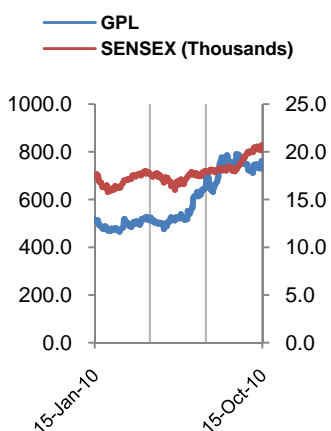


Date: 18th October, 2010Stock information

Sector:	Real Estate
CMP	₹703.7
Target Price:	Not Rated
BSE Code	533150
NSE Code	GODREJPROP
Bloomberg	GPL.IN
Reuters	GODR.BO
Mkt cap (mn)	49185.1
Equity shares(mn)	69.8
Face Value(INR)	10
52Weeks H/L	762.4/438.0
Sensex	20168.9
Nifty	6076.0

Shareholding as on 30th September 2010 (%)

Promoters	83.8
Mutual Funds/UTI	2.3
FII's	5.1
Bodies Corporate	4.2
Public	3.6
Others	1.0



Godrej Properties Ltd (GPL) is a Mumbai based realty firm of Godrej Group, promoted by Godrej Industries and Godrej & Boyce Manufacturing Company. GPL has real estate development projects in 11 cities in India, mainly focusing on residential, commercial and township development.

Q2 FY2011 Performance overview:

□ GPL's total income during Q2FY11 stood at ₹837.0 mn, down 15.4% on Y-o-Y basis whereas it has grown by 13.9% on Q-o-Q basis, mainly supported by the residential sales of 0.23 msf (million square feet) during the quarter. The total income of ₹837.0 mn includes ₹343.0 mn from sales and operating income and ₹494.0 mn from other income which as per the management guidance is recurring in nature. The other income (which includes ₹450 mn from private equity deal through sale of 49% stake in Godrej Woodsman Estate II project in Bengaluru) has declined by 17.3% on Y-o-Y basis whereas it has increased by 53.2% on Q-o-Q basis.

□ GPL's EBITDA margins stood at a healthy 60.8%, down 390 bps compared to Q2FY10. EBITDA margin for H1FY11 has shown a gradual decline of 670 bps to 53.8% on Y-o-Y basis.

□ Net profit of GPL for Q2FY11 stood at ₹329.1 mn which was up 800 bps to 39% on Q-o-Q basis whereas it has shown a decline of 600 bps on Y-o-Y basis.

Outlook:-

Godrej Properties Ltd. would continue focusing on development in the affordable and mid-income housing segment. We have a **Neutral view** on the stock considering most of its projects are in pre-development planning stage. GPL has competitive advantage in executing the joint development model in existing and new markets, focused on timely execution of its current projects. GPL has successfully launched its Bengaluru and Mangalore projects in Q2FY11.

Particulars	Net Sale (₹ mn)	EBITDA Margin		PAT Margin		EPS (₹)	ROA (%)	ROCE (%)
		(%)	(%)	(%)	(%)			
FY10	2426.1	41.9	58.1	17.6	8.8	22.0		
FY09	2052.6	65.2	40.3	12.5	7.1	27.7		
FY08	2274.4	61.1	38.2	12.6	10.2	52.6		

KC Research reports are also available on Reuters, Thomson publishers, The Markets.com and myiris.com

Analyst : Amit Anwani – amit.anwani@kcsecurities.com



GPL has core expertise in Joint Development model:

Most of GPL’s projects under residential and commercial segment are executed through joint development model which provides high returns on investment through capital efficiency and easy scalability. The company has a track record of successfully completing few of its joint development projects. GPL has recently entered into a Joint Development Agreement (JDA) with Bombay Footwear in Q2FY11 to develop 150,000 sq ft of residential space in Chembur. GPL will share 50% of revenue with its JV partner.

