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May 07, 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 Friday, May 03, 2024, post declaration of financial results (standalone and consolidated) for the quarter and financial year ended March 31, 2024.

This is for your information and records.

Thank you.

Yours truly,
For Godrej Properties Limited

Ashish Sudhakar Karyekar
Digitally signed by Ashish Sudhakar Karyekar
Date: 2024.05.07 16:32:47 +05'30'

Ashish Karyekar
Company Secretary

Enclosed as above

"Godrej Properties Ltd. Q4 FY'24 Earnings Conference Call"

May 03, 2024

MANAGEMENT: **MR. PIROJSHA GODREJ – EXECUTIVE CHAIRPERSON, GODREJ PROPERTIES LIMITED**
MR. GAURAV PANDEY – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, GODREJ PROPERTIES LIMITED
MR. RAJENDRA KHETAWAT – CHIEF FINANCIAL OFFICER, GODREJ PROPERTIES LIMITED
MR. KSHITIJ JAIN – GODREJ PROPERTIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Godrej Properties Limited Q4 FY'24 Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Kshitij Jain: Good afternoon, everyone, and thank you for joining us on Godrej Properties Q4 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. Over to you, sir.

Pirojsha Godrej: Good Afternoon, Everyone. Thank you for joining us for Godrej Properties 4th Quarter Financial Year '24 Conference Call. I will begin by discussing the highlights of the quarter and we then look forward to taking your questions and suggestions.

I am happy to share the GPL has registered its best ever quarter and most operational parameters in the 4th Quarter.

In terms of new bookings, Godrej Properties achieved its highest ever quarterly and annual sales, booking value for the quarter stood at Rs.9,519 crores, up by 135% year-on-year over what was the time our best ever quarter, and 66% quarter-on-quarter over what was also our best ever quarter at the time. This was the third consecutive quarter and fifth time in the last six quarters that GPL has set its highest ever quarterly sales benchmark.

Booking value for the full year 2024 stood at INR22,527 crores, up 84% year-on-year over the previous best ever year and 61% above the guidance we provided at the start of the year. Both the quarterly and annual sales values are the highest ever announced by any publicly listed real estate developer in India until date. This sales growth was on the back of both improving project mix as well as strong volume growth of 21% in Financial Year '24. The strong growth can be attributed to an extremely strong customer response to some of our new launches during the quarter.

Godrej Zenith in NCR achieved a booking value of Rs.3,008 crores and Godrej Reserve in MMR achieved a booking value of Rs.2,693 crores. Both of these projects were the best ever launches for Godrej Properties in these respective markets.

In Financial Year '24, four projects, including Godrej Aristocrat launched in Q3 and Godrej Tropical Isle launched in Q2, achieved over Rs.2,000 crores of booking values, and all four of these projects are owned outright by Godrej Properties.

Godrej Properties bookings in NCR in Financial Year '24 grew 180% to just over Rs.10,000 crores and Godrej Properties bookings in the Mumbai region grew over 114% to Rs.6,545 crores.

GPL also achieved its highest-ever cash collections and net operating cash flows; collections were Rs.4,693 crores for the 4th Quarter and Rs.11,436 crores for the financial year, leading to net operating cash flow growth of 16% year-on-year to Rs.2,607 crores in the 4th Quarter and growth of 23% to Rs.4,334 crores for the full year. This was aided by deliveries of 6 mn.sq.ft. across seven cities in the 4th Quarter, taking the annual tally of deliveries to 12.5 mn.sq.ft., another record milestone for Godrej Properties. The strong cash collections allowed for GPL to reduce net debt by over 700 crores in the 4th Quarter despite strong business development in that piece.

With a large number of project completions in the last quarter, GPL recorded its highest ever reported net profit numbers on a quarterly and annual basis. Our total income for the 4th Quarter increased by 1% and stood at Rs.1,952 crores. Our EBITDA increased by 3% to Rs.649 crores and net profit increased by 14% to Rs.471 crores over a very strong base quarter.

For Financial Year '24, our total income increased by 45% to Rs.4,362 crores. EBITDA increased by 20% to Rs.1,197 crores, and net profit increased by 27% to Rs.725 crores.

From a business development perspective, I am happy to announce that Godrej Properties entered the Hyderabad market in the 4th Quarter with two land deals with an estimated booking value potential of nearly Rs.5,000 crores. The Hyderabad market is amongst the largest and fastest growing residential real estate markets in the country and these acquisitions are in line with our strategy of strengthening our portfolio across the key markets in India.

In all, we added four group housing projects with an estimated booking value of Rs.12,800 crores in the 4th Quarter of the financial year and a total of 10 new projects with an estimated booking value of just over Rs.21,000 crores in the full financial year.

