

Macrotech Developers (Lodha) – ADD

Result Update

Current Market Price (CMP) Rs.1,206	Fair Value (FV) Rs.1,340
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Rationale:

- Well-rounded performance; cash collections to pick up.
- Operating cash flow improved, H1FY25 OCF is tracking behind FY25 guidance.
- Management expects milestone-linked collections to pick up in H2FY25.
- Lodha has a launch pipeline of Rs10000 cr for H2FY25.
- Maintain ADD with a revised FV of Rs1,340/share (from Rs1,450/share).

Q2FY25 Earnings update:

👍 Positives:

- Strong pre-sales performance, aided by new launches.
- Incrementally, premiumization of Palava, aided by better infrastructure, will likely drive value.
- Lodha continues to deliver healthy and sustainable growth across MMR and Pune.
- Management reiterated its guidance of 20% pre-sales CAGR with RoE of 20%.
- Palava land has become a regular source of cash now.

👎 Negatives:

- Strong business development led to an increase in net debt.

(RoE: Return on Equity, MMR: Mumbai; CAGR – Compounded Annual Growth Rate)

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For detailed report dated 29 Oct 2024. Note: CMP & valuation may differ due to difference in dates.



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