

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,156 **TP: INR1,300 (+12%)** **Neutral**

Strong business development to drive growth

Highest ever pre-sales, despite moderate launches

- GPL reported its highest ever sales bookings of INR32.5b, which more than doubled YoY and were 35% ahead of estimates. For 9MFY23, pre-sales stood at INR82b, up 77% YoY, and exceeded INR78b of bookings reported in FY22.
- Sales volume doubled YoY and spiked 63% QoQ to 4.4msf. Blended realizations increased 5% YoY but declined 17% QoQ to ~INR7,350/sq. ft.
- The record performance was driven by highest ever contribution from ongoing projects (2.6msf) as launches were moderate at 2.9msf (across four projects) and contributed 27% (INR 8.6b) to overall sales.
- GPL is planning to launch 6.7msf of projects in 4QFY23, and hence, expect another strong quarter of pre-sales performance. We increase our FY23E pre-sales to INR115b, on the back of higher-than-expected pre-sales in 3Q.

Cash flows steady but increase in land spending led to higher net-debt

- Collections were about flat QoQ at INR21.5b while OCF (post interest and taxes) declined by INR1.4b QoQ to INR4.0b due to higher operating and construction spends.
- During the quarter GPL added 17msf of projects with revenue potential of INR230b taking the cumulative project addition to ~23msf with GDV of INR275b surpassing its guidance of INR150b for FY23
- As a result investment on new project additions increased to INR13.7b leading to cash burn of INR12b. Thus, Net Debt increased to INR26b or 0.29x of equity.
- As company continues to spend on business development and deploy the QIP money it expects the net debt to increase further. GPL is targeting a net gearing level between 0.5-1.0x of equity in near term.

P&L performance muted due to limited completions

- GPL only delivered 1.7msf of area across four projects (one JV, one DM, and two plotted development), resulting in muted revenue recognition for the quarter. Revenue declined 30% YoY to INR2.0b, while reported EBITDA was negative at INR168m. However, adjusted EBITDA including other income, grew 31% YoY and 63% QoQ to INR1.6b. PAT jumped 45% YoY but was down 16% QoQ to INR0.6b.
- In the first nine months, the company has delivered 2.5msf of projects and is on track to deliver over 10msf of projects in FY23. Thus, revenue recognition is expected to pick up in 4Q, leading to better P&L performance.

Key highlights from the management commentary

- **Business development:** GPL will continue to focus on gaining market share in four core markets especially MMR and Bengaluru but also pursue opportunistic deals in other markets. While a large part of recent project additions was on an outright purchase basis, BD pipeline continues to have JV deals with higher share of GPL and the company is expecting some of them to conclude in 4Q. EBITDA Margins on new project should be at ~30%.

Bloomberg	GPL IN
Equity Shares (m)	278
M.Cap.(INRb)/(USDb)	321.4 / 3.9
52-Week Range (INR)	1792 / 1128
1, 6, 12 Rel. Per (%)	-3/-23/-34
12M Avg Val (INR M)	1142

Financials & Valuations (INR b)

Y/E Mar	FY23E	FY24E	FY25E
Sales	14.3	31.4	28.2
EBITDA	0.4	7.8	6.0
EBITDA (%)	2.7	24.8	21.3
PAT	8.5	13.1	12.8
EPS (INR)	30.5	47.1	43.9
EPS Gr. (%)	229.8	273.4	44.1
BV/Sh. (INR)	342.6	389.7	435.9

Ratios

Net D/E	0.3	0.3	0.3
RoE (%)	9.3	12.9	11.2
RoCE (%)	4.4	5.9	3.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	37.9	24.5	26.3
P/BV (x)	3.4	3.0	2.6
EV/EBITDA (x)	NM	46.0	59.4
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	58.5	58.5	58.4
DII	4.6	4.5	4.1
FII	27.4	27.5	29.9
Others	9.6	9.5	7.6

- **Demand:** Underlying demand continues to remain strong, especially for large developers, and affordability continues to remain attractive. The management does not foresee any material risk that can derail the demand momentum. The company will surpass its INR100b pre-sales guidance and would target 20% CAGR beyond FY24.
- **Cashflow:** The management highlighted that on a broader level, collections should be close to the average of last two-year bookings and it is on track from that perspective. It has spent INR30-35b on BD so far, of which, INR10b is currently outstanding.

