GODREJ PROPERTIES

RESULT UPDATE

nuvama institutional equities

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	2,194
12 month price target (INR)	2,499
52 Week High/Low	3,035/1,870
Market cap (INR bn/USD bn)	661/7.5
Free float (%)	41.5
Avg. daily value traded (INR mn)	1,380.5

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	47.05%	46.70%	47.05%
FII	28.31%	30.54%	28.31%
DII	10.42%	9.07%	10.42%
Pledge	0%	0%	0%

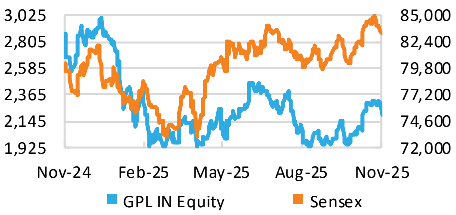
FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	49,228	1,13,918	1,37,047	1,57,281
EBITDA	444	25,688	45,419	50,757
Adjusted profit	13,999	36,976	48,586	52,741
Diluted EPS (INR)	46.5	122.8	161.4	175.2
EPS growth (%)	78.2	164.1	31.4	8.6
RoAE (%)	10.3	19.3	20.7	18.5
P/E (x)	47.2	17.9	13.6	12.5
EV/EBITDA (x)	1656.7	28.2	15.7	13.8
Dividend yield (%)	0	0	0	0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	1,13,918	1,37,047	0%	0%
EBITDA	25,688	45,419	0%	0%
Adjusted profit	36,976	48,586	0%	0%
Diluted EPS (INR)	122.8	161.4	0%	0%

PRICE PERFORMANCE



Pre-sales surge; cash flows weak

Godrej Properties (GPL) logged pre-sales of INR85bn (up 64% YoY) and collections of INR41bn (up 2% YoY) in Q2FY26. It launched 12 project/phases during the quarter with GDV of ~INR101bn and added four projects with GDV of ~INR48.5bn. Deliveries remained soft at ~2.2msf in Q2FY26. Net cash outflow increased YoY to INR9.3bn. GPL ended the quarter with net debt to equity of 0.30x. It maintained its guidance for 10%/23% YoY growth in bookings/collections in FY26E.

As highlighted in our report (***link***), housing sales volumes in the RE space have moderated. Pre-sales and cash flow trajectory remain the key stock triggers for GPL. Maintain 'BUY' with a revised TP of INR2,499 (earlier INR2,506) based on a valuation rollover to Q2FY28E.

Pre-sales rise YoY aided by new launches in Q2FY26

GPL reported Q2FY26 pre-sales of ~INR85bn (up 64% YoY/20% QoQ) from 7.1msf volumes (up 39% YoY/16% QoQ), driven by strong demand in new launches. In terms of Q2FY26 sales by value, Bengaluru and the MMR contributed 23% each while the NCR and Hyderabad contributed 18–19% each. Pune's share was ~10%. GPL clocked pre-sales of ~INR156bn (up 13% YoY) in H1FY26. For FY26E, the company has maintained the pre-sales guidance of INR325bn (up 10% YoY). It delivered ~2.2msf in Q2FY26 and ~3msf in H1F26. Completions are likely to ramp up in Q4FY26 and thus, GPL maintained guidance of ~10msf in deliveries in FY26E. In the commercial assets, GPL leased ~0.45msf in Q2FY26.

Business development and launches remain healthy

The company added four projects spanning ~5.8msf with GDV of ~INR48.5bn in Q2FY26. In H1FY26, GPL added nine projects spanning ~15.06msf with GDV of INR162.5bn, achieving 81% of its annual guidance. The company launched 12 projects/phases with GDV of ~INR101bn in Q2FY26. H1FY26 launches with GDV of ~INR186bn represented 47% of its full year guidance of ~INR400bn of launches.

Collections rise, but OCF falls YoY

Collections during the quarter rose 2% YoY/11% QoQ to ~INR41bn. Net OCF decreased ~35% YoY (up 26% QoQ) to INR12bn in Q2FY26. Net cash outflow was ~INR9.3bn (outflow of ~INR13.7bn in Q1FY26 and ~INR1.4bn in Q2FY25). GPL ended the quarter with a net debt to equity of 0.30x. H1FY26 collections were ~INR77.4bn (up 10% YoY). Collections are likely to surge in Q4FY26 in line with deliveries. As such, management is confident of achieving its guidance for the full year of ~INR210bn collections.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	7,404	10,932	(32.3)	4,346	70.4
EBITDA	(5,127)	319	(1,706.8)	(2,433)	110.8
Adjusted Profit	4,030	3,338	20.7	5,984	(32.7)
Diluted EPS (INR)	13.4	13.2	1.0	19.9	(32.7)

Parvez Qazi
Parvez.Qazi@nuvama.com

Vasudev Ganatra
Vasudev.Ganatra@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	49,228	1,13,918	1,37,047	1,57,281
Gross profit	19,983	50,488	73,375	82,320
Employee costs	4,509	6,763	8,116	9,739
Other expenses	15,031	18,037	19,840	21,824
EBITDA	444	25,688	45,419	50,757
Depreciation	737	2,568	2,797	3,687
Less: Interest expense	1,737	1,689	1,754	2,034
Add: Other income	20,442	12,442	12,442	9,442
Profit before tax	17,333	48,493	66,712	71,264
Prov for tax	3,334	11,517	18,125	18,522
Less: Other adj	0	0	0	0
Reported profit	13,999	36,976	48,586	52,741
Less: Excp.item (net)	0	0	0	0
Adjusted profit	13,999	36,976	48,586	52,741
Diluted shares o/s	301	301	301	301
Adjusted diluted EPS	46.5	122.8	161.4	175.2
DPS (INR)	0	0	0	0
Tax rate (%)	19.2	23.7	27.2	26.0

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	1,506	1,506	1,506	1,506
Reserves	1,71,619	2,08,595	2,57,182	3,09,923
Shareholders funds	1,73,124	2,10,101	2,58,687	3,11,428
Minority interest	2,613	2,613	2,613	2,613
Borrowings	1,25,612	1,35,612	1,35,612	1,35,612
Trade payables	35,231	38,754	42,629	46,892
Other liabs & prov	2,17,917	2,24,433	2,28,907	2,33,470
Total liabilities	5,54,497	6,11,512	6,68,447	7,30,015
Net block	12,709	50,140	52,343	53,656
Intangible assets	0	0	0	0
Capital WIP	1,157	1,257	1,357	1,457
Total fixed assets	13,865	51,397	53,700	55,113
Non current inv	59,511	59,511	69,511	79,511
Cash/cash equivalent	53,858	74,124	86,051	97,912
Sundry debtors	5,097	13,406	20,307	23,348
Loans & advances	91,005	71,005	91,005	1,11,005
Other assets	3,31,161	3,42,069	3,47,873	3,63,126
Total assets	5,54,497	6,11,512	6,68,447	7,30,015

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Selling price infl. (%)	5.0	5.0	5.0	0
Const. cost infl. (%)	5.0	5.0	5.0	0
Gross margin (%)	40.6	44.3	53.5	52.3
EBITDA margin (%)	0.9	22.5	33.1	32.3
Net profit margin (%)	28.4	32.5	35.5	33.5
Revenue growth (% YoY)	68.1	149.5	21.2	15.0
EBITDA growth (% YoY)	nm	5,690.9	76.8	11.8
Adj. profit growth (%)	93.0	164.1	31.4	8.6

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	13,999	36,976	48,586	52,741
Add: Depreciation	737	2,568	2,797	3,687
Interest (net of tax)	1,422	1,115	1,158	1,343
Others	479	0	0	0
Less: Changes in WC	(38,887)	11,022	(24,156)	(29,268)
Operating cash flow	(23,673)	50,566	27,227	27,160
Less: Capex	2,607	40,100	5,100	5,100
Free cash flow	(21,066)	90,666	32,327	32,260

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.5	7.0	0
Repo rate (%)	5.3	5.3	5.0	0
USD/INR (average)	82.0	81.0	81.0	0
Interest cost (%)	3.5	1.5	1.3	1.3
Employee cost (%)	9.2	5.9	5.9	6.2
Other exp. (%)	30.5	15.8	14.5	13.9
Other inc. (%)	41.5	10.9	9.1	6.0
Dep. (% gr. block)	4.6	4.6	4.6	5.6
Effect. tax rate (%)	19.2	23.7	27.2	26.0

