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Real Estate

K-shaped trends: Leaders gain ground, further

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Content: K-shaped trends: Leaders gain ground, further

Companies

K-shaped trends: Leaders gain ground, further

Top developers have gained market share amid broader sector exhibiting K-shaped trends. Consolidation in supply and absorption, along with regional diversification, drove our coverage universe's market share expansion by 530bp to ~20% post-FY21. A pre-sales CAGR of 13% during FY26-28E is expected to further increase market share for our coverage universe. A higher collections CAGR of 16%, combined with net operating cash flows (NOCF) to collections ratio ranging from 20% to 60%, provides cash flow comfort. A disciplined approach, focus on asset churn, healthy cash flows, and a significant reduction in sector leverage (net debt down by 58% post-FY17) have lowered historically existing risks. Most players are currently trading at a 10-35% discount to their residential NAVs. We believe this deep value offers a compelling opportunity to generate superior returns. Our top picks are LODHA (+29%; BUY) among the larger players and ABREL (+39%; BUY) in the SMID space. We remain constructive on DLF (+19%; BUY), GPL (+16%; BUY), and OBER (+3%; NEUTRAL).

Shakeout in the sector: New launches now led by fewer players

After FY20, the onset of the euphoria phase resulted in increased developer participation in the sector. The number of unique developers launching new projects annually spiked to ~3,500 in FY24 from ~2,420 (FY09-25 average). However, this number has declined to ~2,100 as of Jan'26, which is well below the LT average. We believe this decline is due to the shakeout of smaller developers, who exhausted their legacy land banks. Consequently, new supply has become a function of a few, as the average area launched per developer has gone up from the FY20-24 average of 0.19msf to 0.26msf by 4QFY26.

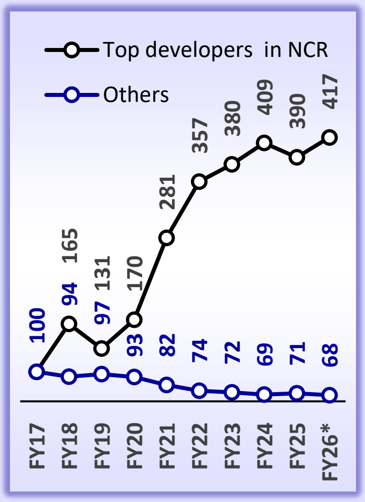
Dynamics favor faster asset churn for branded players at scale

As absorption has increasingly become dependent on new launches, the branded/reputable developers with prudent balance sheets have increased their business development (BD) activities in the last 2-3 years, with INR1.5t GDV added by the top 4 players in FY26 alone. The ultra-low levels of inventory overhang at ~20 months (top-8 cities) offer the opportunity for branded developers to continue launching new projects. Further, easing competition (lower developer participation) would enable leading developers to scale at a faster pace.

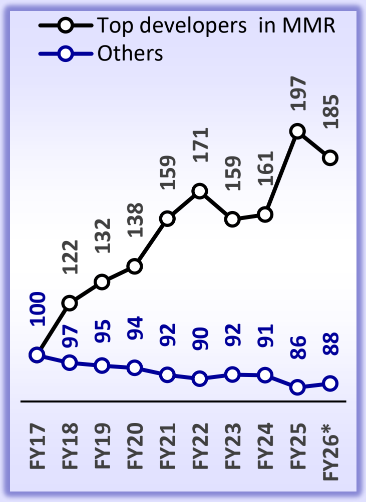
Top developers see market share gains; diversified players to outperform

Demand showcases a K-shaped trend in the top four markets as branded/well-known developers have continued to grow despite the broader market showing a dip. Rebasing the data on FY17, top developers in NCR, MMR, Pune, and Bengaluru have witnessed their market share surge by 2-4x. Our coverage companies reported pre-sales growth of 15% YoY to INR1.5t in FY26, with their market share rising 530bp to 20% over FY21-26 (+150bps in FY26). We expect players in the nascent stage of diversification, as well as balance sheet strength, to continue outperforming in the next two years. Our coverage is projected to report a 13% CAGR in pre-sales over FY26-28, which is likely to be ahead of the sector. LODHA, among the larger ones, and SRIN, KPDL, LOTUSDEV, MAHLIFE, and BRGD in the SMID space are anticipated to outperform.

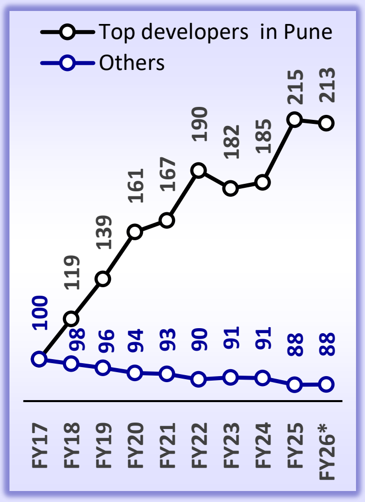
NCR – market share trend taking FY17 as the base



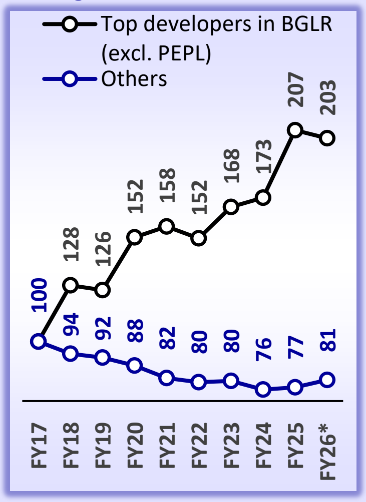
MMR – market share trend taking FY17 as the base



Pune – market share trend taking FY17 as the base



BGLR – market share trend taking FY17 as the base



Source: Industry, MOFSL, *till Jan-26

Still time for the cycle to reach its peak

Unlike the trends observed at the onset of the previous downcycle, so far, we have not yet seen developers experiencing financial distress, market oversupply, or project execution defaults. In contrast, supply remains disciplined in the top 8 cities (calibrated to demand), and inventory overhang remains low (20 months). Further, the sector has undergone significant deleveraging, with net debt declining by 58% over FY17-26. Aside from a temporary deferral in demand caused by the West Asia conflict, developers' commentary on demand remains positive. Although pricing growth moderated in FY26 compared to the sharp increases seen in FY21-25, positive trends persist. We believe that disciplined supply and housing price increases bode well for sustaining the resilience of end-user demand. An increase in housing loan rates remains a risk to demand momentum.

Low leverage and clear visibility of future FCF provide balance sheet comfort

Our coverage companies have reported a comfortable NOCF to collections ratio of 20–60% over the past four years, which provides confidence in their profitability. We anticipate a CAGR of 16% in collections during FY26–28E, resulting in a cumulative cash inflow of INR2.4t from the residential segment in the next two years. This should be more than sufficient to meet the working capital requirements. The surplus cash is likely to be allocated toward sustaining growth, creating an annuity portfolio, and maintaining balance sheet strength, as the net debt of our coverage companies is likely to dip by INR55b over the next two years.

Valuation and view

Due to the broader weakness in print related to demand, investor concerns about the sustainability of the upcycle have led to the compression of NAV premiums. Most players in the sector are now trading at a 10-35% discount to their respective NAVs. Data indicate that although demand in the top 8 cities has softened, branded developers have continued to grow amid a shakeout of smaller players. Cash flows continue to remain healthy, and we expect strong FCF generation over the medium term. We believe that the deep value in some of the prudent developers offers a compelling opportunity to generate superior returns. **Lodha (+29%; BUY) is our preferred pick among large players, whereas we also like DLF (+19%; BUY). We remain positive on GPL (+16%; BUY). Among the SMID players, AB Real Estate (+39%; BUY) is our preferred pick, while Oberoi (+3%; NEUTRAL) is still trading at a premium to its residential NAV.**

Valuation table

Company	MCap (INR b)	CMP (INR)	TP (INR)	Rating	Upside (%)	CAGR FY26-28E (%)		Net debt (INR b)			Embedded EV/EBITDA (x)		Resi. NAV (INR b)	Prem./(Disc) to NAV (Resi. %)
						Pre-sales	Collections	FY26	FY27E	FY28E	FY27E	FY28E		
LODHA IN	992	992	1285	BUY	29	16	18	54	5	-33	12.2	10.0	891	(32)
ABREL IN	156	1397	1940	BUY	39	11	30	33	20	19	5.6	4.6	220	(28)
DLFU IN	1604	649	775	BUY	19	5	8	-83	-84	-87	19.6	18.8	903	(35)
GPL IN	587	1957	2280	BUY	16	10	11	72	71	73	5.7	5.2	746	(8)
OBER IN	658	1804	1850	Neutral	3	16	17	-1	-1	-2	19.0	16.4	491	22

Source: Bloomberg, Company, MOFSL

STORY IN CHARTS

Key positives for real estate

01

Diversification: Portfolio diversification across asset classes, micro-markets reducing concentration risk

02

Business Development: Capital-efficient expansion through a mix of outright and JDA/JV land acquisitions

03

Affordability and Income growth: Growing household incomes supporting homeownership demand

04

Infrastructural development: Expanding infrastructure boosting Real Estate demand

05

Premiumization: Upgrading product offerings to capture premium demand

Real Estate: Investment argument

01 Asset - light model

02 Top developers see market share gains; diversified players to outperform

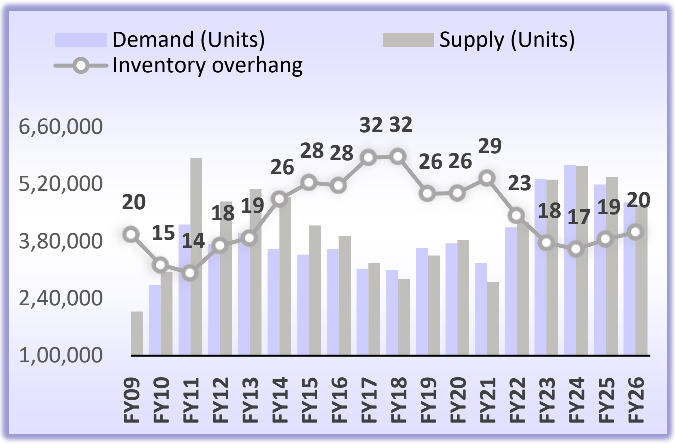
03 Shakeout in the sector: New launches now led by fewer players

