Godrej Properties Limited
Regd. Office: Godrej One
5th Floor, Pirojshanagar,
Eastern Express Highway,
Vikhroli (E), Mumbai – 400 079. India
Tel.: +91-22-6169-8500
Fax: +91-22-6169-8888
Website: www.godrejproperties.com

CIN: L74120MH1985PLC035308

February 08, 2023

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 - Scrip Code: 533150, Scrip ID - GODREJPROP
BSE- Security Code - 959822 – Debt Segment
NSE - 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 attached transcript of the conference call organized with the Investors/ Analysts on Thursday, February 02, 2023, post declaration of financial results for the quarter and nine months ended December 31, 2022.

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: 2023.02.08 16:51:29 +05'30'

Ashish Karyekar
Company Secretary & Compliance Officer

Enclosed as above

"Godrej Properties Limited
Q3 FY '23 Earnings Conference Call"
February 02, 2023

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

MODERATOR: **MR. MIT SHAH – CDR INDIA**

Moderator: Ladies and gentlemen, good day, and welcome to the earnings conference call of Godrej Properties Limited. 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 this conference call please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mit Shah of CDR India. Thank you, and over to you, Mr. Shah.

Mit Shah: Thank you. Good evening, everyone, and thank you for joining us on Godrej Properties Q3 FY '23 Earnings Conference Call. We have with us Mr. Pirojsha Godrej, Executive Chairman; Mr. Gaurav Pandey, Managing Director and CEO; and Mr. Rajendra Khetawat, CFO of the company. Before we begin this call, I'd like to point out that certain statements made in this call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation e-mailed to you earlier.

I'd like to invite Mr. Godrej to make his opening remarks. Thank you and over to you, sir.

Pirojsha Godrej: Good afternoon, everyone. Thank you for joining us for Godrej Properties Third Quarter Financial Year 2023 Conference Call. I'll begin by discussing the highlights of the quarter, and we then look forward to taking your questions and suggestions. While the global macroeconomic situation remained uncertain, the Indian economy performed well in the past quarter. Despite the recent increases in interest rates and housing prices, affordability of residential real estate in India remains attractive by historical standards and residential real estate demand in India remains strong.

We believe the Union Budget presented yesterday was supportive of the long-term growth of the real estate sector in India through its focus on infrastructure, affordable housing and digitization. The Finance Minister has forecasted economic growth at 7% for the next financial year and with a planned capital expenditure of INR 10 lakh crores, a year-on-year increase of 33%, we expect robust economic growth, which will be very supportive of development of the real estate sector. I'm happy to report that Godrej Properties reported its highest ever quarterly sales of INR 3,252 crores, with the sale of 4,077 homes comprising an area of 4.42 million square feet. This represents a year-on-year value growth of 111% and a year-on-year volume growth of 99%.

We have also reported our highest ever 9-month period sales of INR 8,181 crores through the sale of 8,784 homes with an area of 9.96 million square feet, surpassing our full year FY '22 sales. For the 9 months, our booking value grew by 77% year-on-year by value and 51% year-on-year by volume. We look forward to building on this momentum in the current quarter and hope to significantly exceed our annual guidance of INR 10,000 crores booking value for the year. On the operations front, we delivered 1.71 million square feet of area in Bangalore and NCR during the third quarter. We remain on track to deliver a large number of projects in the fourth quarter of the financial year and expect to end the year with deliveries in excess of 10 million square feet.

Due to Project Completion Accounting Standard we follow and limited project completions in Q3, our revenue will moderate at INR 366 crores, representing a year-on-year decline of 8%. Our EBITDA grew by 33% to INR 153 crores, while net profit grew by 51% to INR 59 crores. Net operating cash flows for the quarter were robust at INR 549 crores. One exciting outcome during the third quarter was the pace and quality of business development.

We added 9 new projects during the quarter with an estimated future booking value of INR 23,050 crores. For the financial year-to-date, we have added 15 new projects with an estimated sales potential in excess of INR 27,500 crores, thereby significantly exceeding our full year annual guidance of INR 15,000 crores of future booking value. We believe these projects are strategically located and will support our efforts to maintain rapid growth rates while substantially improving the margin profile of our company.

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

Moderator: Our first question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Congratulations on a great quarter, Pirojsha, both on GDV addition as well as on presales. So my first question is on the total GDV added this quarter. So I just wanted to know how much is the total -- these are largely 100% owned projects. So how much would be the total capex on these projects and how much we have incurred in this year?