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	10.3	19.3	20.7	18.5
RoCE (%)	7.9	10.9	14.8	13.4
Inventory days	3,463	1,926	1,965	1,719
Receivable days	33	30	45	51
Payable days	454	213	233	218
Working cap (% sales)	384.7	144.3	136.9	137.9
Gross debt/equity (x)	0.7	0.6	0.5	0.4
Net debt/equity (x)	0.4	0.3	0.2	0.1
Interest coverage (x)	(0.2)	13.7	24.3	23.1

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	47.2	17.9	13.6	12.5
Price/BV (x)	3.8	3.1	2.6	2.1
EV/EBITDA (x)	1656.7	28.2	15.7	13.8
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	78.2	164.1	31.4	8.6
RoE (%)	10.3	19.3	20.7	18.5
EBITDA growth (%)	nm	5,690.9	76.8	11.8
Payout ratio (%)	0	0	0	0

Exhibit 1: Financial snapshot

Consolidated (INR mn)	Q2FY26	Q2FY25	YoY	Q1FY26	QoQ	FY25	FY26E	FY27E	FY28E
Sales	7,404	10,932	-32.3	4,346	70.4	49,228	1,13,918	1,37,047	1,57,281
Cost of Sales	6,450	6,123	5.4	1,761	266.2	29,246	63,430	63,672	74,961
Employee Cost	1,677	1,079	55.5	1,493	12.4	4,509	6,763	8,116	9,739
Administration Expenses	4,404	3,412	29.1	3,524	25.0	15,031	18,037	19,840	21,824
EBITDA	-5,127	319	NA	-2,433	NM	444	25,688	45,419	50,757
Depreciation	264	183	44.3	220	19.6	737	2,568	2,797	3,687
Other Income	12,097	2,533	377.5	11,858	2.0	20,442	12,442	12,442	9,442
Interest & Finance Charges	215	446	-51.7	327	-34.2	1,737	1,689	1,754	2,034
PBT	6,491	2,224	191.8	8,878	-26.9	18,412	33,873	53,310	54,478
Provision for Taxation	-1,629	1,145	-242.3	-2,622	-37.8	3,334	11,517	18,125	18,522
Share of Profit / (Loss) in JV	-831	-32	NM	-272	NM				
Minority Interest	21	14	NM	17	NM	1,079	-14,620	-13,402	-16,786
Net Profit to equity holders of parent	4,051	3,352	20.8	6,001	-32.5	13,999	36,976	48,586	52,741
No. of Diluted shares outstanding	301	278		301		301	301	301	301
Adjusted Diluted EPS	12.7	12.1		12.7		49.02	122.80	161.36	175.16
Common size metrics as % of net revenues			YoY bp		QoQ bp				
Cost of construction	87.1	56.0	3112	40.5	46.6	59.4	55.7	46.5	47.7
Staff cost	22.7	9.9	1279	34.4	-11.7	9.2	5.9	5.9	6.2
Other expenses	59.5	31.2	2827	81.1	-21.6	30.5	15.8	14.5	13.9
Total operating expenses	169.3	97.1	7217	156.0	13.3	99.1	77.5	66.9	67.7
Depreciation	3.6	1.7	189	5.1	-1.5	1.5	2.3	2.0	2.3
Interest expenditure	2.9	4.1	-117	7.5	-4.6	3.5	1.5	1.3	1.3
Margins									
EBITDA margin	-69.3	2.9	-7217.2	-56.0	-13.3	0.9	22.5	33.1	32.3
EBIT margin	-72.2	-1.2	-7100.3	-63.5	-8.7	-0.6	20.3	31.1	29.9
Net profit margin	54.7	30.7	2405.0	138.1	-83.4	28.4	32.5	35.5	33.5
Tax rate	-25.1	51.5	-7660.3	-29.5	4.4	18.1	34.0	34.0	34.0

Source: Company, Nuvama Research

Exhibit 2: Operational snapshot

Particulars	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
New sales (INR bn)	50.3	57.2	95.2	86.4	52.0	54.5	101.6	70.8	85.1
YoY growth (%)	109%	76%	135%	283%	3%	-5%	7%	-18%	64%
New sales (msf)	5.2	4.3	8.2	9.0	5.2	4.1	7.5	6.2	7.1
YoY growth (%)	93%	-2%	56%	300%	-2%	-6%	-8%	-31%	39%
Avg price realisation (INR/sft)	9,607	13,180	11,651	9,607	10,093	13,381	13,515	11,478	11,912
Collections(INR bn)	23.8	24.1	46.9	30.1	40.1	30.7	69.6	36.7	40.7
Operating Cash Inflow (INR bn)	26.6	27.2	53.3	34.5	43.4	34.6	76.4	41.3	45.6
New launches (msf)	5.5	7.1	8.4	9.8	5.7	6.3	7.5		
Project additions (msf)	2.2	0.8	12.2	3.1	7.9	5.9	2.1	9.2	5.8
Net debt/equity (x)	0.65	0.72	0.62	0.71	0.70	0.23	0.19	0.26	0.30

Source: Company, Nuvama Research

Q2FY26 conference call: Key highlights

1. **Financial performance:** Q2FY26 revenue came in at INR7.4bn (down 32% YoY/but up 70% QoQ). EBITDA loss was INR5.2n versus profit of INR0.3bn in Q2FY26 and EBITDA loss of INR2.4bn in Q1FY26. Interest costs plunged 52% YoY/34% QoQ to INR215mn. Other income expanded 378% YoY/2% QoQ to INR12.1bn. Net profit for equity holders of parent was up 21% YoY/down 33% QoQ to INR4.1bn.

2. **New sales:** Godrej Properties clocked healthy pre-sales of ~INR85bn (up 64% YoY/20% QoQ) in Q2FY26 from 7.14msf (up 39% YoY/16% QoQ) through the sale of 4,522 homes. The was the highest-ever Q2 sales performance for the company.

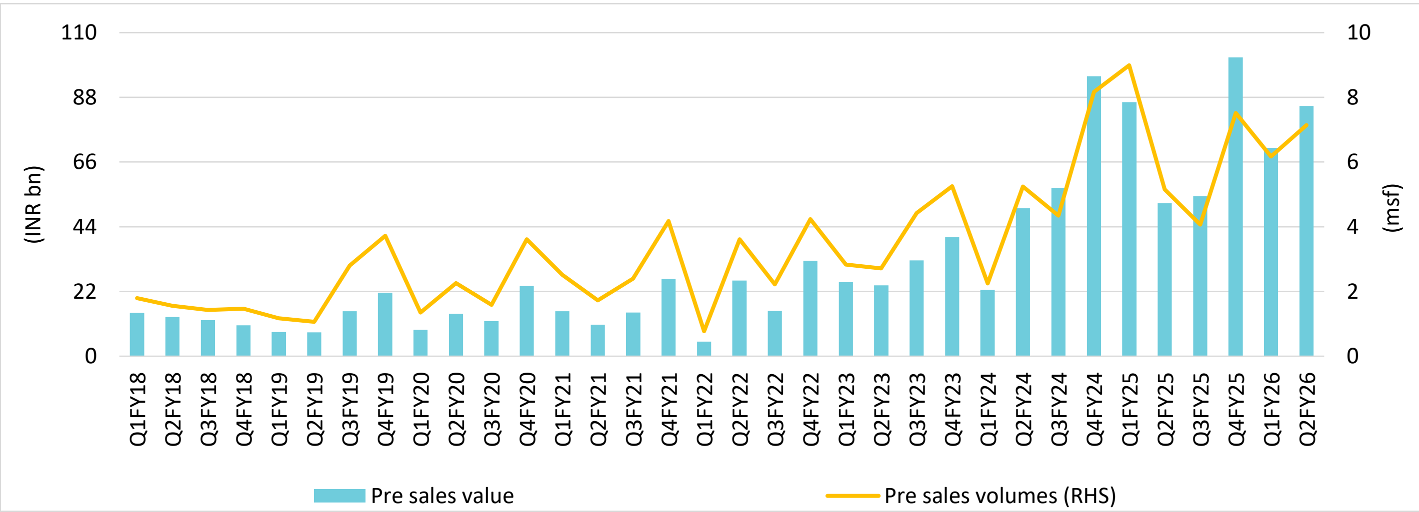
   This is the third consecutive quarter in which GPL has delivered more than INR70bn booking value and the ninth consecutive quarter in which GPL has delivered more than INR50bn booking value.

   GPL's share in sales during the quarter were ~87%.

