MIRAE ASSET Sharekhan

Viewpoint

Result Update

Macrotech Developers Ltd

Good Q4

Real Estate	Sharekhan code: LODHA
Reco/View: Positive ⇔	CMP: Rs. 1,303
	Upside potential: 19% ⇔

↑ Upgrade ⇔ Maintain ↓ Downgrade

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		⇔	
RQ		⇔	
RV		⇔	

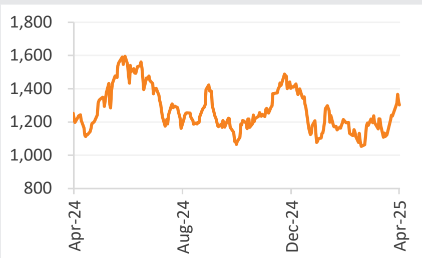
Company details

Market cap:	Rs. 1,29,710 cr
52-week high/low:	Rs. 1648/1036
NSE volume: (No of shares)	17.2 lakh
BSE code:	543287
NSE code:	LODHA
Free float: (No of shares)	27.9 cr

Shareholding (%)

Promoters	71.9
FII	24.6
DII	2.4
Others	1.0

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	7.7	1.2	20.5	7.4
Relative to Sensex	6.2	0.1	20.7	0.9

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Pre-sales bookings rose 13.7% y-o-y to Rs. 4,810 crore, with collections rising 27% y-o-y to Rs. 4,400 crore. For FY25, pre-sales reached Rs. 17,630 crore, up 21% y-o-y (exceeding the targeted 20%), with a embedded margin of 33% (above the target of 30%). Collections totalled Rs. 14,490 crore, reflecting a 29% y-o-y increase, while the debt/equity ratio stood at 0.2x (well below the 0.5x limit).
- Two new projects were added in Q4 and a total of 10 during the year, with a combined GDV of Rs. 23,700 crore (targeted Rs. 21,000 crore).
- Guidance for FY26 includes pre-sales of Rs. 21,000 crore (20% growth), embedded margin of 33%, operating cash flow of Rs. 7,500 crore, new projects with a GDV addition of Rs. 25,000 crore, annuity income of Rs. 400 crore, pricing growth of 6%, and a net debt/equity ratio less than 0.5x.
- We stay Positive on Macrotech and expect a 19% upside, given solid growth levers for its residential portfolio led by the realty upcycle.

Macrotech Developers Limited (Lodha) reported strong pre-sales bookings of Rs. 4,810 crore (up 13.7% y-o-y) in Q4FY2025, while collections surged 27% y-o-y to Rs. 4,400 crore. The company posted consolidated net revenues of Rs. 4,224 crore for Q4FY25, marking a 5.1% y-o-y increase, with an OPM of 28.9%, up 285 bps y-o-y. In Q4FY25, Macrotech added two new projects in Pune with a GDV of Rs. 4,300 crore. Over the year, the company launched 10 new projects with a combined GDV of approximately Rs. 23,700 crore across MMR, Bengaluru and Pune, surpassing the full-year guidance of Rs. 21,000 crore. The company's annuity business continues to grow, having leased 2.1 million sq. ft. to companies like Skechers, DP World, DHL, Mitsui, and Schlumberger. Macrotech acquired 33 acres in NCR and 45 acres in Chennai to expand further. It achieved Rs. 250 crore in annuity income in FY25 and expects a Rs. 400 crore run rate by FY26. For its township projects (Palava and Upper Thane), the management noted that rising land prices and infrastructure development will enhance accessibility and boost their value. The company expects these projects to generate Rs. 8,000 crore in Pre-sales by the end of the decade, with an EBITDA margin approaching 50%. Macrotech's long-term target for pre-sales and annuity income is Rs. 50,000 crore and Rs. 1,500 crore, respectively, by FY31.

Key positives

- It added 10 new projects with a GDV of ~ Rs. 23,700 in FY25, surpassing the full-year guidance of Rs. 21,000.
- Pre-sales reached Rs. 17,630 crore, up 21% y-o-y (exceeding the 20% target), with an embedded margin of 33% (above the 30% target).

Management Commentary

- The management stated that pricing growth for FY25 was 4%, falling short of the targeted 5-6%, but expects it to reach 6% in FY26 due to improved economic conditions.
- The company continues to target a 20% growth in pre-sales, driven by its diversified model that is not overly reliant on new launches. New launches contribute 25-30%, 50% comes from under-construction projects, and 20% from ready-to-move-in inventory.
- Pune currently has Rs. 4,500 crore in unsold inventory (comprising ongoing projects and future phases) and a pipeline of Rs. 7,000 crore in new launches, with a portion set to launch in FY26. This supply is expected to support a sales increase from Rs. 2,500 crore in FY25 to Rs. 3,500 crore in FY26.