Pirojsha Godrej: Yeah. So we have incurred bulk of the capex on this around INR 1,000 crores is what we need to incur more. That with milestone link we will be incurring it as and when those CP's of those transactions get completed.

Parikshit Kandpal: For this year-to-date, INR 27,500 crores what will be the total value of the total capex on this GDV addition?

Pirojsha Godrej: INR 3,500 crores.

Parikshit Kandpal: You're saying balance INR 1,000 crores, is yet to be incurred out of the INR 3,500 crores?

Pirojsha Godrej: Yes, that's correct.

Parikshit Kandpal: And the second question is on -- so these new GDV addition largely owned by us is coming at significantly higher realization. So just wanted to understand from the embedded EBITDA margin perspective, so what would be the carrying value of the EBITDA margins, embedded EBITDA margins in this GDV addition versus our historical GDV additions?

Pirojsha Godrej: I don't think we want to get into embedded EBITDA margins. I think that will develop over the course of a project. I think we've not -- that's not a number we've historically tried to disclose. But of course, I think if you look at the kind of locations of projects we've added, the average price point we're estimating and the fact that these are structures where we own the projects outright in many cases, I think it would imply a very meaningful increase in EBITDA margin over some of our older projects. But I don't think we would like to disclose a specific EBITDA margin.

Parikshit Kandpal: And just one more thing on these three launches. So Ashok Vihar, we were planning to launch during Q3 FY '23 and Worli in FY '24 and Bandra was a little bit more longer, so any update on the timelines on these three projects?

Pirojsha Godrej: Yeah. I think Ashok Vihar unfortunately, now looks like it won't happen this financial year. We're still hopeful of early next financial year launch. So I think the team is still working towards a Q1 launch there. Worli also we'd hope to get done next financial year. I think Bandra, there's somewhat less visibility. There are -- there is some discussions ongoing there. And hopefully, we can bring that back on track, but we're not certain whether that can happen next financial year.

Parikshit Kandpal: I just wanted to congratulate Gaurav for taking up the role of the CEO now, and all the best to you Gaurav.

Moderator: Our next question is from the line of Puneet from HSBC.

Puneet: Congratulations on a good quarter. My first question is with respect to the humungous project addition that you've done in this quarter alone. How soon should one expect for these projects to be launched?

Gaurav Pandey: So thanks for the question. Our endeavor is that some of these projects can be launched as soon as 6 months from now on. And you should see much of the launch calendar of H2 of next year with some of these launches coming in. That's the target that we set for ourselves.

Puneet: And it's quite evident that most of these projects are in the nature of plots. What has really changed? I mean is Godrej more gearing towards plots or is opportunity better in the plots? Is demand better? Can you give more color on what's happening on this side?

Pirojsha Godrej: Yeah. I don't think, first of all, that's correct that majority of the projects are plots. If you look at it, I think of the 9 projects we announced for the past quarter, two were in plotted development. I think what -- we do think that the plotted development story is an interesting one, something that we'd like to pursue for a couple of reasons. One, the turnaround time for these projects can be quite quick. The returns, therefore, can be quite high.

Also, we think this is a great way to expand our presence into new markets in a way that's less intensive from a management bandwidth perspective than group housing is. Also gives us the opportunity to better understand some of these newer markets. And over time, perhaps use some of them and entry points for the group housing business. But certainly, if you're looking at, I think, whether from a number of deals and certainly from a future expected booking value, the plotting business is still a relatively modest part of our overall business.

Puneet: Understood. That's very helpful. And any plans of going beyond your traditional four cities over next one year?

Pirojsha Godrej: I think one is, of course, through the plotting development route, we have already opened up a larger number of cities and could continue to do that in the year ahead. I think from a group housing perspective, we still feel that the vast majority of the opportunity between us -- before us is in these four cities. So we have also seen good traction recently in Ahmedabad. We are actively looking for business development in Kolkata, which are cities we've been present in, but haven't put as much emphasis on that we have in the top four. And probably the only entirely new market that we are open to from a group housing perspective would be Hyderabad.

Puneet: Okay. So that's the new potential for you? And while the environment looks quite encouraging, the momentum is quite nice, the mortgage rates have indeed gone up. Are you seeing any sort of reluctance on the part of buyers to make these purchase decisions or is the momentum still quite strong?