Valuation and view

- While we revise our FY23E pre-sales on the back of higher-than-expected bookings in 3Q, we retain the same for FY24/FY25, as we await clarity on the launch timelines of recently added projects.
- Pickup in recent project additions is encouraging and the company expects the momentum to continue in CY23. However, at 1.5x P/NAV, a large part of this project addition momentum is already priced in. **We reiterate our Neutral rating with an unchanged TP of INR1,300, with a potential upside of 12%.**

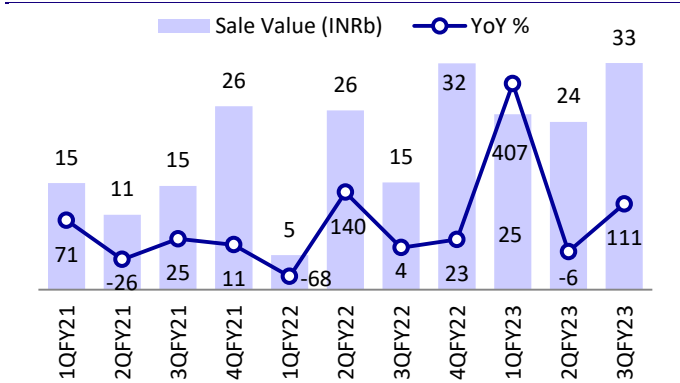
Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E	FY23E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Gross Sales	862	1,293	2,788	13,306	2,447	1,651	1,962	8,226	18,249	14,286	2,271	-14
YoY Change (%)	19.2	44.5	63.5	207.6	184.0	27.7	-29.6	-38.2	138.6	-21.7	-18.5	
Total Expenditure	1,497	1,855	2,839	10,727	2,589	2,325	2,130	6,863	16,917	13,907	2,367	
EBITDA	-635	-562	-51	2,580	-142	-674	-168	1,363	1,332	379	-96	
Margins (%)	-73.7	-43.4	-1.8	19.4	-5.8	-40.8	-8.6	16.6	7.3	2.7	-4.2	
Depreciation	51	52	55	57	55	56	65	39	214	214	51	
Interest	417	411	417	430	345	406	457	554	1,675	1,761	597	
Other Income	1,758	2,049	1,882	1,919	1,817	2,041	2,084	1,621	7,608	7,563	1,853	
PBT before EO expense	655	1,024	1,359	4,013	1,276	905	1,394	2,391	7,051	5,967	1,109	26
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	655	1,024	1,359	4,013	1,276	905	1,394	2,391	7,051	5,967	1,109	26
Tax	186	226	290	956	327	-188	449	486	1,658	1,074	277	
Rate (%)	28.4	22.1	21.4	23.8	25.6	-20.7	32.2	20.3	23.5	18.0	25.0	
Minority Interest & Profit/Loss of Asso. Cos.	-299	-441	-679	-469	-516	-423	-381	4,897	-1,887	3,577	1,110	
Reported PAT	170	357	390	2,589	433	670	564	6,802	3,506	8,469	1,942	
Adj PAT	170	357	390	2,589	433	670	564	6,802	3,506	8,469	1,942	
YoY Change (%)	NM	NM	NM	NM	154.6	87.7	44.8	162.8	816.8	141.6	398.4	
Margins (%)	19.7	27.6	14.0	19.5	17.7	40.6	28.7	82.7	19.2	59.3	85.5	
Operational Metrics												
Sale Volume (msf)	0.8	3.6	2.2	4.2	2.8	2.7	4.4	5.3	11	15	3.4	32
Sale Value (INRb)	5	26	15	32	25.2	24.1	32.5	34.4	79	116	24.0	36
Collections (INRb)	13	17	19	29	18	22	21	30	78	92	25.0	-14
Realization/sft	6,439	7,126	7,005	7,678	8,906	8,883	7,357	6,541	7,268	7,635	7,145	24

Source: MOFSL, Company

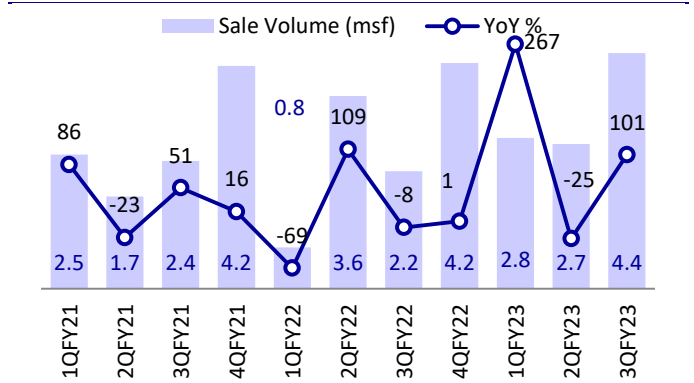
Key Exhibits

Exhibit 1: GPL reported sales of INR24b, up 111% YoY....



