

Lodha Developers

BSE SENSEX 83,713
S&P CNX 25,523



Bloomberg	LODHA IN
Equity Shares (m)	998
M.Cap.(INRb)/(USD\$b)	1372.2 / 16
52-Week Range (INR)	1597 / 1035
1, 6, 12 Rel. Per (%)	-11/-6/-16
12M Avg Val (INR M)	1966

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	137.8	181.1	189.3
EBITDA	39.9	51.6	53.9
EBITDA Margin (%)	28.9	28.5	28.5
PAT	27.6	36.5	38.7
EPS (INR)	28.7	37.9	40.2
EPS Gr. (%)	70.4	32.1	6.2
BV/Sh. (INR)	209.5	243.0	278.8

Ratios

RoE (%)	14.6	16.7	15.4
RoCE (%)	12.1	13.8	13.3
Payout (%)	15.3	11.6	10.9

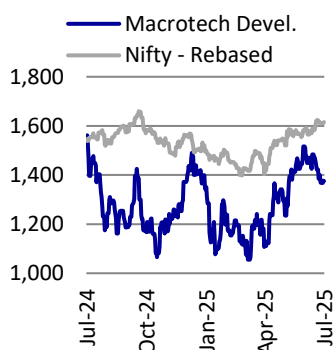
Valuations

P/E (x)	48.0	36.3	34.2
P/BV (x)	6.6	5.7	4.9
EV/EBITDA (x)	34.6	26.5	24.9
Div yld (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	71.9	72.0	72.2
DII	2.4	2.6	3.3
FII	24.7	24.5	23.8
Others	1.1	0.9	0.7

Stock Performance (1-year)



CMP: INR1,375 **TP: INR1,870 (+36%)** **Buy**

MMR leader growing in Pune, Bangalore, and new businesses

LODHA's presales are expected to clock a 20% CAGR, led by healthy collections and a comfortable debt level of 0.2x as of 4QFY25 end. The company entered Pune and is scaling up at a healthy pace. Additionally, it has completed its pilot phase in Bengaluru and started scaling up with the acquisition of a 5.6msf project with a GDV of INR66b in FY25. Further, LODHA is expanding its commercial and industrial portfolios to garner strong rentals. We believe the company's ability to acquire projects at a constant pace is commendable and provides strong growth visibility, along with timely execution. We reiterate our BUY rating with a revised TP of INR1,870, which implies a 36% potential upside.

Well positioned to achieve 20% presales CAGR

- Since its listing in FY21, LODHA has been religiously focusing on identifying new markets and geographies to scale up its residential business. In FY25, presales grew 21% YoY to INR176.3b, surpassing the guidance.
- In 1QFY26, even after the geopolitical tensions, Lodha has reported INR44.5b in pre-sales, up 10% YoY. Adhering to its strong presence in MMR, Pune, and now Bangalore, LODHA is set to clock a 20% presales CAGR over FY25-27E to reach INR253b, backed by a strong launch pipeline and healthy execution capabilities.
- Unlike other peers, LODHA, though not dependent on launches, has not yet laid back on introducing new projects/phases or even entering new markets. In 4QFY25, LODHA announced a land acquisition in NCR and Chennai for its commercial projects to be launched in FY26. For FY26, the company has guided for presales of INR210b and volumes of 11msf.
- LODHA is all set to now enter the growth phase in Bangalore, in line with its laid-down strategy. Currently, sales in Bangalore account for ~4% of total sales, which management plans to raise to 15% within a decade.
- Overall, launches in FY25 have been from diversified areas of MMR, Bengaluru and Pune. At Palava, LODHA launched its premium housing projects – 'Lodha Hanging Garden' and 'Lodha Golf View'.
- LODHA plans to launch its upcoming projects with a GDV of INR188b in FY26. It currently has an unsold inventory of 7.5msf of completed projects and 16.8msf of ongoing ones. Further, it has a planned inventory of ~85msf that will help it progress toward the targeted FY31 presales guidance of INR500b.
- The company also has a large land parcel at Palava Township (~600msf), which is expected to result in new projects in the residential, commercial, and industrial segments. LODHA also plans to execute at least one land sale deal each year at Palava, which will contribute to sales.

