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February 09, 2024

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

The National Stock Exchange of India Limited

Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Ref: Godrej Properties Limited

BSE - Script Code: 533150, Scrip ID – GODREJPROP
BSE - Security Code — 974950, 974951, 975090, 975091 — Debt Segment
NSE Symbol - GODREJPROP

Sub: Transcript of the conference call with the investors/ analysts.

Dear Sir/ Madam,

Pursuant to Regulation 30 read with Schedule III Part A, Para A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call organized with the investors/ analysts on Tuesday, February 06, 2024, post declaration of unaudited financial results (standalone and consolidated) for the quarter and nine months ended December 31, 2023.

This is for your information and record.

Thank you.

Yours truly,
For Godrej Properties Limited

Ashish Karyekar
Company Secretary

Enclosed as above





“Godrej Properties Limited
Q3 FY '24 Earnings Conference Call”
February 06, 2024



**MANAGEMENT: MR. PIROJSHA GODREJ – EXECUTIVE CHAIRPERSON –
GODREJ PROPERTIES LIMITED
MR. GAURAV PANDEY – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – GODREJ PROPERTIES
LIMITED
MR. RAJENDRA KHETAWAT – CHIEF FINANCIAL
OFFICER – GODREJ PROPERTIES LIMITED
MR. KSHITIJ JAIN -- INVESTOR RELATIONS - GODREJ
PROPERTIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '24 Earnings Conference Call of Godrej Properties Limited. As a reminder, all participant lines will be in the listen-only mode and anyone who wishes to ask a question may enter star and one on your touchtone phone. To remove yourself from the queue please enter star and two. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kshitij Jain of Godrej Properties. Thank you, and over to you, Mr. Jain.

Kshitij Jain: Yes. Thank you. Good afternoon everyone, and thank you for joining us on Godrej Properties Q3 FY '24 Results Conference Call. We have with us Mr. Pirojsha Godrej, Executive Chairperson; Mr. Gaurav Pandey, Managing Director and CEO; and Mr. Rajendra Khetawat, CFO of the company. Before we begin this call, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation.

I would now like to invite Mr. Godrej to make his opening remarks.

Pirojsha Godrej: Good afternoon, everyone. Thank you for joining us today. I'll begin by discussing the highlights of the quarter, and we then look forward to taking your questions and suggestions.

The demand for homes in India is at its highest levels historically and has gained further momentum during the quarter. The positive market opportunity is driven by the overall strength in India's economy, the cyclical upturn in India's residential real estate market that meets the modern homes with better amenities as well as consumer preference towards Tier 1 developers.

The RBI's upward revision of financial year '24 GDP growth of close to 7% during the quarter, reiterates India's position as the world's fastest-growing major economy. The government's continued focus on housing for all and urban infrastructure combined with the fiscal prudent evidence in last week's union budget, strengthen our conviction that the real estate sector will continue to do well in the years ahead.

The third quarter is Godrej Properties most successful quarter ever in terms of new bookings with year-on-year growth of 76% to INR5,720 crores. This was 14% higher than our previous best ever quarter i.e. quarter 2 of the current financial year. These consecutive record breaking quarter's ensured that our 9-month financial year '24 sales have already crossed the booking value registered in all of financial year '23, which is our previous best ever year. We are confident of building on this momentum and going well passed our annual bookings guidance of INR14,000 crores for the full financial year.

This strong growth can be attributed to an extremely strong response by customers to some of our new launches during the quarter. Godrej Aristocrat in Sector 49 in Gurugram was GPL's most successful ever launch, achieving a booking value of over INR 2,667 crores from 1.35 million square feet of area sold. It is noteworthy that the total expected booking value for this project has increased by approximately 30% from the time we acquired it a year ago.

Godrej Ananda in Bengaluru was another project, which achieved more than INR500 crores booking value during the quarter. Godrej Avenue 11 in the Mumbai Metropolis region was launched in September 2023 and has achieved a booking value of INR687 crores within four months of launch. We are pleased to see the strong customer response to new launches across all the cities we are present in.

Cash collections and net operating cash flow, respectively grew by 43% to INR2,411 crores and 45% to INR798 crores in the third quarter. For the nine months of the financial year, we recorded cash collections of INR6,743 crores and net operating cash flow of INR1,726 crores, representing a growth of 30% and 34%, respectively. We remain on track to achieve our guidance of INR10,000 crores of cash collections during the financial year.

From a business development perspective, we added 1 group housing projects in Bangalore and estimated booking value of INR1,250 crores. We now have our strongest ever project pipeline that can deliver robust growth for the next few years. Most important objectives for the company in 2024 will be to launch all of our recently added projects. We believe this will dramatically accelerate our bookings and earnings growth trajectory in the years ahead. We will, of course, continue to do targeted business development to plug holes in our current portfolio and ensure continued growth beyond the next three years.