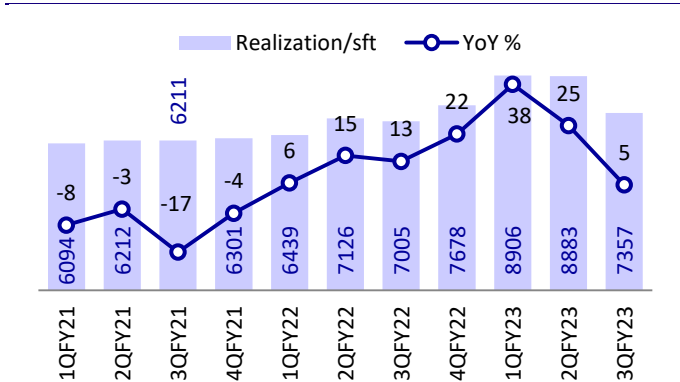
Source: Company, MOFSL

Exhibit 2: ...while volumes improved 101% over the same period



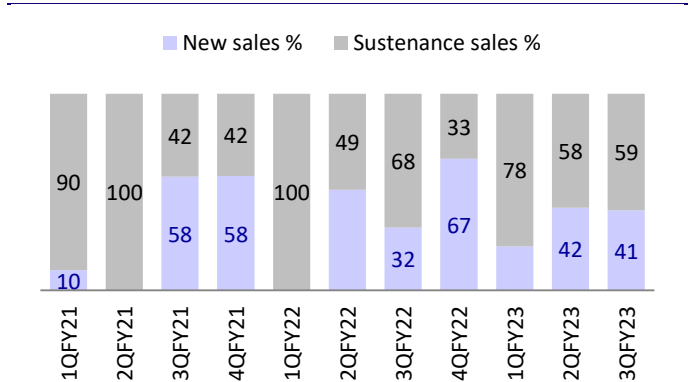
Source: Company, MOFSL

Exhibit 3: Realizations improve 5% YoY, driven by a change in the sales mix and price hikes



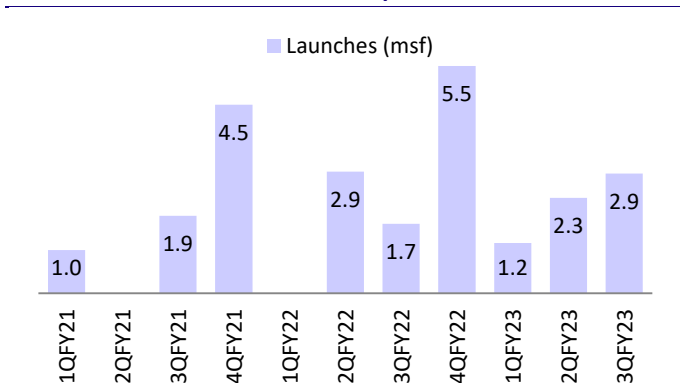
Source: MOFSL, Company

Exhibit 4: Share of new launches in overall sales volume stood at 41%



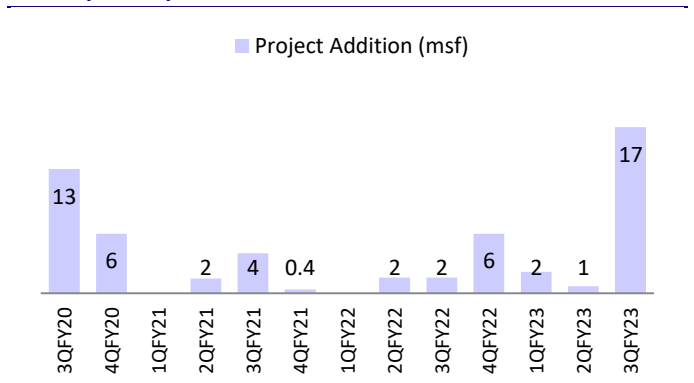
Source: MOFSL, Company

Exhibit 5: GPL launched four new phases in 3QFY23



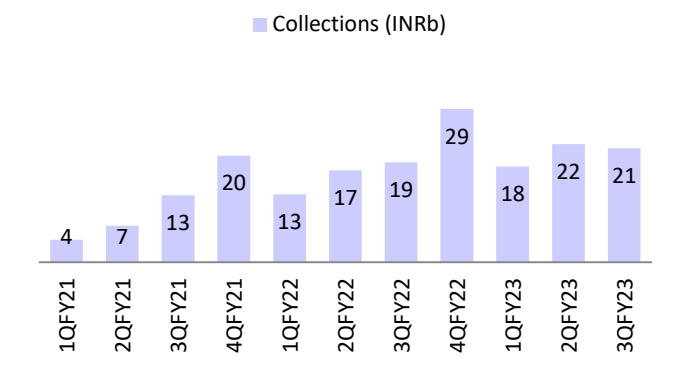
Source: Company, MOFSL

Exhibit 6: GPL added nine new projects with cumulative development potential of 17msf



