

## KEYTAKEAWAYS FROM ANNUAL REPORT 2015-16

### VISION

We aspire to be the nation's leading and most trusted real estate company. We shall deliver superior value to all stakeholders through extraordinary and imaginative spaces and service created out of deep customer focus and insight.

GPL's BEST EVER FINANCIAL YEAR (FY2016 PERFORMANCE OVERVIEW COMPARED WITH FY2015). Recorded highest ever Total Income, EBITDA, PBT & PAT.☐

Total income increased by 42 to INR 2,728 crore compared to INR 1,927 crore ☐  
EBITDA increased by 30% to INR 445 crore from INR 341 crore  
PBT increased by 27% to INR 414 crore compared to INR 326 crore  
Net profit increased by 21% to INR 231 crore from INR 191 crore.

### FY16 SALES HIGHLIGHTS ☐

Highest ever sales in a financial year booking value of INR 5,038 crore, is the highest achieved by any publicly listed real estate developer in India in FY16 highest number of new project launches in the history of GPL, 88% YoY growth in bookings despite weak market conditions.

### CONTINUED SUCCESS IN BUSINESS DEVELOPMENT ☐

Added 4 new projects with 0.63 million square meters of saleable area, Entered the Noida and Thane markets.

Established Godrej Fund Management GPL a dedicated fund management subsidiary of GPL.  
9 projects received green building certifications.

### MESSAGE FROM THE CHAIRMAN

Despite a challenging environment for the real estate sector in FY16, your company reported its best ever financial year across all relevant parameters. Our total sales or bookings grew by 88% over the previous year to INR 5,038 crore despite a decline in the overall market.

The Real Estate (Regulation and Development) Act is a landmark reform for the real estate sector which has the potential to address long standing issues that have plagued the growth of the sector. Over the long term, it will usher in an era of efficiency, transparency and accountability as well as pave the way for more investments into the sector.

### MESSAGE FROM THE MANAGING DIRECTOR

By most measures, it has been our best ever year. We delivered our highest ever bookings, deliveries, revenue, EBITDA, net profit, and net operating cash flow in FY2016.

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Your company achieved three extremely important strategic milestones in FY2016. GPL sold 40,428 square meters for INR 1479 crore at Godrej BOC in India’s largest ever end-user commercial real estate transaction. The price of INR 365,840 per square meter was 30 above the average price achieved in the project till date and the highest price achieved for any major recent commercial real estate deal in Mumbai.

The second major milestone was the launch of The Trees, which was the most successful launch in your company’s history. GPL sold 470 apartments across two phases registering a booking value of INR 1,224 crore in Oust four months. We were able to achieve premium pricing on the project with an average sales price of INR 2, 07,819 per square meter on saleable area.

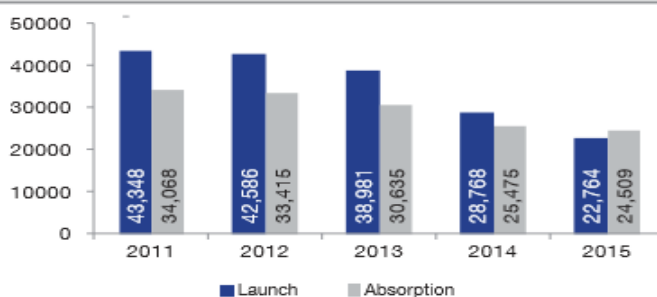
The third of the three major milestones for the year was the announcement of the creation of Godrej Fund Management. GPL raised USD 275 million under Godrej Residential Investment (Program II) (GRIP II) with Dutch pension fund asset manager APG as the lead investor.

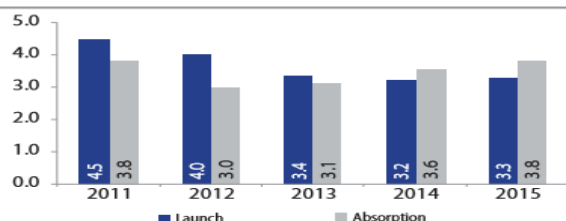
### MANAGEMENT DISCUSSION & ANALYSIS

Beyond the short-term demand factors, there is immense potential for residential real estate in India. According to a report published by Bain & Company, organised Indian real estate demand is estimated at roughly around 82 million square meters. It is forecast to reach approximately 0.13 billion square meters by 2020 a 9% annual growth rate. Residential real estate is responsible for 85% of the demand. This growth is supported by robust underlying market drivers such as favourable macroeconomic condition, increasing affordability and urbanization, improved access to credit and the gradual shift from unorganised real estate construction to organised development.