Our reported earnings for the third quarter were healthy, though somewhat muted, because we did not have any project completion during the quarter. Our total income increased by 43% to INR524 crores and net profit increased by 6% to INR62 crores. For the nine months of the financial year '24, total income has increased by 126% to INR2,410 crores, EBITDA increased by 51% to INR548 crores and net profit increased by 60% to INR254 crores.

On that note, I conclude my remarks. Thank you all for joining us on the call. We'd now be happy to discuss any questions, comments or suggestions you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Congratulations on good pre-sale. My first question is on NCR market, which has become a substantial part of your sales bookings number as well. The market pricing also has been quite strong. What are your thoughts on NCR market? Do you think this kind of run rate of almost INR2,000 crores, INR3,000 crores that you are doing from -- on a quarterly basis from NCR will be sustainable. And how do you expect the market to absorb such high price inventory going forward?

Pirojsha Godrej: I think the NCR market has performed very strongly. We've typically noticed NCR, I think in all directions of the market cycle seems to be leading the way. I think last time, the down cycle there was also quite sharp. We're seeing the upcycle also being first and quite sharp. Certainly, our portfolio in NCR we think will support strong growth over the next few quarters. We've launched and I think the reason to the very positive momentum we've seen in the past two quarters in NCR is we've had a big launch each quarter, one in Noida, one in Gurgaon. We last

year added five projects in Gurgaon, of which only one has so far been launched. So we hope to have one project launch in Gurgaon this quarter of this calendar year, including the current one.

We also have a second part of the Noida project that we added last year to launch again, which we hope to launch this quarter. While unfortunately, it's been quite delayed, but we certainly hope to see Ashok Vihar launched in the first half of next financial year. And I think that will be another big boost to our scale in NCR.

So certainly, we do feel we have the project portfolio to maintain strong growth in NCR over the next couple of years and are very happy with the kind of response we're seeing there. So we'll also be looking at new business development opportunities where those make sense.

I think the level of price increase and sort of heatedness in the market in NCR is something we have our eye on. But my sense is, while we won't see that trajectory continue. There has been a kind of reset in the market to the higher price points. Again, the down cycle in NCR was also quite severe. So the base from which prices are going up was reasonably low.

So our best sense is we won't see the kind of price increases we've seen over the last year, they're very sharp on an ongoing basis, but probably more flattish to kind of moderate price growth going forward, but we see as of now, no concern signs on the demand being overly driven by investors and end users not being interested and so forth.

So I think we remain quite confident on the performance of that market. So certainly, we'll keep a close watch on how it continues to perform.

Puneet Gulati:

Understood. That's helpful. Secondly, on your cash flow perspective, when do you think will the firm reach a situation where operating cash flows will actually start exceeding the business development related expenses. Or do you think that is something that one should not be aspiring for?

Pirojsha Godrej:

Look, I think we're already at that pace. I think this year, we could be in a state where if we do business development at levels that is sufficient to kind of replace what we're selling, Operating cash flow will more than cover those requirements.

I think we have intentionally over the last few years, have done a onetime reset given the opportunity we saw, particularly a few years ago when the cycle was -- has still not taken off, our land prices were still quite attractive. We saw an opportunity to completely reset the scale of the business, and we delivered presales growth of 50% last year.

We think that's possible again this year. So clearly, that will require disproportionate investment more than the cash flows of a smaller base can pay for. But I think as the cash flows from our current sales starts coming in, which we think have already started, of course, but will gather considerable pace through this year, we do expect to be in that position.

Puneet Gulati:

Okay. So when should we see it exceeding the land approval-related cash flows or out flows - this year FY '24?

- Pirojsha Godrej:** Can you come again.
- Puneet Gulati:** I think -- when should we expect the net operating cash flows exceeding the land-related and approval related outflows, the INR583 crores number this quarter versus the INR1,250 crores of approval. Should we expect that next year or the year after?
- Pirojsha Godrej:** Yes. Again, I think it is a function of how much business development is done. I think if you look at the booking value that we achieve in a year, if we only do business development roughly equal to that, I think we will already deliver this, with what you asked in 2024.
- If we choose for any reason to do more business development, that could of course change and what could get us to more business development if sales momentum is even stronger than we'd anticipated, and therefore, the requirement to replace inventory is larger than we initially anticipated. But I think we are quite confident that cash flows over even in the next 12 months will be extremely robust.
- Puneet Gulati:** That's very helpful. And lastly, if you can comment on the competitive intensity in the business development processes across various markets.
- Gaurav Pandey:** Thanks for the question. Essentially to see in the business development side, most of the leading players are in a similar stage -- which is basically launching the project. In some geographies, of course, there is renewed interest because some of our peers are doing well. But I don't see as much of a competitive landscape on the BD side, like we would say probably say 1.5 years back.
- Moderator:** Our next question is from the line of Pritesh Sheth from Motilal Oswal.
- Pritesh Sheth:** Yes. So just continuing on the NCR question. The first question, which previous participant asked. So we have roughly two, three more projects now, I mean, in fact three, four more projects now in NCR including Ashok Vihar. So pretty much sorted for next year's growth.
- Now considering that NCR is contributing 50% to our overall presales in first nine months, now how do you see the visibility of project additions in these markets because whatever you acquired in last one or a couple of years, a few of the acquisitions where a few of the land was acquired through auctions.
- So how is the visibility right now? Is there enough opportunity to acquire -- keep acquiring projects to fill that gap, which will happen over the next 1, 1.5 years?
- Gaurav Pandey:** Thanks for the question. If you see -- I think the question is more about replenishment of inventories NCR specifically. We have done a say about five acquisitions in Gurgaon and we had done two acquisitions through auction in Noida. Out of these seven, two have already got launched and very successfully. And we have -- just by looking at the pipeline, like four to five quarters, every quarter, you would see a launch or two in NCR. And some of these launches have significant inventory locked in, like there is a project which should get launched hopefully in this quarter, which is quite sizable, probably one of the most sizable projects we've done in Gurgaon in the recent times.