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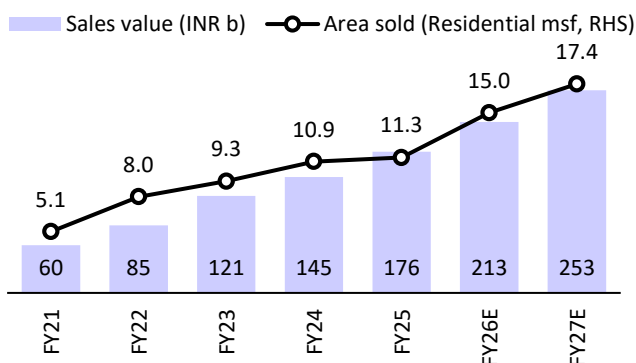
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- It added 10 new projects in FY25 for business development – two in MMR Western Subs (1.3msf with a GDV of INR93b), five in Pune (7.9msf with GDV of INR78b) and three in Bangalore (5.6msf with GDV of INR66b). In 1QFY26, the company added 5 new projects in MMR, Pune and Bengaluru with total GDV of INR227b. This marked a strong 91% of FY26 business development guidance already met in the first quarter of FY26 itself. The company's strong project acquisition in Bangalore in FY25 continued in FY26 shows the beginning of the growth phase of LODHA in that market.

Valuation and view: On track for steady growth; reiterate BUY

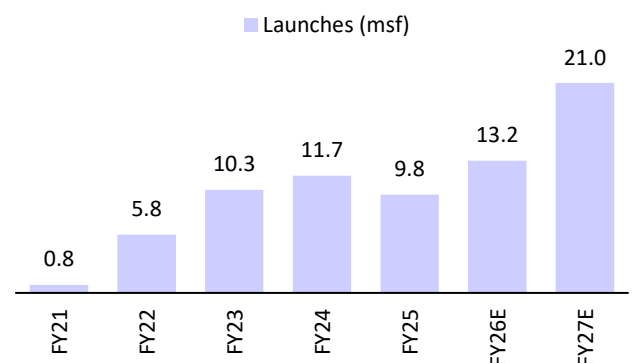
- LODHA has delivered steady performance across key parameters, and as it prepares to capitalize on strong growth and consolidation opportunities, we expect this consistency in operational performance to continue.
- At Palava, the company has a development potential of 600msf. However, we assume a portion of this potential to be monetized through industrial land sales. We value 250msf of residential land to be monetized at INR637b over the next three decades.
- We reiterate BUY with a **revised TP of INR1,870/share** (earlier INR1,625/share).

Exhibit 1: Presales to clock ~20% CAGR to INR253b during FY25-27E



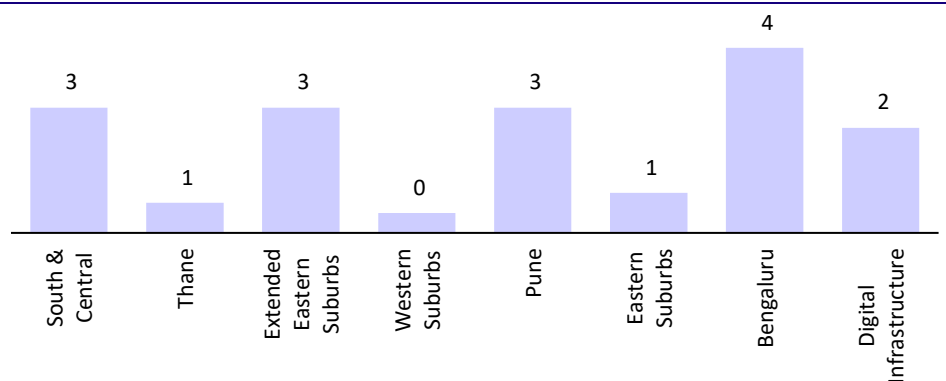
Source: Company, MOFSL

Exhibit 2: Launches to record 46% CAGR to reach 21msf over FY25-27E



Source: Company, MOFSL

Exhibit 3: Planned launches in the next 12 months (msft)