   Sales in Q2FY26 were driven by strong demand in several new project launches:

   - Godrej Regal Pavilion, GPL's second launch in Hyderabad, achieved a booking value of INR15.27bn
   - Godrej MSR City, Bengaluru, which was launched in Q1FY26 and saw additional area being released in Q2FY26, achieved a booking value of INR10.32bn,
   - Godrej Tiara, Bengaluru, launched towards the end of Q1FY26, achieved a booking value of over INR8.77bn,
   - Godrej Sora in Golf Course Road, Gurugram, achieved a booking value of INR6.33bn,
   - Godrej Skyshore, Mumbai, achieved a booking value of INR4.8bn,
   - Godrej Greenview Estate, a plotted development project and GPL's first project in Indore, achieved a booking value of INR4.1bn.

Exhibit 3: Quarterly sales trend



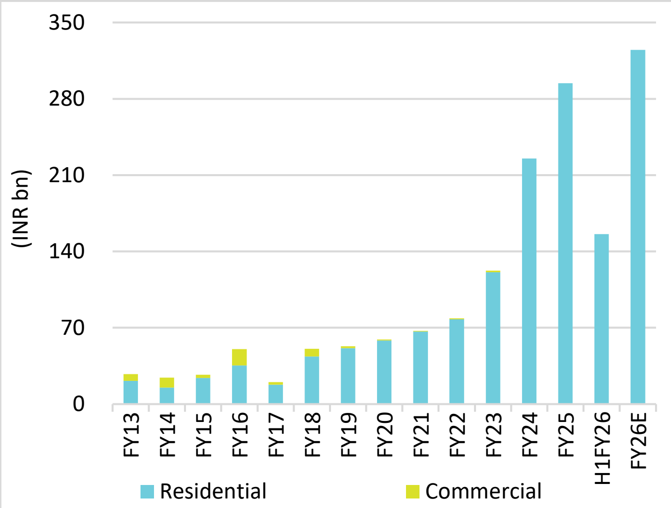
Source: Company, Nuvama Research

H1FY26 booking value grew 13% YoY to INR156bn – its highest-ever H1 pre-sales through the sale of 8,753 homes with a total area of 13.31msf (down 6% YoY).

With this, the company has achieved 48% of its full year pre-sales guidance in H1FY26 and remains on track to meet its guidance of ~INR325bn (up 10% YoY) in FY26E.

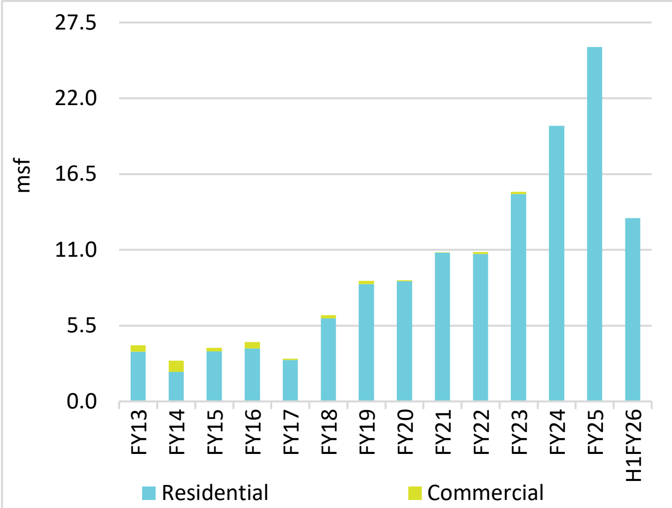
The company had clocked its highest ever pre-sales of ~INR294.4bn (up 31% YoY) from 25.7msf (up 29% YoY) on sale of 15,302 homes in FY25.

Exhibit 4: Share of commercial segment in sales decreases



Source: Company, Nuvama Research

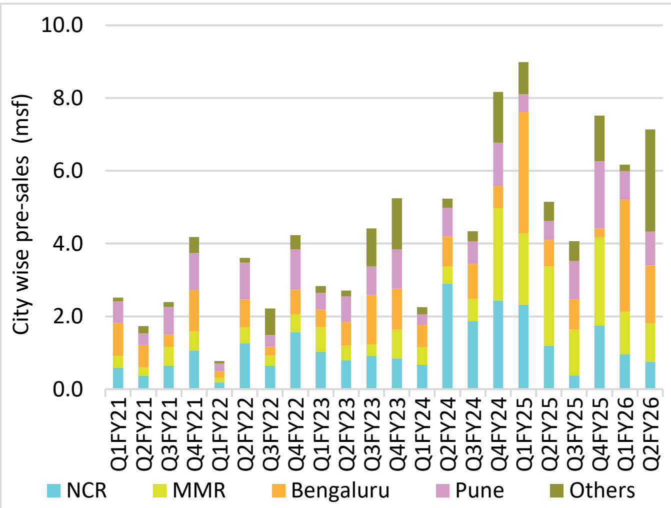
Exhibit 5: Residential segment contributes bulk of sales



Source: Company, Nuvama Research

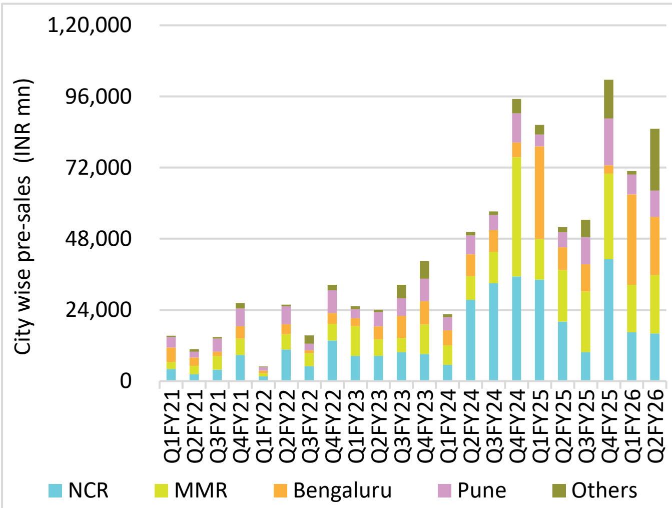
3. **Diversified operations:** The company garnered bookings of ~INR19.7bn in Bengaluru followed by the MMR and the NCR with ~INR19.6bn and INR16.1bn of bookings respectively. Hyderabad and Pune clocked ~INR15.2bn and ~INR8.9bn in sales respectively in Q2FY26.

Exhibit 6: Pre-sales by area surged YoY in Q2FY26



Source: Company, Nuvama Research

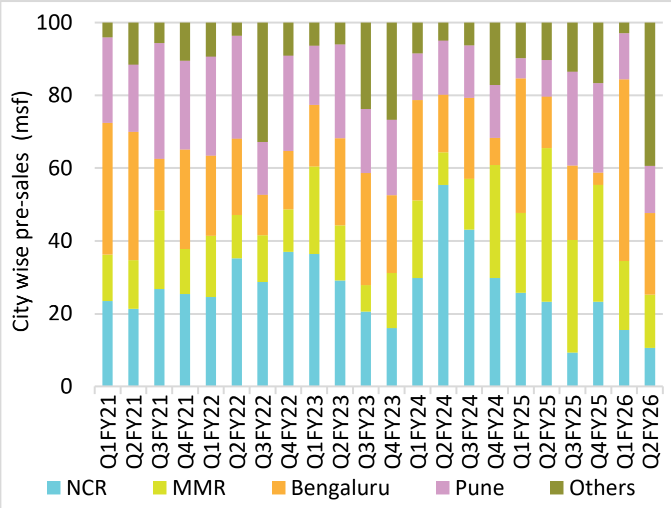
Exhibit 7: Sales by value rose 64% YoY in Q2FY26



Source: Company, Nuvama Research

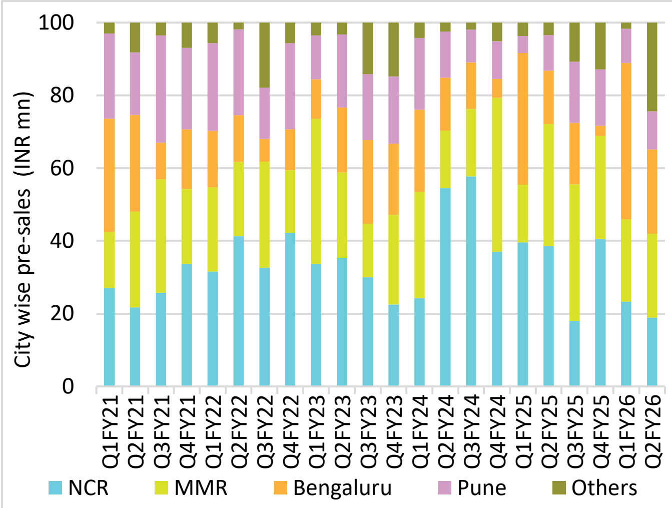
In value terms for Q2FY26 sales, Bengaluru and the MMR contributed ~23% each while the NCR and Hyderabad contributed 18–19% each to the sales. Share of Pune remained stable QoQ at 10% during the quarter.