So one is that is there a dire need to replenish inventory right away? I don't see that. But is there an opportunity to evaluate things at the right valuation, of course, yes. So that is one. Second is, I feel that looking at how the government is shaping up, we would continue to see auctions coming up in NCR in the next couple of quarters. And we would, of course, evaluate them on valuation.

So you see that the valuation is very attractive and we see opportunistic investments leading to more value creation for us, we'll, of course, participate. But it is not driven anymore by a necessity. It's about -- more about can we take the opportunity higher.

Pritesh Sheth: Yes, sure, sure. That's helpful. And just on your presales guidance now, obviously, it seems like you would reach your full year guidance and with launches coming up, what is the kind of expectations now we are building in for this year?

Gaurav Pandey: While you will not be given a specific guidance, but largely to see the previous two quarters, we've been kind of have achieved a run rate of INR5,000+ crores is something directionally we would want to maintain that in quarter 4. But frankly, this could be better or something around that. So not giving a specific number, but this is something we would logically be delivering, something in that range.

Pritesh Sheth: Sure. And lastly, in Bangalore, which is a market where you are targeting a few more acquisitions and try to fill that gap, so any outlook there? Are opportunities coming in line to your expectations? And so any update on that.

Gaurav Pandey: See -- if you see south zone internally as we label it, is one of a very interesting high-performing markets from an inventory sales point of view. FY '22, it was INR700 crores, which became INR2,100 crores, INR2,200 crores previous financial year and it is about to reach a similar number in this financial year and will significantly be that of last year.

So yes, you're right, there's a very targeted investment strategy for South. We've just done one acquisition in Yeshwanthpur and the endeavour is that in coming months, you would see a couple of other acquisitions in South India.

Moderator: Our next question is from the line of Praveen Choudhary from Morgan Stanley. Please go ahead.

Praveen Choudhary: I have two questions. The first one is the presales, which I must congratulate these numbers are very, very, very good and exceptional. So you mentioned the last two years, you've been growing at 50%. This year should also grow 50% to 60%. I don't think market is growing at that level.

So I just wanted to understand the sustainability of presales growth even in FY '25 and '26, considering market continues to be strong, how should I think about it? Is that 20% annualized number, a reasonable number and then you eventually do 50%, 60%? And what drives you to continue to beat the market or your peers? Is the first question.

And the second question is related to the gearing and you have 70% gearing right now, net gearing. And I just wanted to understand if there is a number that makes you comfortable? Or

for a short period of time, you can handle even higher because you know that cash flow will eventually come back?

Pirojsha Godrej:

Thanks very much. The growth, I think, obviously, we are very happy to see two years back to back looks like roughly 50% growth. I clearly don't think those kind of growth rates will be sustainable over the medium term. And I think we look more towards ambitious but reasonable steady state growth in the range of around 20% on an ongoing basis.

But I think the opportunity we saw was to kind of reset the scale of the business during the downturn by raising capital using that to invest when the timing was right, we felt in acquiring lands, and we did a lot of outright land acquisitions with that same logic in mind that we are acquiring at the right time and be best to maximize our economic interest in the projects that are going to get developed through a rising market. And I think that's playing out as we had expected.

We certainly will continue to aspire for rapid growth. It could be some years like we've had the last couple of years, but probably over a medium-term perspective, roughly 20% is a sensible assumption and one we can hopefully create some positive surprises on.

From a gearing perspective, we've indicated that we like to maintain a range of 0.5:1 to 1:1. I think -- we think that is the range where we are best capitalizing on the scale of opportunity available in the real estate market in India today while also managing our balance sheet prudently.

That said, as you rightly pointed out, this is not a hard and fast gate where we can't go above or below this. We have, since the last couple of years, under this level as we raised equity with the intent of disproportionate investment. As that investment has happened, we've now entered the range that we'd like to operate in.

I think what I would say is that if we were getting towards the higher net of that range, we would look quite carefully at what we need to do to further strengthen operating cash flow to make sure that we don't go too far past that. But certainly, if we see very strong cash flows around the corner and feel that there are also good business development opportunities that we should see, we would be okay with temporarily going beyond that range as well.