Gaurav Pandey: Thanks. Good question. The operating environment that we are seeing right now is very conducive for us. If you see that our sales have been historically at an all-time high in quarter three. So we don't see any bottleneck from any macro indicators. In fact, what we are continuing to see is that consolidation story and the value for good products and good locations with good design thesis is kind of getting a lot of traction. And we see that continuing for at least next one to two years in the near term, yeah.

Puneet: Next question, if I may. What would be your single biggest worry for?

Gaurav Pandey: Sorry, come again.

Puneet: What would be your single biggest risk that you would foresee for the year or something that worries you for?

Gaurav Pandey: I think, largely speaking the operating environment seems to be conducive, the only event could be a crazy global COVID wave, which is quite unlikely for us to speak right now. And to be honest if you could see from the past two years, we've all learned to live with it. So I don't really see anything practically speaking any real worry. Just it's all about executing the plans that we set for ourselves and be very precise about timing the launches and getting into collection. So not really a real risk authentic risk so as to speak.

Puneet: Got it. Thank you so much and all best. I'll come back with some few more questions later on. Thank you.

Gaurav Pandey: Thank you.

Moderator: Thank you. Our next question is from the line of Pritesh Sheth from Motilal Oswal.

Pritesh Sheth: Yeah. Thanks for taking my question, and congrats on strong sales performance as well as the business development. First question, again, on margins for the new business development that we have been doing, while you won't specify on particular margins, but just a ballpark calculation, if I do, 13% -- 12% to 13% is your average land cost if I calculate INR 3,000 cores, INR 3,500 crores investment, and another 30% in general for construction cost plus overheads in the approvals, another 15%, 20%. Can we -- that will assume like 30% should be the ballpark margins that we can expect, at least from the base calculation that we look at?

Pirojsha Godrej: I think it's an interesting way of asking the same question. But yeah, I think, look, on land purchase, I think 30% is not an unreasonable assumption. Obviously, it will vary project-by-project, depending on price point. But more importantly, depending on ultimate execution, I think there's a lot that can happen between project addition and project delivery. And I think the real focus of the company and the real determinant of how the crystal we will be over the next few years; we will be delivering these plans. But I think the number you've assumed is not too far off from what we'd expect on our price purchases.

Pritesh Sheth: Sure, sure. That's helpful. And in terms of launches, probably this year, we'll end at around 12-13 million square feet with the pipeline that we already have. What should be the launches that we should consider for FY '24? Obviously, that number would be higher and you will give us a pipeline in Q4. But roughly, what's the certain pipeline that you see for next year?

Pirojsha Godrej: Yeah. I think, we usually tend to be more happy giving this outlook at the end of the financial year, because it's a little unclear still how many of these launches all happen in the next two months to some spillover and all of that can have an impact.

I think broadly, the way we were thinking about the business is that we wanted to get to this INR 10,000 crores number this year and then we wanted to compound at, at least 20% per year for the next few years on that base. Fortunately, I think we'll -- and ahead of that INR 10,000 crores starting point. And given the kind of business development we've done, hopefully, that's the 20%-plus compounding can also be exceeded. So that's the way we're thinking about it. But please give us until the next call to come back with more clarity on the number of launches and exact plans.

Pritesh Sheth: Sure, sure. And just lastly on pricing, while interest rates have been increasing, we might see that topping out. How do you see the prices escalating going forward? Will you still continue to take price hikes or probably you'll -- in near-term, you'll see the affordability and then decide on the pricing?

Gaurav Pandey: I think, we've been very focused on consistent price increase quarter-on-quarter. And quite happy to share that in quarter three across markets, we've increased prices. In MMR, our average price increase has been between 1% to 2%. And in markets like South, we've increased by 4%. In North and East and West, largely have been around 5%, so quite strong price uptake and also translating into booking value. So we see that, of course, one has to be watchful about newer environments. But this all can now have been going at a good steady pace for us for the last three quarters, yeah.

Pirojsha Godrej: Just to add to that. I honestly think that to a certain extent, I think, obviously, you can improve pricing at the project level through better design, better quality, having the right brand. But ultimately, pricing in the real estate sector is not decided by individual developers. It is much more of a macro story. I think any individual developer in India today would have a low single-digit market share. So in markets like NCR prices have gone up, maybe 25%, 30% over the last 12, 18 months.