Exhibit 8: Sales split based on volumes by city



Source: Company, Nuvama Research

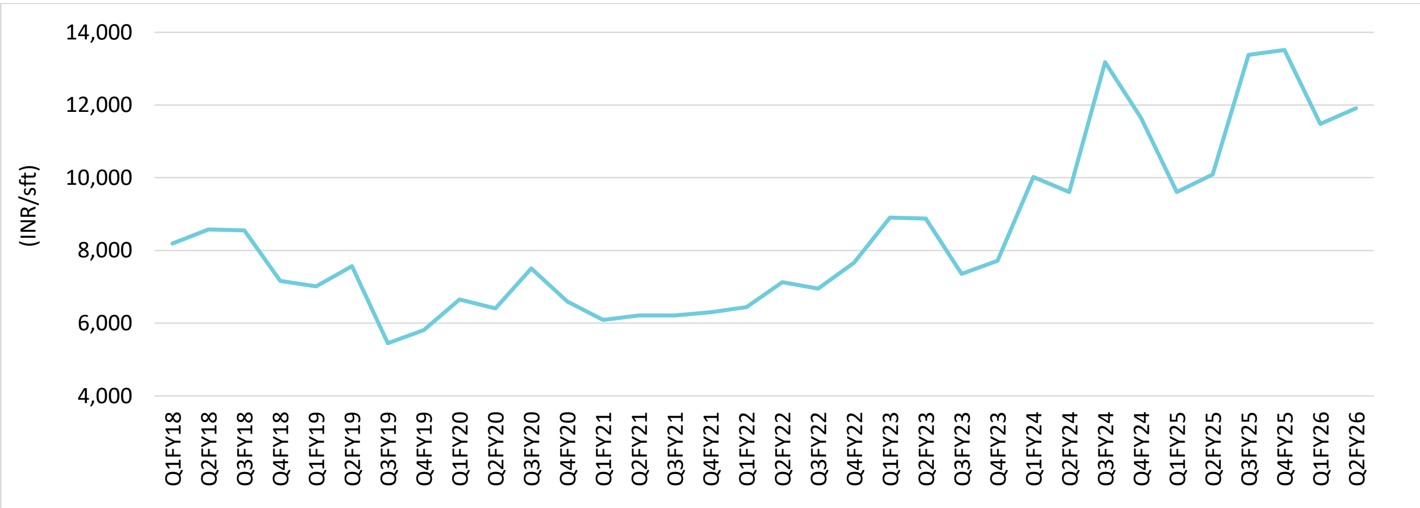
Exhibit 9: Sales split based on value by city



Source: Company, Nuvama Research

4. **Average realisations** during the quarter was ~INR11,912/sft (up 18% YoY/4% QoQ).

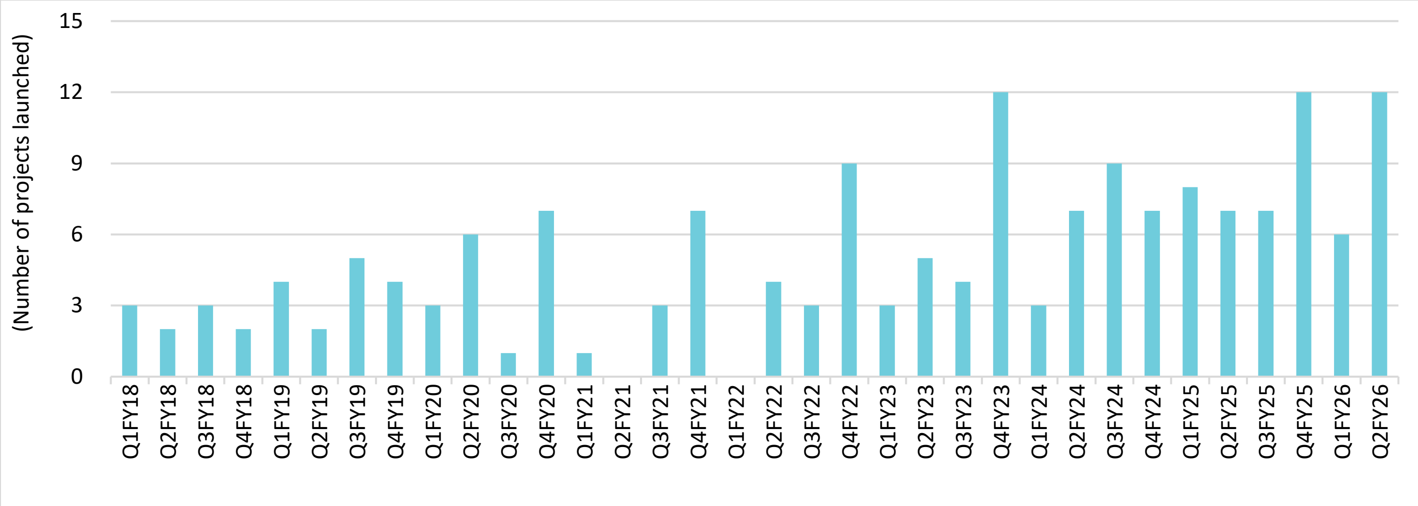
Exhibit 10: Realisation rose YoY in Q2FY26



Source: Company, Nuvama Research

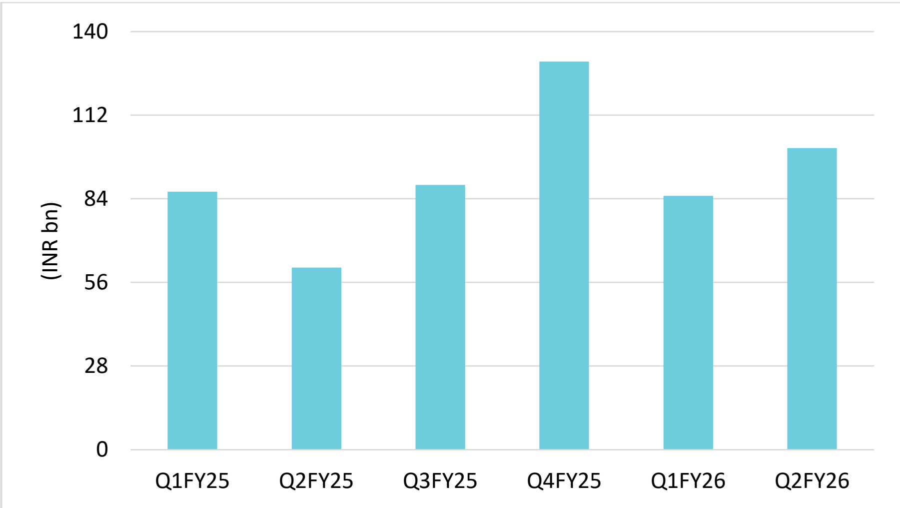
5. **Project launches**: The company launched 12 projects and phases during the quarter across eight cities with a total sales potential of INR101bn (six projects/phases in Q1FY26 across four cities with GDV of ~INR85bn and seven projects across four cities with GDV of ~INR61bn in Q2FY25).

Exhibit 11: Project launches improve in Q2FY26



Source: Company, Nuvama Research

Exhibit 12: GDV of projects launched over the quarters



Source: Company, Nuvama Research

Overall, in H1FY26 GPL launched projects/phases with GDV of ~INR186bn, which represents 47% of its full year guidance.

In FY25, the company launched 34 projects/phases spanning ~29.2msf with GDV of INR366bn, surpassing its guidance of ~21.9msf launches with GDV of INR300bn.

GPL has a strong pipeline of launches for H2FY26 which includes:

- **NCR**: The company is planning to launch additional inventory in existing projects in Golf-Course Road and Greater Noida. It is also planning to launch another land parcel in Greater Noida with GDV of ~INR10bn. Also, it is planning to launch additional floors in a retail product in Godrej Golf Links, Greater Noida.
- **MMR**: The company has received RERA for the Worli project. Commercial office space in the existing Panvel township is likely to be launched towards end-Q3FY36/early-Q4FY26. The Kharghar plot is scheduled to be launched in Q4FY26.
- **Chennai**: A new project near Azure is under pipeline.

- **Bengaluru**: The Thanisandra project, new plotted development in Doddaballapur and a project on a land parcel bought near the airport are planned for launch in H2FY26. Projects in Hoskote and Bannerghatta along with a new phase in the MSR City project are scheduled for launch in Q4FY26.