Praveen Choudhary:

That's very, very clear. If I could follow up with one more question, if that permits. The one question is about ASP expectation. Clearly, market is hot, things are very well, and is doing very well. But the concern is if the price go up too much too fast, then either we will get the speculators in the market or basically, affordability will take a hit. What are you seeing in the market at this point in time? And are you worried that if this continues, maybe it will become less affordable in the future? That's all I have.

Pirojsha Godrej:

No. Look, I think the real estate sector in India & globally has been prone to kind of a cyclical nature. And honestly, I'm not convinced that there is anything that any individual developer can do to change the nature of that cyclicity. And the reason for the cyclicity is also quite clear. It takes from a supplier perspective quite a lot of time to respond to what one is seeing in the market.

Therefore, in a bad market, developers stop bringing supply and once the demand picks up, you inevitably get into a situation where supply is a bit short because developers haven't been actively planning for new developments during the downside. So that in turn leads to the kind of price increases we're now seeing. Developers respond to that and supply increases and you then have the next leg of the cycle.

So my sense is that as an individual developer this -- what a sensible thing to do is to try to understand to the best of our abilities where we are in the cycle, what is the most likely outcome, understand that there cannot be certainty on this. We have to be prepared for all eventualities, make sure that our balance sheet is strong enough to expand the downturn when impact take advantage of them and that we have the portfolio scale to fully maximize the opportunity in the upturn.

I think if you look at even the largest developers in India, including us and other leading peers, would still have mid-single -- low to mid-single-digit market share. So I think the ability to kind of determine pricing for the market, it is not as strong as one might imagine, and it is a little bit of responding to what we see in the market.

And clearly, I think some markets are seeing very sharp progress. Again, which is nothing that comes as a great surprise to us. This is very typical of the third year of up cycle that we're currently in. I think we should also be quite clear that 4 or 5 years from now, if history is good guide, we should expect to see the cycle turn again.

Now again, that should move up or down by a year or two for various factors. But the basic cyclicity of the sector, I think is here to stay. And I think it's incumbent upon individual developers to figure out how to best maximize the opportunities in each leg of the cycle and maintain a balance sheet that can withstand any surprises that come along.

Praveen Choudhary: Congratulations for very strong results, operating cash flow collection-wise, etcetera. So good luck.

Pirojsha Godrej: Thank you.

Moderator: Our next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: My first question is on your business development target. We have retained a full year target of INR15,000 crores worth of GDV. But does that mean that in Q4, we would see some high spend towards the land acquisitions?

Pirojsha Godrej: Yes, I think we will reach that target, I think we've already done about INR8,000-odd crores or INR6,000-odd crores for the booking value to be locked in and I don't anticipate a huge spending into that. Yes, I think we will be doing some other business development this quarter.

I think it's also worthwhile to note that we have a large -- if you look at our deliveries guidance, there's also a large amount of deliveries planned during the quarter. Typically, there's quite a bit

of cash flow linked to those deliveries. So we should also be a very strong quarter for operating cash flow generation.

Kunal Lakhan: Sure, sure. And just a related question on that is like if you look at this year, you'll -- if you increase your sales velocity by 50%, you'd be obviously selling more than what you have -- what you'd be acquiring in terms of value, right? So in that sense, how should you look at -- how should one look at the business development goals, FY'25 and beyond, would it be significantly higher than our FY'24 guidance that we have been giving?

Pirojsha Godrej: I think, Kunal, probably appropriate to come back to you on the next quarter as we see how the year unfolds from a total sales perspective, what amount of business development is locked in. But I think the overall philosophy of the company has never been around land banking or trying to create multiyear supply beyond which we see immediate launch visibility and nothing about that has changed.

Of course, at the same time, we don't want to be in a situation where lack of inventory slows down are growth. So I think getting that balance right, is something we will fine tune on an ongoing basis and I think it will be well in a better position to share thinking for next year once we see kind of end of the year both business development additions as well as total sales for the year which can give us a good indication.

But I would say that especially for the next couple of years, the portfolio is looking very strong. We do think that even without new building development this year, next year, and to some extent, beyond that is looking pretty strong from a bookings perspective. So we don't think that it's immediate urgency.

But certainly, as the market is responding so positively to new project launches, we will have to think about replacing inventory perhaps a little bit more aggressively than we would have been 6 months ago. But we're also seeing quite a lot of opportunity on the BD side to feel that as and when we decide to increase the pace, so the opportunities we do feel are available.

Kunal Lakhan: Sure, sure. So just a follow-up bookkeeping question on BD. How much did we spend on land acquisition pertaining to this INR8,400 crores of GDV that we acquired?

Rajendra Khetawat: Sorry. Sorry. Come again, Kunal?

Kunal Lakhan: How much we spend towards land acquisition, especially for this INR8,400 crores of GDV that we have acquired?

Rajendra Khetawat: So for nine months, we have spent around INR4,300 crores of total outflow, which includes the approval and land payment. The exact land payment and approval payment trend, I can give you offline.