Our Call

Valuation – Stay Positive; expect a 19% upside: Macrotech is expected to benefit from sustained momentum in the real estate demand upcycle. The company focuses on achieving a 20% CAGR in pre-sales over the medium term, building a sizeable annuity portfolio, and capping leverage at comfortable levels. The company's leadership position in the MMR and an eye on newer geographies such as Pune and Bengaluru are expected to sustain pre-sales growth. We stay Positive on the stock, expecting a potential upside of 19% on account of strong growth opportunities in its residential portfolio.

Key Risks

Slowdown in real estate demand, especially in MMR and Pune, is a crucial risk to our call. Unfavourable macroeconomic indicators, such as any rise in interest rates, can dampen demand.

Valuation (Consolidated) Rs cr

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	9470	10316	13780	17954	19122
OPM (%)	21.8	25.9	28.9	27.1	27.5
Adjusted PAT	1664	1654	2764	3512	3819
y-o-y growth (%)	38.4	-0.6	67.1	27.1	8.7
Adjusted EPS (Rs.)	16.7	16.6	27.8	35.3	38.4
P/E (x)	77.9	78.4	46.9	36.9	33.9
P/B (x)	9.9	7.0	6.2	5.3	4.6
EV/EBITDA (x)	67.7	52.3	35.1	28.8	26.6
RoNW (%)	13.4	11.0	14.8	16.2	15.2
RoCE (%)	8.1	9.0	12.1	13.0	12.6

Source: Company; Mirae Asset Sharekhan estimates

Key Conference Call Takeaways

- **Key financials:** The company reported pre-sales figures of Rs. 17,630 crore, reflecting a 21% y-o-y increase (targeted 20%). Margin stood at 33%, exceeding the target of 30%. Pricing growth was 4%, slightly below the target range of 5-6%. Debt/equity ratio was 0.2x, below the limit of 0.5x. Collections totaled Rs. 14,490 crore, a 29% y-o-y increase. Joint developments contributed approximately 40% of pre-sales, in line with the company's long-term strategy.
- **Successful supermarket strategy across different micromarkets:** Mumbai (western suburbs) contributed Rs. 2,500 crore in FY25, up 150% compared to FY24. Pune contributed Rs. 2,500 crore, up 39%. Bangalore completed its pilot phase, with significant growth expected in FY26, with plans for five or more projects. The company aims to explore new cities in FY26.
- **Townships (Palava and Upper Thane):** Land prices are rising, and infrastructure development will make these areas more accessible, boosting their value. The company expects these projects to generate Rs. 8,000 crore in sales by the end of the decade, with an EBITDA margin approaching 50%.
- **Annuity business (industrial & infrastructure):** The company leased 2.1 million sq. ft. to companies such as Skechers, DP World, DHL, Mitsui, and Schlumberger. Macrotech acquired 33 acres of land in NCR and 45 acres in Chennai to expand this business, aligning with the company's broader strategy to achieve Rs. 1,500 crore in annuity income by FY31. The company achieved Rs. 250 crore in annuity income in FY25 and expects the number to grow to a Rs. 400 crore run rate by FY26-end.
- **Customer conversion rate:** The customer conversion rate was 8% in FY25, and the company expects it to increase to 8.5% in FY26.
- **Sales mix:** The sales mix comprises 20% from affordable segments, 50% from aspiration, 20% from premium, and 10% from luxury. The company stated that its sales are less reliant on new launches, with new launches contributing 25-30%, 50% from under-construction properties, and 20% from ready-to-move-in inventory.
- **Palava:** 80% of sales come from the low-to-mid income category (Rs. 1.5 crore units), and 20% comes from the upper-mid income category (below Rs. 1.5 crore units). The company expects the share of upper-mid premium sales to increase to 50% by the end of the decade.

Results (Consolidated) Rs cr

Particulars	Q4FY25	Q4FY24	y-o-y%	Q3FY25	q-o-q%
Net sales	**4224.3**	**4018.5**	**5.1%**	**4083.0**	**3.5%**
Other income	196.0	65.4	199.7%	63.6	208.2%
Total income	**4420.3**	**4083.9**	**8.2%**	**4146.6**	**6.6%**
Total expenses	3003.6	2971.6	1.1%	2777.1	8.2%
Operating profit	**1220.7**	**1046.9**	**16.6%**	**1305.9**	**-6.5%**
Depreciation	77.8	117.3	-33.7%	67.2	15.8%
Interest	151.7	115.8	31.0%	144.1	5.3%
Profit Before Tax	**1187.2**	**879.2**	**35.0%**	**1158.2**	**2.5%**
Taxes	263.7	211.5	24.7%	213.7	23.4%
PAT	**923.5**	**667.7**	**38.3%**	**944.5**	**-2.2%**
Exceptional items	0.0	0.0	NA	0.0	NA
Inc from JV	1.8	2.2	18.2%	0.1	1700%
Adj. PAT	**921.7**	**665.5**	**38.5%**	**944.4**	**-2.4%**
EPS (Rs.)	9.3	6.9	34.2%	9.5	-2.3%
OPM (%)	28.9%	26.1%	285 bps	32.0%	-309 bps
NPM (%)	21.9%	16.6%	525 bps	23.1%	-127 bps
Tax rate (%)	22.2%	24.1%	-184 bps	18.5%	376 bps

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Residential market on a growth trajectory

The real estate sector, especially the residential realty market, is expected to be in the limelight, as it benefits from low inventory, anticipated cut in the interest rates and conducive regulatory environment. Rising income and affordability levels are expected to drive sales for quality and organised developers. Further, organised players are expected to benefit from ample inorganic opportunities in the sector, aiding consolidation in the sector. The sector is also likely to benefit from low interest rates, which provide the twin benefits of driving demand and lowering funding costs. Overall, we are positive about the residential segment of the real estate market for the aforementioned reasons.