We believe Financial Year '24 has been a transformative year for Godrej Properties with huge growth in bookings and especially in GPL share increasing.

Our hypothesis of raising capital five years ago, deploying aggressively into business development when market conditions were favorable for investments and using these new projects to deliver exponential growth in booking is we believe playing out exactly as we had hoped.

While reported cash flow and earnings growth has been strong, we believe these parameters would see a sharp upward trajectory in the years ahead. This is the high bookings combined with GPL increased economic interest in these projects.

The pro forma P&L details, including in our investor presentation, provides the sense of the growth potential in the P&L as the projects launched this year achieve revenue recognition largely in financial year '27 and financial year '28.

For Financial Year '25, we hope to grow residential bookings by 20% over a high base to Rs.27,000 crores through the launch of a large number of exciting new projects combined with strong substance sales. This combined with continued strong project deliveries should allow us to build on the momentum generated in Financial Year '24 in strong operating cash flow generation.

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

Moderator: We will now begin the question-and-answer session. We will take our first question from the line of Abhinav Sinha from Jefferies India. Please go ahead.

Abhinav Sinha: Sir, with the scale that we have achieved on sales now, I mean, what's the medium-term target looks like, I know, I mean you've given a strong guidance for '25, but what's the view from a three-year basis now?

Pirojsha Godrej: I think the base certainly is more demanding now than it has been in the past years, but I think we'd like to stick with our guidance of 20% growth over the medium-term. Of course, this might get calibrated upwards or downwards basis market conditions and how strong business development additions from here are. But over the next few years, I think 20% number remains the aspiration.

Abhinav Sinha: For FY'25, if you can help us on the guidance, how much can we say volumes versus pricing?

Pirojsha Godrej: So, I think it will depend a little bit on the mix and what approvals etc., comes through. But if you look at it over the last year, it's been a fair mix of growth in volumes which last year was 31%, a year before that was 40%. And I think pricing is in two parts it's important to remember. One is actual pricing growth for the same project because of market conditions. But I think a lot of GPL growth has come from repositioning the company into a stronger set of location and the pricing growth that has accompanied that. I think really I have to break up the booking value growth into three buckets. One is kind of volume growth, the second is repositioning or kind of improved project portfolio growth and the last is like-to-like pricing growth, and I think all three will continue to contribute in the year ahead.

Abhinav Sinha: Also, if I may ask a little bit of clarity on the family agreement that just came out yesterday. So, a few questions there. Firstly, can you clarify the MoU that we have for the Vikhroli development? It will continue beyond a six year exclusivity period because I understand there is some sort of apprehension out there.

Pirojsha Godrej: Yes, it's very clear that DM has already been in place for many years and will continue exactly as is and is applicable for the entire Vikhroli land. There is no time-bound period to which it is applicable. So, Godrej Properties will act as the development manager in partner Godrej & Boise which is the landowner and developer of the of the development. So, we greatly look forward to playing a role in that project and we are quite happy that after several years in Q4, we actually had a launch under this development management relationship, we launched a project for Godrej Vistas, which is off to a good beginning. So, hope to see a lot more activity in Vikhroli in the years ahead. But just to be very clear, there's certainly no time limit after which the DM doesn't continue.

Abhinav Sinha: On the exclusivity part also, so how does the usage of brand name work say in the next six years and even beyond that, I mean, how do you see that as such?

Pirojsha Godrej: Abhinav, part of this understanding for each side existing categories, there is an agreement that we won't use the brand and won't compete with each other in those cases. So, four real estate, let me clarify how this works. For the first six years, Godrej & Boyce is not going to do any real estate development outside of land that it already owns today. So, on the land that it owns today, Vikhroli of course being the main one of those, it is free to do development, including using the Godrej brand, but it cannot do any development on new land parcels beyond that. Post the six-year period, Godrej & Boyce is free to do development on other lands but cannot use the Godrej brand for those developments. So, that is a very important distinction. I should also point out that Godrej & Boyce has an existing construction business and that is actually their exclusive business. So, while Godrej Properties is free to do construction for its captive purposes of developing its own projects, if we ever wanted to backward integrate, we are free to do so, but we will not be for six years able to do third-party construction services for other developers or other companies. And after a six-year period, we can provide such services, but we won't be using the Godrej brand for that. And that is true across all categories that one or the other side has a presence in. I think there has been a little bit of confusion on this saying that they can be competing Godrej Developers, etc., that is not at all the case. The development to Godrej & Boyce from a property development perspective for the next six years is entirely limited to land they already own. Of course, the most important of those lands is Vikhroli, which will be developed through the DM. And post six years, while they are absolutely free to set up a real estate development company, it would have to operate without the Godrej brand.