GPL continues its progress in Residential sales:

The company has sold around 0.23 msf of residential projects during Q2FY11 of which 0.12 msf is contributed by Godrej Prakriti project in Kolkata. The company is going to focus only residential segment in its flagship Ahmedabad project on the back of which it expects to have a strong residential sale in H2FY11. One of the company’s residential project, Planet Godrej in Mahalaxmi was awarded 7-star rating by CRISIL, the highest rating for any real estate project.

GPL’s citywise landbank details:

City	Est. Total Dev Area (mn sq ft)
Ahmedabad	40.4
Pune	12.3
Hyderabad	9.6
Kolkata	6.8
Mumbai	3.5
Chennai	3.2
Kochi	2.5
Bengaluru	2.4
Mangalore	0.9
Chandigarh	0.7
NCR	1.0
Total	83.5

Source: Company, KC Research

Godrej Properties Ltd.-Q2FY11 Result Update



Q2FY11 Financial Result Analysis (₹ in mn)

DESCRIPTION	Q2FY11	Q2FY10	Y-o-Y (%)	Q1FY11	Q-o-Q (%)	H1FY11	H1FY10	Y-o-Y (%)
Net Sales	342.9	311.9	-	411.6	-	754.5	410.0	-
Other operating income	0.1	79.4	-	0.6	-	0.7	157.0	-
Net Sales & Other Operating Income	343.0	391.4	-12.4	412.2	-16.8	755.2	566.7	33.2
Other Income	494.0	597.4	-17.3	322.5	53.2	816.5	610.6	33.7
Total Income	837.0	988.8	-15.4	734.7	13.9	1571.6	1177.3	33.5
Cost of Services & Raw Materials	287.6	307.9	-6.6	371.8	-22.6	659.3	398.8	65.3
Employee Cost	8.2	6.8	20.5	8.0	3.4	16.2	14.1	15.4
General Admin Expenses	32.1	32.8	-2.3	19.2	67.2	51.3	52.0	-1.3
Total Expenditure	327.9	347.5	-5.7	398.9	-17.8	726.8	464.8	56.4
EBIDTA	509.1	641.2	-20.6	335.7	51.6	844.8	712.5	18.6
EBIDTA Margin (%)	60.8%	64.9%	-	45.7%	-	53.8%	60.5%	-
Interest	2.4	18.0	-87.0	6.1	-61.5	8.5	39.3	-78.5
EBDT	506.7	623.2	-18.7	329.6	53.7	836.4	673.2	24.2
Depreciation	9.2	6.5	43.3	8.0	15.4	17.3	10.5	63.7
EBT	497.5	616.8	-19.3	321.6	54.7	819.1	662.6	23.6
Tax	159.5	168.5	-5.3	91.3	74.7	250.8	184.0	36.3
Net Profit	338.0	447.7	-24.5	230.3	46.8	568.3	478.1	18.9
Minority Interest	-8.9	-0.7	1266.2	-6.0	49.2	-14.8	-1.3	1086.4
Consolidated Net Profit	329.1	447.0	-26.4	224.4	46.7	553.5	476.8	16.1
Net Profit Margin	39%	45%	-	31%	-	35%	41%	-
EPS (Unit.Curr.)	4.7	7.4	-	3.2	46.7	7.9	7.9	0.4
EPS Annualised (Unit.Curr.)	18.9	29.6	-	12.9	46.7	31.7	31.6	0.4