Kunal Lakhan: Sure, sure. Okay.

Pirojsha Godrej: For this quarter we have major payments were 3 land acquisitions, 2 auctions, we won in Gurgaon, and our land parcel in Bangalore.

Kunal Lakhan: Yes, fair enough. And my second question was a follow-up on the earlier question on debt levels rising. I mean, we have seen in the past few years like whenever we have reached, especially with the last two fund raises that we have seen, like when we have reached closer to 0.8, 0.9x debt to equity, we have raised equity. Would that be something that you would pursue this time around as well?

Pirojsha Godrej: So it's not current thinking. I think the significant difference is also in the project scale up that's happened this time and the launch scale up. So I think the operating cash flow, we hope to show very, very strong growth over the next year. Look, I think if markets are very strong, we can never rule out that idea either. But as of now, the thinking is that we can deliver already through the portfolio we've acquired, strong growth for the next couple of years. And then operating cash flow, they're generating will allow us to sustain that growth on an ongoing basis.

I think the cash flow momentum you should see, I think, would be quite positive. And again, the way the sector works is once the business development comes, then the bookings, then the cash flows, then the profits. I think we've clearly done already the business development. I think the bookings is now hopefully very visible as is cash flow is also starting to become quite visible, we're growing cash flow each year by 40% plus for the last 2, 3 years. We expect another good growth year this year and an extremely strong growth year next financial year. So I think broadly speaking that positively we are very much on track.

Kunal Lakhan: All right. Yes. And my last question is to Rajendra. Rajendra, when we look at -- what will be your unrecognized revenue on our books?

Rajendra Khetawat: Hardly -- because nowadays, we recognize on OC, so most of the revenue gets recognized. Only 10%, 15% of the work completion, which is towards the possession, what is left out is to be recognized. Otherwise, most of the projects where OCs are received are recognized.

Kunal Lakhan: So what I'm trying to reconcile is essentially, we have done like almost INR40,000 crores of sales in the last four years. And we have recognized about INR6,500 crores of revenues in the last four years again. I understand a lot of our revenue, sales also happened in LLPs, but still trying to understand or rather reconcile like what could be the unrecognized revenue, which should be a substantial number, but I'm just trying to reconcile that with the balance sheet where I see our current or noncurrent financial liabilities which will be essentially customer agnostic?

Rajendra Khetawat: Why don't we take it offline and we can do a reconciliation because it will require going project by project, year-by-year. And like you has rightly said, there are projects which are both into JV as well as outright, so we have to see which got recognized in this year or last couple of years. And accordingly, we will have to work out the revenue recognition.

Kunal Lakhan: Sure. I'll take it offline .

Rajendra Khetawat: And on the land comment, just to answer for this INR8,000+ crores BD, we have paid around INR1,900 crores towards the acquisition of that INR8,000+ crores of GDV.

Moderator: Thank you. Our next question is from the line of Abhinav Sinha from Jefferies India. Please go ahead.

Abhinav Sinha: Congratulations to the team for the strong performance that we have seen on sales. So my question first is on the launches that we have planned for fourth quarter. What are the key projects? And how good is the visibility there?

Gaurav Pandey: So Abhinav, subject to, of course, us getting all the approvals. We have a visibility of probable launches - one in Gurgaon, which Sector 89. Then there is one project, which is Sector 146 if you remember the Tropical Isle that we sold, there's a plot next to that, we have one more land parcel there. There is western suburb Mumbai, we are again in the process of getting all the approvals. This will be a very interesting launch for the Mumbai portfolio in Kandivali. And then something in Bangalore we're looking at in Old Madras Road.

So these are like high impact and launches that still create a bigger impact. Of course, we have back-up plans and additive plants in case any approval falls short, but we're gunning for at least these big ones. Then we have plotted opportunities there as well. I'm just talking about the bigger ones.

Abhinav Sinha: Okay. And similarly on deliveries also, if you can help us with what we're expecting in 6.5 million or 6-odd million we are planning?

Gaurav Pandey: So we have a series of OC planned in cities like -- I mean, we can give you the list off line, but largely, we have a couple of OC's planned in Gurgaon, Mumbai. Project names we will share with you off-line. But yes, we have a decent pipeline to get us at 12.5 million square feet of committed -- or guided OC calendar. I mean just to enumerate that, I think we all have in our -- I mean this is already part of the earnings, but projects like Mamurdi, Mahalunge in Pune, projects like Meridien, parts of Godrej Air. Aspirationally, also Kurukshetra projects.

So we have a series of projects which we are gunning for. Of course, some of they come, some may flip to next quarter, but 12.5 million square feet of guidance that we have given we're reasonably confident to deliver and exceed that.

Abhinav Sinha: Okay. And you were talking about earlier that the sales value today is much higher, 20%, 30% in what we had underwritten. So with that, what are the margins we are looking at now in some of these projects, for example, the Kandivali one or the Gurgaon Aristocrat, etcetera, that we have launched this year.

