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India | Equity Research | Q1FY25 results review

Macrotech Developers

Real Estate

Strong start to FY25; on track to meet annual guidance

Along expected lines, Macrotech Developers (LODHA) achieved strong Q1FY25 sales bookings of INR 40.3bn (up 20% YoY). After having achieved FY24 sales bookings of INR 145bn, the company is well on track to achieve its FY25 sales bookings guidance of INR 175bn. The company has launches worth INR 120bn lined up for the remainder of FY25, which should enable it to meet its guidance. We believe that the company's historical leverage concerns are now a thing of the past (peak debt of over INR 180bn) with Jun'24 net debt at INR 432bn (net D/E of 0.24x). We retain our **HOLD** rating with a revised target price of INR 1,264 (earlier INR1,109) based on 50% premium to FY24 NAV of INR 739/share, factoring in new land bank additions. Key upside risk is higher-than-expected price growth and downside risk is slowdown in Mumbai market volumes.

Strong quarter for sales bookings

LODHA clocked Q1FY25 India business sales bookings worth INR 40.3bn (up 20% YoY), giving it a strong start to FY25 and also keeping it on track to achieve its FY25 sales booking guidance of INR 175bn vs. FY24's figure of INR 145bn. The company also added projects with GDV of INR 111bn during the quarter (annual new project addition guidance of INR 210bn vs. INR 203bn achieved in FY24). LODHA has launches worth INR 120bn lined up for the remainder of FY25, which should enable the company to achieve its guidance. We believe that LODHA's historical leverage concerns are now a thing of the past (peak debt of over INR 180bn) with Jun'24 net debt at INR 432bn (net D/E of 0.24x); the company can now balance growth aspirations with minimal interest outgo and annual internal cash surplus of INR 50–60bn over FY24–26E.

Targeting 20% sales booking CAGR over FY24-26

With sales bookings of INR 145bn in FY24, LODHA achieved 20% YoY growth over FY23 levels. It aims to sustain this 20% sales CAGR over FY24–26 too, implying FY26E sales bookings of INR 210bn. While these numbers are achievable given the expansion in new markets such as Pune/Bengaluru, this would require LODHA to continuously procure new land parcels at prime locations and also residential real estate demand to sustain. We currently model for FY25E/FY26E sales bookings of INR 171bn/INR 192bn. We await further clarity on LODHA's ability to replenish high-value inventory, especially in South and Central Mumbai before raising our estimates further.

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	94,704	103,161	114,580	150,681
EBITDA	20,661	26,757	30,334	41,393
EBITDA Margin (%)	21.8	25.9	26.5	27.5
Net Profit	4,866	15,491	20,001	33,336
EPS (INR)	5.1	16.0	20.1	33.5
P/B (x)	10.0	7.4	6.8	5.9
P/E (x)	259.0	81.8	65.0	39.0
Adjusted EV/EBITDA (x)	44.8	38.8	35.9	29.4
RoCE (%)	10.1	12.5	14.3	21.0
RoE (%)	13.4	11.0	10.9	16.2

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Market Data

Market Cap (INR)	1,302bn
Market Cap (USD)	15,557mn
Bloomberg Code	LODHA IN
Reuters Code	LODV BO
52-week Range (INR)	1,650 /641
Free Float (%)	28.0
ADTV-3M (mn) (USD)	22.8

Price Performance (%)	3m	6m	12m
Absolute	5.7	22.3	72.4
Relative to Sensex	(4.1)	8.4	49.5

Previous Reports

07-04-2024: [Company Update](#)

30-01-2024: [Q3FY24 results review](#)