I think more developers would have seen those kind of price increases in markets where prices haven't gone up to that extent, the increases have been somewhat more moderate. Certainly, our goal is to price our products at the price that we think will clear the market. And we do think that actually, as has happened in NCR, there is likely to be pricing momentum in other markets too over these next couple of years. That is usually the case at this stage of the cycle once the volume recovery has proved itself.

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

Kunal Lakhan: Just wanted to understand, like, you have acquired these 15 projects totaling about 23-odd-million square feet plus in the nine months. And when I look at our launches done in this year, right, of the seven million square feet odd, 3.6 million square feet of actual like greenfield new launches, excluding the new phases. So how should I look at this 23 million square feet that you've acquired in terms of getting into the market? Like what kind of timeline you have in mind to bring them to the market?

Pirojsha Godrej: Kunal, I think Gaurav mentioned that the goal is to 6 months kind of timeline from project acquisition to project launch and some projects we've been able to do that. My own experience is that on some of the larger projects, whether it'd be Ashok Vihar or Worli so on, it does tend to for one reason or another take a little bit longer than initial expectations.

But I think the teams are very, very focused, of course, on bringing these projects to market as soon as possible. We attempt and one of the key lenses through, which we evaluate business development is pace at, which these projects can be brought to market. So we're trying to avoid projects that we think have too many regulatory hurdles and require a longer timeframe.

So I think, hopefully, you'll see the vast majority of these come to market within six to 12 months of being added, though I think it's probably reasonable to expect some percentage, as is usually the case for one reason or another will slip out of those timelines.

Kunal Lakhan: Sure. Sure, that's helpful. Secondly was on the completion side, we had set out a target of about 10 million square feet plus of completion. But just going by what we are seeing, there's a bit of a lag over there. And then that also reflects in our cash flows, right? Because certain like you mentioned, certain milestone-based payments were lagging sort of. So how should we look at completion? And how should that reflect in our cash flows and also in our P&L in the quarters to come?

Pirojsha Godrej: Yeah. So Kunal, you're absolutely right. I think year-to-date number of deliveries is, of course, very underwhelming, but we are on track for that 10 million square feet of guidance. So we have a busy OC calendar as expected over these next couple of months and do continue to expect to hit that 10 million milestone.

I think some of these benchmarks, unfortunately, do tend to be a little bit lumpy. I remember prior to this quarter, we were a little bit defensive on the business development deployment because while we saw a lot of momentum internally and knew we have the right set of portfolio discussions underway, what we have been able to get to the stage of announcement was not in line with that.

And I think, for example, we've seen in a quarter like last quarter, that in a lumpy way, these targets can suddenly look very different from an achievement perspective. I think operationally, it's similar this year and there's no reason it should be this lumpy, but we do expect a big Q4 from deliveries and therefore, to get to that 10 million square feet number as we earlier indicated.

I think while, of course, there's no perfect way to look at it, Kunal, I think very broadly, if I was to indicate how we think the numbers for the company should pan out, is that clearly bookings come first because a large percentage of our bookings happen at the time of project launch. If you look at our unsold to launch inventory, it's the lowest it's ever been.

So bookings is always going to be at the time that the company is in now where it's growing very rapidly, it's always going to be the lead indicator. But roughly, collection should approximately equal the average of the previous two years bookings. So I think it represent the average delivery timeline will be roughly three years. So I think the average of the previous two years booking would be a good approximate indicator of where collection should be. Now, of course, it's not going to be an exact number. But I think from a directional perspective that should be the case.

And we've indicated that we are hoping to get 10% to 15% net profit margin on bookings from the business we're doing. And I think the average timeline for earnings delivery will be roughly three years, as I said, as it's linked to actual project completion. So very broadly, I think that's what we're trying to focus on. Will it grow bookings very quickly at least 20% a year on an ongoing basis? Of course, the year like this year will be much higher than 20%. Ensure that collection in a given year are roughly equal to the previous two years' average and try to ensure that earnings are 10% to 15% of three-year prior bookings. So that's broadly how we're thinking of it. Again, this is very directional and there could be things like creating inflation that we saw at some stages last year that impacts some of these numbers. But I think broadly, this is what we're hoping to achieve.