04 Still time for the cycle to reach its peak

05 Dynamics favor faster asset churn for branded players at scale

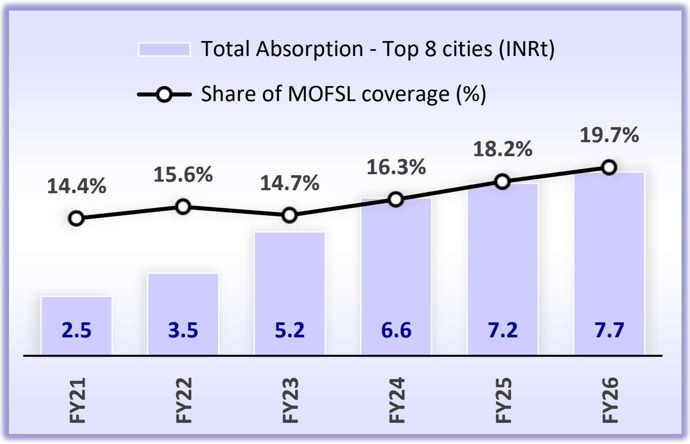
06 Low leverage and clear visibility of future FCF provide balance sheet comfort

Comfortable inventory levels amid demand-supply discipline



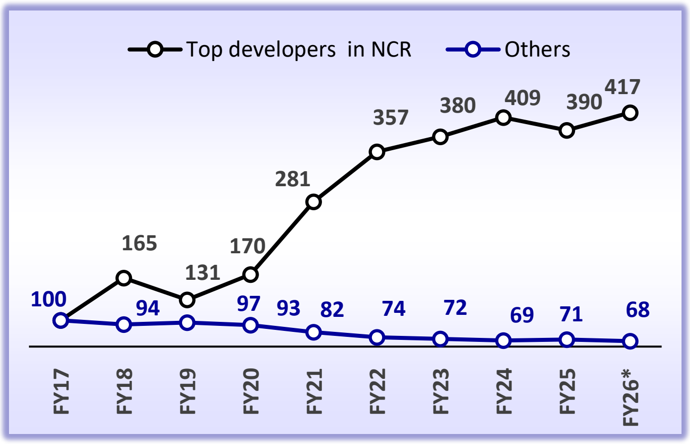
Source: Industry, MOFSL; Values denote the Top 8 cities

MOFSL coverage saw a 530bp market share gain post-FY21



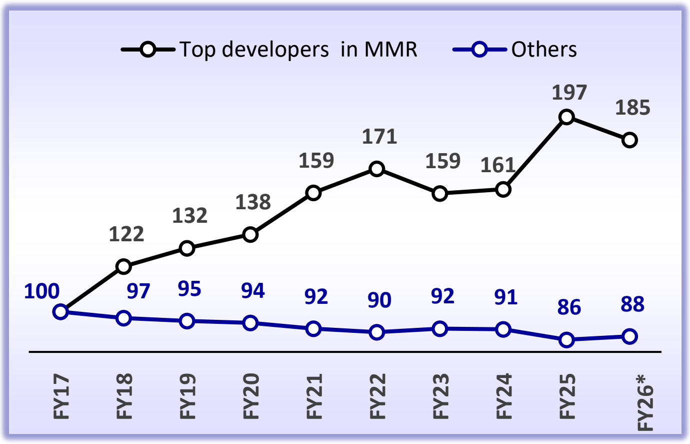
Source: Industry, MOFSL; *MOFSL coverage excludes ARCP, PHNX, and LOTUSDEV

NCR – market share trend taking FY17 as the base



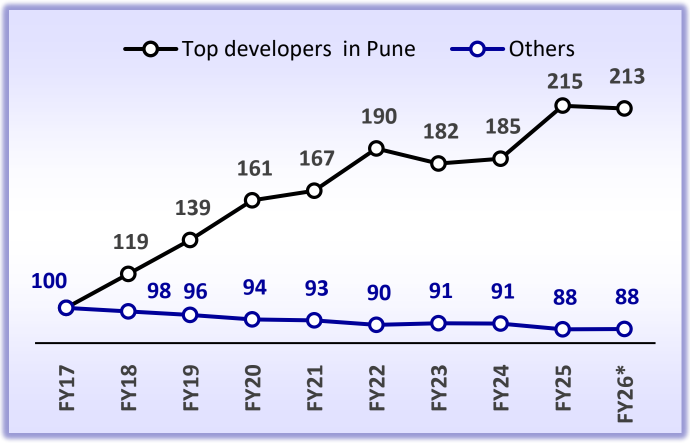
Source: Industry, MOFSL, *till Jan-26

MMR – market share trend taking FY17 as the base



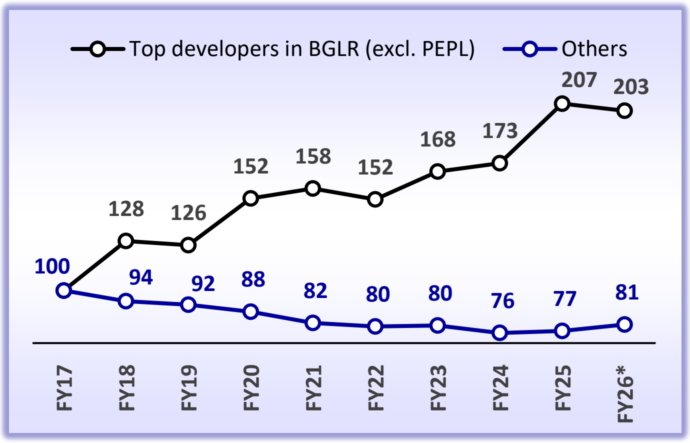
Source: Industry, MOFSL, *till Jan-26

Pune – market share trend taking FY17 as the base



Source: Industry, MOFSL, *till Jan-26

BGLR – market share trend taking FY17 as the base

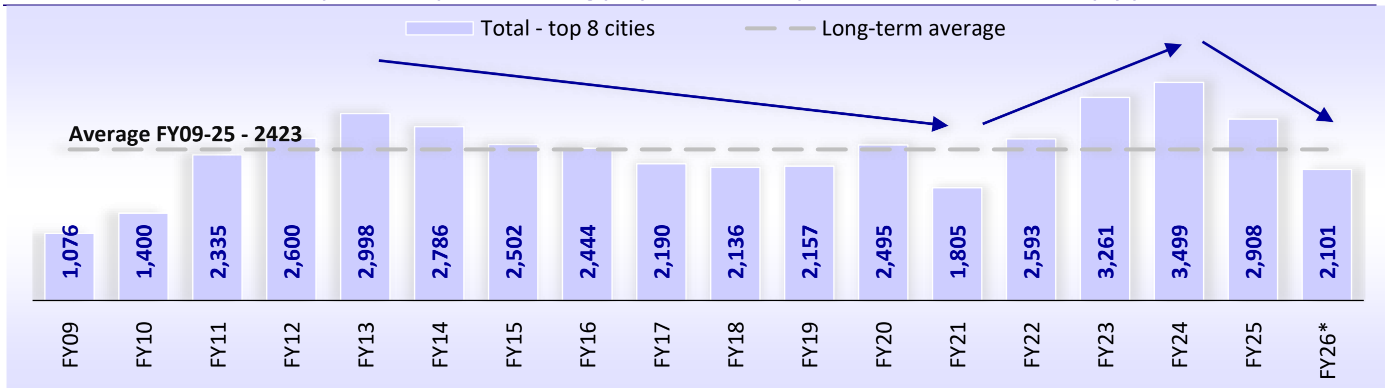


Source: Industry, MOFSL, *till Jan-26

Shakeout in the sector: New launches led by fewer players

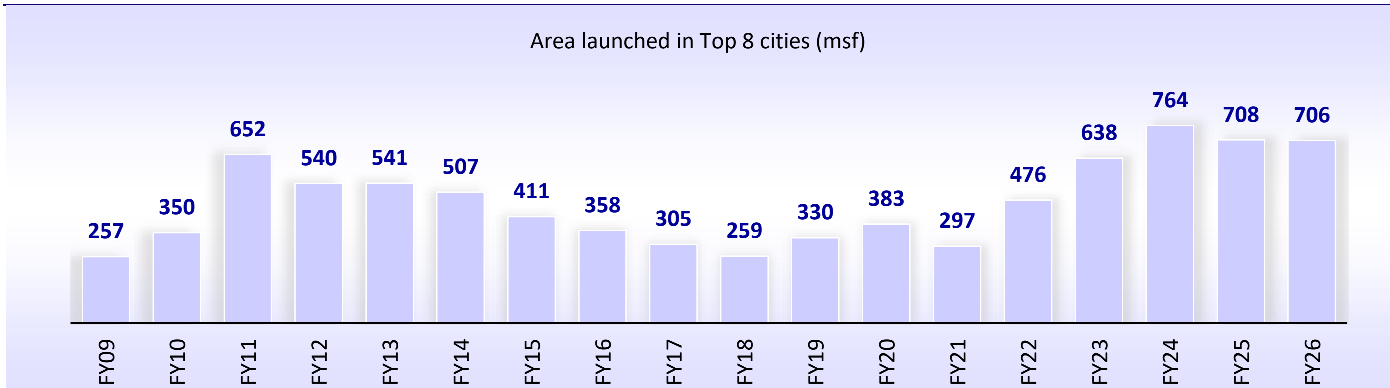
- The number of unique developers participating in new launches declined to ~1,800 in FY21 from ~3,000 in FY13. Amid the housing downturn, this consolidation during FY13-21 was primarily driven by the leveraged balance sheets of developers and the limited availability of capital following the IL&FS crisis, which restricted new supply from entering the market. Post-FY21, the kickstart of the euphoria phase led to increased developer participation, with the number of unique developers launching new projects increasing sharply from ~2,420 (FY09-25 average) to ~3,500 in FY24.
- As more developers participated in the housing market boom, the newly launched area p.a. in top-8 cities clocked a robust 18% CAGR to ~770msf during FY20-24. However, after FY24, developer participation in new launches sharply declined to ~2,910 in FY25 (-17% YoY) and further dropped to ~2,100 by Jan'26, falling below the long-term average of ~2,400 units. Consequently, the new area launched declined 7% YoY to ~710msf in FY25 and is further lower at 706msf in FY26.
- **We believe the decline in developer participation is due to the shakeout of smaller developers who exhausted their legacy land banks, and new supply has become a function of a few, as the area launched per developer has gone up by 37% from 0.19msf during FY20-24 (average) to 0.25msf over FY25-10MFY26.**

