NARNOLIA
Advance Strategy Simple Solutions
SEBI Registered Portfolio Manager

GODREJ PROPERTIES Ltd.

"Quarterly numbers muted, but in line……."

"Hold"
15th May' 13

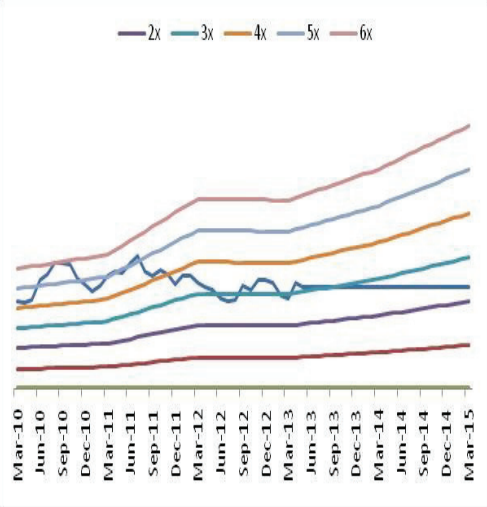
Result update	Hold
CMP	591
Target Price	660
Previous Target Price	660
Upside	12%
Change from Previous	0%

Market Data	
BSE Code	533150
NSE Symbol	GODREJPROP
52wk Range H/L	501/673
Mkt Capital (Rs Crores)	4610.03
Average Daily Volume	9090
Nifty	5994

Stock Performance-%	1M	1yr	YTD
Absolute	5.8	0.1	11.6
Rel. to Nifty	(2.4)	(20.1)	6.4

Share Holding Pattern-%	Current	4QFY13	3QFY13
Promoters	75.0	75.0	75.0
FII	14.8	13.2	13.4
DII	2.2	2.3	2.6
Others	8.0	9.5	9.1

1 yr Forward P/B



Quarterly performance muted, but in line;

Godrej Properties reported 4QFY12 Revenue of Rs. 312 crore (-11% yoy, +17% qoq). However on operating margin improved by +900bps yoy & 350bps qoq and stands at 31.6% to Rs. 98 crore. Net profit of the comapany surged by 32% yoy and 52% qoq to Rs. 53 crore. Net profit margin of the company is almost high at its past 8 consecutive quarters and stands at 22.7% improved by 590bps yoy and 370 bps qoq. We believe that the revenue of the company will increase with CAGR of 35% in FY14E & FY15E on back of strong luanch and huge inventory in pipeline, further in our belief valuations remain compelling, despite the receding leverage overhang and significant operational improvement with the EBITDA margin.

For the - Fiscal ended -March 31, 2013 (Consolidated);

The revenue increased by 34.68% to Rs. 1037 crores compared to Rs. 770 crores in the corresponding previous period. The Profits After Tax (PAT) increased by 41.37% to Rs. 138.44 crores as against Rs. 97.93 crores for the corresponding previous period. Earnings Per Share (EPS) increased to Rs. 17.7 which was Rs. 12.5 in corresponding previous period.

Sales Highlights;

- Q4 FY2013 witnessed total booking value of INR 602 crore and total booking volume of 0.64 million sq. ft. as compared to total booking value of INR 781 crore and total booking volume of 0.81 million sq. ft. Q4 FY2012.
- Excluding Godrej One: Area sold in Q4 FY13 is 0.58 million sq.ft. and 0.46 million sqft in Q4 FY12, recording a growth of 27%. Booking Value in Q4 FY13 is INR 512 Cr and INR 269 Cr in Q4 FY12, recording a growth of 90%.
- Area reported is total area sold and total booking value inclusive of joint venture partner area. In Q4 FY2013 JV partner area sold was 0.04 million sq. ft. and in Q4 FY2012 JV partner area sold was 0.05 million sq. ft. JV partner booking value was INR 13 crore in Q4 FY2013 and INR 14 crore in Q4 FY2012.

Valuations;

In 2013, the Mumbai residential market showed signs of revival after nearly 18 months of sluggishness on the back of increase in demand and steady pricing. The best-performing submarkets, according to the report, were Parel, Wadala, Dadar East, Sewri, Chembur and Tilak Nagar. At the CMP of Rs. 591 the stock is trading at 17.2x of FY14E PE and 12.8 of FY15E PE. As per our estimate the company can post the EPS of Rs. 34.3 & Rs. 46.2, and RoE % of 16.1% & 18.1% in FY14E & FY15E. **We advised our readers to hold the stock, and not to make any fresh exposure in it. Looking to current market scenerio and recent step by RBI of rate cut and further assumption of rates cuts in future the demand of real estate will definately pick up in near term. We reccomend the Target Price Of Rs. 660 for this stock.**

Financials — **Rs, Crore**

	4QFY13	3QFY13	(QoQ)-%	4QFY12	(YoY)-%
Revenue	311.9	266.0	17.2%	350.2	-11.0%
EBITDA	98.4	74.7	31.7%	79.0	24.5%
PAT	53.2	35.1	51.8%	39.8	33.7%
EBITDA Margin	31.6%	28.1%	350 bps	22.6%	900 bps
PAT Margin	22.7%	19.0%	370 bps	16.8%	590 bps

(Source: Company/Eastwind)

Please refer to the Disclaimers at the end of this Report.

