

The landscapers



Planet Godrej: soon to be a landmark in the city

Godrej Properties, a subsidiary of Godrej Industries, is likely to grow bigger than its parent in the coming years

If a dipstick survey were to be conducted on the Godrej brand amongst consumers across India, chances are that the top-of-the-mind recall of products would be wardrobes, safe, steel furniture, soaps and refrigerators. And 'sturdy, reliable and trustworthy' would probably be the three attributes, associated with the brand. Not many outside the urban metros would link the century-old brand with homes or commercial offices.

This is despite the fact that Godrej Properties is ranked amongst the top 10 property developers in the country. Set up as a subsidiary of Godrej Industries (formerly Godrej Soaps) in 1990, the company has already developed around 10 million sq ft of property and is developing about 20 million sq ft of real estate space across the country, including a mix of residential and commercial office complexes, information technology parks and shopping malls.

One reason for the poor visibility of the company could probably be that, earlier, it had limited the scope of its work to the cities and suburbs of Mumbai and Pune. It had put up residential complexes in Thane and commercial complexes in Pune. The small turnover could also be one of the reasons for the low interest evoked amongst the consumers and investors

alike. Till as late as 2004-05, the company's total income was less than Rs50 crore. The shareholding pattern in the company was also responsible for its low profile. Even today, 83 per cent of the equity of the company is held by Godrej Industries, a conglomerate with interests in chemicals, vegetable oil and medical diagnostic division. The balance 13 per cent is held by the members of the Godrej family.

Godrej Industries, which has interests in several industries including animal feeds, poultry and agro-products, household insecticides, pesticides, tea, infotech, *et al*, directly, as also through its subsidiary/associate companies, has a consolidated turnover of Rs2,460-crore. It is a listed company. Property forms as of now do not make any significant contribution to its topline or bottomline. Godrej Property's topline has doubled from under Rs50 crore in FY 2005 to Rs100 crore (estimated) in FY 2007. The profit is also keeping pace with EBITDA rising to Rs45 crore from Rs26 crore in FY 2006.

This scenario is, however, likely to change. "Property development is going to be our thrust area," points out Adi Godrej, chairman and the main driver of Godrej Properties, adding that the scale of business and opportunities are large and "this business will overtake the FMCG

(fast-moving consumer goods) and the consumer durable business in the next five-year period."

In a bid to scale up operations rapidly, the company which prides itself in being the first real estate development company to have obtained an ISO 9000 certificate, is undertaking several initiatives to climb to the top league. As against its earlier mode of following the risk-free, pure property developer's model, which does not involve taking financial exposure towards buying property, it is expanding its ways of doing business.

It is looking at buying land on an outright basis and developing it. Its group companies, which have manufacturing units spread across an estimated 100 places across India, have a lot of surplus land. In many cases, where the factories are situated around the periphery of the cities, the expansion of the city limits makes it difficult for the factories to operate.

A case in point is Vikhroli in Mumbai, where the Godrej Group owns large tracts of land (originally around 3,000 acres) that housed/ still houses several of its manufacturing units and townships for its employees. Vikhroli, which has now become one of the fast growing suburbs of Mumbai, could well see a few of the 19 manufacturing units located therein being shifted to other places. The proposal to repeal the Urban Land (Ceiling & Regulation) Act 1976 is expected to give more leeway to the group, although experts point out that the Godrej