Moderator: The next question is from the line of Parikshit Khandpal from HDFC Securities. Please go ahead.

Parikshit Khandpal: So, just delving a little bit more on the family settlement agreement. So, now with this in place, do you think there will be acceleration in launches because we have so much of land in Vikhroli, so now all these issues ironed out, do you think we can get at least every year a launch coming in from the Vikhroli land?

Pirojsha Godrej: No, I think as we indicated in the press release, the timing of launches in Vikhroli will be largely determined by Godrej & Boyce. But certainly I think this clarity will aid in there being a more momentum to this process, and as I said, I am very happy that we have launched a project under this arrangement after a few years in Q4 and would certainly hope to see many more such projects ahead.

Parikshit Khandpal: And this 10% DM, if there any change there or it will be same?

Pirojsha Godrej: There is absolutely no change to the agreement of any kind. So, that's exactly what it was, which is, as you said, 10% of top line.

Parikshit Khandpal: And just the last question on the promoters. Now. I mean we have both the family for now. Which are the promoter shareholding will it get classified into like public shareholding and what's the future, I mean, how will the shareholding change post this?

Pirojsha Godrej: So, I should clarify that the families has announced its intent and the agreement it has gotten into. The immediate next step is to seek regulatory approval, which we will be doing over these next few weeks. Assuming, those come through and we are able to close as envisioned, the families will be de-promoterized from each other side of the group. There will remain some amount of cross-holdings between both the groups and those can continue thereafter.

Parikshit Khandpal: Now we are seeing that in NCR, we have already reached 10,000 crores of sales and MMR also just crossed 6,000. So, now incremental growth, do you think there's still scope for these two markets to offer your incremental growth in FY'25 given you have already announced the 27,000 crores of pre-sales? And with such high market share, do you think still scope for you to grow from these two markets?

Pirojsha Godrej: Yes, certainly I think we have a lot of scope to grow in these markets. If you look at NCR as an example, I think the market did fantastically well this year, the team performed fantastically well. So, I think hats off to Gaurav and our CEO in NCR, Geetika and her team, because I think the numbers were very strong, but largely we delivered through the launch of three projects. I think we have the potential this year to launch at least five or six projects. So, certainly, we hope that market conditions sustain that we can see strong growth in NCR as well. In Mumbai, we had a very strong 4th Quarter. We have several new large projects that are now in the market where we have additional towers and additional inventory to be launched in the year ahead. We have some exciting new launches plans in places like Worli. So, again, I see no reason that we shouldn't be able to grow up this way.

Moderator: The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: My first question is with respect to your 27,000 crores guidance. How much of this should we think will come from sustenance sales, how much of it is dependent on new launches?

Gaurav Pandey: Thanks for the question. See, essentially when we plan a launch calendar for an year, we always keep a series of projects with some buffer and of course we have a lot of sustenance inventory. We don't really have a clear guidance on the sustenance and launch. It frankly changes from quarter-to-quarter. If you look at the Q1, Q2 of the last year, it was largely sustenance balance with some launches, but if you see let's say, Q4, it was just the opposite, about 84%, or 80%-plus worth very largely new launches. So, I think quarter-to-quarter it would shift, but fair to say it will be a very launch heavy year balance with some amount of sustenance, largely launches would be the bigger contributor.

Puneet Gulati: So, will it be possible to share what is the value of unsold inventory that you have?

Gaurav Pandey: Offhand, I won't have a number to share with you, but fair to say in every geography we have a huge set of inventory. Rule of thumb is whatever guidance we gave you, the available inventory that we have in stock is usually at least 2x available in our mind is when we typically give you a forecast.

Puneet Gulati: So, when you said 27,000 crores, you're saying 54,000 crores -

Gaurav Pandey: We will have visibility in our pipeline of about 50,000 crores. Our total inventory is even significantly higher, but the one I am talking about is mostly in the pipeline funnel that we get to see. Finally, it's a combination of launches that will hit in the market, but that's how we typically make our estimate.

Puneet Gulati: So, if I were to just do some basic math here, so you're talking of 30,000 crores of new launches, does that mean about 24,000 crores of inventory is remaining to be sold from the projects already under execution, is that how one should think about that?

Gaurav Pandey: Not really. Project-to-project, it would differ. I don't have the offhand number of unsold stock. I think your question is unsold stock of launch inventory, right?

Puneet Gulati: Yes.