■ Company Outlook – Reaping benefits of scale as industry consolidates

Macrotech has outpaced its peers in sales from FY2014 to FY2021, positioning itself in the league of large residential property developers. The company has also been the second-largest developer in terms of deliveries, showcasing strong execution capabilities on a larger scale. The company enjoys a leadership position in the lucrative MMR market. The company targets pre-sales growth of over 20% y-o-y for FY2026. Embedded EBITDA margin is expected at 33% in FY2026. The company expects to achieve its RoE target of ~20% by FY2026. Management has given an operating cash flow target of Rs. 7,500 crore (Rs. 6,600 crore in FY2025). The management targets annuity income of Rs. 400 crore per annum by FY2026 and Rs. 1,500 crore per annum by the end of the decade. The company also has capped its net debt target to below 0.5x net debt/ equity ratio for FY2026.

■ Valuation – Retain Positive view and upside potential of 19%

Macrotech is expected to benefit from sustained momentum in the real estate demand upcycle. The company focuses on achieving a 20% CAGR in pre-sales over the medium term, building a sizeable annuity portfolio, and capping leverage at comfortable levels. The company's leadership position in the MMR and an eye on newer geographies such as Pune and Bengaluru are expected to sustain pre-sales growth. We stay Positive on the stock, expecting a potential upside of 19% on account of strong growth opportunities in its residential portfolio.

Peer valuation

Company	P/E (x)		EV/EBITDA (x)		P/BV (x)		RoE (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Macrotech Developers	36.9	33.9	28.8	26.6	5.3	4.6	16.2	15.2
Oberoi Realty	19.3	16.3	14.5	12.4	3.0	2.6	17.4	17.4
DLF	48.3	42.0	51.4	43.7	3.6	3.4	7.9	8.4

Source: Company; Mirae Asset Sharekhan Research

About company

Lodha Group is among the largest real estate developers in India that delivers with scale since 1980s. The core business of Lodha Group is residential real estate development with a focus on affordable and mid-income housing. The group also has a growing industrial and logistics park business. Lodha Group has delivered more than 100 million square feet of real estate and is currently developing ~120 million square feet under its ongoing and planned portfolio. The group has more than 4,500 acres of land beyond its ongoing and planned portfolio, which will be utilised in developing residential, commercial and industrial, and logistics spaces.

Investment theme

Lodha enjoys a leadership position in the lucrative MMR region, which has recently shown strong traction in residential sales, which are expected to sustain going ahead. Industry consolidation is expected to benefit the company owing to its scale of operations. The company is one of the leading players in both sales and deliveries, highlighting its in-house capabilities. The company's large land reserves provide long-term sustainable growth visibility. The company's balance sheet is expected to materially improve, led by strong cashflows expected from residential projects.

Key Risks

- Slowdown in the macroeconomic environment percolating to the real estate sector's slowdown.
- Delay in execution, inability to maintain sales, rising interest rates, and increasing commodity prices.

Additional Data

Key management personnel

Name	Designation
Mukund Chitale	Independent Director and Chairman
Abhishek Lodha	Managing Director
Sanjay Chauhan	Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	LODHA PHILANTHROPY FOUNDATION	18.04
2	Capital Group Cos Inc	5.33
3	Blackrock Inc	1.54
4	Vanguard Group Inc/The	1.28
5	GQG Partners LLC	1.24
6	Invesco Ltd	0.94
7	Nomura Holdings Inc	0.49
8	Norges Bank	0.33
9	Franklin Resources Inc	0.30
10	WBC Holdings LP	0.30

Source: Bloomberg

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to changes without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply for information/document focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that either he or his relatives or Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and SHAREKHAN encourages independence in research report/ material preparation and strives to minimize conflict in preparation of research report. The analyst and SHAREKHAN does not have any material conflict of interest or has not served as officer, director or employee or engaged in market making activity of the company. The analyst and SHAREKHAN has not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements. Sharekhan/its affiliates undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgement before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

---

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited, Research Analyst Regn No.: INH000006183. CIN: - U99999MH1995PLC087498.

Registered Office: The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA. Tel: 022-6115000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th Floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Other registrations of Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-62263303; Email ID: complianceofficer@sharekhan.com

For any complaints/grievance, email us at igc@sharekhan.com or you may even call Customer Service desk on - 022- 41523200/022-69920600.