Kunal Lakhan: Sure, sure. Thanks. That's very helpful. My last question actually going back to the business development. Like we -- last year was pretty subdued FY '22. And this year, we have kind of like done really, really well by spending about INR3,000 - 3,500 crores worth of land. How should we look at this going ahead? I mean, would you see the same level of spend continuing going into next year or would you slow down?

Pirojsha Godrej: So, I think we want to be intentionally quite dynamic with our business development strategy. I think the answer to your question depends very much on what we are seeing both in the overall market, as well as through our own internal performance. So if we're seeing continued stress amongst smaller developers and therefore, what we think are attractive opportunities for business development. I think that will indicate we intend to continue to see very high levels of action.

It also depends, obviously, on our internal performance and are we able to launch the projects in the timeline, so we're hoping to are we able to continue to sell a large percentage of the projects we're launching and therefore, not creating a large portfolio of unsold inventory, which can create its own problems over time. So I think we will be quite responsive to that. But broadly speaking, I think our expectation, as we sit today, is that 2023 should continue to be a good period for business development.

Moderator: Just one moment, please, sorry. That was from one of the participants lines. We'll move on to the next question, which is from the line of Abhinav Sinha from Jefferies.

Abhinav Sinha: A few questions. I think one, I will just follow-up on what Kunal was asking and we got interrupted. So with the BD development that we have seen this quarter, can you update us a bit on what should be the guidance on overall debt and gearing are you seeing?

Pirojsha Godrej: Yes. I think we've consistently since the IPO 12 years ago, said that our comfort from a gearing perspective is around 1:1, I think of net gearing. I think given the increase in the size of the balance sheet, now we probably say we more like to operate anywhere from 0.5:1 to 1:1. We ended last quarter at 0.3:1. So clearly, I think we feel the balance sheet still has significant capacity for additional investments. And as I was saying, I think the current visibility basis number of discussions underway at the moment continues to be very strong. So despite a very strong Q3, I think Q4 and Q1 of next year should be a very healthy level of business development to continue.

And then I think beyond the 12-month timeframe is something that we'll have to evaluate both basis what we're seeing in the market and how our own performance has been and calibrates the strategy accordingly. But certainly, for the rest of this calendar year, I think the business development opportunity remains quite exciting. And I do think that this will quite quickly translate to meaningful top-line growth for the company. And over -- as these projects start reaching the revenue recognition stage, we are quite optimistic that the margin profile of the company will also look very different, both because the structure of the project is either profit shares where we have a high share of economic interest all outright. But equally, because the location of the projects and price points of the project are we think structurally much better than some of the older project locations.

Abhinav Sinha: Secondly, on the residential side, the overall cash flow. So I was just looking at slide 33 of the presentation, where you have given good details on project-wise progress. So there's about INR160 billion of excess cash flow yet to be received on the currently sold projects. And there should be some unsold inventory as well. So can you guide us on what is the net surplus we can expect from the ongoing pipeline, and -- or maybe a broad idea of where we would be on average on construction progress and what is to be spent?

Rajendra Khetawat: So Abhinav, it's very difficult to predict that. Like maybe Pirojsha gave some numbers, maybe you can do a back calculation on the sales price, if we are looking at some kind of a 15% of net profit margin, that would be my residual surplus, which will get generated over a period of time. But now we have to go line-by-line, project-by-project to determine what would be my construction outflow and what would be my realizable surplus -- cash surplus out of that. So maybe we can connect offline and take you through that.

Abhinav Sinha: So -- but fair to assume, I mean, the substantial surplus here yet to come or you are waiting for the New Year launches for that year?

Gaurav Pandey: Sorry, Abhinav, I couldn't catch up clearly on the phone.

Abhinav Sinha: Maybe I will connect on that separately. One last question on the NCR side where we have now seen pricing also move up materially. So has it started impacting the quality of demand? One of the issues used to see that cash flows will start lagging in NCR versus sales effect. Any such thing you have seen so far?

Pirojsha Godrej: Abhinav, I'm sorry, I don't know if it's the issue with us. We are not able to hear you very clearly.

Moderator: Our next question is from the line of Abhimanyu Kasliwal from Choice India Limited.

Abhimanyu Kasliwal So firstly, congratulations over a good quarter, even though we did not see very good recognition the NPV of assets -- projects seems to have increased dramatically, like INR 2,300 crores this quarter. Now, I'm talking about what about the future outlook? Are we looking at more cities beside the existing ones Tier 2 -- for example, as I'm from Indore, so I'm aware that in Indore we're looking at some land parcels and in general, as we look at other Tier 2 cities as such. Am I correct in understanding that, that could lead to the next level of growth for our company? And what other Tier 2 cities -- are we open to Tier 2 cities, what would be -- what would you like to tell us about that?