Gaurav Pandey: This question is answered. I will probably get back to you on the unsold stock, but fair to say if you look at the recent launches, if I give you an example, last year, we did a launch in Tropical Isle, right, this was sold out to zero inventory available. We did an Aristocrat largely about 80%-plus sold and again some amount of sold out in Q4, so about maybe 10%. Then we did Reserve. Reserve will have about close to 4,000 crores of stock available. So, the recent launches if you see anything which is 2,000 plus crores, the residual inventory is about 10% with the exception of godrej Reserve. But historically, if you see very old projects of ours, we were always launching phases, and typically in year one, we would launch back then about 70% and then sustenance would follow. So, if you ask me in this 27,000 crores project which were launched in the H2 of last year in NCR, not much of sustenance available, we practically sold them out, but you will have good amount of inventory as new tower launches in Mumbai and another location.

Puneet Gulati: And 30,000 crores launch will include that number as well, right?

Gaurav Pandey: Yes, yes, 27,000 crores is the guidance that we have given, it will include all of that and launches as you rightly said, will include the new tower launches as well.

Puneet Gulati: So, just following up on that as well, you've been selling significant amount of what you launched in the year itself. So, how are you thinking about cost and pricing? Don't you want to keep some bit of inventory for later dates to realize better prices or are you thinking that best to capitalize on current prices?

Gaurav Pandey: So, if you ask me from a mitigation strategy and inventory management, I think it's market-to-market, right. I mean if we see for example North as a market, right, our ability to charge premium to our underwriting is very live right now. So, if I give you some examples, look at the launch of Q3, which was Aristocrat. Between what was the underwriting to the included profit that we have shown it was almost like close to 1.8-2x of our underwriting profit. So, if we see that there is an immediate opportunity basis what we have underwritten, we can significantly enhance our profitability. The costs will not be as high then our opportunity to capture the upside immediately. But likewise, in certain markets, like if you see Bombay, while this has become Mumbai real estate higher selling project and we had the opportunity to of course launch more inventory, but very conscious of launching inventory phases because we believe there is a far more price upsides available. Of course, the launch itself saw much of price performance versus underwriting, but we believe in that particular micro market where there is hardly any supply, we would be able to command more premium. So, finally it's a call between immediate price upside opportunity available versus long-term costs. Wherever we feel the opportunity is better than the risk, we kind of capitalize on that, but there are times we also will do staggered sales.

Puneet Gulati: Lastly, on the commercial portfolio, if you can guide us as to what is your share of capital employed and what is your share of net operating income from the commercial?

Gaurav Pandey: Total rental portfolio opportunities is about 1,100 crores and the full potential is about 270-odd crores. And of course, as and when we will hit OCs, this will continue to come, most of the OCs will hit in this year itself. So, we have already got one OC last year and this year we will see the OC if all the residual core inventory. Our share of profit is different in different projects in Godrej Two, for example, it is about 50% and you would appreciate that we saw massive leasing uptake in Q4, almost close to 94%. In another commercial portfolio, which is the Taj The Trees which is just recently opened, you would see that there is 100% owned by Godrej Properties. We have seen some fantastic occupancy about 67%, a very high amount of EBITDA and it is just the start the property in terms of its operations. We hope to see even better return in the coming year. So, yes, I mean, our commercial portfolio frankly is outperforming our own internal estimate because there's a very strong uptake in FY2024 and I think FY'25 likely would be even more exciting.

Puneet Gulati: Are you likely to take more commercial projects?

Gaurav Pandey: We have a partnership with Godrej Fund Management. As we would appreciate, it's very opportunistic to how we see the development. I think currently we have a good focus on these specific projects. There's the thing immediately in our mind to be very frank and currently with more execution towards ensuring the leasing, everything gets over, but we do see something very exciting in the coming quarters and all, we will be of course evaluating on.

Pirojsha Godrej: There will be a growth I think in these commercial projects including one this year for sure. But as Gaurav was saying, I think it's correct, the key focus for the year on the commercial side will be to stabilize and start operations for these four or five assets that are completing this year.

Puneet Gulati: So, the MoU is only applicable for Vikhroli and not for any other land parcels, there was Mohali, Hyderabad earlier, that's no longer effective now?

Pirojsha Godrej: Correct, it's just for Vikhroli and I think some of that Hyderabad property and all has actually been is I don't think in the system anymore but yes, but the MoU is for Vikhroli.

Moderator: The next question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.

Saurabh Kumar: So, I had a few questions. The first is essentially on this economic interest. So, we have seen this economic interest go up. Can one expect this to keep going up to like let's say 90%, 95% or do you think 85%-odd we peak out now?

Pirojsha Godrej: No, I don't think it will keep going up. It's already at 85%. So, it's already at a very high level. So, I would not expect it to really grow up from here. It might go up a little down a little year-on-year basis, whether JVs are contributing, etc., But I would say I would not expect it to start going towards 100 or anything like that and you would have seen even this year we did have some joint ventures added.

