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India | Equity Research | Q2FY25 results review

Godrej Properties

Real Estate

Sales bookings impress; on track to meet FY25 guidance

Godrej Properties (GPL) clocked strong Q2FY25 gross sales bookings of 5.2msf worth INR 52bn, led by 5.6msf of launches for the quarter worth INR 71.7bn. Sales bookings were driven mainly by INR 14.9bn of sales from Godrej Vrikshya, Gurugram, INR 6.1bn from Godrej Woodside Estate, MMR and other launches during the quarter. Buoyed by the strong H1FY25 performance where it has achieved gross sales bookings of INR 138bn, the company is well on track to meet its FY25 sales booking guidance of INR 270bn (INR 225bn achieved in FY24). We model for INR 260bn of sales bookings in FY25E and INR 300bn in FY26E owing to the company's strong launch pipeline. We retain our **SELL** rating owing to rich valuations of 6.5x FY26E P/B with a revised target price of INR 2,113 (earlier INR 1,861) based on 1.5x FY25E NAV. Key risks: Better-than-expected cash flow generation and rise in property prices.

Strong sales bookings, on track to meet FY25 guidance

GPL clocked robust Q2FY25 gross sales bookings of 5.2msf worth INR 52bn, led by 5.6msf of launches for the quarter worth INR 71.7bn. Sales bookings were driven mainly by INR 14.9bn of sales from Godrej Vrikshya, Gurugram, INR 6.1bn from Godrej Woodside Estate, MMR and other launches during the quarter. Buoyed by the strong H1FY25 performance, where it achieved gross sales bookings of INR 138bn, GPL is well on track to meet its FY25 sales booking guidance of INR 270bn (INR 225bn achieved in FY24). Operating cash surplus for Q2FY25 stood at INR 18.3bn compared to land capex of INR 16.8bn during the same period, leading to net debt levels rising marginally by INR 1.4bn QoQ to INR 75.7bn, as of Sep'24 (net D/E of 0.70x). We model for INR 260bn of sales bookings in FY25E and INR 300bn in FY26E owing to the company's strong launch pipeline.

Balancing growth aspirations with optimal debt levels still key

GPL saw a strong FY24 for business development and has added projects having GDV of INR 213bn between Apr'23-Mar'24 vs. its own guidance of INR 150bn at the beginning of FY24. Consequently, the company also incurred land capex of INR 54bn in FY24 vs. operating cash surplus of INR 43bn. With the company having given guidance for another INR 200bn of new project additions in FY25 and having achieved INR 127bn or 63% of this guidance in H1FY25 (another INR 48bn done in Q3FY25 YTD), we estimate land capex of INR 60bn in FY25E vs. estimated gross operating surplus of INR 64bn. As the company continues to invest in new land parcels to drive sales booking growth, the company's ability to maintain optimal net debt levels (net debt of INR 76bn as of Sep'24) remains a key monitorable.

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	22,523	30,356	55,000	82,500
EBITDA	2,476	(1,297)	7,070	16,577
EBITDA Margin (%)	11.0	(4.3)	12.9	20.1
Net Profit	6,206	7,471	9,752	13,868
EPS (INR)	22.3	26.9	35.1	49.9
P/B (x)	8.9	8.0	7.3	6.5
P/E (x)	NM	NM	84.5	59.4
EV/EBITDA (x)	NM	NM	123.2	51.0
RoCE (%)	6.3	6.6	10.7	17.1
RoE (%)	6.9	7.6	9.0	11.6

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Market Data

Market Cap (INR)	824bn
Market Cap (USD)	9,804mn
Bloomberg Code	GPL IN
Reuters Code	GODR.BO
52-week Range (INR)	3,403 / 1,548
Free Float (%)	42.0
ADTV-3M (mn) (USD)	31.0

Price Performance (%)	3m	6m	12m
Absolute	(5.9)	16.9	81.8
Relative to Sensex	(5.5)	8.3	57.8

ESG Score	2022	2023	Change
ESG score	66.1	75.3	9.2
Environment	61.3	66.2	4.9
Social	47.4	71.3	23.9
Governance	77.5	83	5.5

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

Previous Reports

01-08-2024: [Q1FY25 results review](#)

06-05-2024: [Q4FY24 results review](#)