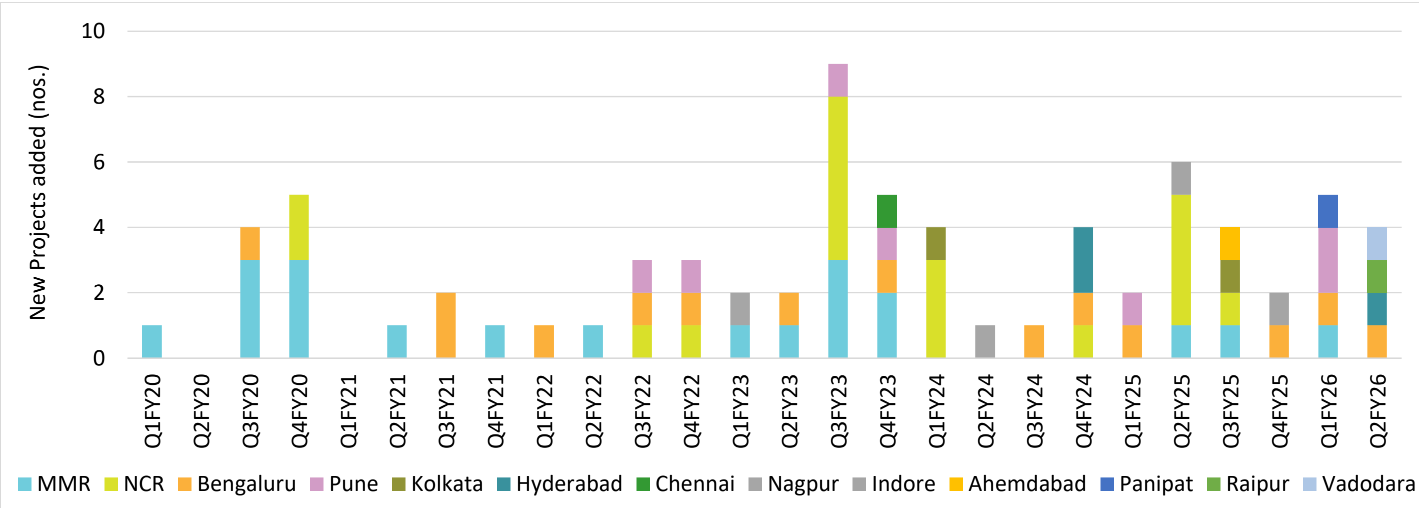
- **Pune**: Entry in the Mundhwa micro-market and new phases in Upper Kharadi project and in Godrej Evergreen Square in Hinjewadi.

- **Others**: Second Indore plotted development and Panipat plotted development (acquired in Q4FY25) are expected to be launched in H2FY26. GPL is also looking to launch the Raipur plotted project, the Baroda plotted project acquired this quarter and a new project in Ahmedabad in Vastrapur in Q4FY26.

6. **Project addition:** The company added four projects spanning ~5.82msf with a GDV of ~INR48.5bn in Q2FY26 (five projects spanning ~9.24msf with a GDV of INR114bn in Q1FY26).

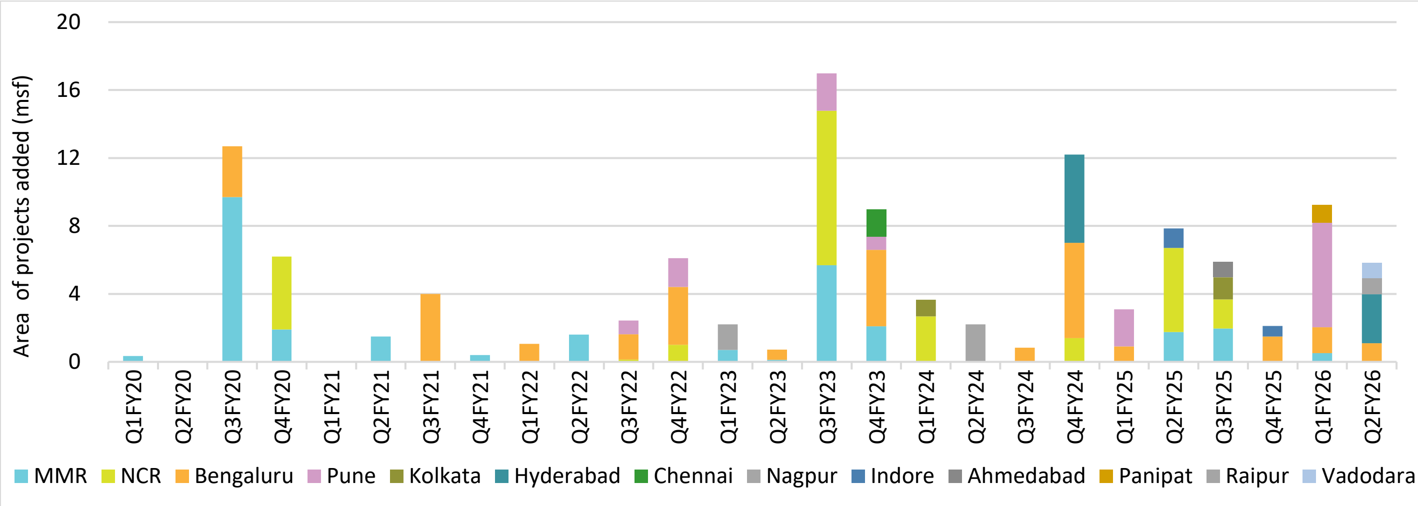
   One project in Hyderabad is a premium residential project spanning ~2.9msf with a GDV of ~INR38bn. The other three are plotted development projects, one each in Bengaluru, Raipur and Vadodara. All of these projects are 100% owned projects.

Exhibit 13: Total new projects added quarterly



Source: Company, Nuvama Research

Exhibit 14: Quarterly project addition (in msf)

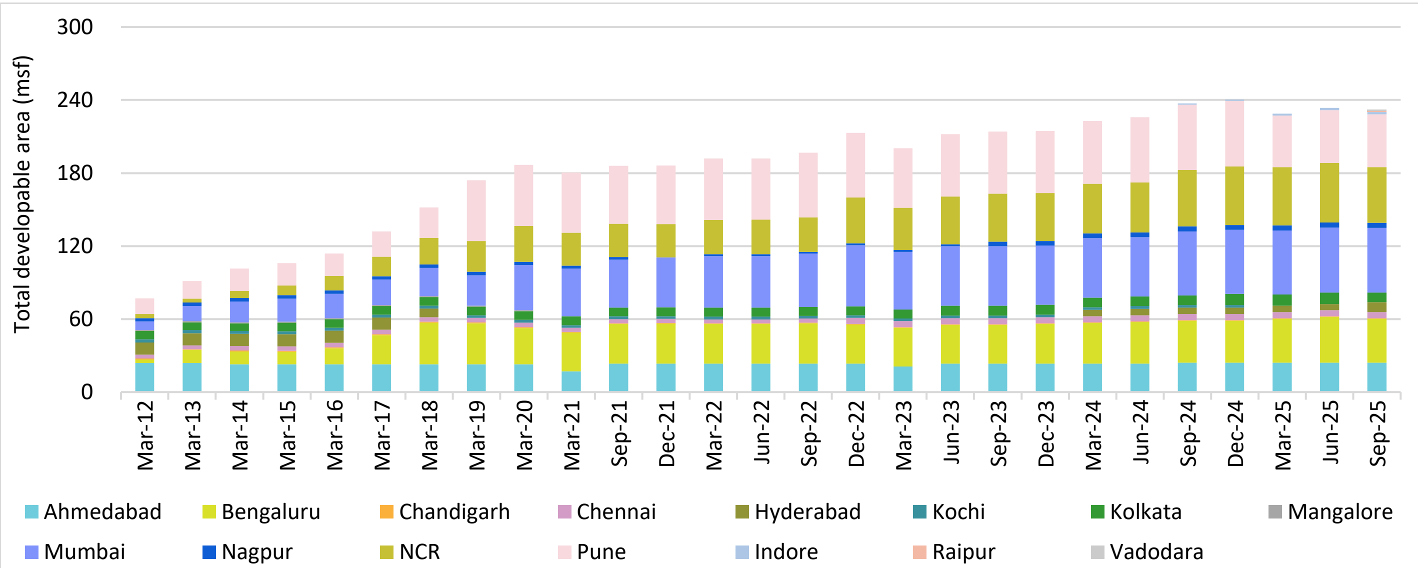


Source: Company, Nuvama Research

The transformative effect of RERA imposition and the industry's changing dynamics (consolidation) are evident from the pace of GPL's portfolio expansion—the project addition moved to a different orbit altogether during FY17–19. Post-FY19, the company has started focusing on land ownership (rather than JDA/JV mode) due to which the number/area of projects added have declined.