Saurabh Kumar: So, effectively, the EBIT which you're reporting at about the proforma EBIT. If you adjust for this, on a normalized project basis, you should have earned close to 30% because you are basically happy to earn 25%. That's the broad understanding I am coming up, right?

Pirojsha Godrej: I think again, if there is a lot of projects and structures beyond just JV and outright, but yes, I think there certainly is room to continue to improve margins given the kind of momentum we are seeing in the market.

Gaurav Pandey: So, typically what we essentially do, when we underwrite transactions agnostic to the deal structure, our targeted imputed margin metrics are very similar. The only difference is that when you actually hit the market. If it is a 100% on project and the market is supporting your ability to significantly take the margin up, if the opportunity available, but whether we are doing any deal today or we will do in future with the JV project and outright, our return expectations are very similar when we underwrite a deal, it's not different for our JV project or outright for that matter.

Saurabh Kumar: The underwriting margin which you're targeting is about 25%, right?

Gaurav Pandey: Yes, in plotted, of course it will be much higher, but yes, ballpark what you're saying is right.

Saurabh Kumar: And in the underwriting, I am assuming now you keep construction buffers. If you can quantify the amount of buffer you keep in your underwriting?

Gaurav Pandey: Yes, we do try and keep, but to be very frank, that's the risk to the market. In fact, if you see our pro forma, we have intentionally, even shown you a scenario with 10% sort of a contingency exactly to help one get a perspective, but eventually in execution, our ability to manage costs will either improve the returns or could marginally reduce it. But fair to say, what we are publishing in terms of the range is what we aspire to hit.

Saurabh Kumar: So, this imputed is after factoring in the contingency or without the contingency on construction?

Pirojsha Godrej: I think there obviously is some contingency figured even in the base thing, that there will be some escalation, that is part of the basic business planning. What we are saying is beyond that. So, even the base number that we provided as actual, obviously has some factor of contingency for escalations in others. We just wanted to clearly show that this number is not something set in stone, that there is execution risk attached to this, we have just tried to present a range which shows kind of if for any reason execution sees deterioration in this by say up to 10% of projected EBITDA, the ratios would look like under certain scenario.

Saurabh Kumar: Moving on to business development. So, you've done 20,000 crores this year, next year is 20,000 crores. So, I understand you have a bad book, but in an environment where, let's say, property prices are going higher than land prices once you want to do more BD at this point of the cycle and like slowdown later, I mean, why are you taking such a conservative even for BD for next year at least?

Pirojsha Godrej: Honestly, I think our BD guidance is probably the one we pay the least attention to if I am being totally honest, because BD really depend on what we have seen during the year and the specific opportunities. There is not going to be if we see great opportunities, the 20 is not going to form any kind of upper cap certainly. And we have seen in past years, for example, in FY'23, where I think we guided around 15,000 and ended up doing 35,000 or so. So, certainly I would not look at this 20,000 as an upper cap and we would hope to if we see the right opportunities, go well past this. And you're right that I think just intuitively, the BD growth should be at least at replacement level. So, see the right opportunity, I don't think we will stop from taking them, but at the same time, I think meeting our guidance is important to us on business development, we are quite clear that it's not something we do at any cost. So, if we feel the opportunities are not, correct for whatever reason, we won't be overly aggressive and we do feel we have a good portfolio for the next couple of years in any case.

Saurabh Kumar: On this Bombay, so you've obviously scaled up nicely, but your market share in Bombay will still be maybe between I am guessing between #6 to #8. In terms of new projects acquisitions also, Bombay doesn't seem to be that big this year at least. So, how would you be thinking about this market? You've done very well in Delhi and NCR and some of the other markets. What's your strategy for Bombay, and is there a market share aspiration you have here?

Gaurav Pandey: Essentially, if you see even the guidance that we have given from a launch point of view, right, in fact the highest launched volume that we talked about from value point of view is in Bombay, it's about 9,500 crores, but coming on bit of forward-looking and how we are looking Bombay portfolio, if you try and see what is happening in Mumbai for the last piece, you'll try and appreciate the point of inflection. Bombay used to be a sort of a sort of a dormant business for a couple of years back, about 1,500, 1,600 crores and in FY'23, this became almost double of that, say for the first time we crossed 3,000 crores kind of a number. And what's happened in the last financial year, it's crossed 6,000 plus number, 6,500 thereabouts. So, essentially last year we were trying to see that the acquisitions that we have done in FY'22 and '23, how are they going to play out because there were some seven high capital very important transactions, we did starting from projects like the Mahalaxmi project that we have, the Kandivali project we had, something in Azad Nagar, Thane and the likes of it. Now, having seen that playing out really well, you would see continued momentum in Bombay. And if I just want to give you some very, very broad level sort of pipeline indicators that we have, we have something in Carmichael Road, we have something very exciting finally coming up in Worli this year, we have done something in Bandhup as a planning. We have close to (+4,000) crores worth of inventory available in Kandivali project and then there's something coming up also in Navi Mumbai. So, I think we have a very robust pipeline for this year. But I think the determination to do more is going to be a little more stronger from Bombay this year because of the last year's execution strategy kind of playing out well. So, I think it's a bit of a thoughtful approach that we will continue every quarter to buy land where we feel we are very confident, then if it crosses a particular threshold of capital deployment and booking value available in that particular micro marketing geography, we will wait for the launch to happen, and with success we will of course double down and add more. And this has played out very well for us, if you see last year towards the NCR, then it was MMR and I think you will see a lot of action even in markets like South and Pune this year.