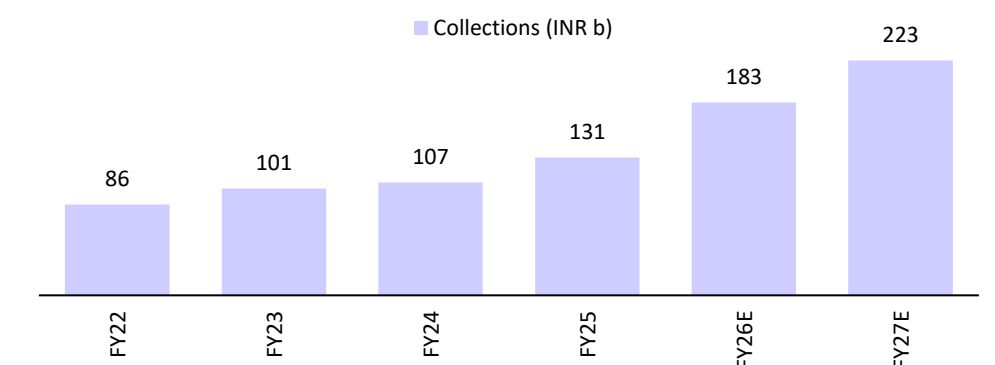


Source: Company, MOFSL

Completion plan intact; collections to show 30% CAGR during FY25-27E

- In 1QFY26, Collections were up 7% YoY at INR 28.8b. Collections are expected to improve as project completion accelerates. By FY27, we expect Kharadi, Matunga, and other JDA launches to be ~50% complete on average, while Bangalore is also likely to be 50% complete. We also expect Palava Phase 2 to be 34% complete by FY27. As the above projects are completed, collections from these projects will significantly increase to INR223b in FY27E.
- As newer projects enter the pipeline, capex requirements will mount, which will be funded through collections. OCF (post-construction and other expenses and taxes; pre-interest) stood at INR65b in FY25, which is estimated to clock a 23% CAGR to reach INR99b in FY27E, with average construction spending of INR70b over the years.

Exhibit 4: Residential collections to rise to INR223b in FY27E

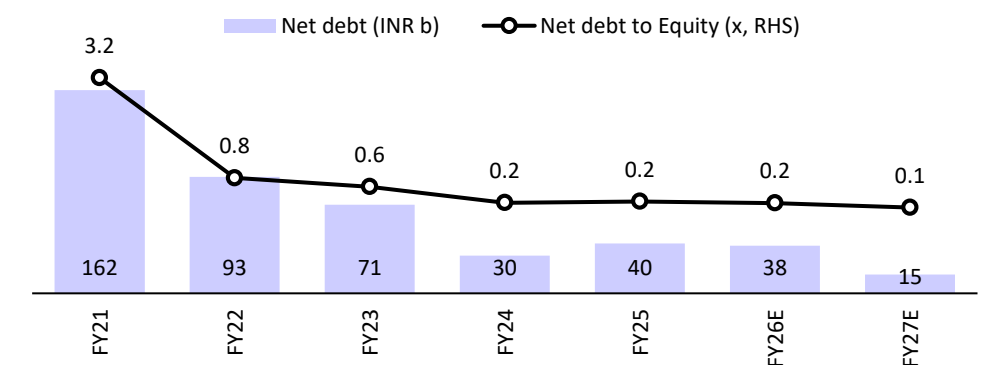


Source: Company, MOFSL

Comfortable debt even when business is scaling up; net debt capped at 0.5x

- The company's net debt-to-equity ratio was 0.2x in FY25 (vs. 0.17x in FY24). In 1QFY26, net debt increased by INR11b to INR51b due to the significant investment in business development, yet below the ceiling of 0.5x Net Debt/Equity.
- Strong cash flow generation will allow the company to reduce its net debt-to-equity ratio to 0.1x by FY27E.
- RoE is estimated at 15% in FY27E (up 5% from FY24 levels), while RoCE would be at 13%.