Gaurav Pandey: Yes. Not being specific project, but fair to say that the PAT margin is seeing a major expansion across most of our projects, which are -- which has -- we've launched in places like Gurgaon and Noida. The Western Suburban project is yet to hit. But historically let's say if our PAT margin was to say about 10%, you have day to day like-to-like, it will be 15%, 16%, 18% kind of PAT margin.

But of course, it will depend upon how the cost inflation is managed. So with some contingencies, it is a range at which our PAT margin. Of course, there will be some projects will be even higher than that, and there will be some projects within the range that I've mentioned.

Abhinav Sinha: Okay. And one quick question on NCR. So in Noida, we have seen some resolution right of the stuck projects, which was being done by a committee there. So -- and some of your projects have not seen a new launch for a long time. So I mean, do we see those moving now? Or that's another issue?

Gaurav Pandey: I think there is some regulatory led resolution, which is impacting the entire market. It seems to be that it's in the final legs of conclusion, and that will open up a supply for us and some good quality developers, which is pending. But that being said, we do have some amount of previously not being able to do a big bang new project launch, but sustenance figures are hitting some of those projects. But yes, there is a big opportunity when the government is able to conclude those -- give those kind of approvals to all developers. I think we will also have that upside.

Abhinav Sinha: All the best to the team.

Moderator: Our next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: Congratulations for a great set of numbers. So I just have one question. For all the land deals that we have entered, what is the pending land capex which we need to incur over the next couple of years?

Rajendra Khetawat: So the pending land payments, including the instalment payment would be around INR1,100 crores to INR1,200 crores, plus there would be some FSI, TDR payment. So in all around INR1,300 crores to INR1,400 crores is what we are looking at in quarter 4. This includes payment towards pending instalment of Ashok Vihar also, which is around INR600 crores.

Parvez Qazi: All the best.

Moderator: Thank you. Our next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Congratulations on a decent quarter. So my first question is on the business development. So if you can give us some color on the premium real estate side, especially in South Bombay. So what kind of land opportunities are available for us and if we are evaluating those either through joint developments like in the past, we have done with one partner, but what kind of opportunity do you think can play out over the next 12 months for us?

Pirojsha Godrej: Yes. Thanks for that. I think there is good options available in South Mumbai. I think we're looking at a combination of joint ventures with other developers or landowners who have land. Quite a lot of activity happening on the redevelopment side -- society redevelopments. We feel that Godrej brand gives us a lot of an advantage there in terms of the existing residents being comfortable moving out and coming back in. So that's going to be a big area of focus for us.

There are also some outright purchase opportunities that we might look at. So I think really the full spectrum of opportunities is available in South Mumbai. We hope to have some good project addition there over next few quarters, where we already have seen good response to our first launch in South Mumbai after a while.

Our project is Mahalaxmi which we took over -- that has gotten into difficulties -- that project is going very well, we sold about INR700 crores worth of inventory since it was launched four months ago. We hope to launch our project in Carmichael Road later this quarter. So hopefully, we can see a good scale up in the South Mumbai market alongside, our overall plan for BD as well.

Parikshit Kandpal:

Just kind of some of the key projects which have been like, lagging behind in terms of launches. So one was a Ashok Vihar which you said you'll launched in the first half of next year. What about the Worli project? And if you can give us any update on your Bandra project with your partner Omkar. So any movement there, if you can help us with some color on this?

Pirojsha Godrej:

Yes, actually, it's been very positive movement on some of these Mumbai projects. I think our learnings from this is perhaps that we were little over optimistic on time lines on some of the slum redevelopment type of projects, that's both Worli and Bandra project are. A lot of tenants movement has happened actually in the last quarter in Worli. So we're increasingly confident that, that project being ready to launch in the upcoming financial year.

I think Bandra also, there's been quite a lot of movement on the size in terms of understanding the current situation with the partner. We're quite confident that we'll see a lot of momentum in that project during the upcoming financial year, but it's probably not a project that will actually get launched in FY'25. But feeling much better that that project will eventually be launched than we were perhaps 6 months ago. So I think there's positive movement there.

It is frustrating to see some of these bigger projects have been delayed, including Ashok Vihar. We're obviously doing our best to ensure that those are mitigated. I'm quite happy with the work the team have done to ensure that despite some of these plans getting effected, it hasn't impacted the overall growth of the company, both last year and this year, donning for 50% kind of growth in presales.

And I'm quite happy to see that, that might be achieved even without these key projects. Overall, something like Ashok Vihar we're very frustrating, if we are able to launch it next -- over the next few months as we hope. The delay will actually have benefited given the kind of momentum we've seen in NCR on volumes and pricing.

And I think what's great to see is some of these projects we perhaps didn't think of as very critical projects in the overall scheme of things, is something like our project in Noida or this recent launch in Gurgaon are actually becoming a very meaningful project for us. If you look at the total scale of the Noida project, which we acquired in auction for about INR300 crores we've already sold more than INR2,000 crores of inventory in this first phase of that project.