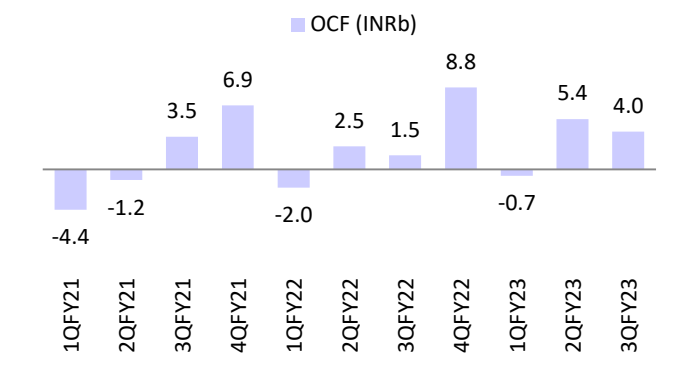
Source: Company, MOFSL

Exhibit 7: Collections stood at INR21b, up 14% YoY....



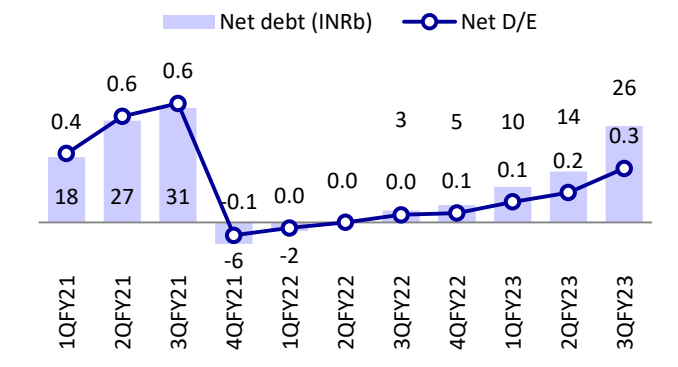
Source: MOFSL, Company

Exhibit 8: GPL reported OCF of INR4b



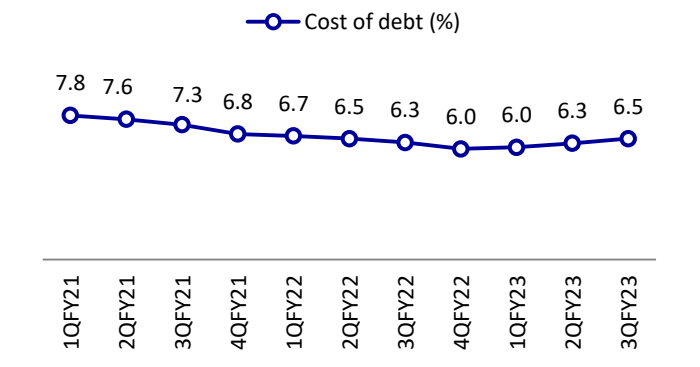
Source: MOFSL, Company

Exhibit 9: Expect net D/E to inch up further as the company deploys QIP money



Source: MOFSL, Company

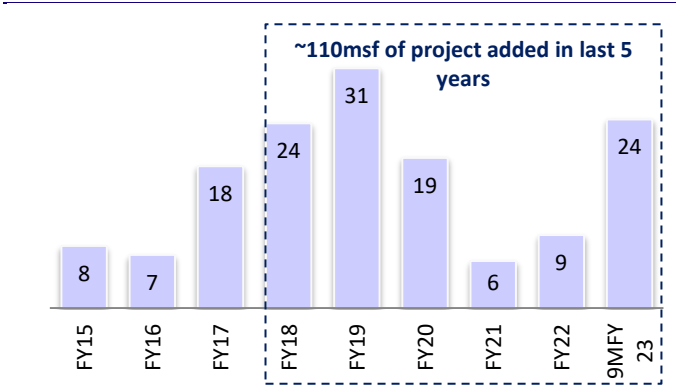
Exhibit 10: Cost of debt consistently decreased since 1QFY20