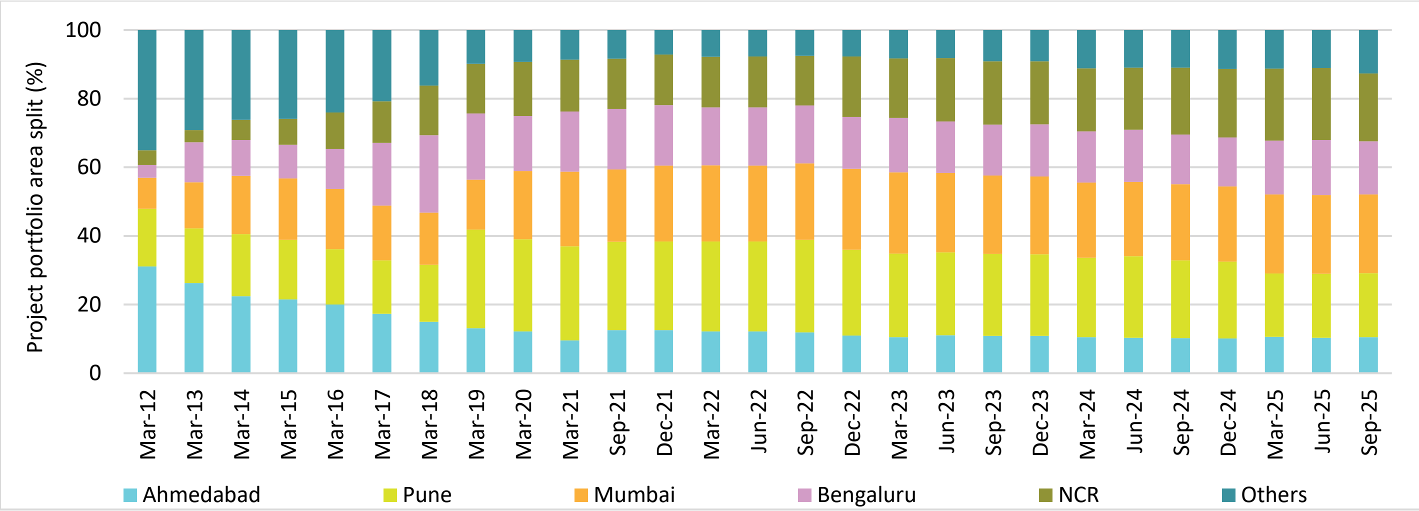
Another notable aspect is that the company has managed to avoid concentration (over the past decade) as far as project addition is concerned. GPL has been able to ensure that various markets in which it is present account for a fair share in the overall development pipeline.

Exhibit 15: GPL's project portfolio well diversified



Source: Company, Nuvama Research

Exhibit 16: Strong development visibility across key markets



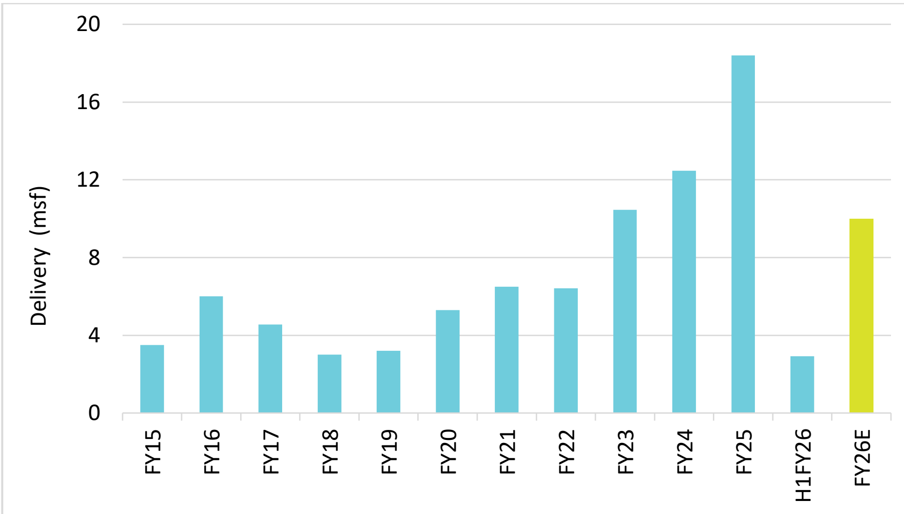
Source: Company, Nuvama Research

Consequently, the five major regions (Ahmedabad, Mumbai, Pune, Bengaluru and NCR) account for 10–24% of the development pipeline. This is likely to ensure that GPL grows at a steady pace even if it faces a slowdown in any individual market. ***Consequently, it is insulated from any geographical concentration risk; this sets it apart from most peers, which derive a bulk of their sales from individual home markets.***

7. **Project delivery:** The company delivered ~2.2msf projects in Q2FY26 (~0.8msf in Q1FY26 and ~6.6msf in Q2FY25). Overall, it delivered ~3msf projects in H1FY26. Management remains confident of achieving its guidance of ~10msf deliveries in FY26E.

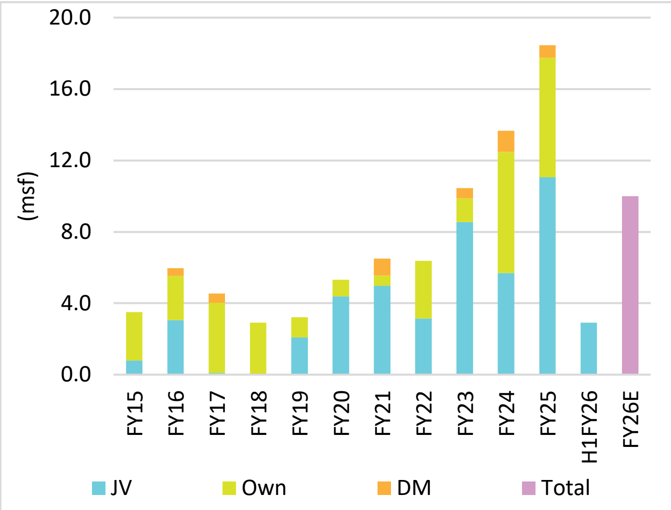
   FY25 deliveries stood at 18.4msf (up 47% YoY) against guidance of ~15msf.

Exhibit 17: Project deliveries over years



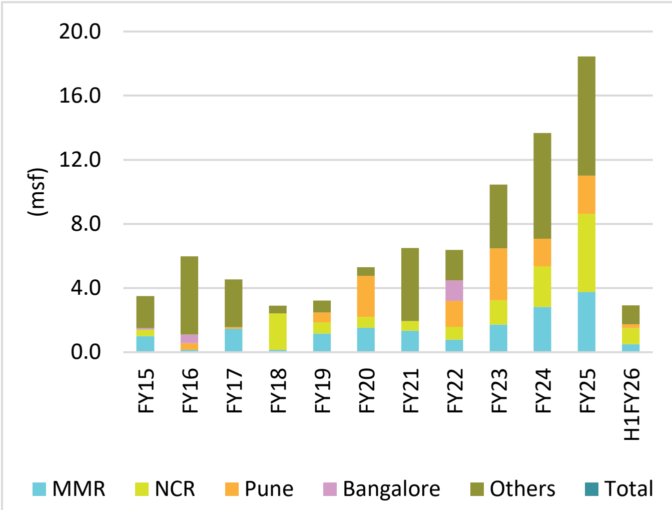
Source: Company, Nuvama Research

Exhibit 18: Deliveries by project over years



Source: Company, Nuvama Research

Exhibit 19: Deliveries by cities over years



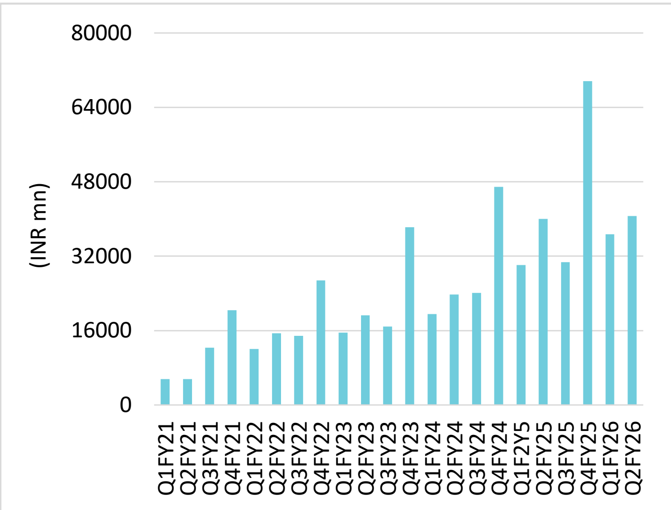
Source: Company, Nuvama Research

8. **Collections:** GPL logged quarterly collections of INR40.7bn (up 2% YoY/11% QoQ). H1FY26 collections came in at ~INR77.4bn (up 10% YoY).