Exhibit 5: Net debt to eventually decline by FY27E



Source: Company, MOFSL

Commercial leasing to jump 2x; malls to be steady; Palava to see increased absorption

- With the company witnessing strong traction across its annuity assets, we expect the annuity portfolio to be ~82% leased out by FY27E (including 95% occupancy through malls and other retail), generating overall net lease income of INR6.2b in FY27E (29% CAGR over FY25-27E). This indicates the strong annuity growth potential of the company. The company's commercial footprint is spread throughout MMR in various areas of Thane, South Central, and Palava.
- Its digital infrastructure portfolio has ~7msf of upcoming planned projects in the near term. LODHA intends to expand its digital infrastructure portfolio in NCR and Chennai, where it has recently acquired land. Revenue from the industrial portfolio will be INR11.6b (21% CAGR) during FY25-FY27E, with EBITDA at INR8.7b (25% CAGR) in FY27E, which implies a margin of 75%.
- As per management, land monetization will contribute regularly to sales. On average, 60-80 acres/annum of land will be sold, of which 70-80% will be data center land.
- The company also recently executed two major data center deals with leading global hyperscalers at INR120m/acre and INR210m/acre, delivering 8x growth in land deals since IPO. With this, Palava is expected to emerge as the data center hub, creating a sizeable recurring revenue stream for the company.
- The visibility of Palava is expected to increase further with the opening of the Airoli-Katai tunnel by the end of FY26, leading to an expected 20% growth in sales. Additionally, the Navi Mumbai Airport is set to become operational in the next 12 months, and the Bullet Train project by 2029.

P&L performance

- Revenue, EBITDA, and adjusted PAT were up ~34%, 49%, and 70% YoY, respectively, in FY25. Going forward, on the back of a strong execution track record and a rise in revenue recognition, total revenue is estimated at INR189b in FY27E, showcasing ~17% CAGR over FY25-FY27E.
- EBITDA is expected to be at INR54b for FY27E, implying ~16% CAGR over FY25-FY27E. EBITDA margin is also slated to be at 29%.
- PAT is likely to clock a 13% CAGR over FY25-27E to reach INR35b in FY27E, with a profit margin of 19%.

Valuation and view: On track for sustained growth; reiterate BUY

- We value LODHA based on SoTP: 1) the residential segment is valued using the DCF of four-year cash flows at a WACC of 12.5%; 2) the commercial business is valued at a cap rate of 8% for operational assets and DCF for ongoing assets.
- We arrive at an NAV of INR1,333b post net debt of INR38b for FY26. **Applying a 40% premium to its NAV, we arrive at an NAV post premium of INR1,866b or INR1,870/share (previously INR1,621b or INR1,625/share), indicating a 36% upside potential.**

Exhibit 6: Based on our SoTP approach, we arrive at an NAV of INR1,866b (or INR1,870 per share), implying a 36% upside potential

Particulars			Value (INR b)	Per share	% contribution
Residential	❖	Discounted cash flow of residential portfolio including recent BD and its cost	549	550	29%
Palava	❖	Cash flow potential from 250msf land bank discounted at WACC of 11.1% over 30 years	637	639	34%
Commercial	❖	Cap rate of 8.5% for operational assets and DCF for ongoing assets	30	30	2%
Industrial	❖	PV of future cash flows discounted at WACC of 11.1%	154	155	8%
Gross asset value			1,371	1,374	73%
Net debt	❖	FY26E	(38)	(38)	-2%
Net asset value			1,333	1,336	71%
Premium/Going concern	❖	40% premium	533	534	29%
NAV post premium			1,866	1,870	100%
No. of share (m)				997.6	
CMP				1,376	
Upside				36%	