Exhibit 1: Total count of unique developers launching projects in the Top 8 cities has declined sharply post-FY24…



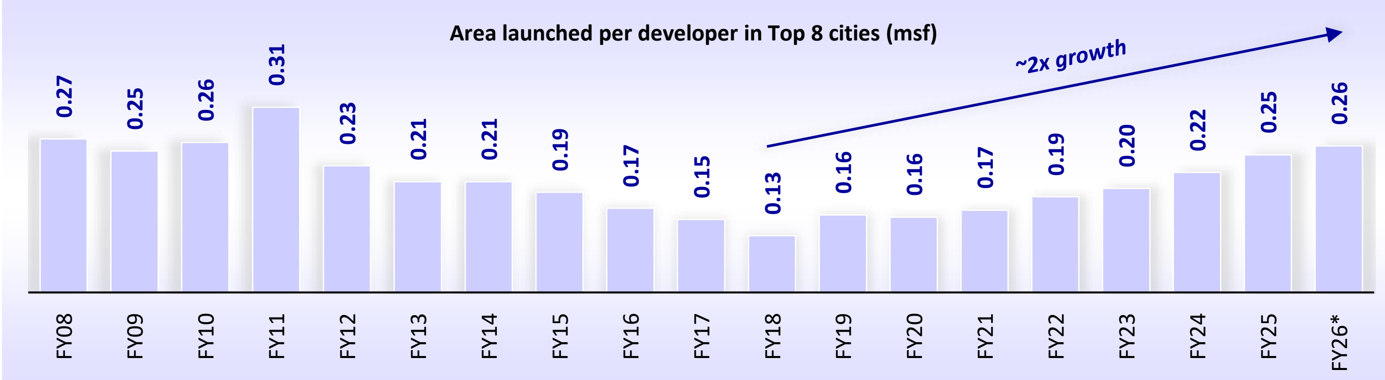
Source: Industry, MOFSL. Average taken for FY09-25; *till Jan-26

Exhibit 2: …which led to a dip in the area launched in the past two years…



Source: Industry, MOFSL.

Exhibit 3: …but the area launched per developer has grown by 17% in FY24-26 and ~2x since FY18

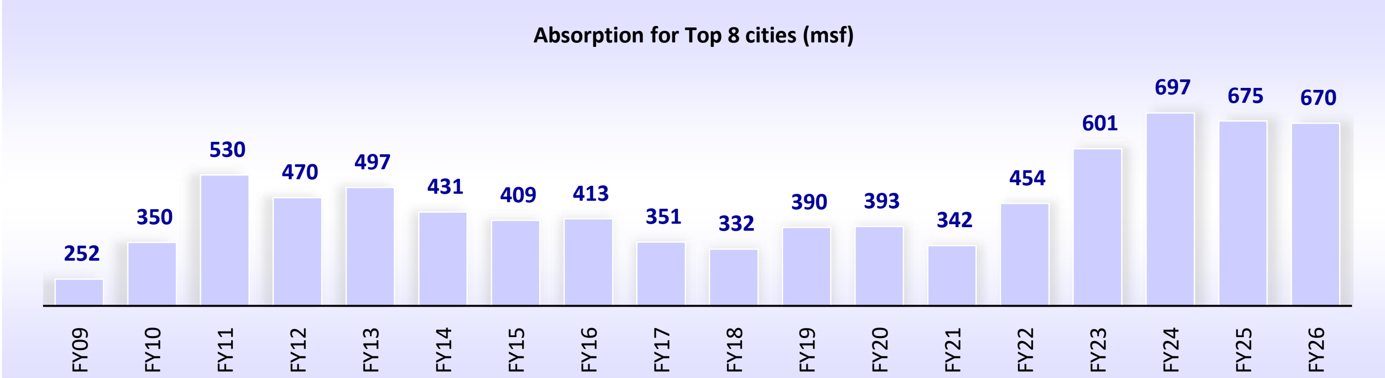


Source: Industry, MOFSL; *till Jan-26

Areas sold by top regional developers rise despite overall market weakness

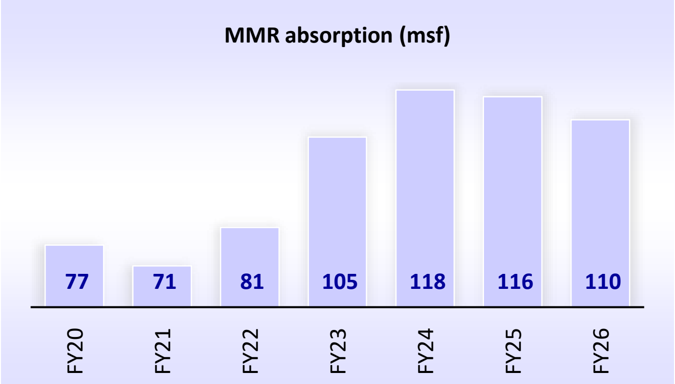
- We are **witnessing K-shaped trends in demand** across the top markets. While supply has become more concentrated among a smaller number of developers, demand has also consolidated towards the branded/well-known developers as the area sold by these players in key regions grew, even though the broader market showed a decline or grew at a slower pace. Other players (ex-top ones in respective regions) have largely seen a decline in demand in the past two years.
- In the four key cities, viz. NCR, MMR, Bengaluru, and Pune, demand CAGR stood at 11-14% over FY20-24. However, in FY25, it declined 1-9% in the latter three regions, whereas NCR (ex-DDA sales) showed 27% YoY growth. **Nonetheless, top developers in these respective regions grew 1-31%, which is higher than the regional growth.**
- Hence, **despite the sluggish trends on a broader level, sector consolidation on the back of the ability to launch would lead to continuity in growth for the branded/well-known developers over the medium term.** Building confidence in the sustainability of demand, the prudent developers have increased their BD activities over the past two to three years. **The ultra-low levels of inventory overhang at ~20 months (top-8 cities) offer the opportunity for these branded developers to continue launching new projects.** *Further, easing competition (lower developer participation) would enable leading developers to scale at a faster pace.*

Exhibit 4: Absorption at the regional level has entered the consolidation phase in the last two years in the Top 8 cities



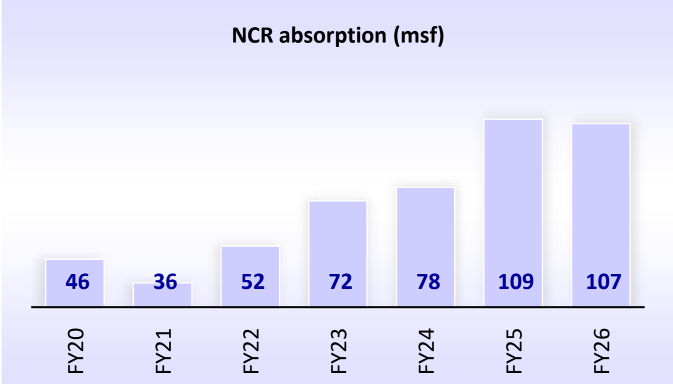
Source: Industry, MOFSL.