   FY25 collections at INR170.5bn were the highest-ever in the company's history (up 49% YoY). The company had surpassed its FY25 collections guidance by 14%.

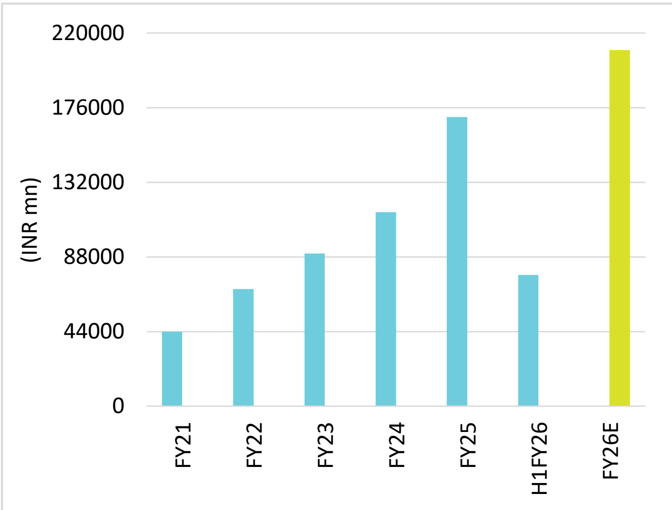
   For FY26E, it has guided for ~INR210bn collections (up 23% YoY).

Exhibit 20: Quarterly collections trend



Source: Company, Nuvama Research

Exhibit 21: Annual collections trend



Source: Company, Nuvama Research

9. **Net operating cash flows deteriorate QoQ**

   GPL logged operating cash flow of INR11.9bn during the quarter (down 35% YoY but up 26% QoQ) largely due to lower deliveries.

   Collections are likely to surge in Q4FY26 in line with deliveries. As such, the management is confident of achieving its guidance for the full year.

   Net cash outflow stood at ~INR9.3bn during the quarter (outflow of ~INR13.7bn in Q1FY26 and ~INR1.4bn in Q2FY25).

Operating cash flow in H1FY26 declined 24% YoY to INR21.37bn.

Exhibit 22: Net operating cash flows declined YoY in Q2FY26

Particulars (INR Mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Operating cash flows									
Total operating cash inflow	26,560	27,180	53,330	34,450	43,380	34,560	76,390	41,340	45,560
Construction and related outflow	(9,110)	(9,560)	(12,850)	(11,200)	(11,580)	(14,130)	(18,090)	(14,580)	(16,150)
Other project related outflow	(9,340)	(9,640)	(14,400)	(13,370)	(13,460)	(14,290)	(17,830)	(17,290)	(17,500)
Net operating cashflow	8,110	7,980	26,080	9,880	18,340	6,150	40,470	9,470	11,900
Financial cash flows									
QIP Inflow						59,960	-740	0	0
Interest and other outflows	(2,510)	(2,150)	(2,730)	(2,230)	(5,210)	(2,100)	(2,450)	(1,880)	(5,490)
Net financial cash flows	(2,510)	(2,150)	(2,730)	(2,230)	(5,210)	57,860	(3,190)	(1,880)	(5,490)
Capital cash flows									
Land & approval related outflow	(13,890)	(12,500)	(11,510)	(19,690)	(16,820)	(26,840)	(26,780)	(20,200)	(16,270)
Advance to JV partners	(130)	(370)	(170)	(60)	(310)	(120)	(430)	(1,070)	(180)
Net capital cash flows	(14,020)	(12,870)	(11,680)	(19,750)	(17,130)	(26,960)	(27,210)	(21,270)	(16,450)
Net cash flows	(8,420)	(7,040)	11,670	(12,100)	(4,000)	37,050	10,070	(13,680)	(10,040)
Adjustment for JV Projects	-90	210	-4,680	900	1,090	1,250	-4,130	1,290	-2,000
Net GPL cash flows	(8,510)	(6,830)	6,990	(11,200)	(2,910)	38,300	5,940	(12,390)	(12,040)
IND-AS adjustment	(210)	(450)	50	(1,150)	1,510	(1,050)	(150)	(1,300)	2,790
(Increase) / Decrease in net debt under IND-AS	(8,720)	(7,280)	7,040	(12,350)	(1,400)	37,250	5,790	(13,690)	(9,250)

Source: Company, Nuvama Research

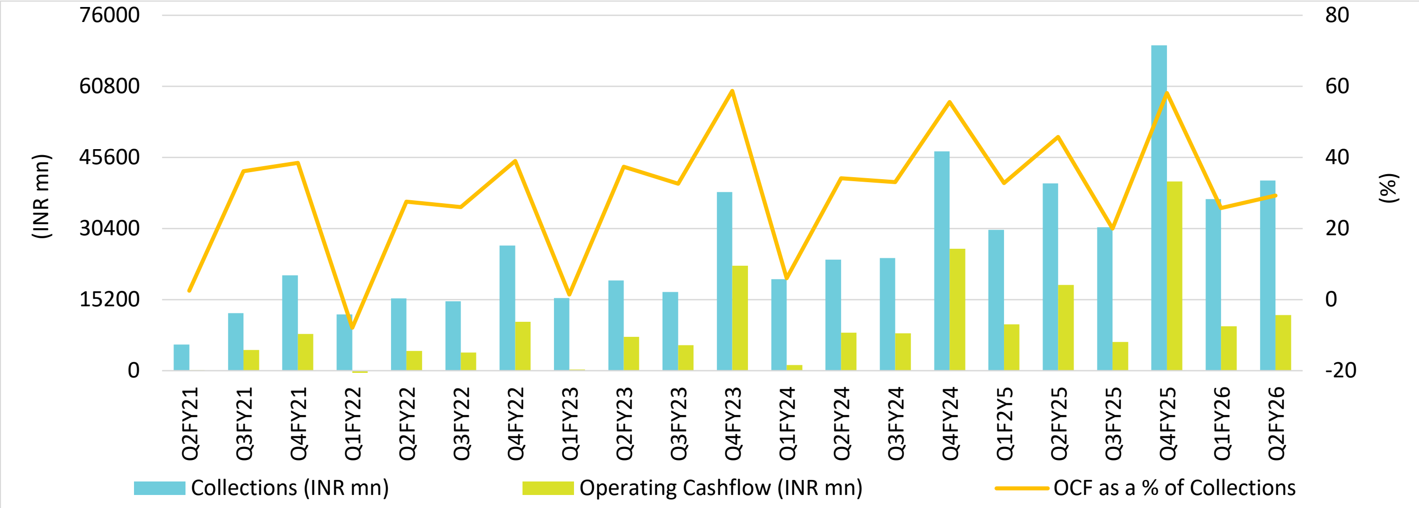
Lower overheads (as % of collections) led to cash EBITDA margins rising QoQ to ~26% in Q2FY26.