Exhibit 1: Q1FY25 consolidated result snapshot

Year ending March (INR mn)	Q1FY25	Q1FY24	Q4FY24	YoY (%)	QoQ (%)
Total Operating income	28,465	16,174	40,185	76.0	(29.2)
Raw Materials	17,109	10,042	25,221	70.4	(32.2)
Personnel Cost	1,400	1,192	1,196	17.4	17.1
Other Expenses	2,388	1,640	3,299	45.6	(27.6)
Total Expenses	20,897	12,874	29,716	62.3	(29.7)
EBITDA	7,568	3,300	10,469	129.3	(27.7)
EBITDA margin (%)	26.6	20.4	26.1	618.4	53.5
Interest (Net)	1,172	1,241	1,158	(5.6)	1.2
Depreciation	604	240	1,173	151.7	(48.5)
Other Income	718	544	654	32.0	9.8
Exceptional items*	-	-	-	NM	NM
Profit Before Tax	6,510	2,363	8,792	175.5	(26.0)
Taxation	1,747	556	2,115	214.2	(17.4)
Profit After Tax before MI/Associate	4,763	1,807	6,677	163.6	(28.7)
MI/Associate share	(4)	(15)	(7)	(73.3)	(42.9)
Reported PAT	4,759	1,792	6,670	165.6	(28.7)
Adjusted PAT	4,759	1,792	6,670	165.6	(28.7)
Adjusted Net margin (%)	16.7	11.1	16.6	563.9	12.1

Source: I-Sec research, Company data

Exhibit 2: LODHA's India business FY25 guidance

	FY24 Actuals	FY25 Guidance	Q1FY25
Pre-Sales	145	175	40
Operating Cashflow	57	65	7
New Project Additions	203	210	111
Net Debt/Equity	Pre-QIP: 0.34x Post-QIP: 0.17x	<= 0.5x	0.24x

Source: I-Sec research, Company data

Exhibit 3: FY25 launch pipeline

Micro-market	Own/ JDA Project	Area (Mn .Sq.ft)	Est. GDV (INR bn)	No of Projects
New Project Launches				
Eastern Suburbs	JDA	0.2	6.0	1
Eastern Suburbs	Own	0.7	10.0	1
Extended Eastern Suburbs	Own	0.2	1.6	1
Pune	Own	0.5	3.9	1
Pune	JDA	0.4	4.7	1
South Central	JDA	1.0	22.0	2
Western Suburbs	JDA	0.5	9.5	1
Total		3.5	57.8	8
New phase launches at existing projects				
At existing projects	Own	4.6	42.0	6
	JDA	1.4	20.1	4
Total		6.0	62.1	10
Grand Total		9.6	119.8	18

Source: Company data, I-Sec research

Exhibit 4: Key assumptions

Development Properties	FY21	FY22	FY23	FY24E	FY25E	FY26E
LODHA Devco Sales Volume (msf)	5.1	8.0	9.4	9.6	10.5	12.2
LODHA Devco Sales Value (INR bn)	59.7	90.2	120.1	145.2	171.4	192.2

Source: Company data, I-Sec research

Exhibit 5: SoTP-based valuation of Lodha

Details	Amount (INR bn)	INR/share
Total EV	868.3	873
Less: FY24 India Net Debt	30.2	30
FY24 NAV	838.0	843
Add: 50% Premium to NAV	419.0	421
Target Price	1,257.0	1,264

Source: I-Sec research, Company data

Exhibit 6: Shareholding pattern

%	Dec'23	Mar'24	Jun'24
Promoters	74.9	72.2	72.1
Institutional investors	24.3	27.1	27.1
MFs and others	0.6	0.5	0.5
FIs/Banks	0.0	0.0	0.0
Insurance	2.6	2.8	2.4
FIIIs	21.1	23.8	24.2
Others	0.8	0.7	0.8