Exhibit 5: MMR absorption clocked 6% CAGR over FY20-26



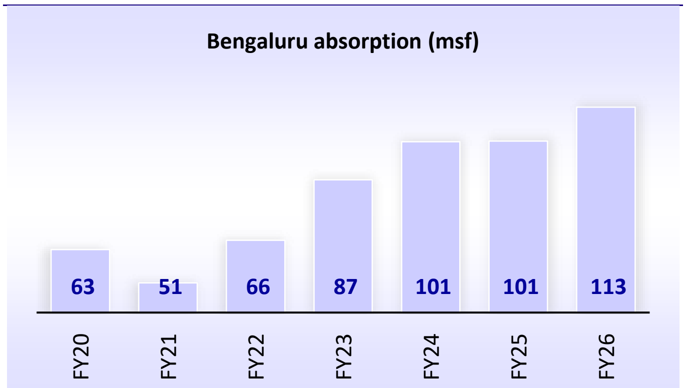
Source: Industry, MOFSL

Exhibit 6: NCR absorption posted 15% CAGR over FY20-26



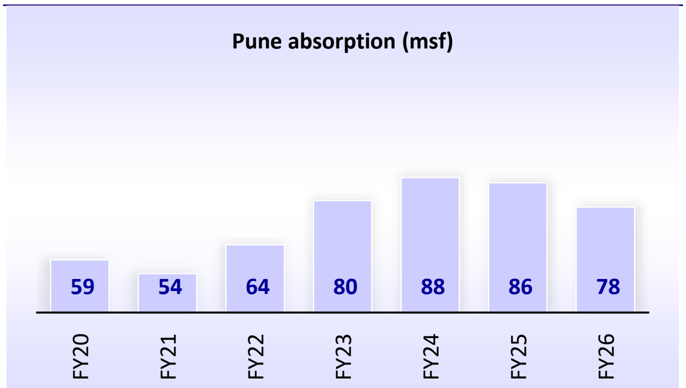
Source: Industry, MOFSL

Exhibit 7: BGLR absorption reported 10% CAGR over FY20-26



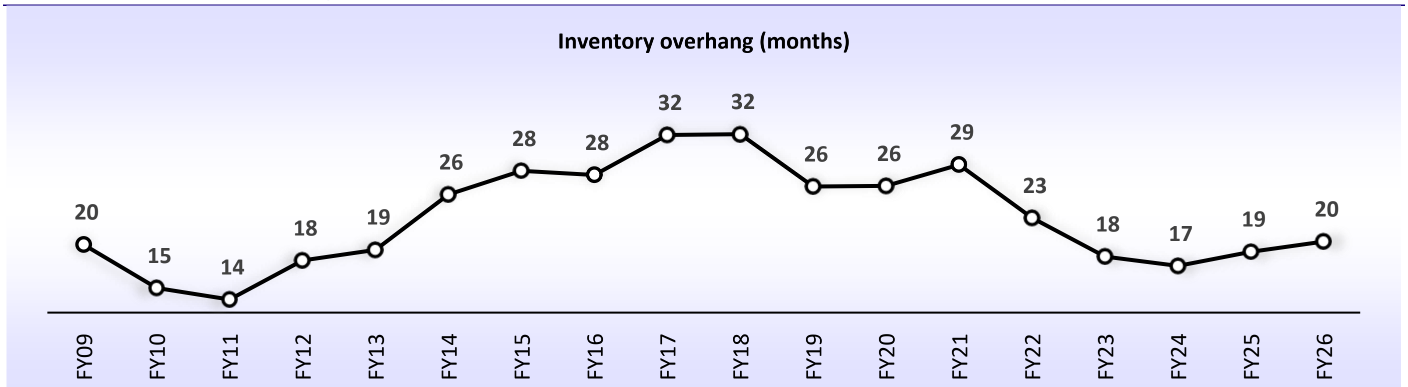
Source: Industry, MOFSL

Exhibit 8: Pune absorption clocked 5% CAGR over FY20-26



Source: Industry, MOFSL

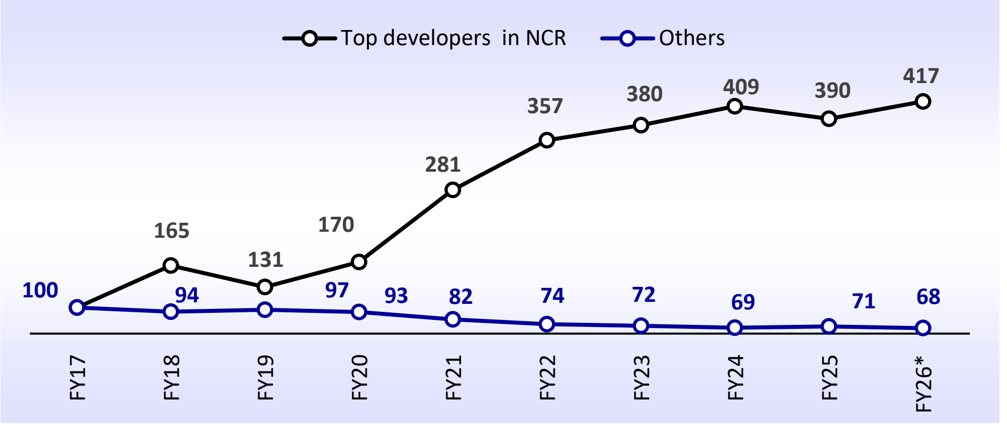
Exhibit 9: Inventory overhang in the Top 8 cities is still at a comfortable level due to demand-supply discipline



Source: Industry, MOFSL.

Exhibit 10: NCR (ex-DDA) – market share trend taking FY17 as the base

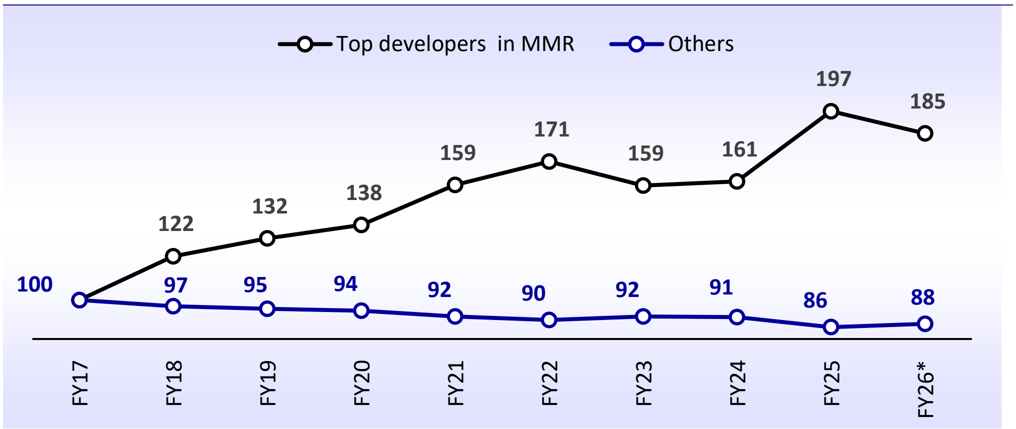
The share of top developers in NCR (ex-DDA) has sharply grown by >4x in the past decade



Source: *Industry, MOFSL*; *till Jan-26

Exhibit 11: MMR – market share trend taking FY17 as the base

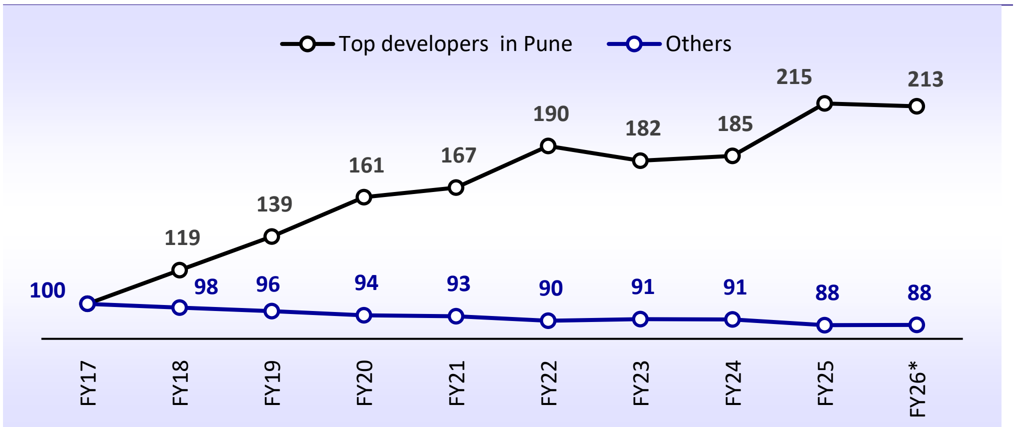
The share of top developers in MMR has grown by ~1.9x in the past decade despite new players entering the market



Source: *Industry, MOFSL*; *till Jan-26

Exhibit 12: Pune – market share trend taking FY17 as the base

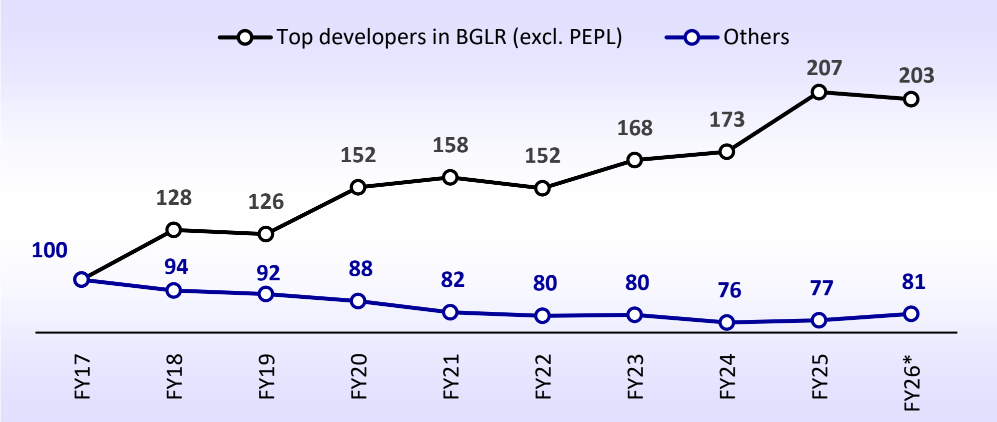
The share of top developers in Pune has grown by >2x in the past decade



Source: *Industry, MOFSL*; *till Jan-26

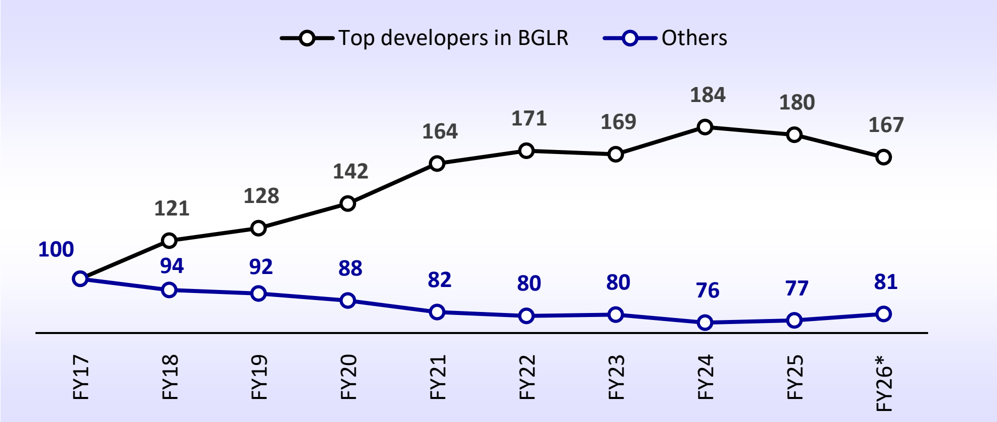
The share of top developers (ex-Prestige Estates) in Bengaluru has grown by ~2x in the past decade. We have excluded Prestige Estates from the top developers list since its launches sharply declined in the last 2Y due to increasing focus on other markets amid regional diversification

Exhibit 13: BGLR (except PEPL) – market share trend taking FY17 as the base



Source: *Industry, MOFSL*; *till Jan-26

Exhibit 14: BGLR – market share trend taking FY17 as the base



Source: *Industry, MOFSL*; *till Jan-26

Building confidence in the sustainability of demand, top players have added ~INR2t GDV in FY26 alone. The low levels of inventory overhang at ~20 months (top-8 cities) and easing competition offer the opportunity for these branded developers to continue launching new projects, enabling scale up at a faster pace

Exhibit 15: BD activity of several listed players

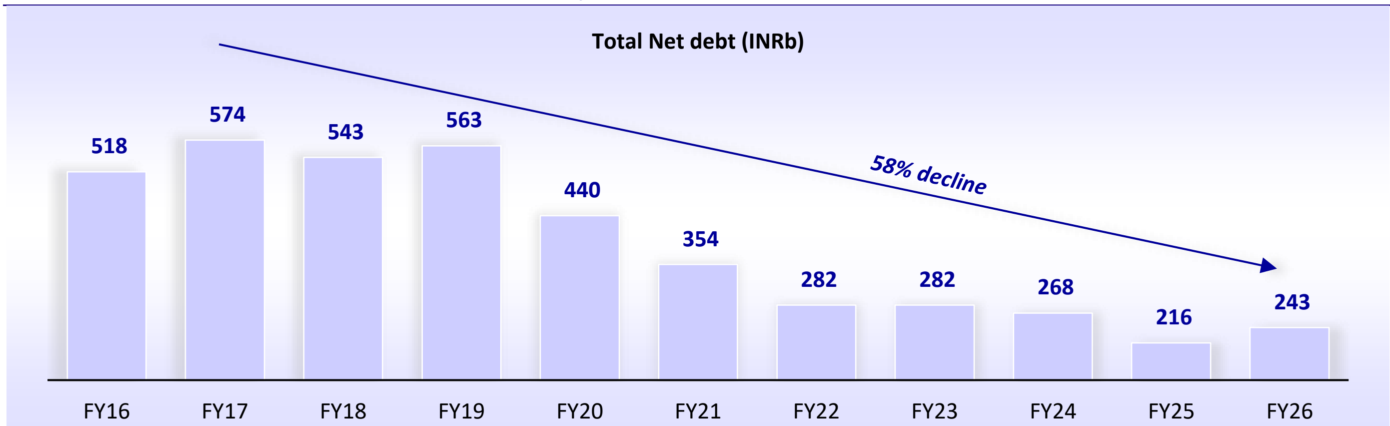
INR b	FY22	FY23	FY24	FY25	FY26
Godrej Properties	90	323	212	265	421
Arvind Smartspaces		9	42	44	31
Lodha Developers	146	198	203	237	601
Keystone Realtors		44	85	48	104
Aditya Birla Real Estate	30	8	160	230	17
Puravankara				120	152
Mahindra Lifespaces	38	33	44	177	105
Prestige Estates	NA	NA	NA	NA	514

Source: Company, MOFSL

Why do we believe that there is still time for the cycle to peak?