Saurabh Kumar: So, on your residential project, so you have this an annexure slide. So, effectively you have to get approximately from what I can calculate around 28,000 crores is the cash to collect, is that number broadly my understanding is correct?

Rajendra Khetawat: Correct, Saurabh.

Saurabh Kumar: What is the cost to finish against it?

Rajendra Khetawat: We have not been giving that guidance, but you can have a normal percentage applied whatever is the normal construction rate. We always give that what is our expected profit now with proforma, you can very well do a back calculation.

Saurabh Kumar: Yes, but your land cost should be about 20%, 25% of sales, right?

Rajendra Khetawat: Depends, it can reach anywhere from 15% to 25%, yes, depends on project-to-project.

Moderator: We will take our next question from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qasi: My questions are related to the cash flows. In line with the sales, we have seen pretty decent improvement in our operating cash flows. I mean if one looks at a quarterly basis on an average our construction and project-related outflows have been somewhere closer to about 2,000-odd crores and therefore there's a fair bit of volatility in our net operating cash flow depending on the collection. So, how do we see on an annual basis, our operating cash flow going ahead? And the second, in terms of our land-related CAPEX, we have done roughly about 5,500 crores this year. How do we see that going ahead and consequently, what would be our debt trajectory in future?

Gaurav Pandey: Let me try and break it up into sort of parts. The essentially as you rightly said the operating cash flow is largely coming out of collections growth. If you see our collections CAGR, it's about 34.7 and what is more noticeable is to see the trend from FY'22. So, from FY'22, our collections have almost doubled. And again, an interesting data point is to see points of inflection like FY'23, the Q4 sales were about 4,000-odd crores. This year, the Q4 collections is more than that right. So, I think collections is following a sort of a lag of three to five quarters in every project, because all our payment plans are construction-linked and I think the idea is that if we continue to sell well and we ensure that the collections payment plan are very, very front-ended, your collections with the great efficiency will continue with the CAGR that we have already been seeing in the last two, three years. In terms of operating cash flow, again, if you see, it's going at a 50% plus CAGR. Now that being said from a future and FY'25 point of view, if you see, this is one year, we are normally a little more conservative in giving a collection guidance. Last year, we gave a collection guidance about 10,000 crores and we delivered something 11,300, 11,400 crores. The year before that was a similar; we had given a conservative and were able to exceed. We understood that the kind of sales we have achieved in FY'24 is very, very high quality which has given us the confidence to kind of step out and give a relatively much higher guidance, which is about 15,000 crores. And I think fair to say with that kind of guidance, we will see a continued good trajectory of operating cash and there beyond. Now, the second bucket which is mostly on our ability to invest and how we are seeing debt and all, I think we have always maintained in every earnings call that our gearing ratio that we are comfortable is between 0.5 to 1:1. I think we were 0.72 in Q3, in Q4, we have become 0.62. In fact, this is the first quarter in the recent quarters where we have close to 700 crores of free cash flow or something which previous questions were being asked. So, I think if we continue to be prudent we calibrate our investment strategy to opportunity. we will maintain 0.5 and 1:1 with the net debt never crossing above 10,000 crores. So, I think it's purely the growth momentum, strong asset management, very strong quality of sales and monitoring of that which is resulting into this opportunity to have a continued trajectory of aggressive growth.

Moderator: We will take the next question from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: First again is on Vikhroli. So, post Godrej Vistas launch, we can see only one project which is left with Godrej & Boyce. So, that's the only project where we have MoU in place right now and then for the rest of the project, MoUs will follow up on time-to-time basis, is that understanding, right?

Pirojsha Godrej: No, the MoU is for the whole land. So, we have an MoU in place for the whole Vikhroli land, that as Godrej & Boyce wants to develop individual parts of it. It will be developed through the DM. We have Godrej Vistas currently under development as you rightly pointed out as another identified parcel which is in a planning stage and hopefully will be available to be launched immediately upon Godrej Vistas completing. There is of course a lot of other land that could potentially come up for development. It would not be appropriate for me to comment on that in detail at this stage. As we get more visibility on exact plans from Godrej & Boyce, we will of course share them as the correct time.