Source: Bloomberg

Exhibit 7: Price chart



Source: Bloomberg

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	94,704	1,03,161	1,14,580	1,50,681
Operating Expenses	74,042	76,404	84,246	1,09,288
EBITDA	20,661	26,757	30,334	41,393
EBITDA Margin (%)	21.8	25.9	26.5	27.5
Depreciation & Amortization	928	2,039	2,141	2,248
Interest expenditure	4,791	4,798	4,901	2,780
Other Non-operating Income	1,408	1,534	1,611	1,691
Extraordinary	(11,774)	(1,049)	-	-
Recurring PBT	4,576	22,503	24,903	38,056
Less: Taxes	(370)	4,734	4,872	4,690
PAT	4,946	17,769	20,031	33,366
Less: Minority Interest	25	(1,229)	(30)	(30)
Net Income (Reported)	4,866	15,491	20,001	33,336
Net Income (Adjusted)	16,640	16,540	20,001	33,336

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	3,57,497	4,45,576	4,08,109	4,38,252
of which cash & cash eqv.	18,242	26,348	15,318	44,626
Total Current Liabilities & Provisions	1,67,147	2,38,482	2,38,756	2,38,456
Net Current Assets	1,90,350	2,07,094	1,69,353	1,99,796
Investments	7,763	29,523	29,723	29,923
Net Fixed Assets	12,971	7,210	5,319	3,321
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	20	40
Total Intangible Assets	-	-	-	-
Other assets	4,639	9,718	9,718	9,718
Deferred Tax Assets	-	-	-	-
Total Assets	2,15,724	2,53,545	2,14,133	2,42,798
Liabilities				
Borrowings	90,602	76,845	20,701	20,701
Deferred Tax Liability	(2,100)	1,360	1,061	1,360
Equity Share Capital	4,818	9,945	9,945	9,945
Reserves & Surplus	1,21,809	1,64,748	1,81,749	2,10,085
Total Net Worth	1,26,627	1,74,693	1,91,694	2,20,030
Minority Interest	596	647	677	707
Total Liabilities	2,15,724	2,53,545	2,14,133	2,42,798

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	14,752	24,937	20,561	33,923
Working Capital Changes	(1,090)	(8,227)	27,412	164
Capital Commitments	(755)	(1,661)	(270)	(270)
Free Cashflow	12,907	15,049	47,703	33,817
Other investing cashflow	18,533	(27,809)	411	491
Cashflow from Investing Activities	17,778	(29,470)	141	221
Issue of Share Capital	100	32,736	-	-
Inc (Dec) in Borrowings	(25,398)	(13,752)	(56,144)	-
Dividend paid	-	(964)	(3,000)	(5,000)
Others	-	-	-	-
Cash flow from Financing Activities	(25,299)	18,020	(59,144)	(5,000)
Chg. in Cash & Bank balance	6,141	5,260	(11,030)	29,308
Closing cash & balance	18,242	26,348	15,318	44,626

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	5.1	16.0	20.1	33.5
Adjusted EPS (Diluted)	5.1	16.0	20.1	33.5
Cash EPS	18.2	18.7	22.3	35.8
Dividend per share (DPS)	0.0	1.0	3.0	5.0
Book Value per share (BV)	131.4	175.7	192.8	221.3
Growth (%)				
Net Sales	2.6	8.9	11.1	31.5
EBITDA	(2.8)	29.5	13.4	36.5
EPS (INR)	38.4	(0.6)	20.9	66.7
Valuation Ratios (x)				
P/E	259.0	81.8	65.0	39.0
P/BV	10.0	7.4	6.8	5.9
Adjusted EV / EBITDA	44.8	38.8	35.9	29.4
Dividend Yield (%)	0.0	0.1	0.2	0.4
Operating Ratios				
EBITDA Margins (%)	21.8	25.9	26.5	27.5
Net Profit Margins (%)	17.6	16.0	17.5	22.1
Net Debt / Equity (x)	0.6	0.3	0.0	(0.1)
Net Debt / EBITDA (x)	4.4	2.9	0.7	0.5
Profitability Ratios				
RoCE (%)	10.1	12.5	14.3	21.0
RoE (%)	13.4	11.0	10.9	16.2

Source Company data, I-Sec research

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