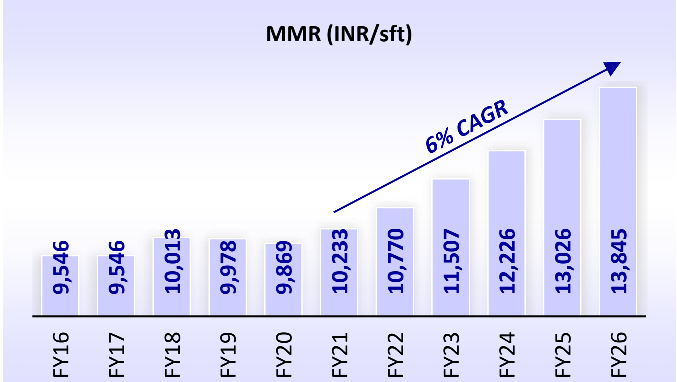
- Unlike the trends observed during the previous downcycle, we have not yet seen developers experiencing financial distress, market oversupply, or project execution defaults. In contrast, supply continues to remain disciplined in the top 8 cities (calibrated to demand), and inventory overhang remains low (20 months). Moreover, **there has been a marked improvement in the financial position of developers on the back of significant deleveraging as the sector's net debt fell 58% over FY17-26**. Further, barring the interim deferment in demand seen due to the AI narrative and West Asia conflict, commentaries from developers on demand remain positive.
- Although pricing growth has moderated compared to the spike observed during FY21-25, we continue to experience positive trends. *We believe that disciplined supply and housing price increases bode well for sustaining the stickiness of end-user demand.*
- We analyzed developers' commentary during the period around the peak of the earlier cycle (FY09-14) vs. FY25-26. In the earlier period (FY09-14), developers highlighted/sounded off multiple factors/indicators that were negative for the demand continuity (highlighted in Exhibit 24). In contrast, in the recent quarters (FY25-26), although many developers have mentioned interim demand hiccups amid the West Asia crisis, the tone on demand and sectoral dynamics remains positive.
- During FY21-26, companies that remain focused on regional diversification and timely launches tend to outperform peers in terms of pre-sales growth. We expect companies that have a favorable base and are in the nascent stage of regional diversification are likely to outperform peers in the next 2-3 years.

Exhibit 16: Net debt of the sector has declined 58% post-FY17



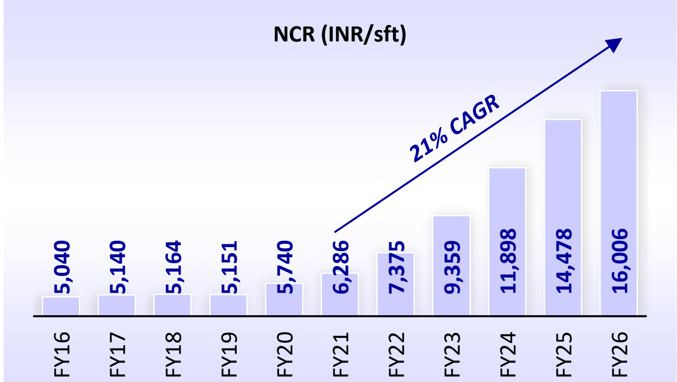
Source: Company, MOFSL; Note: companies include DLF, LODHA, PEPL, GPL, OBER, BRGD, SOBHA, SRIN, PURVA, KPDL, and MAHLIFE

Exhibit 17: MMR saw 6% CAGR pricing growth over FY21-26



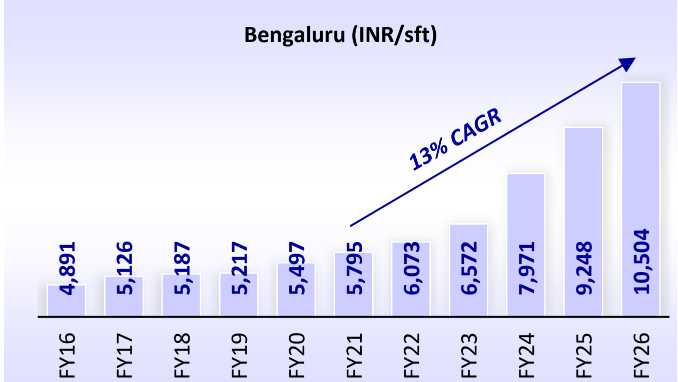
Source: Industry, MOFSL

Exhibit 18: NCR led with 21% CAGR in pricing over FY21-26



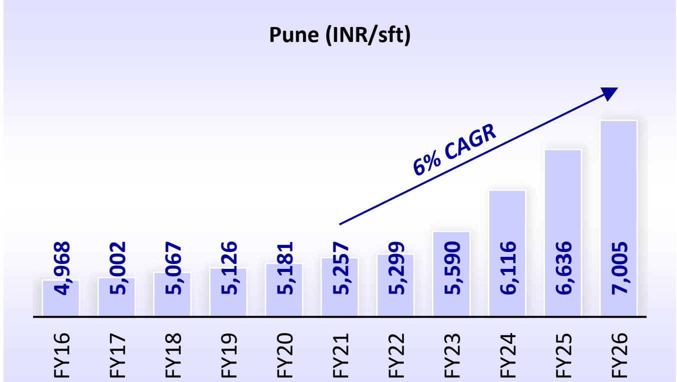
Source: Industry, MOFSL

Exhibit 19: BGLR reported a 13% price CAGR over FY21-26



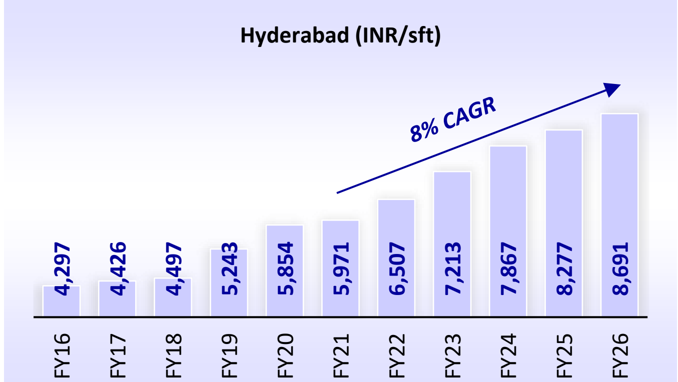
Source: Industry, MOFSL

Exhibit 20: Pune recorded a 6% price CAGR over FY21-26



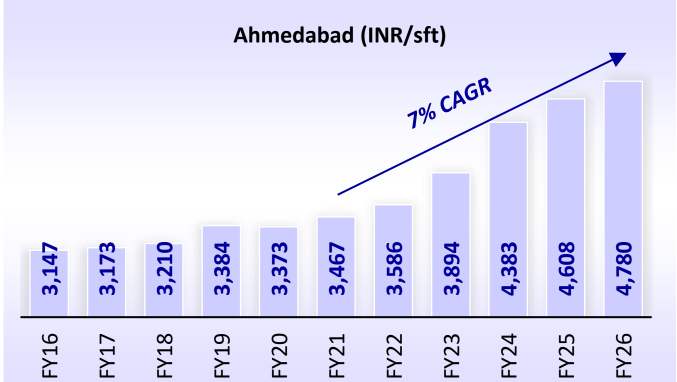
Source: Industry, MOFSL

Exhibit 21: HYD registered an 8% price CAGR over FY21-26



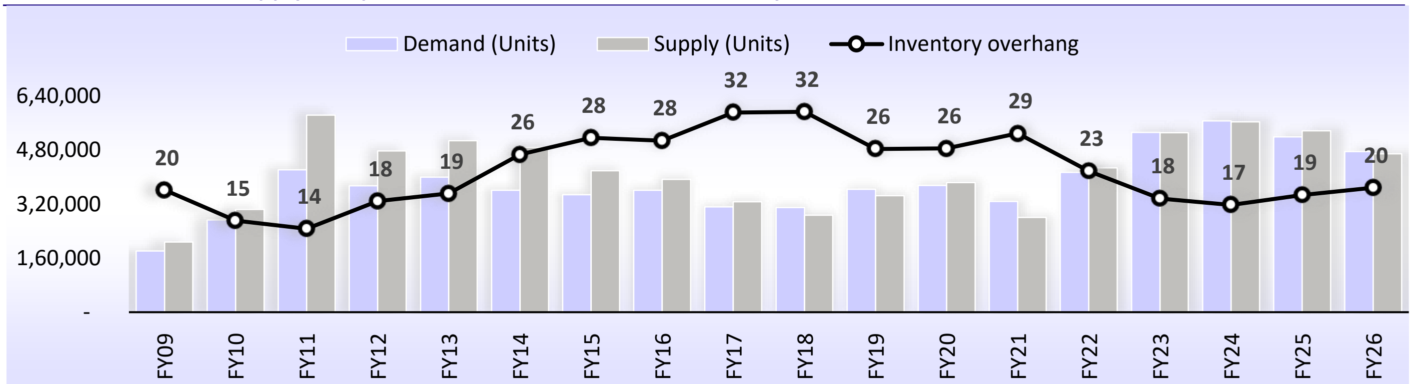
Source: Industry, MOFSL

Exhibit 22: AHM clocked a 7% price CAGR over FY21-26



Source: Industry, MOFSL

Exhibit 23: Demand-supply discipline has led to comfortable inventory levels



Source: Industry, MOFSL.