Affordability in Indian residential real estate is at a 5 year high as income growth over last 5 years (10 - 12% p.a) has outpaced property price inflation (-10 to 10%). Further mortgage rate cuts have come off by over 125bps since 2015 and are expected to decline further through the year. Developers too have reduced unit configurations to smaller sizes to start addressing this demand.

### Annual launches and Absorption trend in top 8 cities (million square meters)



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**New Completions & Absorptions (million square meters)**


The new FDI norms will also help to ease the entry and exit for foreign investors. A foreign investor will now be permitted to exit and repatriate foreign investment before the completion of project under automatic route, provided a lock-in-period of three years, and calculated with reference to each tranche of foreign investment has been completed.

As per Ministry of Finances Economic Survey 2015-16, about 25 percent of residential real estate projects are delayed due to poor project management, lack of capital commitment by developers, and delay in seeking regulatory approvals. The Real Estate (Regulation and Development) Act is a landmark reform for the real estate sector which has the potential to address these issues which have paralysed its growth for the last few years.

Prior to the current financial year, GPL never had a single quarter with over INR 1200 crore in sales. This is a remarkable achievement against a backdrop of a weak real estate market. The most important contributor to our residential sales in FY16 was the launch of our flagship project - The Trees in Vikhroli.

High quality business development has played a key role in transforming our project portfolio and company performance over the past 5 years. During FY2016 we added 4 new projects to our development portfolio and entered new markets like NCR and Thane. The focus has entirely been on residential projects in target cities in favourable deal structures that will enhance our margin profile.

The availability of funds through our second residential investment program and tough market conditions give us an outstanding opportunity to disproportionately scale our business by mapping FY17 G51's best ever year for business development. The table on the next page has the details on these new projects signed in FY16.

Particular	Saleable Area (million square meters)	Business Model
Godrej Avenues, Bengaluru	0.07	Profit share – 40%
Kanakpura, Bengaluru	0.09	Residential Platform
Ghodbunder Road, Thane	0.09	Revenue Share – 64%
Sector 150, Noida	0.37	DM Fee – 11% of Revenue

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The table below has the details on these new projects delivered in FY16.

Particular	Area Delivered (million square meters)	Asset Type
Godrej Garden City, Ahmedabad	0.13	Residential
Godrej Prakriti, Kolkata	0.08	Residential
Godrej Palm Grove, Chennai	0.06	Residential
Godrej E-City, Bengaluru	0.04	Residential
Godrej Horizon, Pune	0.04	Residential
Godrej Anandam, Nagpur	0.02	Residential
Godrej Platinum, Mumbai	0.01	Residential
Godrej Gold County, Bengaluru	0.01	Residential
Godrej Genesis, Kolkata	0.12	Commercial
Godrej Eterna, Chandigarh	0.05	Commercial

Godrej properties has cofounded the Sustainable housing leadership Consortium (SH1C) a voluntary, collaborative effort with leading Indian housing sector companies to drive sustainability in India's housing market.

### INDEPENDENT AUDITOR'S REPORT

#### Emphasis of Matters

Note 32 (b) to the standalone financial statements, regarding a loan of ` 43.91crore to the GPL ESOP Trust for purchase of the Company's shares from Godrej Industries Limited equivalent to the number of options granted under an Employee Stock Option Plan. As at March 31, 2016, the market value of the shares held by the GPL ESOP Trust is lower than the holding cost of the shares by ` 8.81crore (net of provision of ` 5.89 crore).

We also draw attention to Note 39 to the standalone financial statements, regarding managerial remuneration paid during the year which exceeded the permissible limit as prescribed under Schedule V of the Companies Act, 2013 by ` 7.71 crore for which the Shareholders' and the Central Government's approval are required.