej & Boyce's Vikhroli land parcel (with a total potential of ~500-1,000 acres). It has also signed MoUs with other Godrej group companies for land parcels totaling 175 acres located in Bengaluru and Chandigarh. Also, currently it has 17.7 msf of area under this format majorly in Pune (12msf), Mumbai (4msf) and Bangalore (2msf).

## Project portfolio stands at 95 msf in FY15

GPL's current project portfolio stands at 95 msf spread across 12 Indian cities. With the JDA model in place the company's share in the overall revenue is close to ~60% of the overall portfolio.

*Its current project portfolio stands at 95 msf spanning across 12 Indian cities.*

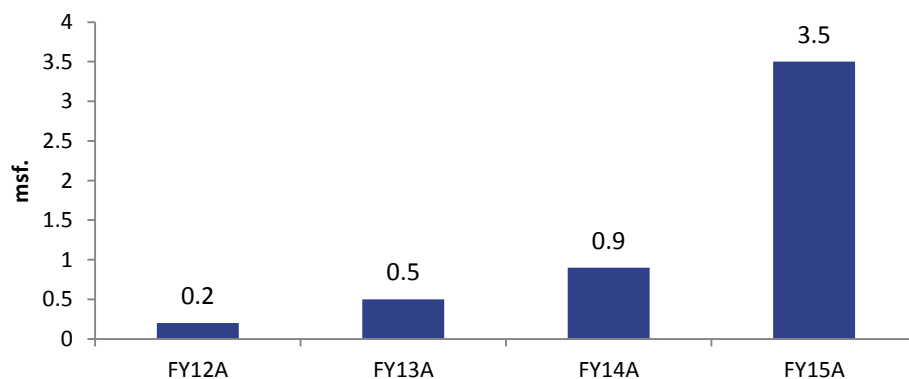
Residential portfolio stands at 66.4 msf including Godrej Garden City Ahmedabad project of 18 msf, Mumbai Projects 9 msf and Bangalore 9.3 msf. Commercial portfolio of 9 msf includes 3msf in Mumbai comprising The Trees at Vikhroli (1.8 msf) and Godrej BKC (1.2 msf). Besides, it has 1.8 msf in Kolkata and 2.4 msf in Ahmedabad. It has ~18 msf of area under the development management format majorly in Pune (12 msf), Mumbai (4 msf) and Bangalore (2 msf).

Also, GPL co-owns an investment platform led by APG (Dutch Pension Fund manager and real estate investor). Godrej owns 25% in the platform and through this investment platform the investment vehicle has pursued outright land purchases. Till date the platform has acquired 4 projects- Godrej Prime- Mumbai, Godrej Platinum- NCR, Godrej Aria-Gurgaon and recent land acquisition from Puravankara in Bangalore. Total area under investment platform is 4.2 msf.

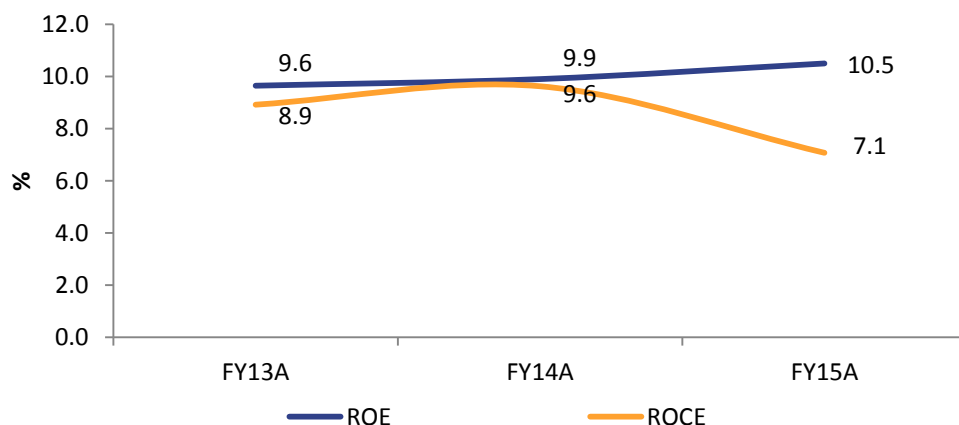
### Execution level rose to 3.5 msf in FY15

GPL delivered 3.5 msf of space in FY15 as compared to 0.9 msf in FY14. The delivery included 2.7 msf of residential and 0.8 msf of commercial space across five cities. Besides, GPL has increased construction costs viz-a-viz new launches. The construction costs now account for ~50% of the sales value.