Source: MOFSL, Company

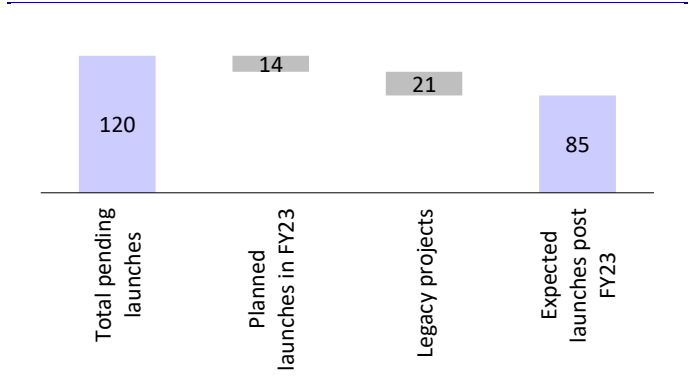
Story in charts

Exhibit 11: Project additions over last five years at ~110msf



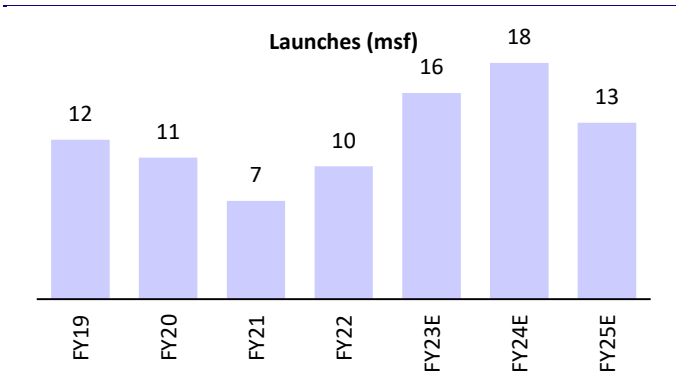
Source: Company, MOFSL

Exhibit 12: GPL has ~85msf of executable pipeline



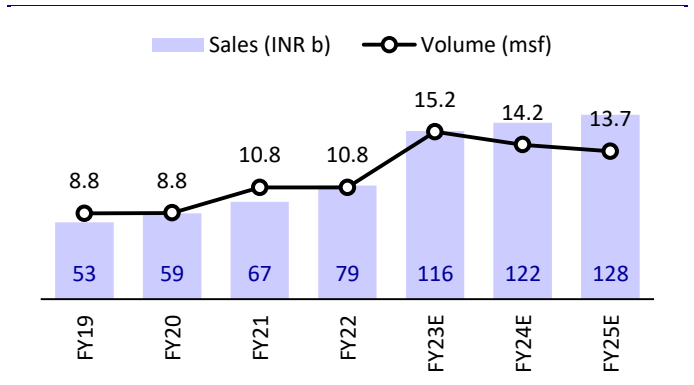
Source: Company, MOFSL

Exhibit 13: Expect launch run-rate to sustain at over 10+msf from FY23



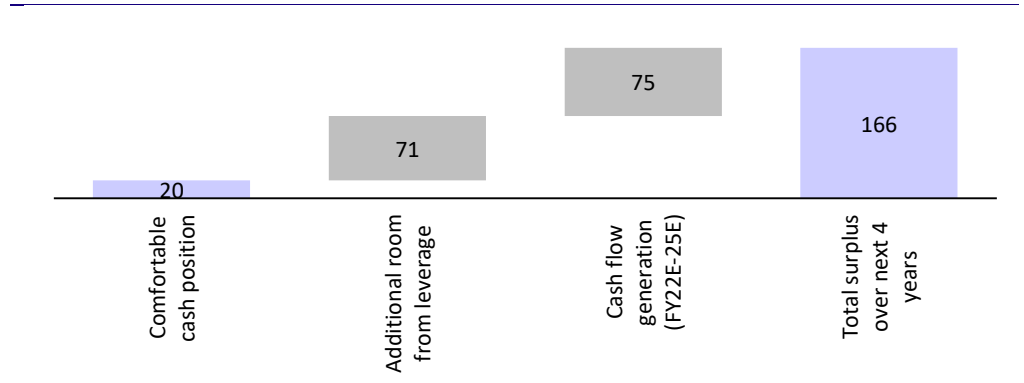
Source: MOFSL, Company

Exhibit 14: Expect 18% CAGR in pre-sales over FY22-25



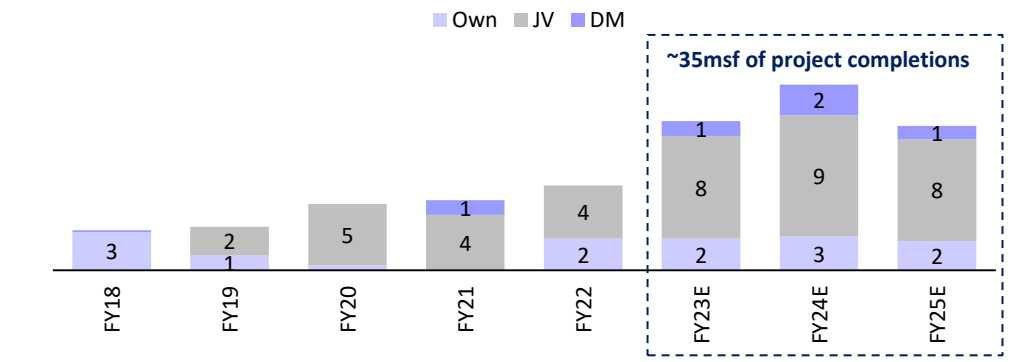
Source: MOFSL, Company

Exhibit 15: Cash (INR20b), room for leverage (INR71b), and surplus cash flow generation (INR75b) over FY23-25E indicate continued momentum in business development