Exhibit 24: Industry commentary

Company	Industry commentary (excerpts from Annual Reports and management commentaries)	
	Summary – FY09-14	Summary – FY25/26
DLF	❖ **FY10**: The residential sector showed early signs of recovery in 2H, with demand gradually reversing its downward spiral after a difficult 1H. The GFC permanently altered consumer preferences — buyers moved away from luxury and premium housing toward affordable and mid-income products, a trend developers were forced to follow. ❖ **FY11-12**: Sector moderation amid higher prices, inflation, and rising interest rates weighing on affordability. Developers faced a dual squeeze on margins and cash flows amid higher commodity and construction costs, and tightening bank credit and approval delays. ❖ **FY12-FY13:** Policy inertia, regulatory bottlenecks, and frequent approval delays emerged as key structural constraints, compounding the cyclical headwinds. Despite selective respite, overall sentiment remained subdued. ❖ **FY14:** Overall residential sales volumes declined in the last two years, marking a prolonged cyclical trough across most markets.	❖ **FY25:** Robust momentum with inventory overhang falling sharply to ~14 months (from 30 months in CY19). Premium and luxury segments led demand. ❖ **FY26:** In 4Q, a temporary demand caution emerged toward quarter-end, driven by the Middle East conflict, though structural fundamentals remained intact.
Godrej Properties	❖ **FY10:** After the FY09 downturn, residential property prices recovered ~10%, with average prices in Mumbai, Gurgaon, Bengaluru, and Kolkata returning to pre-crisis levels. Noida, Greater Noida, Chennai, and Hyderabad lagged with prices 20-35% below 2008 peaks — highlighting the uneven nature of the post-crisis recovery. Residential supply was skewed toward affordable housing, reflecting the structural demand shift toward more accessible price points triggered by the crisis. ❖ **FY11-13:** Strong demand for well-priced residential properties; price hikes in key markets like MMR and Gurugram began to temper demand. Multiple interest rate hikes, the unfolding European debt crisis, and lack of political reform impacted the sector. Launches continued, absorption declined marginally, pushing inventory to peak levels across markets; rising input costs further impaired affordability. Land Acquisition Bill and RERA Bill were key positives, but high rates and inflation kept near-term sentiment weak. ❖ **FY14:** Difficult year marked by subdued sales, increased unsold inventory, and high leverage across the sector, with political uncertainty, currency weakness, and RBI tightening creating a multi-pronged demand headwind.	❖ **FY25:** India's housing market continued its strong run. ❖ **FY26:** Construction costs were expected to rise 5–6% from Middle East supply chain disruptions, and a temporary demand slowdown was noted in the final fortnight of 4Q.
Oberoi Realty	❖ **FY09:** GFC created a turbulent period for residential markets, end-user affordability at new lows, developers refusing to cut prices, and sales effectively coming to a halt. ❖ **FY10:** New launches increased, absorption recovered, and prices were rationalized by developers, helped by easing credit markets and stabilizing economic conditions. ❖ **FY12-13:** Funding difficulties, rising construction costs, labor shortages, and regulatory issues hampered execution timelines across Mumbai. Limited government approvals and the unavailability of funding at reasonable rates led to a slowdown in absorption in Mumbai. ❖ **FY14:** Stringent bank lending norms, frequent RBI rate hikes, regulatory scrutiny, and increased monitoring significantly constrained sector growth potential. Mumbai property prices remained elevated because developers were squeezed by high construction costs and debt burdens; demand remained weak.	❖ **FY25**: Sustained demand for premium homes in Mumbai and a structural shift from renting to owning. Financing conditions were favorable. ❖ **FY26:** Demand remained healthy across mid-income and premium segments with stable interest rates, though global macro uncertainties — including commodity price volatility — warranted cautious optimism.
Prestige Estates Projects	❖ **FY11:** Reduction in flat sizes and moderation in price increases are expected to positively impact the residential segment, particularly in South India. Bengaluru avoided the sharp price hikes, making it less vulnerable to interest rate tightening. ❖ **FY12:** From Jan-11 to Mar-12, residential real estate slowed due to high inflation and rising interest rates; both increased construction costs, impaired buyer affordability, and debt serviceability.	❖ **FY25:** The residential sector remained resilient. Affordability has been enhanced. Buyer confidence stayed strong with a preference for reputed developers and near-ready inventory. ❖ **FY26:** Demand across Bengaluru and Hyderabad held up despite IT sector concerns, and premium demand remained strong.

Company	Industry commentary (excerpts from Annual Reports and management commentaries) – Summary – FY09-14	Industry commentary (excerpts from Annual Reports and management commentaries) – Summary – FY25/26
	❖ **FY12-FY13**: High rates and sticky inflation exerted sustained pressure on demand. Investment flows rotated from tier-1 cities toward cost-effective tier-2 cities. ❖ **FY14:** Enquiries for residential properties increased post-election, particularly, but actual transaction volumes had not yet reflected the improvement in potential demand.	
Brigade Enterprises	❖ **FY09:** GFC, high inflation, crude oil volatility, and political uncertainty severely impacted the sector, with a significant decline in bookings, especially at the top end. ❖ **FY10:** Meaningful revival, with demand volumes matching pre-recession numbers, though price realizations had not yet caught up, particularly in South India. ❖ **FY11-12**: High inflation kept interest rates high, adversely impacting developers' fundraising ability. These also dampened investment sentiment and worsened developer cash flows, constraining new launches and project execution. ❖ **FY13-14**: Sluggish demand, rising input costs, and approval bottlenecks created a persistently challenging environment. Consumer confidence was subdued.	❖ **FY25:** Integrated townships, smart homes, and multigenerational living formats were driving demand. ❖ **FY26**: Geopolitical tensions were being monitored, but fundamental drivers remained intact; tech sector layoffs extended conversion cycles in some markets, though conversion percentages held steady.
Kolte-Patil Developers	❖ **FY09:** Evaporating liquidity and gradually diminishing demand led to residential price corrections across all asset classes by end-FY08/FY09. ❖ **FY10:** Signs of revival as economic stabilization returned. Oversupply in several micro-markets and high inventory levels prevented significant volume or price appreciation. Developers pivoted strongly toward affordable and mid-income housing, where demand potential remained stronger. ❖ **FY11-13:** Significant investment interest and transaction activity emerged across key markets. Later in FY13, high inflation, expensive credit, unfavorable macro environment slowed residential sales. Select cities witnessed traction in affordable/ mid-income segments. ❖ **FY14:** Reduced absorption rates and elevated inventory across prime markets — luxury and premium housing were worst affected, while affordable to mid-range homes continued to outperform. Mumbai and NCR suffered from rising inventory, pricing pressure, and approval issues; Pune, Bengaluru, and Chennai showed healthy demand for mid-priced residential projects.	❖ **FY25:** Across Pune, Mumbai, and Bengaluru, the demand spectrum widened with institutional investment hitting a record USD 8.9b. Launches and sales showed steady momentum. ❖ **FY26:** Cautious optimism is maintained given the government's infrastructure focus and resilient mid-premium and luxury demand.
Mahindra Lifespaces	❖ **FY09**: Purchase decisions deferred due to uncertainty, reduced availability, and high cost of finance. Impact was more pronounced for smaller locations and satellite townships, where inventory levels were already high. Sudden drying up of housing finance liquidity created acute funding challenges for developers and home buyers. ❖ **FY10-11**: Demand picked up significantly, especially in FY11. ❖ **FY12**: Mixed trends with Mumbai witnessing a dip, Pune showed good off-take, Gurgaon and Chennai saw demand buoyancy with stable prices. Structural demand for residential units in India remained strong. ❖ **FY13-14**: Unsold inventory rose, indicating supply was outpacing demand. Sales volumes of listed real estate companies declined 43% in 3QFY14 alone and nearly halved over eight quarters — with approval delays and high funding costs increasing project execution costs and creating construction logjams.	❖ **FY26:** The residential market experienced some moderation — walk-ins softened, though purchase intent remained. Near-term tone was cautious but not bearish.
Sunteck Realty	❖ **FY09:** Sector hit by credit crunch and demand slump originated post GFC. ❖ **FY10:** Economic stabilization globally, supported by government stimulus packages, led to a revival in the property market. ❖ **FY11:** Liquidity had initially dried up, and prices dipped, but the situation subsequently improved with prices rising across major metros. ❖ **FY12:** Growth deceleration, increasing inflation, and rising interest rates created a challenging environment, with the sector failing to recover meaningfully.	❖ **FY25:** The residential market was in strong growth mode. There was a rising appetite for luxury and low-density housing. ❖ **FY26**: Footfalls dipped 5–10% due to the Middle East conflict, but conversion ratios remained steady. Demand recovery was also emerging in the Aspirational Luxury segment.