Exhibit 1: Q2FY25 consolidated result snapshot

INR mn year ending March	Q2FY25	Q2FY24	Q1FY25	YoY (%)	QoQ (%)
Total Operating income	10,932	3,430	7,390	218.7	47.9
Raw Materials	6,123	1,618	4,947	278.3	23.8
Personnel Cost	1,079	732	987	47.4	9.2
Other Expenses	3,412	1,696	2,707	101.1	26.1
Total Expenses	10,613	4,047	8,641	162.3	22.8
EBITDA	319	(617)	(1,251)	NM	NM
EBITDA margin (%)	2.9	(18.0)	(16.9)	NM	NM
Interest (Net)	446	480	408	(7.2)	9.3
Depreciation	183	74	166	147.1	9.7
Other Income	2,533	2,621	9,605	(3.4)	(73.6)
Profit Before Tax	2,224	1,451	7,780	53.3	(71.4)
Taxation	(1,145)	388	1,974	(395.4)	(158.0)
Profit After Tax before MI/Associate	3,370	1,063	5,806	217.1	(42.0)
MI/Associate/JV share	(32)	(336)	(618)		
Reported PAT	3,338	726	5,188	359.5	(35.7)
Net margin (%)	30.5	21.2	70.2	935.5	(3,967.1)

Source: I-Sec research, Company data

Exhibit 2: Quarterly sales volume trends

Quarterly Sales Performance (Gross)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Volumes (mn-sqft)	5.25	2.25	5.24	4.34	8.17	8.99	5.15
Value of sales (INR mn)	40,510	22,540	50,340	57,200	95,190	86,370	51,980
Average realisation (INR/psf)	7,716	10,018	9,607	13,180	11,651	9,607	10,093

Source: I-Sec research, Company data

Exhibit 3: GPL Direct method cashflows (FY20-H1FY25)

Details (INR mn)	FY20	FY21	FY22	FY23	FY24	H1FY25
Gross Sales Bookings	59,150	67,250	78,610	1,22,320	225,270	138,350
Operating Cash Inflow (Collections)	42,760	43,670	77,710	1,04,830	129,400	77,820
Operating Cash Outflow	-34,840	-34,750	-60,090	-69,500	-86,060	-49,610
Construction and related outflow	-19,020	-19,420	-32,200	-35,750	-40,930	-22,780
Other project related outflow	-15,820	-15,320	-27,890	-33,750	-45,130	-26,830
Net Operating Surplus..(A)	7,920	8,930	17,610	35,330	43,340	28,220
Financial Cashflows:						
Inflow on private placement/QIP	20,660	36,970	-	-	-	-
PE exit	1,450	-	-	-	-	-
Interest and corporate taxes	-5,950	-4,070	-6,860	-6,970	-9,440	-7,440
Net Financial cashflow..(B)	16,160	32,900	-6,860	-6,970	-9,440	-7,440
Capital Cashflows:						
Land & approval related outflow	-17,350	-19,040	-17,350	-47,270	-53,640	-36,510
Advance to JV partners and others	-2,870	-1,740	-2,140	-1,350	-1,800	-370
Net Capital cashflow..(C)	-20,220	-20,780	-19,490	-48,620	-55,440	-36,880
Adjustment for JV Projects..(D)	6,250	-3,550	-2,600	-12,300	-2,910	1,990
Total net GPL cashflow	10,110	1,750	-11,330	-32,550	-24,450	-14,110
Other INDAS adjustments..(E)	-290	-90	850	700	-1,060	370
(Increase)/Decrease in Net Debt under Ind AS..(A+B+C+D+E)	9,820	17,400	-10,480	-31,850	-25,500	-13,740

Source: I-Sec research, Company data

Exhibit 4: H1FY25 performance and FY25 guidance

Particulars	FY24 Actual	FY25 Guidance	H1 FY25 Actual	Achievement (%)	Updated assessment
Booking Value (INR Crore)	22,527	27,000	13,835	51%	✓
Cash Collections (INR Crore)	11,436	15,000	7,017	47%	✓
Deliveries (Million Sq. Ft.)	12.5	15.0	9.3	62%	✓
Business Development (by expected booking value) (INR Crore)	21,225	20,000	12,650	63%	✓

Source: I-Sec research, Company data

Exhibit 5: FY25 launch guidance city-wise details

City	Expected Launch Area (MSF)	Expected Launch Value (INR Crore)	H1 FY25 Launch Area (MSF)	H1 FY25 Launch Value (INR Crores)	Value Achievement (%)
MMR	5.5	9,500	4.6	2,800	29%
NCR	4.1	9,200	3.5	5,500	60%
Bengaluru	5.1	4,900	5.2	4,900	100%
Pune	4.5	3,700	1.2	1,200	32%
Others	2.7	2,700	0.9	335	12%
Total	21.9	30,000	15.4	14,735	49%