Source: Company, KC Research



A. Residential Project details:

Name	Location	Project Type	Est. Saleable Area (msf)	Share Structure	Current Status
Godrej Garden City	Ahmedabad	Apartment/ Villas / Row Houses	26.3	Area Sharing - 67.6%	Phase 1 –all construction approvals received
Bhugaon Township	Pune	Apartment/ Villas / Row Houses	9.4	Share in SPV - 10%; DM Fee 162/ sq ft	Pre development planning
Godrej Palm grove	Chennai	Apartment Complex	2.5	Revenue Sharing - 70% and profit sharing 51%	Pre development planning
Godrej Prakriti	Kolkata	Mix-Use	2.9	Own. 51% Share in SPV	Infrastructure and basement work
Kochi Project –I	Kochi	Apartment Complex	2.2	Revenue Sharing - 70%	Pre development planning
Tumkur Road- II	bengaluru	Apartment Complex	0.8	Revenue Sharing - 78%	Pre development planning
Vikhroli Project –I	Mumbai	Mix-Use	0.4	Profit Sharing - 60%	Pre development planning
Godrej Avalon	Mangalore	Apartment Complex	0.5	Area Sharing - 73.5%	Pre development planning
Godrej Gold County	bengaluru	Villas and Apartments	0.4	Profit Sharing - 50%	Pre development planning
Godrej Woodsman Estate –Annex	bengaluru	Apartment / Row Houses	0.1	Revenue Sharing - 59%	Pre development planning
Kalyan Township	Kalyan	Residential	0.1	Revenue Sharing - 95%	Pre development planning
Woodsman Estate II	bengaluru	Mix- Use	0.6	GPL-50.1%	Pre development planning
Godrej Riverside	Mumbai	Residential	0.2	GPL –100%	Construction in progress
Godrej Frontier	Gurgaon	Residential	1.0	Revenue Sharing - 70%	Pre development planning
Godrej Edenwoods	Mumbai	Residential	0.03	Revenue sharing- 85% & Profit sharing- 50%	Construction completed
GVD-II	Mumbai	Residential	0.1	Profit Sharing- 75%	Tower A construction in progress
Godrej Chembur	Mumbai	Residential	0.2	Revenue sharing – 50%	DA signed
Total			~47.73		



B. Commercial Projects

	Location	Project type	Est. Saleable Area (msf)	Share structure	Current Status
Godrej Garden City	Ahmadabad	Apartment/ Villas / Row Houses	14.2	Area Sharing - 67.6%	Pre development planning
Godrej Prakriti	Kolkata	Commercial office space, Retail, Hospital	0.4	Own. 51% Share in SPV	Infrastructure and basement work
Godrej Genesis	Kolkata	IT park	1.3	GPL owns 51%profit share of 62% area share	Construction in Progress
Godrej Eternia	Chandigarh	Commercial office space, Retail	0.7	GPL owns 51% profit share of 46% revenue share	Basement in progress
Pune Township	Pune	Mixed commercial	2.4	Share in SPV - 10%; DM Fee 162/ sq ft	Pre development planning
Godrej Waterside	Kolkata	IT park	1.8	GPL owns 51% profit share of 61% area share	Tower -2 in Progress
Vikhroli Project I	Mumbai	Commercial	2.2	Profit Sharing - 60%	Pre development planning
Godrej Genesis	Pune	IT park	0.5	GPL owns 51%profit share of 62% area share	Pre development planning
Godrej Avalon	Mangalore	Commercial office space, Hotel	0.3	Area Sharing - 73.5%	Pre development planning
Godrej Genesis	Hyderabad	IT SEZ	9.6	100% owned by GPL	Pre development planning
Woodsman Estate	Bengaluru	Mix-Use	0.2	GPL-50.1%	Pre-development Planning
Total			~33.6		

Source: Company, KC Research


Balance Sheet (₹ in mn)

DESCRIPTION	FY08	FY09	FY10	H1FY11
SOURCES OF FUNDS:				
Share Capital	604.2	604.2	698.5	698.5
Total Reserves	1814.4	2384.5	7474.2	8027.7
Shareholder's Funds	2418.6	2988.7	8172.7	8726.2
Minority Interest	7.1	16.8	29.7	44.9
Total Debts	2731.2	6563.4	7095.8	7837.7
Total Liabilities	5156.9	9568.9	15298.2	16608.8
APPLICATION OF FUNDS :				
Fixed Assets	372.5	392.0	278.3	293.4
Investments	0.0	0.0	2078.1	2058.2
Inventories	2847.9	4758.6	7250.9	8540.5
Sundry Debtors	4057.1	1385.5	1798.0	920.0
Cash and Bank	86.3	268.7	955.0	159.7
Other Current Assets, Loans & Advances	2853.6	4965.1	4925.7	7305.1
Total Current Assets	9844.9	11378.0	14929.5	16925.3
Current Liabilities	4663.5	1005.4	1619.1	2541.3
Provisions	400.8	1200.6	371.4	131.3
Total Current Liabilities	5064.4	2206.1	1990.4	2672.6
Net Current Assets	4780.6	9171.9	12939.1	14252.7
Deferred Tax Assets / Liabilities	3.8	4.9	2.7	4.3
Total Assets	5156.9	9568.9	15298.2	16608.8