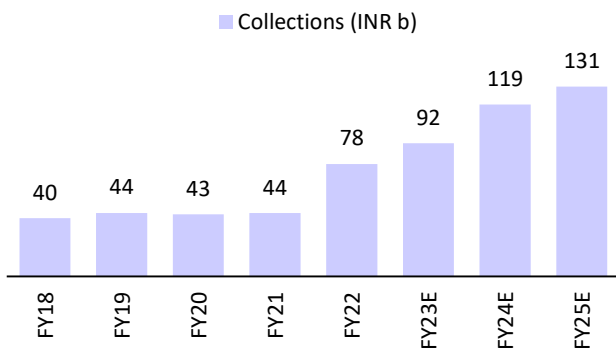
Source: Company, MOFSL

Exhibit 16: Expect to complete more than 35msf of projects over FY23-25; 60% of these are JVs, 25% are own projects, and the rest are DM projects



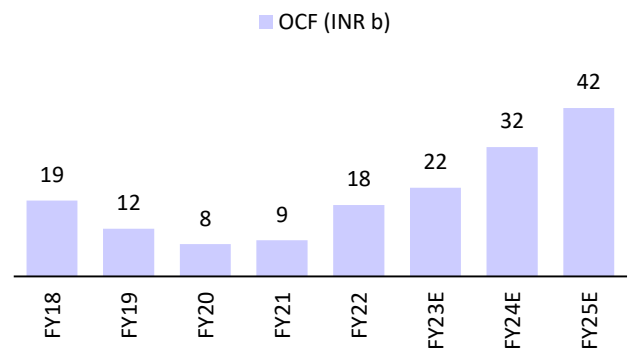
Source: Company, MOFSL

Exhibit 17: Collections to increase to INR131b by FY25



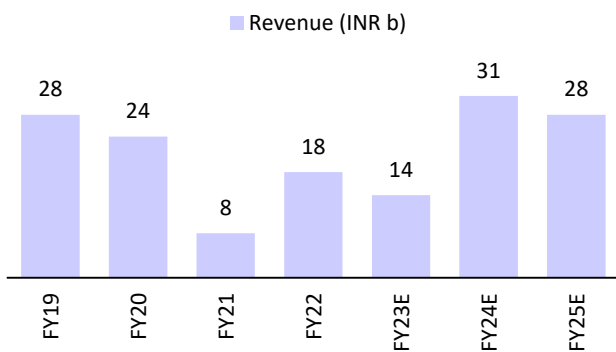
Source: Company, MOFSL

Exhibit 18: Expect OCF to more than double to INR42b by FY25, despite proportionate rise in construction flow



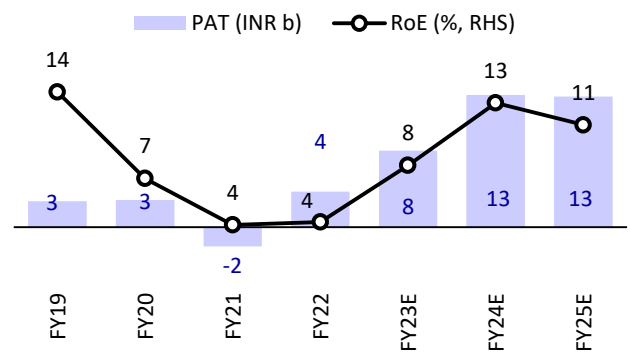
Source: Company, MOFSL

Exhibit 19: Expect revenue recognition to increase to FY19-20 levels, with pickup in own project completions



Source: Company, MOFSL

Exhibit 20: Profit recognition to improve to INR13b in FY24E



Source: Company, MOFSL

Other key con-call Takeaways

New Launches:

- Ashok Vihar launch could be in 1QFY24 and Worli in FY24
- There is relatively less visibility on the Bandra project, and hence, the management declined to comment on its launch timeline
- Some of the new projects signed recently will be launched within six months

Revenue Recognition

- GPL has completed 2.5msf in 9MFY23 and remains on track to deliver 10msf of projects in FY23
- The new projects acquired recently could generate 25-30% OPM (assuming 30%/30%/15% cost towards land/construction/overheads)
- Management reiterated that the recognitions commence with a lag of three years and PAT margin going forward could be 10-15%

Pricing

- Company took 1-2% price hike in MMR, 4% in South and 5% in NCR during the quarter
- Pricing in real estate is not decided by any specific developer but by the underlying macro factors given that the market is largely unorganized

Valuation and view**We value GPL based on the DCF approach where:**

- Ongoing and upcoming owned/JV projects are valued using the DCF of expected cash flows over the four years using a WACC of 10% and a terminal growth rate of 3%.
- The DM and Commercial project pipelines are valued using the NAV approach, discounted at a WACC of 10%, as we do not expect any project additions.
- The group land bank at Vikhroli is valued using NAV, assuming a development term of 50 years and DM fees of 10%.