Source: MOFSL, Company

Financials and valuations

Consolidated Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	54,486	92,332	94,704	1,03,161	1,37,795	1,81,097	1,89,259
Change (%)	-56.2	69.5	2.6	8.9	33.6	31.4	4.5
Total Expenditure	40,766	71,085	74,042	76,404	97,915	1,29,484	1,35,320
As a percentage of Sales	74.8	77.0	78.2	74.1	71.1	71.5	71.5
EBITDA	13,720	21,247	20,661	26,757	39,880	51,613	53,939
Margin (%)	25.2	23.0	21.8	25.9	28.9	28.5	28.5
Depreciation	734	748	928	2,039	2,719	3,216	3,663
EBIT	12,985	20,499	19,733	24,718	37,161	48,396	50,275
Int. and Finance Charges	11,257	6,803	4,791	4,798	5,495	3,297	2,797
Other Income	3,231	3,460	1,408	1,534	3,903	1,811	2,358
PBT bef. EO Exp.	4,959	17,156	16,350	21,454	35,569	46,910	49,836
EO Items	-4,628	0	-11,774	-1,049	0	0	0
PBT after EO Exp.	332	17,156	4,576	20,405	35,569	46,910	49,836
Total Tax	-147	5,080	-370	4,734	7,889	10,404	11,053
Tax Rate (%)	-44.4	29.6	-8.1	23.2	22.2	22.2	22.2
Minority Interest/Profit from JV	77	61	80	180	37	37	37
Reported PAT	402	12,014	4,866	15,491	27,643	36,469	38,746
Adjusted PAT	7,084	12,014	15,370	16,200	27,600	36,469	38,746
Change (%)	-2.8	69.6	27.9	5.4	70.4	32.1	6.2
Margin (%)	13.0	13.0	16.2	15.7	20.0	20.1	20.5

Consolidated Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	3,959	4,815	4,815	9,945	9,976	9,976	9,976
Total Reserves	42,031	1,16,235	1,21,809	1,66,748	1,91,802	2,24,031	2,58,537
Net Worth	45,990	1,21,050	1,26,624	1,76,693	2,01,778	2,34,007	2,68,513
Minority Interest	5,269	568	596	647	670	670	670
Total Loans	1,81,669	1,15,367	90,602	76,976	70,940	60,940	50,940
Deferred Tax Liabilities	-2,098	1,911	332	1,637	3,294	11,051	19,049
Capital Employed	2,30,829	2,38,896	2,18,153	2,55,953	2,76,682	3,06,668	3,39,172
Gross Block	17,608	18,318	19,487	15,845	19,113	22,329	25,992
Less: Accum. Deprn.	6,383	7,130	8,059	10,098	12,817	16,033	19,696
Net Fixed Assets	11,226	11,187	11,429	5,747	6,296	6,296	6,296
Investment Property	2,767	2,650	1,539	1,463	4,019	4,019	4,019
Goodwill on Consolidation	5,471	5,388	5,303	4,520	3,399	3,399	3,399
Capital WIP	63	0	0	0	0	0	0
Total Investments	15,794	5,740	2,460	4,929	4,930	4,893	4,856
Curr. Assets, Loans&Adv.	3,55,663	3,59,824	3,70,816	4,55,593	4,79,762	5,58,817	6,62,227
Inventory	2,83,007	2,73,583	3,01,167	3,39,930	3,64,759	3,84,521	4,01,851
Account Receivables	6,545	6,461	7,393	7,999	7,763	10,203	10,662
Cash and Bank Balance	3,668	12,457	18,242	26,348	17,415	18,029	31,160
Loans and Advances	62,442	67,322	44,013	81,316	89,825	1,46,065	2,18,553
Curr. Liability & Prov.	1,60,153	1,45,892	1,73,393	2,16,299	2,21,724	2,70,756	3,41,625
Account Payables	16,978	15,087	20,962	25,790	30,656	40,290	42,105
Other Current Liabilities	1,42,963	1,30,581	1,52,129	1,90,173	1,90,653	2,30,052	2,99,104
Provisions	212	224	302	336	415	415	415
Net Current Assets	1,95,509	2,13,932	1,97,422	2,39,294	2,58,038	2,88,061	3,20,602
Appl. of Funds	2,30,829	2,38,896	2,18,153	2,55,953	2,76,682	3,06,668	3,39,172

