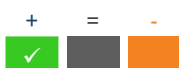




3R MATRIX

Right Sector (RS)



Right Quality (RQ)



Right Valuation (RV)



+ Positive

= Neutral

- Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

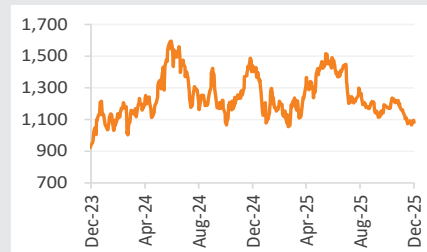
Company details

Market cap:	Rs. 1,07,615 cr
52-week high/low:	Rs. 1,534/1036
NSE volume: (No of shares)	13.2 lakh
BSE code:	543287
NSE code:	LODHA
Free float: (No of shares)	28.1 cr

Shareholding (%)

Promoters	71.9
FII	24.1
DII	2.7
Others	1.3

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-6.7	-8.2	-24.9	-24.9
Relative to Sensex	-7.5	-12.8	-27.0	-33.8

Source: Mirae Asset Sharekhan Research, Bloomberg

Lodha Developers Ltd

On a strong growth path

Real Estate	Sharekhan code: LODHA			
Reco/View: Positive	↔	CMP: Rs. 1,078	PT: Rs. 1,545	↔

Summary

- Achieving its FY26 GDV addition target of Rs. 25,000 crore entirely in H1 itself (adding six projects across regions), Lodha aims to better its guidance for the full year.
- With bulk of new launches and phase additions scheduled in H2, the company remains on track to meet its FY26 pre-sales guidance of Rs. 21,000 crore.
- Lodha reiterated its medium-term ambition of Rs. 50,000 crore annual pre-sales and Rs. 1,500 crore of annuity income by FY31, on strong execution, and infrastructure-led demand tailwinds.
- We stay positive on the stock and expect a ~43% upside, underpinned by a strong launch pipeline, robust cash generation, and structural growth in residential demand.

Palava township and data centre platform: Lodha's 400-acre data centre park at Palava has 3 GW power capacity, full approvals, and have already secured AWS and STT GDC as anchor clients. The company has an mou with Maharashtra government under green digital infrastructure policy, which is expected to provide over \$1-bn in benefits to the Palava data center park. DC land values have risen from Rs. 210m to Rs. 300m per acre, implying ~Rs. 100-billion in residual land value, enhancing long-term value visibility. Palava is expected to become a key growth driver, supported by infrastructure-led premiumisation. Lodha is targeting ~Rs. 8,000 crore of annual residential sales from the township with ~50% EBITDA margins by the end of the decade, with premium products contributing ~50% of sales (vs ~20% currently).

Pre-sales and launch pipeline: Achieving 43% of its FY26 pre-sales target in H1FY26, Lodha is set to meet its full-year guidance of Rs. 21,000 crore. It expects Rs. 4,000-4,500 crore of pre-sales from new launches and Rs. 7,000-7,500 crore from ongoing projects in H2FY26. The Launch pipeline for H2FY26 is robust across MMR, Pune, and Bengaluru, with an estimated GDV of ~Rs. 14,000 crore, which is expected to drive a sequential acceleration in pre-sales.

Annuity income: Lodha continues to scale its annuity portfolio, targeting Rs. 1,500 crore of rental and service income by FY31 from retail, office, warehousing, and facilities management, a ~6x increase from ~Rs. 250 crore in FY25. The annuity stream is expected to cover nearly the entire interest and employee cost base, significantly improving earnings stability.

Widening footprint: Lodha has scaled its presence in Pune, with pre-sales rising from Rs. 200 crore in FY21 to ~Rs. 2,500 crore in FY25, and Rs. 1,400 crore achieved in H1FY26. The company is currently the second-largest developer in Pune and targets the top spot in two years. In Bengaluru, Lodha plans to add more locations, and is targeting ~15% market share in the medium term. In NCR, the company plans a measured entry via a pilot phase, with project launches targeted for FY27. As of FY24, Lodha holds ~10% market share in MMR, ~5% in Pune, and ~2% in Bengaluru (ranked by pre-sales).