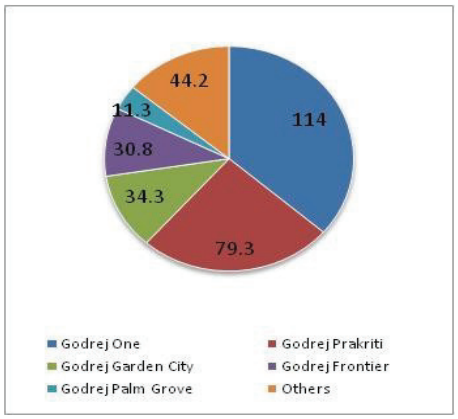
GODREJ PROPERTIES Ltd.

Company profile :

About The Company; Godrej Properties Limited (GPL), established in 1991, is part of the 113-year-old Godrej group of companies. GPL, which develops residential and commercial properties, recently entered large township development. The company expanded its footprint into 12 key tier-1 and tier-2 cities, with a land bank of ~400 acres and developable area of ~77msf, where it has economic interest for over 50msf.

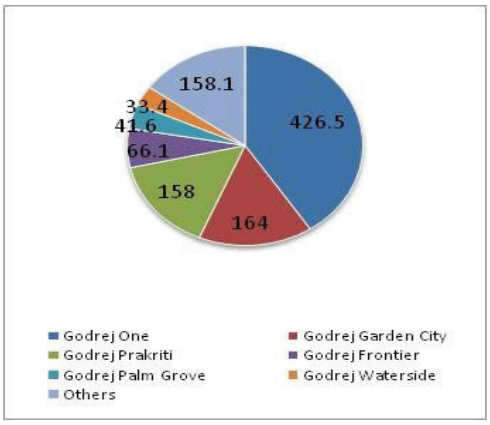
Story in graphs ;

Total income split by project 4QFY13 :



(Ammount in crore)

Total income split by project QFY13 :



(Source: Company/Eastwind)

Revenue (Q-o-Q) :

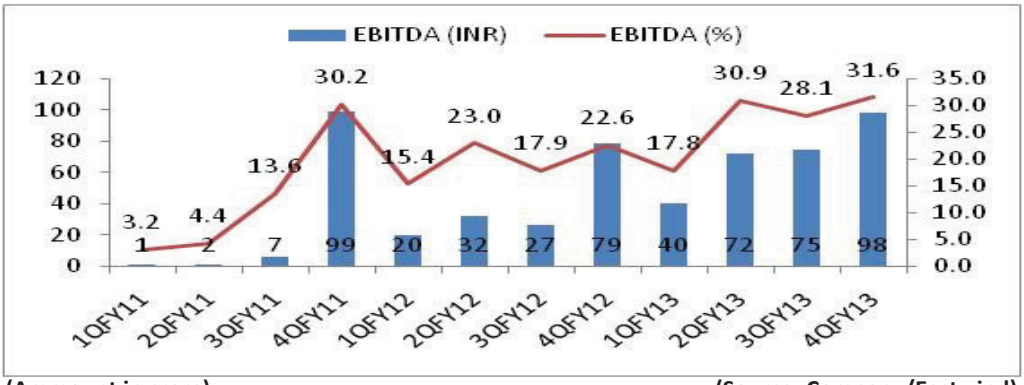
(Ammount in crore)

(Source: Company/Eastwind)