Pritesh Sheth: Anything that gets developed in the Vikhroli land would be through us as per the MoU, right?

Pirojsha Godrej: That's right.

Pritesh Sheth: Secondly on the micro market, so NCR, MMR, we did well. what's your view on Pune and Bangalore. Specifically, FY'25 does look great for Bangalore in terms of launches. So, can we assume like Pune sustaining the same run rate and Bangalore contributing to material growth next year that we are targeting?

Pirojsha Godrej: I think you could actually count on both showing strong growth in the year ahead. I think as we look at 27,000 crores, we look to have another strong year in NCR and Mumbai. Gaurav spoke a little bit about the Mumbai pipeline. I've mentioned in NCR, this 10,000 crores number from FY'24 was largely on the back of three launches. We have the potential for six in FY'25. In Bangalore, I think we have a very strong pipeline and actually it was a little bit of a timing slip where a big launch in particular slipped out of the year, we could have had a much better FY'24 as well, we are quite confident that seeing a big number in Bangalore in FY'25. And Pune also, we have a few new projects that we are looking forward to bringing to market that are already in the portfolio. And it will be an area of focus from a business development perspective as well. And just to add to that, of course, we also have an entirely new market, which contributed nothing in FY'24, which is Hyderabad market. So, between all of those, we think there's good visibility of us getting to this 27,000 crores number.

Pritesh Sheth: And underlying assumption for FY'25 would be MMR and NCR sustaining the run rate that they had done in FY'24 or there is a growth incorporated for these two markets as well in those numbers?

Pirojsha Godrej: We will have hefty growth in these markets as well certainly.

Pritesh Sheth: Just lastly on the imputed margins, we see 27% kind of EBITDA margins. Was that margins tilted by a large contribution from NCR either upside or downside or how do you expect this margin trajectory going ahead considering other markets like Pune, Bangalore and Hyderabad start contributing to little larger extent?

Pirojsha Godrej: I think it's perhaps a little bit dependent on market conditions, but I think overall these kind of margins we are expecting to be I think 25% to 30% is a reasonable expectation. As Gaurav said, plotted development might be a little bit higher than that. But I don't think the geographic mix will necessarily change things very significantly. It's more the project mix within each city. I think if you have more IM projects and so forth or more outright own projects, both can have an impact, but I would not expect that if we do more in Bangalore, for example, this year, that would have any kind of negative impact on margin.

Gaurav Pandey: If I just add on like I mentioned sometime back whenever we underwrite transactions, our return thresholds from underwriting is more or less same for all markets. Yes, of course it's the opportunity, finally when you hit the market, your ability to take price upside in certain markets, creates more acceleration. But I think from a long-term if you try and see, our aspiration and direction from BD is to have geographic-agnostic similar kind of return profile.

Moderator: We will take our next question from the line of (Jatin Kalra) from Bank of America. Please go ahead.

Kunal Tayal: This is Kunal. It's great to see the pro forma P&L out there. My first question is once again going back to the imputed EBIT margin. Just want to broadly understand, is the 27% number that you've registered for FY'24 broadly synchronized with the kind of opportunities you see out there on an ongoing basis? I am trying to understand if all the price increase which has happened in several of the markets over the past 12, 18 months, is this already captured in this 27% or does it start to play out from here?

Pirojsha Godrej: I think this is on actual sales during the year. So, the price increases across some of the projects would be captured in this. I think it's important to keep in mind that we have seen a price increase in the sector. But honestly this is very much exactly what was kind of expected at this stage of the cycle. In fact, if you look at it, I think the price increase or the pace of price increase is much higher in markets like NCR and Bangalore. Some of the Maharashtra markets like Mumbai and Pune, we haven't really seen that level of price increase yet. We might see those markets continue to pick up. So, overall I think this margin at least in the near term is sustainable with the project portfolio we have, we'd hope to maintain or improve that.

Kunal: And then just again going back to the geographical mix of bookings, NCR has broken through the ranks and contributing very nicely to the overall mix. Is that something which should continue for the next two to three years as well? I am sure a few percentage points difference here and there is okay, but overall, are you looking at the skew tilting in favor of any of the other markets in a big fashion or this is a fairly representative trend that we have seen in FY'24?