Gaurav Pandey: If I understood it correctly, you want to understand the future growth strategy and Tier 2 specifically. I think that our focus will continue to remain in these cities where we operate from a group housing perspective. And we believe that the fact that most of us as large developers operate at single-digit market share. There is massive headroom to focus over there in growth. As far as the opportunity in Tier 2 cities is we are exploring opportunities in entry selectively through the plotted development platform, and that is going to be our current focus.

Abhimanyu Kasliwal: One last question, sir, the inventory things have increased this quarter. Is that -- are you trying to ensure that our margins are maintained or is it just some short-term occurrence? Are we like -- inventory is increasing because we are hoping to get higher margins, we are now planning to sell at a lower margin, something like that. Could you please guide?

Gaurav Pandey: I think our focus is to ensure the margins in every project and kind of consistent sales across the geographies that we operate. And I think we've been seeing a set of secular trend largely speaking to most of our portfolio with any sort of -- anything other than the core strategy to maintain a healthy robust sales pipeline wherever possible increase prices consistently -- that's the way we're maintaining our margin still now.

Abhimanyu Kasliwal: Last question, last question. Are you seeing anything in terms of the velocity being maintained, or is it slowing down a bit or you're expecting it to pick up? What is your call on that?

Gaurav Pandey: I think we've dealing velocity and as you would have noticed that this has to be one of the most exciting quarters for us from a sales velocity point of view. So yes, we've been able to maintain a velocity across all markets that we operate and also we've been able to kind of make a record for Q3 sales.

Moderator: Our next question is from the line of Himanshu Zaveri from Dhruv Gems.

Himanshu Zaveri: Yeah, I just wanted to ask you, the amount of projects we launched -- sorry, launch -- we have signed. I want to know about the land prices update because supposedly we bought the Ashok Vihar land before two years for INR1,300 crores. Now the same, what kind of land prices appreciation have we seen in the last quarter, the deals which we have signed, throw some light on that?

Gaurav Pandey: It's very specific to micro markets where we operate. So as you would have noticed that on the demand side and residential pricing side across markets, generally, there has been an uptake. And accordingly, land being a raw material has also correspondingly increased in certain geographies. And yes, where there is more confidence in terms of customer attraction to buy a product, those markets would have relatively seen slightly higher price. So it's very difficult to really say there is an X percentage price increase across India. It's very specific to the micro market where we operate. And yes, it's driven largely by what consumers are willing to pay and buy products over there.

Himanshu Zaveri: Okay. And this quarter, you updated around 9 to 10 projects, which are on the launch. So are we on track for that?

Pirojsha Godrej: I think obviously, the Investor Presentation where we put estimated launches is our most updated view on what will get launched. So we do hope to, of course, launch all of those. But as they are some of them linked to regulatory approvals, there's also, of course, some possibility of them slipping into the new financial year. But overall, I think Q4 is looking good from a new launch as well as overall bookings perspective.

Himanshu Zaveri: Any particular -- that you've generally shifted from the JV to outright purchase almost completely because we've signed like 8 out of 9, which are owned projects, right?

Pirojsha Godrej: Yeah. I understand that optically, it looks like we've switched completely basis last quarter's numbers. But as we were saying, BD can be a bit lumpy. We actually have a large number of joint venture projects also under discussion. So Q4 may not be as skewed towards outright purchases, but we are very much open to both outright purchases as well as any sort of joint venture structures where we have a reasonably high economic interest in the project. We have deemphasized projects where our economic interest is relatively low, like development management fee structure. So only in exceptional cases would we add such projects.

Himanshu Zaveri: And we are not worried about Ashok Vihar, right, because the delay and all the sales perspective, we are comfortable, right?

Pirojsha Godrej: I'm extremely excited about Ashok Vihar. Little frustrated that we haven't been able to bring it to market yet. But I think -- it's going to be an outstanding project from us -- for us, both, I think, from a project quality perspective as well as a financial return perspective. So we're very excited to hopefully kick that project off over the next few months.

Moderator: Our next question is from the line of Sameer Baisiwala from Morgan Stanley.