There's an equal size, second phase that we will launch this quarter. So we hope to, over the project lifetime gets to INR4,000 crores plus of booking value with that project, which is you can imagine with the INR300 crores land cost to create very healthy margins for the company once that project is delivered.

Similarly, if you look at this Gurgaon project, we've already sold INR2600 crores with pricing premium, that was initially about the expectation we have for the overall booking value project. We still have more than 20% of the inventory in that project.

So I think all of these projects are going to become quite meaningful from a bottom line perspective, but we certainly look forward to launching some of the bigger ones like Ashok Vihar in particular, but also Worli and Bandra. Incidentally, our kandivali project is we are going to launch this quarter, and that project has expected booking value significantly larger actually than Worli or Bandra. So we're looking forward to taking back on this quarter.

Parikshit Kandpal: Sorry, for which project you said? I missed it. The last project, please.

Pirojsha Godrej: We finished the project in Kandivali.

Parikshit Kandpal: Yes, yes, yes. Okay, Kandivali. Got it. Just last one on the Vikhroli. So you mentioned on the on-track launch of 0.6. But I think Gaurav did not mention that in the high probable launches for this quarter?

Pirojsha Godrej: So we are planning to launch that. I think frankly, from a total scale of launch it's perhaps not quite as big as the Kandivali one or some of these other ones in terms of what we expect to booking value during the quarter, but we certainly do hope to launch that and looking forward to vikhroli getting going again.

Parikshit Kandpal: Thank you, Pirojsha and wish you all the best.

Pirojsha Godrej: The outright projects are top of mind. These are DM kind of projects.

Moderator: Thank you. Our next question is from the line of Eshit Sheth from Anvil Wealth Management. Please go ahead.

Eshit Sheth: Congrats to the entire team for very good results. So for Pirojsha, a couple of questions here that I have. If we look at the strategy that you led the team on like to actually lever up the balance sheet just at the start of an up cycle in the real estate market, I think that is showing significant fruits for our company.

Now what I wanted to understand was that if we look at the last two years, you've always been consistent in saying that our objective is to grow 20% over the medium term when we look at Godrej Properties. Now this -- I mean, if you look at the first nine months performance, there has been a stark difference between the volume -- sales volume growth and the sales realization growth, and a large part of it is because of the way prices have moved up in a lot of geographies, including the NCR.

So when we talk about this 20% because pricing is something which is not in our hands. So when you talk about 20%, is it a large part to do with volume growth that we're looking at when we talk about this 20% growth over the medium term?

Pirojsha Godrej:

A couple of things to point out. One is, I think our volume growth year-to-date is about 20%. Our volume growth last year was 40%. And another thing I'd just point out is as the pricing growth, you referenced is not actually just market pricing growth. It is a complete re-pivoting of our types of project to more premium projects. So if you look at it, yes, there has also been market price has growth but a lot of the pricing growth that you are seeing for this year is actually more premium set of projects coming into our launch pipeline.

So our project in Gurgaon, for example, we sold at almost INR20,000 a square foot. Now of course, that is much higher than we are underwriting the project that, but this will also -- even the underwriting was much higher than any previous project in Gurgaon and this is the first project in Golf Course Road. There are similar examples across various cities.

So certainly, we will be focused on volume growth being strong. But I think there is also a pricing growth opportunity, not just provided by the market. But by us becoming focused on more premium areas. I think, in general, this year is probably a good base for that. We don't want to become an exclusively luxury developer by any means. So we want to have a right mix of premium projects and mid-income projects, and that will continue.

But I think if you look at this year kind of project mix, we think is where we would like to play on an ongoing basis. And therefore, going forward, most of the growth in top line should happen from a combination of volume growth and market pricing growth. But I think if you look at GPL growth in the last three years, it's both some of market pricing growth, but largely volume growth and more premium projects driving that growth so far.

Eshit Sheth:

Sure. Sir, and the second question is that it just so happened in the last 2 years at the start of the year, we've budgeted or we've guided for some amount of sales as well as deliveries. And it just happens that we've exceeded every year substantially. Now is the team prepared for this kind of execution? Because if you look at the past, we've not executed at this scale. So are we very well prepared in terms of the execution part of it?

Pirojsha Godrej:

I think it's a great question. And then firstly, I think something the team obviously is responsible this time on. It is going to be a challenge to scale up execution, but one that we've certainly done everything we can to prepare for, whether you look at the structure of the company in terms of how we set up individual projects and our whole team. If you look at the kind of relationships we're trying to be with the contractors and that's why so certainly I think it's a good work. The team has been doing -- should be -- should allow us to do this really effectively.

And I think it's also true that Godrej Properties every few years have scaled up, very different feel from kind of what it looked like 3 or 4 years before that. So I think now with even more rapid scale up, we will be very focused on ensuring our operational capabilities are matching that. And as you said also, I think one advantage of focusing a lot on outright own projects as

well as more premium projects is that the scale of operational intensity has not increased quite as much as the overall sales value has. Gaurav, do you want to add anything?