The above approach cumulatively values GPL at a gross asset value of INR392b, net-off INR30b net debt as of FY23E. We arrive at a net asset value of INR361b, or INR1,300 per share, indicating a 12% upside potential.

Exhibit 21: Our SoTP-based approach denotes 12% upside for GPL based on CMP; reiterate Neutral rating

Particulars	Rationale	Value (INR b)	Per share	Contribution
Own and JV/JDA projects	❖ DCF for four years, expected cash flow at WACC of 10%, and terminal value assuming 3% long-term growth	349	1,256	97%
DM projects	❖ PV of future cash flows discounted at WACC of 10%	3	10	1%
Commercial projects	❖ PV of future cash flows discounted at WACC of 10%	15	52	4%
Land bank	❖ Around 1,000 acres of land to be developed under DM model over next 50 years	25	90	7%
Gross asset value	❖	392	1,409	108%
Net debt	❖ FY23E	(30)	(110)	-8%
Net asset value		361	1,300	100%
No. of shares (m)		278		
NAV per share		1,300		
CMP		1,156		
Upside		12%		

Source: MOFSL

Exhibit 22: Earnings change summary

(INR m)	Old		New			Change		
	FY23E	FY24E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	14,192	31,414	14,286	31,429	28,163	1%	0%	NA
EBITDA	598	8,582	379	7,786	5,996	-37%	-9%	NA
Adj. PAT	8,302	13,611	8,469	13,091	12,836	2%	-4%	NA
Pre-sales	1,05,491	1,21,600	1,16,189	1,21,831	1,27,520	10%	0%	NA
Collections	98,088	1,21,119	92,088	1,18,876	1,31,286	-6%	-2%	NA

Source: MOFSL, Company

Financials and valuations

Consolidated Profit and Loss

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	28,174	24,414	7,649	18,249	14,286	31,429	28,163
Change (%)	75.7	-13.3	-68.7	138.6	-21.7	120.0	-10.4
Cost of Sales	21,939	15,633	4,751	11,939	7,407	13,682	12,002
Employees Cost	1,730	1,847	1,785	1,103	1,180	1,262	1,351
Other Expenses	2,725	3,480	3,236	3,876	5,320	8,700	8,815
Total Expenditure	26,394	20,960	9,772	16,917	13,907	23,643	22,168
% of Sales	93.7	85.9	127.7	92.7	97.3	75.2	78.7
EBITDA	1,780	3,454	-2,123	1,332	379	7,786	5,996
Margin (%)	6.3	14.1	-27.7	7.3	2.7	24.8	21.3
Depreciation	143	205	195	214	214	214	214
EBIT	1,637	3,249	-2,318	1,117	165	7,572	5,781
Int. and Finance Charges	2,340	2,220	1,849	1,675	1,761	1,843	1,843
Other Income	4,046	4,732	5,684	7,608	7,563	4,928	2,939
PBT after EO Exp.	3,343	5,761	-767	7,051	5,967	10,656	6,877
Total Tax	951	2,203	734	1,658	1,074	2,664	1,719
Tax Rate (%)	28.4	38.2	-95.7	23.5	18.0	25.0	25.0
MI & Profit from Assoc.	140	-885	-401	-1,887	3,577	5,098	7,678
Reported PAT	2,532	2,672	-1,902	3,506	8,469	13,091	12,836
Adjusted PAT	2,532	2,672	2,568	3,506	8,469	13,091	12,836
Change (%)	191.3	5.6	-3.9	36.5	141.6	54.6	-1.9
Margin (%)	9.0	10.9	33.6	19.2	59.3	41.7	45.6

Consolidated Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	1,147	1,260	1,390	1,390	1,390	1,390	1,390
Total Reserves	23,544	46,785	81,805	85,364	93,833	1,06,924	1,19,760
Net Worth	24,690	48,045	83,195	86,754	95,223	1,08,314	1,21,150
Minority Interest	0	0	0	-18	-18	-18	-18
Total Loans	35,158	37,101	45,131	51,698	56,698	56,698	56,698
Deferred Tax Liabilities	-5,148	-3,640	-2,906	0	179	1,245	1,932
Capital Employed	54,701	81,506	1,25,420	1,38,434	1,52,082	1,66,238	1,79,762
Gross Block	1,508	1,875	2,606	2,912	3,126	3,340	3,555
Less: Accum. Deprn.	541	746	860	1,075	1,289	1,503	1,718
Net Fixed Assets	967	1,129	1,745	1,837	1,837	1,837	1,837
Goodwill on Consolidation	0	0	0	0	0	0	0
Capital WIP	995	1,629	2,293	3,395	3,395	3,395	3,395
Total Investments	26,372	35,710	52,426	48,830	36,830	26,830	16,830
Curr. Assets, Loans&Adv.	47,438	58,947	1,03,097	1,23,974	1,56,114	1,82,180	2,30,924
Inventory	22,108	21,253	48,014	56,683	77,370	92,358	1,13,806
Account Receivables	1,599	4,328	3,101	3,649	2,228	1,566	2,041
Cash and Bank Balance	3,426	5,070	7,729	13,385	11,259	8,000	19,821
Loans and Advances	20,305	28,297	44,253	50,256	65,256	80,256	95,256
Curr. Liability & Prov.	21,072	15,910	34,140	39,602	46,094	48,003	73,224
Account Payables	2,477	7,197	19,017	22,541	22,284	18,787	24,490
Other Current Liabilities	18,368	8,354	14,642	16,498	23,246	28,653	48,170
Provisions	227	360	481	563	563	563	563
Net Current Assets	26,367	43,037	68,956	84,372	1,10,020	1,34,176	1,57,700
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	54,701	81,506	1,25,420	1,38,434	1,52,082	1,66,238	1,79,762