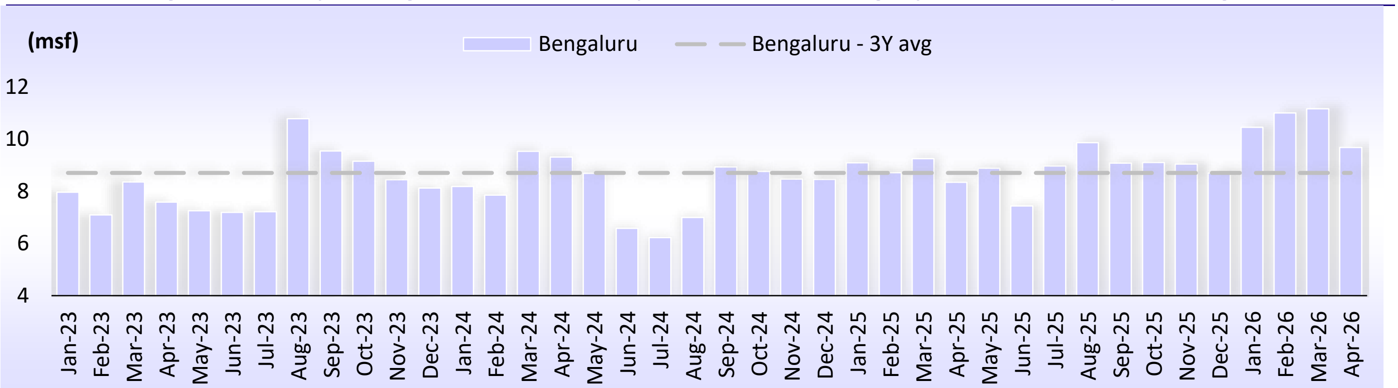
Company	Industry commentary (excerpts from Annual Reports and management commentaries)	
	Summary – FY09-14	Summary – FY25/26
	❖ **FY13-FY14**: A combination of slackened demand, political uncertainty, tightening regulatory approvals, and higher borrowing costs drove a continued decline in demand.	
Sobha	❖ **FY09**: GFC cut off critical funding flows and slowed the market sharply, compounding the demand slowdown and creating a dual-sided squeeze for developers. ❖ **FY10-11**: Signs of robust recovery were visible in line with the revival of the broader Indian economy, and consumer confidence returned. ❖ **FY13**: Slowdown was most prominent in the NCR region and Western markets (Mumbai), while the Southern markets — particularly Bengaluru, Chennai, and Thrissur — continued to be fairly resilient amid rational pricing.	❖ **FY25**: Strong housing demand in Bengaluru, driven by affluent professionals and entrepreneurs. The premiumization trend continued. ❖ **FY26**: Bengaluru demand and pricing remain resilient despite AI industry concerns, though labor shortages and the Middle East conflict are pushing up construction costs.
Aditya Birla Real Estate	❖ *Did not operate in the real estate sector before FY20.*	❖ **FY25:** Demand driven by rising urban aspirations, integrated living preferences, wellness-focused amenities, and strong NRI demand in premium/luxury segments. A key challenge was the shortage of skilled contractors and labor. ❖ **FY26**: Premium and luxury segments continued to outperform, with MMR remaining resilient; Bengaluru witnessed healthy absorption and supply growth. Oil price-driven supply chain disruption impacted costs.
Lodha Developers	❖ In FY09, Mumbai's residential market faced a downturn driven by reduced consumer confidence and tighter mortgage availability, but recovered quickly.	❖ **FY25:** Prices per housing unit escalated at the fastest rate in four years, driven by constrained supply, rising input costs, and a shift towards premium housing. ❖ **FY26**: Clear consumer shift toward premium, experience-led living continued. NRI luxury demand dipped briefly due to the Middle East conflict. Construction costs were expected to rise 3-5% from oil price increases.
Keystone Realtors	❖ NA	❖ **FY25:** MMR witnessed a structural shift toward mid-premium and luxury housing. ❖ **FY26**: MMR in early stages of a structural multi-decade demand cycle, with premium and luxury now becoming mainstream. Construction costs rose due to material shortages and supply disruptions.

Source: Company, MOFSL.

Bengaluru housing market trends allay concerns around the AI impact

- The pessimism around IT-sector jobs following the AI-led narrative has caused sentimental nervousness for the housing demand outlook in some of the key IT hubs. **Bengaluru, which is the major of all, has so far not seen any negative impact on demand (in terms of no of units/area/value) as the monthly housing sales in the last one year have remained slightly above the three-year average.** In Bengaluru, there has been healthy participation of buyers from diverse backgrounds, viz., BFSI, Logistics, and Pharma, which have driven demand in recent years, and are mitigating the second-order impact from the IT sector.
- **Given the broad-based participation of buyers and strong absorption data, we expect the sentiment concerns surrounding the AI narrative on demand to be short-lived**. A balanced demand-supply dynamic and a limited number of branded developers in Bengaluru will continue to support growth for prudent developers in the city.

Exhibit 25: Bengaluru monthly housing sales in the last one year have remained slightly above the three-year average

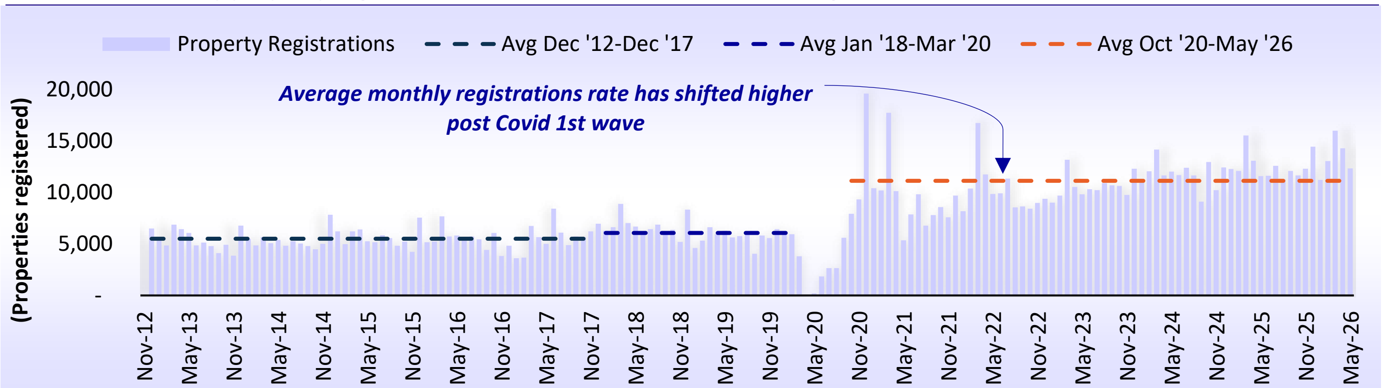


Source: Industry, MOFSL

Mumbai registrations indicate positive demand trends

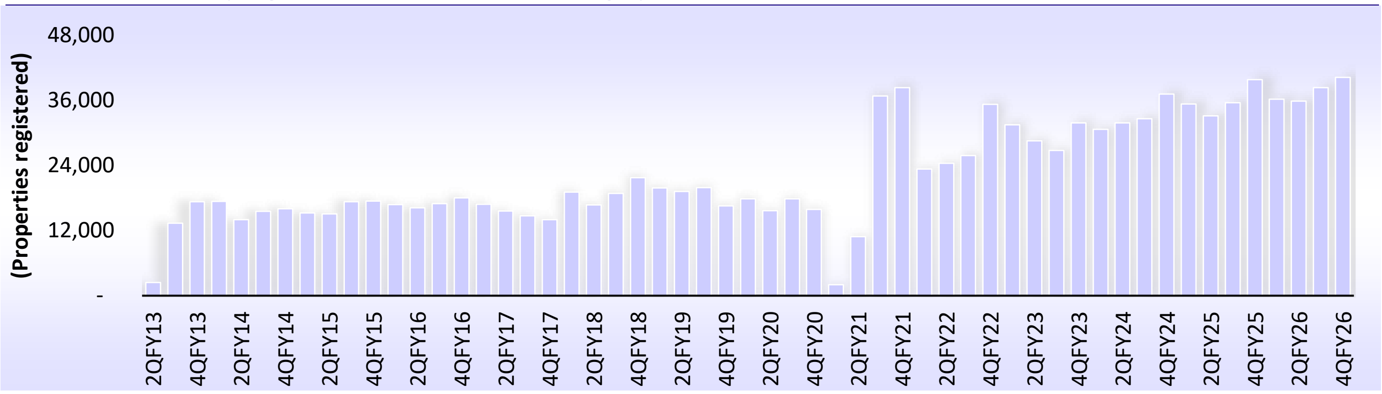
In Mumbai, the 150,705 property registrations represent a 4.8% YoY growth in FY26 and have reached an all-time high, indicating strong demand trends. Notably, this figure reflects a 38% increase compared to the total registrations recorded in FY22 (this was the first year following the cessation of stamp duty waivers in the MMR after FY21). Further, quarterly registrations have now surpassed the 40,000 mark in 4QFY26.

Exhibit 26: Monthly property registrations in Mumbai have sustained at higher levels



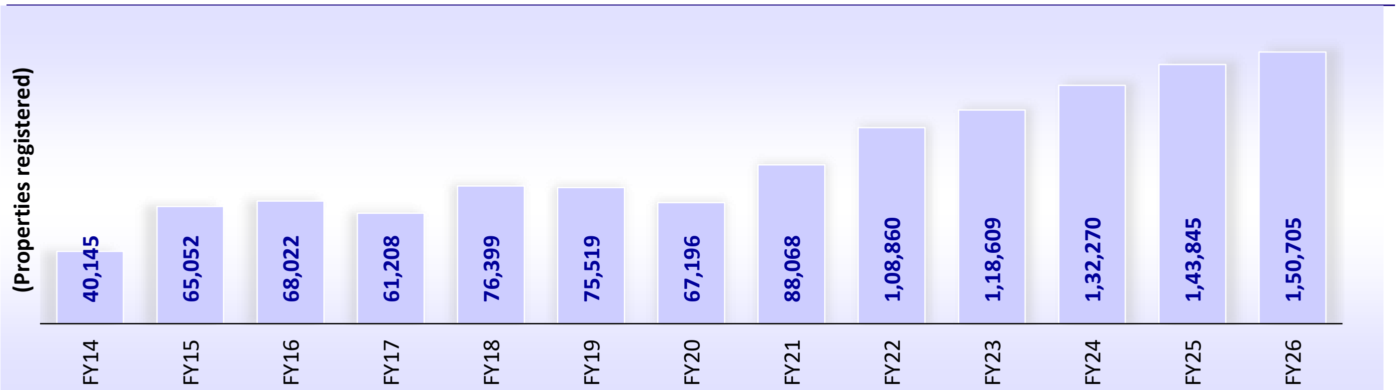
Source: IGR Maharashtra, MOFSL

Exhibit 27: Quarterly registrations in Mumbai have largely been on a rise



Source: IGR Maharashtra, MOFSL

Exhibit 28: Annual property registrations have surpassed the 150,000 mark in FY26



Source: IGR Maharashtra, MOFSL

Cash flow generation lends comfort to profitability & BS strength

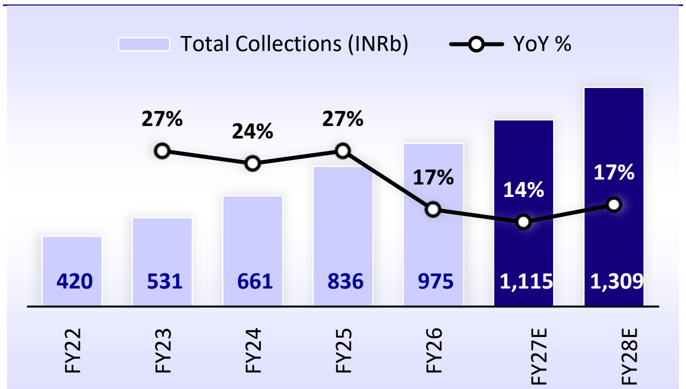
- Apart from reporting healthy pre-sales growth, most developers in the listed space continue to generate strong collections, indicating consistent focus on project execution. Further, our coverage companies have reported a net OCF-to-collections ratio of 20-60% in the past four years, which lends comfort on profitability. Healthy visibility on the cash flow generation on the back of pending collections (linked to progress in the construction of inventory sold till now) as well as future sales in the coming years would further strengthen the balance sheet of the sector, which has already seen sharp deleveraging in the past nine years.
- **We believe that the 16% CAGR in collections during FY26-28E, translating into INR2.4t cumulative cash inflow (residential segment) in the next two years, would be more than sufficient to meet the working capital requirements.** This is because we expect positive NOCF for most of our universe companies. Further, we expect the surplus cash to be likely utilized towards growth continuity as well as annuity portfolio creation vis-à-vis maintaining balance sheet strength.
- **The NOCF visibility during FY26-28 more than covers the debt on books for our coverage (total collections/net debt @5.7x during FY26-28). Net debt for our coverage universe is expected to dip by INR55b over the next two years.**