Pirojsha Godrej: See, my view is this comes down to execution by the individual teams in those markets. There is no real constraints we see from an umbrella perspective to growth in any of them. Market share even in NCR would be relatively modest sales. So, in terms of being able to add to that through new projects, I think the opportunity remains immense. I think Gaurav himself was running the NCR business and NCR team has been doing very well for many years. But certainly there's no inherent right say as to 40% plus of GPL business. So, we will have to execute at a very high level. I think the Mumbai team has shown in the 4th Quarter kind of what the potential here is as we get more and more projects to the market in Mumbai. I think our Bangalore and Pune teams are fully geared up and fully seen the kind of numbers, NCR and Mumbai have had this year and certainly have scoped their competitive juices. So, I think all teams have an opportunity, these are all big market, we have a relatively modest market share in all of them, we have an appetite for growth and we think availability of capital to fund growth in all of this. So, it will come down to ability to secure the right business development opportunities ability to consistently execute at scale. I would say if you're asking me my opinion for this year, the NCR portfolio remains very strong and if market conditions there remain as they have been, that probably remains our largest market this year as well. But beyond that, I think it will depend a lot on business development in NCR, our ability to replenish the portfolio strongly and of course how well the scale up in some of the other areas happen. But overall, I think feeling pretty good about each of the key regions contributing strongly this year.

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

Kunal Lakhan: On the cash flows, right, we have seen spend on the growth this year or rather land, has been higher than our operating cash flow and I understand the OCF will go up as the collections rise, but I am assuming the spend on the land too will increase as you do higher BD for the replenishment. So, in terms of like funding of this growth, are we confident this will come through the internal accruals or would you look at raising capital at any point in time especially equity?

Pirojsha Godrej: Yes, I think we have no plan for the moment to raise capital. We would never kind of entirely rule that out, but certainly don't have any immediate plan for that. I think your point is very valid, but I think it's important to keep in mind that we are doing exactly what we said we will do, which is we will raise capital first, we will then aggressively go out and do business development disproportionate to our then scale and that will result in an increase in debt. And in fact, even when we were raising the capital, we said, we think it would be mismanaging the business to operate at under a gearing level of 0.5:1 given the kind of opportunities. So, we have done that. As a result, I think demonstrated that booking value growth can be very disproportionate through that strategy and we have had now, two years, one year of 55% growth in bookings, one year of 84%, if you look at as we have shown in the chart, the share of bookings attributable to Godrej Properties those growth rates increase further. So, that is going to require investment. Now if we slow that down to more 20% kind of growth, the amount of business development you need to do as a proportion of your current size will not be as much as it was three or four years ago. So, you will see that ratio improving. We are not, however, very fixated as we have said multiple times on very large free cash flow generation at this point. We could have obviously generated much more free cash than we did last year. We have chosen to invest a little less on business development. We think from a long-term value creation perspective, rapid growth and market share gains is a much stronger lever for us than kind of in your cash flow generation, because I think that scale is giving us huge economies of scale, huge ability to generate cash on a much larger base and hopefully a quarter like the one we just had is indicative that when things are firing you will see free cash given with a lot of business development and that's certainly the goal, but we would quite intentionally not say that we will limit this development to ensuring that it is throw us the free cash because we don't see that as a requirement. We think the company has a strategic advantage in its access to capital, including debt of low cost and then having some debt on the balance sheet is an entirely intelligent part of making the best of the opportunity for growth that's available in the sector. As Gaurav rightly pointed out, we don't want to get carried away with that logic and have a balance sheet that puts the company under any kind of stress, which is why we have indicated this range of 0.5:1. But honestly, if we were seeing free cash flow generation becoming so high that the debt was rapidly coming below 0.5:1 that could be assigned to us to look at increasing investments. But of course also calibrating and making sure that we are quite comfortable with the investment. We don't want to just be making investments to make investments. We have to be confident that we are making the right investment at the right time in this cycle that we are confident that irrespective of how market turns, we will still be able to generate the return on those investments. So, I think all of those are factors in our mind as we kind of look to calibrate business development versus free cash generation.

Kunal Lakhan: On the restructuring, so on the non-compete right, any restrictions for GPL on signing projects in say locations in central suburbs, which are in and around Vikhroli outside of the land owned by G&B, any restrictions for us?

Pirojsha Godrej: No, there are absolutely no restrictions on GPL or any kind to do any kind of property development in any part of the country or any part of the world for that matter. I think what some of the media has reported that there could be competition from another Godrej group, real estate company, etc., is also entirely inaccurate. As I've explained, Godrej & Boyce development using the Godrej brand will be limited to land already owned today. The biggest of which is of course Vikhroli which will be developed through Godrej Properties. And the reciprocal or the business that they have is their forte that we cannot is construction where we cannot use the Godrej brand even after six years, except of course, when we are doing our own captive construction, there's no prohibition against that.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to management for closing comments. Over to you.

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

Gaurav Pandey: Thank you.

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