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)							
EPS	9.1	9.6	9.2	12.6	30.5	47.1	43.9
Cash EPS	9.6	10.4	9.9	13.4	31.2	47.9	44.6
BV/Share	88.8	172.9	299.3	312.1	342.6	389.7	435.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	131.8	124.8	129.9	95.1	37.9	24.5	26.3
Cash P/E	124.7	115.9	120.7	89.7	37.0	24.1	25.9
P/BV	13.5	6.9	4.0	3.8	3.4	3.0	2.6
EV/Sales	13.0	15.0	48.5	18.5	24.1	11.4	12.7
EV/EBITDA	199.2	99.9	-157.2	254.0	NM	46.0	59.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	14.5	-10.5	-28.7	-21.3	-27.6	4.3	65.8
Return Ratios (%)							
RoE	13.8	7.3	3.9	4.1	9.3	12.9	11.2
RoCE	7.5	6.8	6.2	5.0	4.4	5.9	3.8
RoIC	4.9	6.4	-8.9	1.3	0.2	5.0	3.2
Working Capital Ratios							
Fixed Asset Turnover (x)	18.7	13.0	2.9	6.3	4.6	9.4	7.9
Asset Turnover (x)	0.5	0.3	0.1	0.1	0.1	0.2	0.2
Inventory (Days)	286	318	2,291	1,134	1,977	1,073	1,475
Debtor (Days)	21	65	148	73	57	18	26
Creditor (Days)	32	108	907	451	569	218	317
Leverage Ratio (x)							
Current Ratio	2.3	3.7	3.0	3.1	3.4	3.8	3.2
Interest Cover Ratio	0.7	1.5	-1.3	0.7	0.1	4.1	3.1
Net Debt/Equity	0.9	0.2	0.0	0.1	0.3	0.3	0.3

Consolidated Cash flow

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	3,482	4,909	-857	5,163	9,543	15,755	14,556
Depreciation	143	205	195	214	214	214	214
Interest & Finance Charges	16	-1,273	1,849	1,675	1,761	1,843	1,843
Direct Taxes Paid	-381	-232	154	-1,912	-895	-1,598	-1,032
(Inc)/Dec in WC	2,984	-6,219	-3,566	-5,439	-10,529	-9,864	5,848
CF from Operations	6,245	-2,610	-2,225	-299	95	6,349	21,429
Others	-1,465	312	-4,487	-4,218	-7,563	-4,928	-2,939
CF from Operating incl EO	4,781	-2,297	-6,712	-4,517	-7,468	1,422	18,491
(Inc)/Dec in FA	-738	-631	-1,253	-1,403	-214	-214	-214
Free Cash Flow	4,043	-2,928	-7,965	-5,920	-7,682	1,208	18,276
(Pur)/Sale of Investments	-5,120	-10,991	-24,016	4,366	12,000	10,000	10,000
Others	-195	-498	-7,949	-1,725	-7,437	-10,072	-12,061
CF from Investments	-6,053	-12,120	-33,219	1,238	4,348	-287	-2,276
Issue of Shares	9,995	20,659	36,909	0	0	0	0
Inc/(Dec) in Debt	2,655	2,081	9,412	6,041	5,000	0	0
Interest Paid	-2,950	-3,014	-3,731	-3,585	-4,007	-4,394	-4,394
Dividend Paid	0	0	0	0	0	0	0
Others	-3	-4	-1	-104	0	0	0
CF from Fin. Activity	9,698	19,722	42,590	2,352	993	-4,394	-4,394
Inc/Dec of Cash	8,426	5,305	2,659	-926	-2,126	-3,259	11,821
Opening Balance	-5,000	-235	5,070	7,729	13,385	11,259	8,000
Closing Balance	3,426	5,070	7,729	13,385	11,259	8,000	19,821

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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