Sameer Baisiwala: Pirojsha, can you talk about the supply situation in the micro markets that you are present? Are you seeing any stress building up or do you think it's okay for now?

Pirojsha Godrej: I think the supply-demand situation seems quite favorable at the moment, if anything. I think some of the metrics we track quite closely and now are also sort of available through our presentation is the percentage of launched inventory that we have that is unsold. And that continues to be at all-time lows for sort of any time in the history of the company. So I think it's a good indicator that whatever we've been able to bring to market is seeing good uptake.

I think also very encouraged to see some of the big launch numbers we've posted in recent months like our Ahmedabad launch and Bangalore launch last quarter so overall, not seeing anything on the supply side that is worrying me. And again, I think while some of the bigger developers in each market are scaling up, I think that is also happening through market share gains, where a lot of the smaller players are focusing more on bringing land to the market rather than bringing too many new projects.

Sameer Baisiwala: And any thoughts on Vikhroli land, which is owned by the parent company. So we have not seen any major project launch out of that portfolio.

Pirojsha Godrej: That's right, Sameer. I think in the upcoming financial year, we do expect a large new launch in Vikhroli. So hopefully, we'll get that part of the engine humming again as well.

Sameer Baisiwala: That would be great. And when you look at your BD plan, I mean, are there any white spaces that kind of stands out you want to go and make sure that you get a presence there, a deal there that you want to highlight?

Pirojsha Godrej: I think, honestly, there's so much opportunity, Sameer -- have to nail down on any one thing. While we are looking at from a new market perspective, I mentioned Hyderabad one opportunity and plotted development we're looking in several markets. I think the real big opportunity is continuing to deepen our presence in these top four markets. These are the real areas where our current scale, even if you look at what some of the leading players in each of these markets is today delivering. Clearly, there is a significant room for scale up by entering new micro markets.

I think as we took stock of how we performed over the last few years, last year, we felt that Mumbai and Bangalore were two markets where we certainly hadn't scaled to our potential. I think we've made the kind of changes to the team, the kind of intent we're driving in those markets. We're already seeing some early results from that. I think both Mumbai and Bangalore showing sharp growth this year over previous year. But I think, certainly, the opportunity remains. And I think with Gaurav taking over now, we've got the exact right person to do this. He has obviously delivered a similar thing in NCR.

And I think -- very happy to see him running in his first quarter managing the operations of the company in Q3. So certainly, I think the primary aspiration is to really significantly increase our market share in these top four markets. In each of these, we think we have a very strong base now and are already amongst the leading players, but we think we have the balance sheet, the brand and the intent to significantly further scale.

Moderator: The next question is from the line of Biplab Debbarma from Antique Stock Broking.

Biplab Debbarma: Congratulations on the excellent set of performances. Just my first question is on the earlier project in Byculla. Sir, could you throw some light on the details like so what kind of total area and what kind of legal and financial liability is there in that project? Because my understanding is that it's a struck project, and there was a JDA, which has failed previously. So just trying to understand some insight on what kind of projects is that in Byculla?

Pirojsha Godrej: Yes.. This is actually a redevelopment project where we partnered with the existing developer to take over the development of the project. So it's a brownfield project in that sense. So we hope to launch the project in the first half of the next financial year. And I think the expected booking value, etcetera, is mentioned in the presentation about INR 3,500 crores. It's in Mahalaxmi, not Byculla and yes, looking forward to getting this going. And it could be relatively fast to kick off because it was an existing project.

Biplab Debbarma: Great, sir. And just your current mix of JV and outright for the ongoing, what could be the current mix? And in the medium- to long-term, what -- would we see some kind of shift in this mix or this mix would be going in future this mix of JV, what's the outright would be the same?

Rajendra Khetawat: Our current mix of outright would be around 25% to 30%, balances is still into JD, DM and other models. Going forward, obviously.

Pirojsha Godrej: Yes. I think going forward, again, as we've said a few times, we don't think having some sort of blanket either 50-50 or anything like that necessarily makes sense. We will evaluate what we're seeing in the market and try to respond to that in the way that we think maximizes the value for the company. Because I think if we're seeing market conditions where there is a lot of distress where we are well capitalized and we can get land at what we think will be attractive valuations and develop that land through what is likely to be a strong leg of the cycle, we will, I think, probably lean more towards outright purchases.