Exhibit 23: Common-size direct method cash flow

Particulars (INR Mn.)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Collections	100	100	100	100	100	100	100	100	100
Construction expenses	(34)	(35)	(24)	(33)	(27)	(41)	(24)	(35)	(35)
Overheads and others	(35)	(35)	(27)	(39)	(31)	(41)	(23)	(42)	(38)
Operating surplus	31	29	49	29	42	18	53	23	26
Interest	(9)	(8)	(5)	(6)	(12)	(6)	(3)	(5)	(12)
Cash flow available for investments	21	21	44	22	30	12	50	18	14
Land, Approvals & JV/JDA investment/TDR	(54)	(48)	(31)	(58)	(33)	(77)	(41)	(51)	(34)
Cash surplus/(deficit) before capital inflows	(33)	(27)	13	(36)	(3)	(66)	9	(33)	(20)
Equity raise	-	-	-	-	-	173	(1)	-	-
(Increase) / Decrease in net debt under IND-AS	(33)	(27)	13	(36)	(3)	108	8	(33)	(20)

Source: Company, Nuvama Research

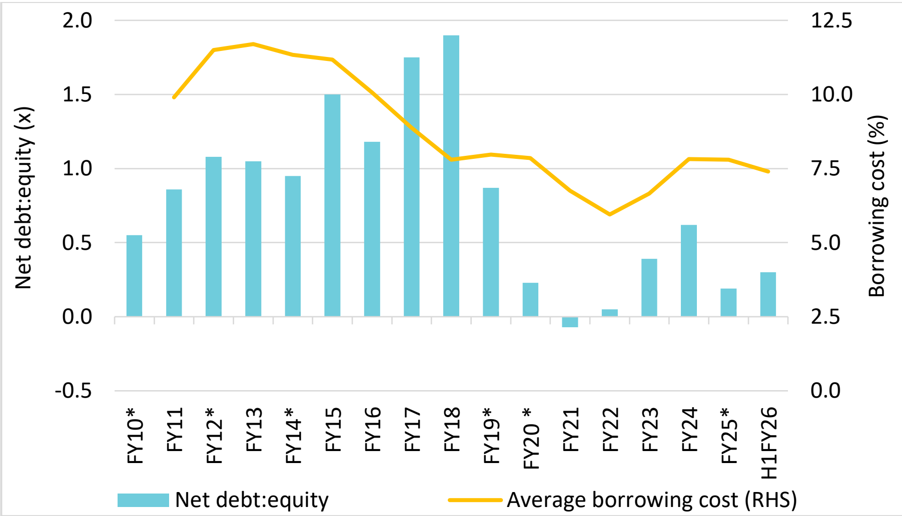
Exhibit 24: Quarterly operating cash flows as a percentage of collections



Source: Company, Nuvama Research

10. **Leverage:** Net debt inched up QoQ to INR55.7bn (INR46.4bn in Q1FY26 and INR75.7bn in Q2FY26) with net debt: equity at 0.30x (0.26x in Q1FY26 and 0.70x in Q2FY25).

Exhibit 25: Leverage levels rose QoQ



Source: Company, Nuvama Research

*Note: * denotes the year of a fund-raising exercise*

11. **Borrowing costs:** GPL's average borrowing rate reduced by ~30bp QoQ to 7.4%.

12. **FY26 guidance:** The company had exceeded its guidance on all parameters in FY25 and has maintained its guidance for a strong FY26E.

Exhibit 26: FY26 guidance and achievement so far

Particulars	FY25 Guidance	FY25 Actual	Achievement (%)	FY26 Guidance	YoY growth	H1FY26 Actual	Achievement (%)
Launch Value (INR bn)	300	366.0	122%	400	33%	186.0	47%
Booking Value (INR bn)	270	294.4	109%	325	20%	155.9	48%
Collections (INR bn)	150	170.5	114%	210	40%	77.4	37%
Deliveries (msft)	15	18.4	123%	10	-33%	3.0	30%
Business Development (INRbn)	200	264.5	132%	200	0%	162.5	81%

Source: Company, Nuvama Research

Outlook and valuation: Focus on cash flow; maintain 'BUY'

GPL has benefited significantly from the ongoing consolidation in India's realty space (refer to our comprehensive thematic ***Real Estate - Leadership matters***). In our view, a robust project pipeline, rapidly expanding project portfolio and tailwinds from RERA shall enable GPL to gain market share, going ahead.

We continue to follow the old accounting standard; our DCF-based valuation methodology remains unchanged. Maintain '**BUY/SN**' with a TP of INR2,499, which is on a par with Q2FY28E NAV.

Exhibit 27: SotP valuation

Particulars	Value
Development Portfolio land bank	63,172
Vikhroli and other DMs	1,73,666
Business development value	1,92,470
Rental business	15,257
Hospitality	5,859
Less: Net debt	32,372
NAV (INR mn)	4,18,053
NAV Per Share (INR)	2,499
Discount to NAV (%)	-
Price Target (INR)	2,499

Source: Nuvama Research

Our nil premium to NAV is based on the following considerations:

- Strong housing demand.
- Potential market share gain due to consolidation in the realty space.
- Strong brand leverage with respect to both customers and landowners, enabling relatively fast expansion.
- Geographical diversification, which eliminates single-market risk.

In contrast, a few potential concerns are:

- Cash flow stress given a large project pipeline.
- Execution risk given a large number of relatively small projects.

Company Description

Godrej Properties Limited (GPL), established in 1990, is a pan-India real estate developer focusing mainly on residential development. It has a development portfolio with significant exposure to key markets of Ahmadabad, Bengaluru, Mumbai, Pune and NCR. Its land-bank strategy includes both outright purchase of land and joint agreement with land owners in the form of revenue/profit share.

Investment Theme

Continued scale-up in operations through steady new launches and strong sales recorded in these projects.

Steady augmentation of GPL's development portfolio through value accretive JDA/JV deals in key city markets.

Geographically diversified development portfolio.

Increase in market share in key city markets owing to RERA and shift of customer preference to organised developers.

Key Risks

- Low involvement in certain group MoUs.
- Rapid pace of portfolio expansion has led to cash flow strain.

Additional Data

Management

Executive Chairman	Pirojsha Godrej
MD & CEO	Gaurav Pandey
Director	Nadir Burjor Godrej
CFO	Rajendra Khetawat
Auditor	B S R & Co.

Holdings – Top 10*

	% Holding		% Holding
Godrej & Boyce	3.54	SBI Pension fun	0.91
Govt. of Singap	3.11	Norges	0.84
Gamnat PTE	2.38	SBI Funds	0.82
Monetary Auth.	1.65	HDFC MF	0.75
Tata Retirement	1.43	FMR LLC	0.72

**Latest public data*

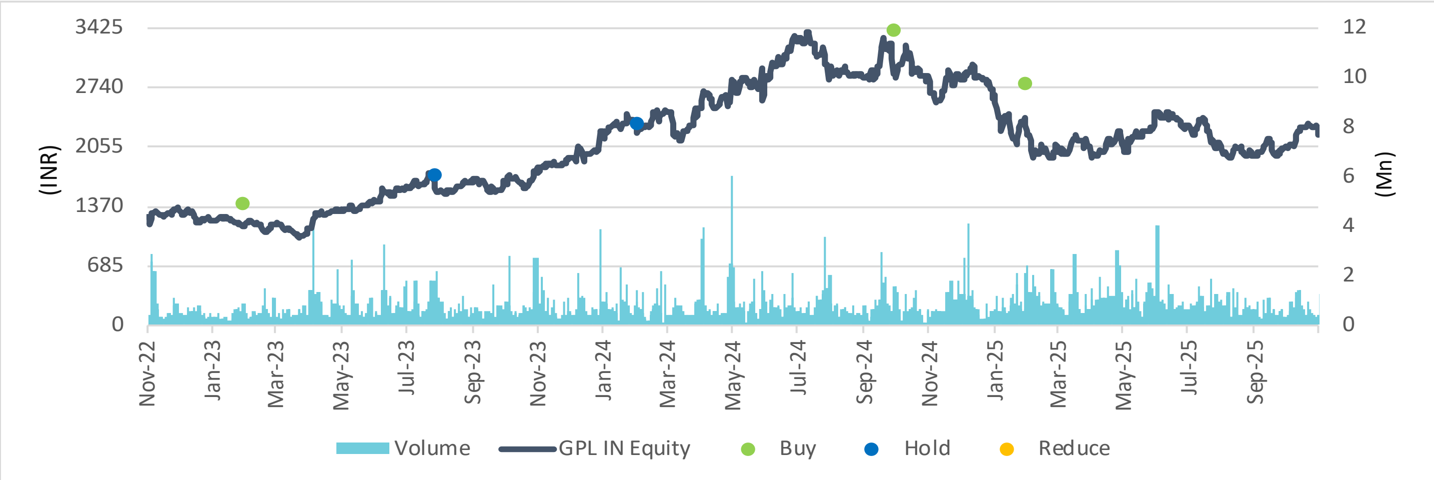
Recent Company Research

Date	Title	Price	Reco
01-Aug-25	Steady quarter ; *Result Update*	2,054	Buy
02-May-25	Robust performance; *Result Update*	2,249	Buy
08-Apr-25	FY25: Best-ever pre-sales; *Company Update*	1,927	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
05-Nov-25	Embassy REIT	Occupancy improves YoY; *Result Update*
05-Nov-25	Brookfield REIT	Robust quarter; focus on growth ; *Result Update*
04-Nov-25	Nexus REIT	Consumption growth strengthens; *Result Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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Abneesh Roy
Head of Research Committee
Abneesh.Roy@nuvama.com

ABNEESH KUMAR ROY

Digitally signed by ABNEESH KUMAR ROY
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