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)							
EPS	8.9	12.5	16.0	16.8	28.7	37.9	40.2
Cash EPS	9.9	13.3	16.9	18.9	31.5	41.2	44.0
BV/Share	58.1	125.7	131.5	183.5	209.5	243.0	278.8
DPS	0.0	0.0	0.0	0.0	4.4	4.4	4.4
Payout (%)	0.0	0.0	0.0	0.0	15.3	11.6	10.9
Valuation (x)							
P/E	153.8	110.3	86.2	81.8	48.0	36.3	34.2
Cash P/E	139.3	103.8	81.3	72.7	43.7	33.4	31.2
P/BV	23.7	10.9	10.5	7.5	6.6	5.7	4.9
EV/Sales	23.3	15.5	14.8	13.3	10.0	7.6	7.1
EV/EBITDA	92.4	67.2	67.6	51.4	34.6	26.5	24.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.3	0.3	0.3
FCF per share	32.0	27.4	28.7	24.4	11.3	20.4	31.8
Return Ratios (%)							
RoE	15.5	14.4	12.4	10.7	14.6	16.7	15.4
RoCE	10.2	7.3	10.1	8.6	12.1	13.8	13.3
RoIC	8.8	6.7	10.2	9.0	12.1	14.0	13.3
Working Capital Ratios							
Fixed Asset Turnover (x)	3.1	5.0	4.9	6.5	7.2	8.1	7.3
Asset Turnover (x)	0.2	0.4	0.4	0.4	0.5	0.6	0.6
Inventory (Days)	1,896	1,082	1,161	1,203	966	775	775
Debtor (Days)	44	26	28	28	21	21	21
Creditor (Days)	114	60	81	91	81	81	81
Leverage Ratio (x)							
Current Ratio	2.2	2.5	2.1	2.1	2.2	2.1	1.9
Interest Cover Ratio	1.2	3.0	4.1	5.2	6.8	14.7	18.0
Net Debt/Equity	3.9	0.9	0.6	0.3	0.3	0.2	0.1

Consolidated Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
(INR m)							
OP/(Loss) before Tax	4,959	17,156	4,525	20,276	35,555	46,910	49,836
Depreciation	734	748	928	2,039	2,719	3,216	3,663
Interest and Finance Charges	25,246	19,923	13,890	10,640	7,072	6,594	5,594
Direct Taxes Paid	857	-1,778	-2,110	-238	-6,140	-2,648	-3,055
(Inc.)/Dec. in WC	-1,218	-7,271	-1,090	-8,227	-20,656	-29,409	-19,410
CF from Operations	30,579	28,778	16,143	24,490	18,550	24,664	36,629
Others	-5,339	-2,500	11,357	633	-2,894	-1,811	-2,358
CF from Operations incl. EO	25,239	26,278	27,500	25,123	15,656	22,853	34,271
(Inc.)/Dec. in FA	65	78	149	-1,661	-4,742	-3,216	-3,663
Free Cash Flow	25,304	26,356	27,649	23,462	10,914	19,637	30,608
(Pur.)/Sale of Investments	-176	1,491	6,817	-27,425	9,567	0	0
Others	4,310	9,820	10,812	-384	-5,729	1,811	2,358
CF from Investments	4,199	11,389	17,778	-29,470	-904	-1,405	-1,306
Issue of Shares	0	63,466	100	32,736	812	0	0
Inc./(Dec.) in Debt	-10,325	-72,916	-25,393	-13,687	-16,201	-10,000	-10,000
Interest Paid	-18,027	-19,427	-11,757	-8,511	-7,375	-6,594	-5,594
Dividend Paid	0	0	0	-964	-2,239	-4,240	-4,240
Others	0	0	-5	-65	-54	0	0
CF from Fin. Activity	-28,351	-28,878	-37,055	9,509	-25,057	-20,834	-19,834
Inc./Dec. in Cash	1,087	8,789	8,223	5,162	-10,305	614	13,132
Opening Balance	1,870	3,668	4,885	13,108	19,641	17,415	18,029
Closing Balance	2,956	12,457	13,108	18,270	9,336	18,029	31,160

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NOTES

Explanation of Investment Rating	
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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