Gaurav Pandey:

I couldn't agree more with what Pirojsha just mentioned. And I think the essence if you study why Godrej Properties is probably quite best to perform in this upcycle is we're the only company which has something like a branch-head operating model, which is like every site is a P&L for us. So we have a very decentralized ecosystems. And of course, governance and controls coming from central, but every site is an operating unit to us with a operating team with very well defined target being measured weekly and monthly on set of KPIs.

So yes, the execution muscle, the governance muscle always have existed for us, but just having the right operating model is allowing us to capitalize on the opportunity of scale up. And while this looks to be a very strong growth and very delighted to see that. But if you just see from our lense, we have four business units. Each business unit is run by a sort of a CEO with a executive leadership team. So the problem of execution excellence comes when the scale of is frankly much more higher, like some of us here to operate in 1 or 2 geographies.

So I think the potential for us to do better and ensure that each KPI is delivered upon is very low hanging for us right now. But of course, this is something which we don't take for granted, and we keep pretty strong in that and performing strong monitoring mechanisms for insure this. Yes.

Eshit Sheth:

Got it. Sir, and just one last question I had. At the end of this quarter, we saw the resignation from your uncle Mr. Jamshyd Godrej. Is there any kind of precursor to some kind of settlement for the Vikhroli land that we can look at for Godrej Properties in specific?

Pirojsha Godrej:

No, I think we announced the rationale for the resignation along with announcement, which is that we have a board policy of our directors stepping off the Board, when they turn 75. My uncle, Jamshyd Godrej turned 75 about a week or 2 ago. And therefore, at that time, he stepped off the Board. We're very grateful to all his contributions to the company over that time. He's I think the third director in the past 12 months who would have turned 75 and stepped off the Board. So that's the rationale.

Moderator:

Thank you. Our next question is from the line of Jahnvi Shah from LIC Mutual Fund. Please go ahead.

Jahnvi:

My question was, can you give us some update about the Godrej summit property in Gurgaon? On -- how -- like what are the repair works going on? And what is the number of the customers that took up the offer of buyback?

Pirojsha Godrej:

Yes. The repair works there have gone in full swing. We hope to complete them by the end of this calendar year. As of now, we've had about 10% of the customers opt for the buyback option, so we bought back little over 100 apartments so far. We expect to see that go to about 200 over the next few months basis current visibility.

Jahnvi:

And out of the INR155 crores that are like -- that are provided for the rate and how much did it cost?

- Rajendra Khetawat:** We have spent around INR20-25 crores till date.
- Moderator:** Thank you. The next question is from the line of Ritwik Sheth from One Up Fin. Please go ahead.
- Ritwik Sheth:** Congratulations on a great set of numbers, sir. Sir, I have just one bookkeeping question. The cash flow statement that we put out in the presentation, is the net operating cash flow to our share or this is before any share to JV/ JDA?
- Rajendra Khetawat:** Yes, our share.
- Ritwik Sheth:** It is our share. Okay. All the best.
- Moderator:** Thank you. Our next question is from the line of Manoj from Geometric. Please go ahead.
- Manoj:** Okay. Congratulations Pirojsha for a great set of retail number and the kind of profitability it gives, like you said, 18-plus percent, something plus. My -- one is a bookkeeping question. What would be our corporate fixed costs for FY'23 and what would be for FY'24? Any range ballpark any number?
- Rajendra Khetawat:** So corporate fixed cost is generally after allocation would be in the range of 3% to 4%. But on an overall basis, at a pan-India, basically it will be like a 6% to 7%.
- Manoj:** Okay, 6% to 7%. Okay. And my second question is like people are asking about debt equity gearing. So the kind of cash flows the company has because of these presales and the kind of profitability and all of this thing. And even if it's been a different accounting method, the equity would have changed. How do you think about your BD development with these kind of misrepresented debt equity, any ballpark, absolute number of debt you have in your mind? How do you think about or how do you want to communicate to the shareholders?
- Pirojsha Godrej:** Yes. I think we mentioned the gearing ratio that of anywhere around 0.5 to 1:1 is broadly our comfort level. 1:1 would be a little under INR10,000 crores at the moment. So that's roughly the number we look at. So we've also said that temporarily, if we need to be below or over that as long as we're confident of bringing it back into that frame, we would be comfortable to do for the short term.
- Manoj:** And my last question is, can you tell something more about our project Ashok Vihar? What would be the size and what would the kind of offering it would have, if it is possible?
- Pirojsha Godrej:** No, I think, of course, we'll have all the information on it once the project is ready to launch, but it's going to be a large project for us, nearly 4 million square feet of area. I think pricing in NCR has done very well over the last few years. So we're very confident of that project achieving a good liquid price. I think given this location of the land, the surrounding area, the quality of the plan we have, we hope to make that a blockbuster launch as soon as our approvals are in place.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Pirojsha Godrej: I hope we've been able to answer all your questions. If you have any further questions or would like any additional information, we'd be happy to give assistance. On behalf of the management, thank you once again for taking the time to join us today.

Moderator: Thank you. Ladies and gentlemen, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.