If on the other hand, over the next five, six years, the market gets more frothy we feel the cycle is topping out we may not be as keen for outright purchases and might then look for more joint venture kind of structure. So I think it will be a continual evaluation of what we think the market is offering as well as where we think our own execution priorities lie. And I think we will respond in that way. But certainly, I think going forward, you can expect to see a fair mix of both outright and joint ventures and very limited development management agreement in that structure.

Biplab Debbarma: One final question is what kind of net operating cash flow should we expect in FY '24? The reason I'm asking is there will be significant jump, would there be a significant jump, in the net operating cash flow because of the strong traction in sales bookings for the past -- I mean last year, this year to -- so should we see what kind of operating cash flow should we see in the next financial year? Some ballpark, I'm not…

Pirojsha Godrej: This is not the number again that we are offering guidance on. But certainly, it's a number that, obviously, we have tracked very closely internally and is one we expect to see very meaningful growth on both next year and in the years ahead. Again, we mentioned that where -- our attempt is to ensure what we deliver in bookings in one year or the average of the previous two years is what we are able to show as collection. And obviously, the linkage between collections and operating cash flows is quite tight and depends on the margins of the projects and stage of completion.

Moderator: Our next question is from the line of Manish Gandhi from KPMK Investments.

Manish Gandhi: Pirojsha to you and the whole team leading by Mr. Dedhia, heartily congratulations on all front on BD, especially locations across the cities is excellent, and it has exceeded any expectations? I'm sure, as you're guiding, you are discussing many more. So first of that. So -- and my question is, first, to RK. Rajendra, which are the projects which has contributed to this INR 4,200 crores inventory rise. Can you just give?

Rajendra Khetawat: So Manish, this inventory accumulation is on account of various projects, which we have accumulated. Now, what happened in the accounting is you have do in the redevelopment, you have to do a gross-up of liability and inventories. So basically, it's all on account of new project additions, what we have done. So that is how the inventory movement you are seeing from the last quarter.

Manish Gandhi: My next question is on Bangalore. So how you see the demand affecting because of this technology-led layoffs? Can you give some color, Gaurav or Pirojsha? And two, is it the reason we have a little bit less BDs in Bangalore compared to the other cities?

Gaurav Pandey: I think Bangalore we are seeing a very strong growth momentum. In fact, we sold close to INR 749 crores, in the previous quarter, which is equivalent to almost the entire phase of the previous financial year. So we see robust demand out there. And as Pirojsha was mentioned sometime back that business development tends to be lumpy, and we are extremely focused on Bangalore business development. And hopefully, in a couple of months, we should be hearing some very exciting stories on business development side for south zone particularly, yes.

Manish Gandhi: And lastly, just not a question, but just would love to have your thoughts. Next year in Mumbai and MMR, we are launching multiple large projects. So it must be exciting for the team, but this is the first time we are launching so many large projects in a particular city. So can you just give some color?

Gaurav Pandey: Largely, the teams in Mumbai have really kind of started outperforming in the previous year. In fact, if you see the nine months sales of this financial year, is that already INR 2,000-plus-crores, which is something which they did not achieve even earlier and every launch that they kind of planning up, they've been able to show consistent delivery. So I don't really see that as a challenge for Mumbai for largely a business development issue historically in Mumbai zone. And with that kind of crack, I think the team is extremely hungry to deliver on the business. So you should -- exciting quarter of this and also the next financial year for Mumbai side.

Manish Gandhi: Can I squeeze in one more last? Yes. So how do you think about the opportunities in extended Mumbai, like New Mumbai in the coming area because of new International -- new airport and of course sorry, the 22-kilometer trans-harbor line. So do you see -- or do you are looking aggressively to enter that market? Of course, we have one big project Taloja, but anything else you see?

Gaurav Pandey: Sure. I think generally, we've been seeing infra story directly positively giving us similar to any demand on the residential side. And we instantly also added some plot redevelopments in that specific corridor with the very specific premise that we were seeing demand, especially in this segment which we don't have in the portfolio MMR on that segment corridor. And we continue maintain the focus on opportunity, but very frank from a portfolio point of view, our strategy is to maintain healthy growth across micro market and not really get specific only in one specific micro market of MMR. So definitely it's a focus area and you will see, it will continued launches on there, but not necessarily only in that specific micro market.

Manish Gandhi: And really exciting next one year for everything so all the best to the team.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

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

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Godrej Properties Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.