

# Pick of the week

## Macrotech Developers Ltd (LODHA)

Recommendation: **BUY**  
Current Price: ₹1009  
Potential Upside: **33.08%**

Dated: **2<sup>nd</sup> May 2022**  
Time Period: **12 Month**  
Target Price: **₹1,350**

### Why invest?

- Lodha with its diversified presence across different markets across MMR (Mumbai Metropolitan region) is handsomely placed amongst peers to gain further market share.
- Lodha clocked Rs9,020 cr (+51% yoy) pre-sales during FY2022 was amongst the strongest performance delivered by the company. This was supported by robust sales of Rs3450 cr (+37% yoy) in 4QFY22.
- Lodha has given a guidance of pre-sales of Rs11,500 cr (+27% yoy) in FY23. Lodha is planning launches of 87 lakh sq. ft in FY23.
- The company's net debt dropped to Rs9,300 cr in FY22 from Rs16,100 cr in FY21, plans to reduce below Rs6,000 cr by FY23.
- Management expects to pass on the cost increase to customers in the form of price hikes in the range of 6-8%.
- We arrive at sum of the parts based fair value of Rs1,350. Residential portfolio contributes 52% of the GAV (Gross Asset Value) of Rs60,900 cr.