Execution trend



Return ratios trend



## Balance Sheet (Consolidated)

(₹Cr)	FY13A	FY14A	FY15A
Share Capital	78.0	99.1	99.7
Reserve and surplus	1,350.9	1,694.3	1,747.2
<b>Net Worth</b>	<b>1,429.0</b>	<b>1,793.4</b>	<b>1,846.9</b>
Minority interest	105.9	203.1	227.9
Total Debt	1,663.3	2,429.0	3,289.8
Other non-current liabilities	3.1	4.0	6.0
<b>Capital Employed</b>	<b>3,201.2</b>	<b>4,429.5</b>	<b>5,370.6</b>
Fixed Assets	86.1	125.5	189.8
Net current assets	2,944.4	4,165.0	4,977.7
Deferred tax	4.3	2.2	4.5
Other non-current assets	166.5	136.8	198.6
<b>Capital Deployed</b>	<b>3,201.2</b>	<b>4,429.5</b>	<b>5,370.6</b>

## Profit & Loss Account (Consolidated)

(₹Cr)	FY13A	FY14A	FY15A
<b>Net Sales</b>	<b>1,037.1</b>	<b>1,179.2</b>	<b>1,843.1</b>
Expenses	751.3	896.6	1,585.7
<b>EBITDA</b>	<b>285.8</b>	<b>282.6</b>	<b>257.4</b>
Other Income	10.4	75.0	83.5
Depreciation	4.4	5.8	10.0
<b>EBIT</b>	<b>291.9</b>	<b>351.9</b>	<b>330.8</b>
Interest	3.0	4.5	4.7
<b>Profit Before Tax</b>	<b>288.9</b>	<b>347.4</b>	<b>326.1</b>
Tax	91.6	111.1	90.4
Minority Interest	58.9	76.9	44.7
<b>Net Profit</b>	<b>138.4</b>	<b>159.4</b>	<b>191.0</b>

## Cash Flow (Consolidated)

Y/E (₹ Cr)	FY13A	FY14A	FY15A
<b>Net profit/loss before tax</b>	<b>288.9</b>	<b>347.4</b>	<b>326.0</b>
Net cashflow from operating activities	121.4	(688.8)	(940.8)
Net cash used in investing activities	(14.8)	(185.0)	(96.1)
Net cash used from financing activities	(442.4)	1,566.3	852.4
<b>Net inc/dec in cash and cash equivalents</b>	<b>(335.8)</b>	<b>692.5</b>	<b>(184.4)</b>
Cash and cash equivalents begin of year	503.5	167.7	860.2
Cash and cash equivalents end of year	167.7	860.2	675.7

## Key Ratios (Consolidated)

	FY13A	FY14A	FY15A
EBITDA Margin (%)	27.6	24.0	14.0
EBIT Margin (%)	28.1	29.8	17.9
NPM (%)	13.3	13.5	10.4
ROCE (%)	8.9	9.6	7.1
ROE (%)	9.6	9.9	10.5
EPS (Rs.)	8.9	8.0	9.6
P/E (x)	59.8	25.3	33.3
BVPS (Rs.)	91.5	90.5	92.6
P/BVPS (x)	5.8	2.3	3.4
EV/EBITDA (x)	34.2	19.8	34.8

## Financial performance snapshot

Godrej Properties reported a growth of 56.3% in net revenue to Rs. 1,843.1 Crores in FY15 from Rs. 1,179.2 Crores in FY14. This was due to an increase in the booking area from 2.9 msf in FY14 to 3.88 msf in FY15. While, the booking (pre-sales) value rose by 10% to Rs. 2,681.2 Crores because of higher bookings in Godrej Aria (Gurgaon), Godrej City (Panvel), Godrej Prana (Pune), Godrej Central (Chembur) and Godrej United (Bengaluru) totaling to Rs. 1,941.3 Crores. The company delivered 3.5 msf in FY15, which includes 2.7 msf of residential and 0.8 msf of commercial space across five cities. During FY15, it added 5 new projects to its development portfolio with a total saleable area of 7.9 msf. On the EBITDA front, GPL reported de-growth of 9.0%. EBITDA margin declined from 24% in FY14 to 14% in FY15. This was due to increasing costs because of two new project launches. However PAT increased by 19.7% to Rs. 190.9 Crores due to higher other income and lower tax outgo. PAT margin stood at 19.7% in FY15 as compared to 15.2% in FY14.



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