

Q3-FY22 Result Update

- ❑ Godrej Properties Limited reported revenue growth from operation of 63.5% YoY at ₹ 2,788 million during Q3FY22 as against ₹ 1,705 million in Q3FY21. The company reported an EBITDA Loss of ₹ 51 million in Q3FY22 as against loss of ₹ 543 million in Q3FY21. The Company has taken price increases in a majority of their projects both to offset commodity price inflation and to aid in margin expansion.
- ❑ The profit after tax (PAT) for 32FY22 came in at ₹ 390 million as against ₹ 144 million during Q3FY22 recording a growth of 171% YoY. The company recorded positive PAT on back of Other Income which came in at ₹ 1,882 million during Q3FY22.
- ❑ During the quarter management witnessed a total booking value of ₹ 15,410 million and total booking volume of 2.22 million sq. ft. as compared to total booking value of ₹ 14,880 and total booking volume of 2.40 million sq. ft. in Q3 FY21. 9MFY22 witnessed a total booking value of ₹ 46,130 million and total booking volume of 6.60 million sq. ft. as compared to total booking value of ₹ 40,930 million and total booking volume of 6.64 million sq. ft. in 9M FY21. The Company launched 3 new projects with saleable area of ~2.4 million sq. ft. in Q3FY22.
- ❑ The company added two new residential projects with the saleable area of approximately 1.6 million square feet in Bangalore and NCR. The project in Sarjapur in Bangalore will offer approximately 1.5 million square feet of saleable area and consist of residential apartments and is a project where they own the land outright. The project in Connaught Place and NCR is a joint venture which is estimated to have a developable potential of approximately 130,000 square feet of salable area comprising luxury residential apartments of various configurations.
- ❑ GPL also invested in a new commercial project in partnership with Godrej Fund Management where GPL will have a 20% stake in a company that develops this project in Yerwada, Pune, which comprises 800,000 square feet of leasable area. GPL has exited a couple of its upcoming projects, Godrej Links in Mumbai and Bavdhan in Pune due to the society and the joint venture partner respectively being unable to fulfill certain obligations. These projects have been in the portfolio for a long time, but as they have not been able to be launched, they decided to exit them. Additionally, GPL has also chosen to withdraw from Godrej Anandam in Nagpur and will not be during the future phases of that project.
- ❑ The GPL Board has approved a potential investment into DB Realty Limited and also the setting up of a special purpose vehicle along with DB Realty to jointly undertake slum rehabilitation and mhada redevelopment projects. GPL will subscribe to warrants convertible into equity shares aggregating to approximately 10% of the issued and paid up capital of DB Realty for an aggregate amount of ₹ 4,000 million. Later management decided not to proceed with plans after receiving substantial feedback and views from its stakeholders and minority investors raising concern on the proposed transaction.

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- Godrej Properties Ltd has a debt-free balance sheet which provides them the opportunity to significantly expand their development portfolio. It is encouraging to see that the real estate sector in India has continued to strengthen despite the challenges of the third wave. The company's focus over these next few quarters will be to add high quality new projects to their portfolio, while substantially increasing their sales through the launch of a large number of new projects across the country. We believe this will allow them to capitalize on the new opportunity of improving sectoral demand and rapid consolidation. We reiterate our **HOLD** rating on the stock, with a revised target price of ₹ 1,943.

Financials:

(In ₹ mn)	Q3-FY22	Q3-FY21	Chg	9M-FY22	9M-FY21	Chg
Net Sales	2,788	1,705	63.5%	4,942	3,323	48.7%
Operating Expense	2,839	2,248	26.3%	6,191	5,115	21.0%
EBITDA	(51)	(543)	-	(1,248)	(1,792)	-
Other Income	1,882	1,406	33.8%	5,689	4,247	33.9%
Depreciation	55	50	9.2%	158	143	10.4%
EBIT	1,776	813	118.4%	4,283	2,312	85.2%
Interest	417	449	-7.2%	1,245	1,441	-13.6%
PBT	1,359	364	273.6%	3,038	871	248.8%
Tax	290	170	70.3%	703	371	89.5%
PAT	1,069	193	452.7%	2,336	500	366.9%
Minority /Other Adj.	(679)	(50)	-	(1,419)	(478)	-
Consolidated PAT	390	144	171.4%	917	22	4086.3%

Margins	Q3-FY22	Q3-FY21	Chg	9M-FY22	9M-FY21	Chg
PBT Margin %	48.8%	21.3%	2742	61.5%	26.2%	3526
Net Margin %	14.0%	8.4%	556	18.5%	0.7%	1789

Consolidated Financials:

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	24,414	7,649	8,057	21,843
Operating Expense	20,960	10,983	9,209	19,790
EBITDA	3,454	(3,334)	(1,152)	2,053
Other Income	4,732	5,682	7,289	7,645
Depreciation	205	195	214	437
EBIT	7,981	2,153	5,923	9,261
Interest	2,201	1,849	1,706	2,543
Misc. items	-	-	-	-
PBT	5,780	304	4,217	6,719
Tax	2,190	1,038	1,265	1,881
Minority Interest	(885)	(1,161)	(1,735)	-
PAT	2,705	(1,894)	1,217	4,838

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	-13.3%	-68.7%	5.3%	171.1%
Operating Margin %	14.1%	-43.6%	-14.3%	9.4%
Net Margin %	11.1%	-24.8%	15.1%	22.1%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
<u>Liabilities</u>				
Equity Share Capital	1,320	1,440	1,440	1,440
Reserves & Surplus	46,758	81,755	84,707	89,545
Total Shareholder's Funds	48,078	83,195	86,147	90,985
Long-Term Liabilities	-	10,000	9,000	7,500
Other Long-term Liabilities	175	1,653	1,653	1,653
Deferred Tax Liability	(3,482)	(2,906)	(2,906)	(2,906)
Short-term Liabilities	52,645	67,618	24,462	54,729
Total	97,416	159,560	118,356	151,961
<u>Assets</u>				
Net Fixed Assets	2,661	3,807	2,932	5,844
Long-Term L&A	3,085	2,025	2,025	2,025
Non Current Investments	15,192	15,463	15,463	15,463
Other Non-Current Assets	32	7,530	7,530	7,530
Current Asset	76,446	130,735	90,406	121,099
Total	97,416	159,560	118,356	151,961

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	10.7	-6.8	10.6	17.4
P/E (x)	144.7	-227.9	146.2	89.2
P/B (x)	8.1	5.2	5.0	4.7
ROE	5.6%	-2.3%	3.4%	5.3%

Source: Company, Anand Rathi Research

Key Risks:

- ☐ A slower-than expected ramp-up in operations
- ☐ Cash flow Constraint.



Rating and Target Price history:

Godrej Properties in rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 8 February 2022 close.

Godrej Properties in rating details

Date	Rating	Target Price (₹)	Share Price (₹)
12-Feb-21	BUY	1,880	1,488
24-Nov-21	HOLD	2,490	2,183
08-Feb-21	HOLD	1,943	1,552

Source: Bloomberg, Anand Rathi Research



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