Added three new projects with 2.3 million sq.ft. of saleable area in Q4 FY13

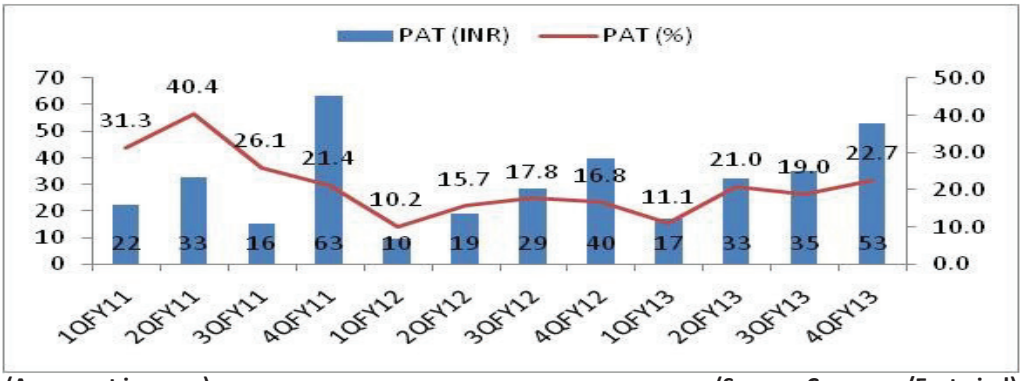
Please refer to the Disclaimers at the end of this Report.

EBITDA Margin profile (Q-o-Q):



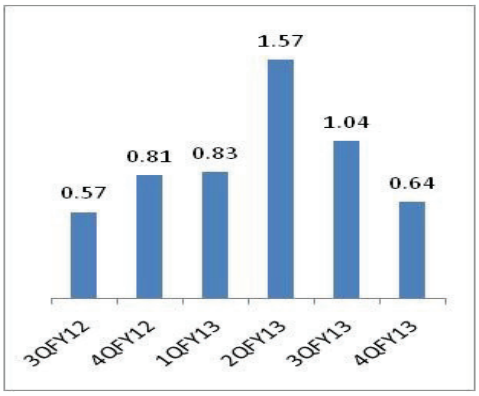
(Ammount in crore) (Source: Company/Eastwind)

PAT Margin profile (Q-o-Q):

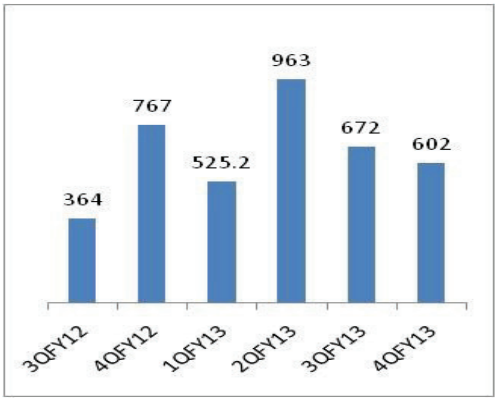


(Ammount in crore) (Source: Company/Eastwind)

Area sold (Q-o-Q):



Sale value (Q-o-Q):



Value In Crore (Source: Company/Eastwind)

There were a significant improvement in margin in Q4FY13mainly due to strong realisation in Godrej One.

Please refer to the Disclaimers at the end of this Report.

GODREJ PROPERTIES Ltd.

Key Financials :

PARTICULAR	2010A	2011A	2012A	2013A	2014E	2015E
Revenue	243	452	770	1037	1400	1890
Other Income	148	107	50	10	14	14
Total Income	390	559	820	1048	1414	1904
EBITDA	18	105	158	286	386	521
EBIT	15	101	154	281	381	516
Depriciation	3	4	4	4	4	4
Intrest Cost	1	4	5	3	3	3
PBT	162	204	199	289	392	527
TAX	38	61	70	92	124	167
Reported PAT	124	143	129	197	268	360
Adjusted PAT	11	68	97	190	258	351
EBITDA %	7.3%	23.3%	20.5%	27.6%	27.6%	27.6%
NPM %	31.8%	25.5%	15.7%	18.8%	19.0%	18.9%
Tax %	23.5%	30.1%	35.1%	31.7%	31.7%	31.7%
ROE %	15.2%	15.7%	8.9%	13.8%	16.1%	18.1%
ROCE%	8.1%	7.8%	3.8%	6.4%	8.1%	10.3%
Dividend Yeild	0.8%	0.5%	0.7%	0.7%	0.7%	0.7%
Book Value	117.0	130.5	184.9	183.1	213.4	255.6
P/B	4.3	5.2	3.3	3.0	2.8	2.3
P/E	28.3	33.3	37.5	21.6	17.2	12.8
EPS	17.8	20.4	16.5	25.3	34.3	46.2
Dividend Per S	4.0	3.4	4.0	4.0	4.0	4.0
Total Debt	710	917	1933	1663	1663	1500
Net Worth	817	912	1443	1429	1666	1994
Capital Employ	1527	1828	3376	3092	3329	3494
Debt/Equity	0.9	1.0	1.3	1.2	1.0	0.8

(Ammount in crore) (Source: Company/Eastwind)

Expect company revenue to grew at CAGR of 35% in FY14E & FY15E.

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