Source: I-Sec research, Company data

Exhibit 6: SoTP valuation

Segmental Valuation	GAV (INR mn)	Value (INR/share)
Devco sale model (FY25-30E Cash Flows)	3,74,782	1,348
Less: Net Debt	61,980	223
Devco NAV	3,12,802	1,125
Add :		
Value from Trees office/hotel	44,929	162
Vikhroli DM – Assuming 1msf p.a. for 40 years	33,860	122
NAV	3,91,591	1,409
Add: Business Development Value/Premium to NAV	1,95,796	704
Target Price	5,87,387	2,113

Source: I-Sec research, Company data

Exhibit 7: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	58.5	58.5	58.5
Institutional investors	35.2	39.0	35.5
MFs and others	3.2	3.2	4.4
FIs/Banks	0.0	0.0	0.3
Insurance	1.7	1.7	2.0
FIIIs	30.3	30.3	28.8
Others	6.3	6.3	6.0

Source: Bloomberg

Exhibit 8: Price chart



Source: Bloomberg

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	22,523	30,356	55,000	82,500
Operating Expenses	20,046	31,653	47,930	65,923
EBITDA	(1,297)	(1,297)	16,577	16,577
EBITDA Margin (%)	11.0	(4.3)	12.9	20.1
Depreciation & Amortization	241	446	1,056	1,083
Interest expenditure	1,521	1,521	3,127	7,039
Other Non-operating Income	7,867	12,986	10,389	10,908
Recurring PBT	8,360	9,723	13,276	19,363
Less: Taxes	1,747	2,529	5,024	6,011
PAT	6,613	7,193	8,252	12,218
Profit / (Loss) from Associates	(407)	277	1,500	1,650
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	6,206	7,471	9,752	13,868
Net Income (Adjusted)	6,206	7,471	9,752	13,868

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	1,92,940	3,08,511	3,23,839	3,44,994
of which cash & cash eqv.	20,159	29,204	43,516	70,290
Total Current Liabilities & Provisions	73,911	1,47,616	1,50,435	1,54,939
Net Current Assets	1,19,028	1,60,896	1,73,404	1,90,055
Investments	25,345	31,501	31,501	31,501
Net Fixed Assets	8,557	12,320	11,564	10,780
Other assets	4,059	4,862	4,862	4,862
Total Assets	1,56,989	2,09,579	2,21,331	2,37,199
Liabilities				
Borrowings	64,118	1,06,565	1,08,565	1,10,565
Equity Share Capital	1,390	1,390	1,390	1,390
Reserves & Surplus	91,481	1,01,624	1,11,376	1,25,244
Total Net Worth	92,872	1,03,014	1,12,766	1,26,635
Minority Interest	-	-	-	-
Total Liabilities	1,56,989	2,09,579	2,21,331	2,37,199

Source Company data, I-Sec research

Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	6,447	7,916	10,808	14,952
Working Capital Changes	(30,342)	(3,246)	1,804	10,122
Capital Commitments	(2,999)	(6,934)	(300)	(300)
Free Cashflow	(26,894)	(2,264)	12,312	24,774
Other investing cashflow	25,210	(16,508)	0	0
Cashflow from Investing Activities	22,212	(23,442)	(300)	(300)
Issue of Share Capital	-0	-	-	-
Inc (Dec) in Borrowings	12,279	41,364	2,000	2,000
Dividend paid	-	-	-	-
Others	(101)	-	-	-
Cash flow from Financing Activities	12,279	41,364	2,000	2,000
Chg. in Cash & Bank balance	10,595	22,592	14,312	26,774
Closing cash & balance	20,159	29,204	43,516	70,290

Source Company data, I-Sec research

Exhibit 12: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	22.3	26.9	35.1	49.9
Adjusted EPS (Diluted)	22.3	26.9	35.1	49.9
Dividend per share (DPS)	0.0	0.0	0.0	0.0
Book Value per share (BV)	334.1	370.6	405.7	455.6
Growth (%)				
Net Sales	23.4	34.8	81.2	50.0
EBITDA	86.0	(152.4)	(645.2)	134.5
EPS (INR)	77.1	20.4	30.5	42.2
Valuation Ratios (x)				
P/E	NM	NM	84.5	59.4
P/BV	8.9	8.0	7.3	6.5
EV / EBITDA	NM	NM	123.2	51.0
P / Sales	38.0	29.1	15.8	10.3
Operating Ratios				
EBITDA Margins (%)	11.0	(4.3)	12.9	20.1
Net Profit Margins (%)	27.6	24.6	17.7	16.8
Net Debt / Equity (x)	0.4	0.6	0.4	0.2
Net Debt / EBITDA (x)	25.9	(82.2)	15.4	6.7
Profitability Ratios				
RoCE (%)	6.3	6.6	10.7	17.1
RoE (%)	6.9	7.6	9.0	11.6

Source Company data, I-Sec research

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