FY26 guidance: The management reaffirmed its FY26 targets of Rs. 21,000 crore pre-sales (+19% YoY), embedded EBITDA margin of ~33%, operating cash flow of Rs. 7,700 crore, price growth of 5-6%, and net debt-to-equity below 0.5x.

Our Call

Valuation – Stay Positive; expect a 43% upside: Lodha eyes a 20% CAGR in pre-sales over the medium term while steadily building its annuity portfolio and maintaining comfortable leverage (<0.5x D/E). Lodha's dominant leadership in MMR and expansion into Pune and Bengaluru, provides multi-city growth visibility. With a robust launch pipeline, improving product mix and rising monetisation from its large land bank, the company is transitioning from an expansion-led phase to an execution- and cash flow-driven growth cycle. At current valuation, we believe Lodha's structural demand tailwinds, premiumisation at Palava, and emerging data-centre monetisation opportunity. We stay Positive on Lodha Developers, expecting an upside of ~43%, driven by sustained momentum in housing demand and a strong execution track record.

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)

Particulars	FY25	FY26E	FY27E	FY28E
Revenue	13779.5	16484.4	19197.9	23038.5
OPM (%)	28.9	29.6	30.5	30.7
Adjusted PAT	2764.3	3281.0	4146.9	5066.3
y-o-y growth (%)	67.1	18.7	26.4	22.2
Adjusted EPS (Rs.)	27.8	33.0	41.7	50.9
P/E (x)	38.8	32.7	25.9	21.2
P/B (x)	5.1	4.5	3.8	3.3
EV/EBITDA (x)	29.5	24.1	20.1	16.6
RoNW (%)	14.8	15.2	16.6	17.2
RoCE (%)	12.1	12.3	13.6	14.6

Source: Company; Mirae Asset Sharekhan estimates

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 real estate segment for the above reasons.

■ Company Outlook – Reaping benefits of scale as industry consolidates

Lodha 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. Lodha 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 ~21% by FY2026. The management has given an operating cash flow target of Rs. 7,700 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 a 0.5x net debt/equity ratio for FY2026.

■ Valuation – Retain Positive view and upside potential of 43%

Lodha eyes a 20% CAGR in pre-sales over the medium term while steadily building its annuity portfolio and maintaining comfortable leverage (<0.5x D/E). Lodha's dominant leadership in MMR and expansion into Pune and Bengaluru, provides multi-city growth visibility. With a robust launch pipeline, improving product mix and rising monetisation from its large land bank, the company is transitioning from an expansion-led phase to an execution- and cash flow-driven growth cycle. At current valuation, we believe Lodha's structural demand tailwinds, premiumisation at Palava, and emerging data-centre monetisation opportunity. We stay Positive on Lodha Developers, expecting an upside of ~43%, driven by sustained momentum in housing demand and a strong execution track record.

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. Lodha has delivered over ~110 million square feet of real estate and is currently developing approximately 130 million square feet under its ongoing and planned projects. The company holds a 10% market share in Mumbai, 5% in Pune, and 2% in Bengaluru.

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 and CEO
Sanjay Chauhan	Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Capital Group Cos Inc/The	5.17
2	Homecraft Developers & Farms Pvt L	2.49
3	Vanguard Group Inc/The	1.53
4	Blackrock Inc	1.35
5	GQG Partners LLC	1.13
6	Nordea Bank Abp	0.92
7	Franklin Resources Inc	0.50
8	Nomura Holdings Inc	0.38
9	Credit Agricole Group	0.36
10	Norges Bank	0.32

Source: Bloomberg

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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 deteriorating 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

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