Cash Flow Statement (₹ in mn)

DESCRIPTION	FY08	FY09	FY10
Profit Before Tax	1152.5	1089.4	1623.7
Adjustment	47.6	-383.9	-1441.9
Changes In working Capital	-3342.1	-3993.2	-3239.5
Cash Flow after changes in Working Capital	-2141.9	-3287.7	-3057.7
Tax Paid	-411.4	-429.3	-366.1
Cash From Operating Activities	-2553.4	-3717.0	-3423.9
Cash Flow from Investing Activities	-113.4	869.1	129.3
Cash from Financing Activities	2592.0	3030.4	3980.8
Net Cash Inflow / Outflow	-74.8	182.4	686.3
Opening Cash & Cash Equivalents	161.1	86.3	268.7
Closing Cash & Cash Equivalents	86.3	268.7	955.0

Source: Company, KC Research

Toll Free: 1800 220 370
SMS : "KC RESEARCH" to 58888

Email : research@kcsecurities.com



CONTACT US :

Anil Bhattar President anil.bhattar@kcsecurities.com 022 - 33026011

INSTITUTIONAL RESEARCH :

Research Analyst	Sector Allocation	E-mail	Direct Nos
Radhika Podar	Hotels & Cement, Capital Goods & Eng.	radhika.podar@kcsecurities.com	022 - 22642058
Alpa Rathi	Metals & Mining	alpa.rathi@kcsecurities.com	022 - 22642029
Vidit Vakharia	NBFC	vidit.vakharia@kcsecurities.com	022 - 30284417
Amit Anwani	Construction & Realty	amit.anwani@kcsecurities.com	022 - 30287987
Sneha Kothari	Banking & FIs	sneha.kothari@kcsecurities.com	022 - 30284422

F&O AND TECHNICAL RESEARCH :

Research Analyst	Sector Allocation	E-mail	Direct Nos.
Jaldeep S. Vaishnav	F&O Analyst	jaldeep.vaishnav@kcsecurities.com	022 - 30284401
Muralidhar Shenoy	Senior Analyst	muralidhar.shenoy@kcsecurities.com	022 - 30288158
Kapil Vasania	Analyst	vasania.kapil@kcsecurities.com	022 - 30288160
Nemish Shah	Analyst	nemish.shah@kcsecurities.com	022 - 30288159



Kantilal Chhaganlal Securities Pvt Ltd

302/303, Fort Chambers, "B-Wing" 3rd floor, Haman Street, Mumbai - 400 001. Tel: +91-22-22677917-23; Fax: +91-22-22651237.

Kantilal Chhaganlal Securities Pvt Ltd

Kohli Villa, 1st floor, 130, S.V Road, Next to Shoppers Shop, Andheri (West), Mumbai - 400 058. Tel: +91-22-33256000-19; Fax: +91-22-30663191.

SEBI Registration: INB/F010993239(BSE), INB/F230930138(NSE), I0520(MCX), NCDEX-CO-04-00268, PMS IN000003161

www.kcsecurities.com

Notice: This document is prepared for private circulation exclusively for clients of Kantilal Chhaganlal Securities Pvt. Ltd. Disclosure: We and our affiliates, directors, officers, and employees, including persons involved in the preparation or issuance of this material may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The same persons may have acted upon the information contained herein.

Disclaimer: This document has been furnished to you solely for your information and may not be reproduced or redistributed to any other person. This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. The material is based upon reading. Though utmost care is taken by the writer of this document, and it should be relied upon as such. Neither the author nor any person connected with any of these entities accept any liability arising from the use of this document. Opinions expressed herein the report are our own and are based on Research as of the date appearing in this document only. Report is based on Analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that may not exactly adhere to the recommendations expressed herein. No part of this material may be duplicated, distributed, circulated, forwarded and E-mailed in and/or redistributed without prior written consent. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.