Exhibit 29: NOCF-to-collections % (post-tax) of companies

Type	Developers	FY23	FY24	FY25	FY26	Average
Large-size players	DLFU	52	51	62	61	58
	Lodha	53	51	45	47	49
	PEPL	36	40	32	33	35
(>INR200b pre-sales)	GPL*	39	38	44	39	40
Mid-size players	ARIL	34	52	36	38	40
	SRIN	34	39	30	39	36
	RUSTOMJEE	25	29	25	27	27
	BRGD	28	27	29	19	25
	PURVA	15	29	18	17	20
	SOBHA	20	19	19	21	20
(<INR200b pre-sales)	KPDL	28	21	36	29	29
	SIGNATUR	32	29	37	54	40
	ARKADE	31	50	23	46	38
	ASFI	13	29	30	33	29

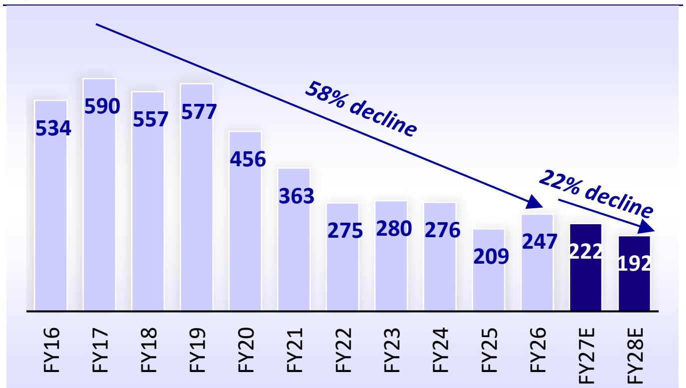
Source: Company, MOFSL. *GPL is pre-tax; Note: NOCF reported by companies is not available for OBER and ABREL for comparison

Exhibit 30: Collections of MOFSL coverage is expected to clock a 16% CAGR over FY26-28



Source: Source: Company, MOFSL. Note: We have considered Companies considered: ABREL, BRGD, DLFU, GPL, KPDL, LODHA, MAHLIFE, OBER, PEPL, SIGNATUR, SOBHA, SRIN, and LOTUSDEV

Exhibit 31: Net debt of our coverage is expected to decline by INR55b over FY26-28



Source: Source: Company, MOFSL. Note: We have considered companies that have been into real estate business since FY16: DLFU, LODHA, PEPL, BRGD, SOBHA, GPL, OBER, SRIN, KPDL, MAHLIFE, and PHNX

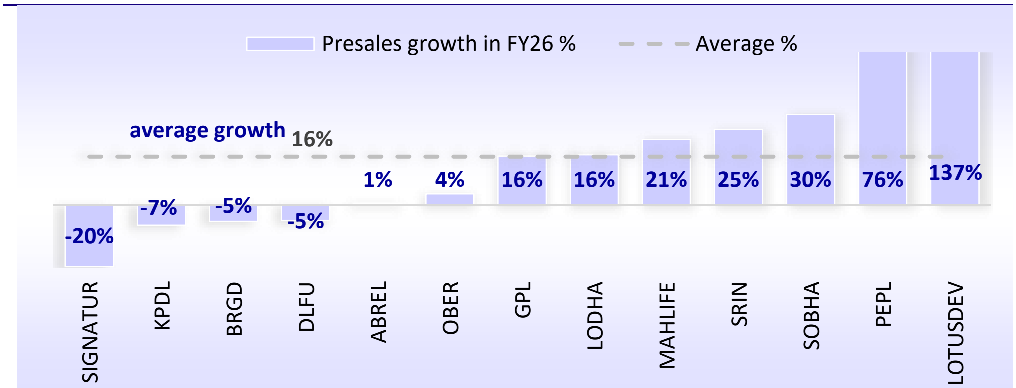
FY26 performance conveys a similar story

- **Pre-sales for our coverage universe grew 16% YoY to INR1.5t in FY26; their market share in absorption in the top 8 cities has increased by 150bp YoY to 20% during the year. The top 4 players comprised 69% (+420bp YoY) of the aggregate performance of our universe and 14% share in top 8 cities (the highest in the last four years). Despite the concerns around demand (macro-led), many companies largely delivered on their growth guidance. FY26 performance of companies such as ABREL, BRGD, DLFU, OBER, KPDL, and SIGNATUR was subdued, primarily due to delays in key launches.**
- **Many of our coverage companies have guided for a 15-25% YoY growth in pre-sales for FY27. Given the supply-side discipline and healthy on-ground demand, we expect branded developers with strong execution capabilities to outperform other developers in respective regions/micro-markets.**

Top 4 companies drive the show in FY26; select SMID companies outperform

Total absorption in the top 8 cities increased by 6.8% YoY to INR7.7t in FY26, whereas our coverage reported 16% YoY growth, thereby increasing market share by 150bps YoY to 20%. The top 4 developers – LODHA, DLF, GPL, and PEL – delivered above-average performance with 23% YoY growth to INR1t in FY26. We note that given the multi-region presence of these companies, their contribution to the overall absorption in our coverage has risen 400bp YoY to 69.3% in FY26 (from 59.6% in FY21). Further, select SMID companies such as SOBHA, SRIN, MAHLIFE, and LOTUSDEV outperformed peers from our coverage as they reported pre-sales growth in the range of 20-137% YoY in FY26.

Exhibit 32: Pre-sales growth of our coverage universe in FY26 vs. the average

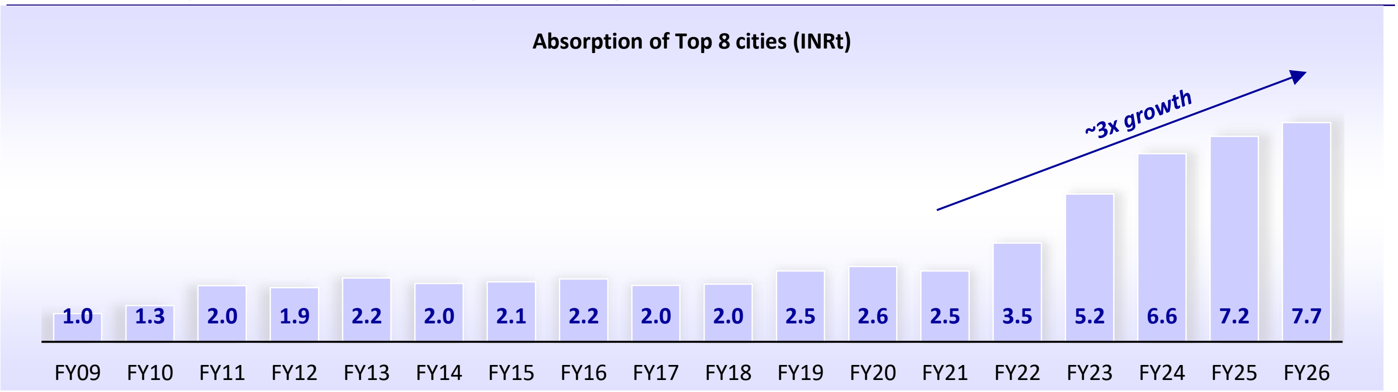


Source: Company, MOFSL.

Demand trends broadly healthy

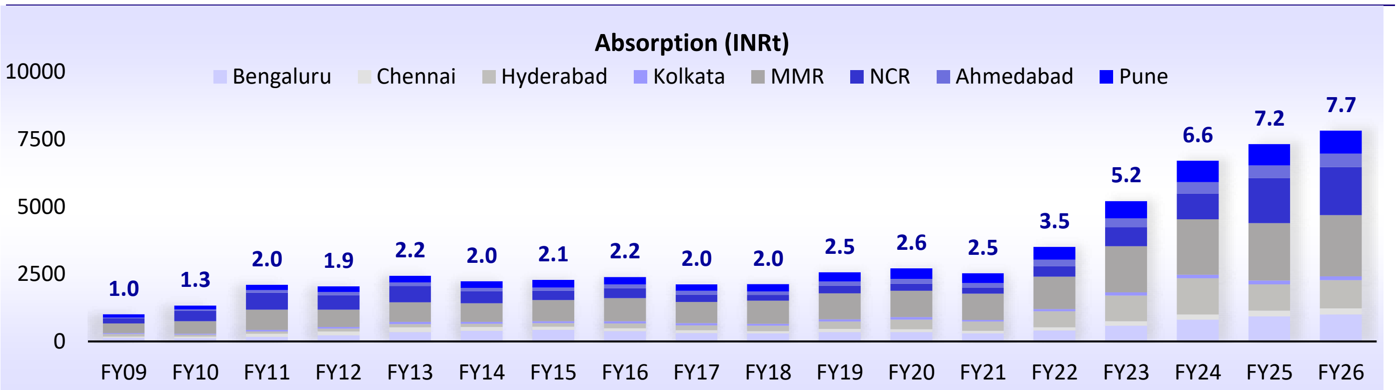
Though there were some purchase deferrals towards the end of March due to the West Asia conflict, demand largely remained buoyant. Management tone remained positive on a broader basis. MMR and Bengaluru continue to be the most resilient markets, with most companies citing stable demand and pricing despite concerns around the macro scenario. Trends in the NCR were mixed, with Gurugram witnessing sluggishness while Noida is increasingly gaining traction from developers. Premium and luxury segments continued to outperform, while plotted developments continued to witness healthy traction across Ahmedabad, Bengaluru, Hyderabad, Kolkata, and Gurugram.

Exhibit 33: Absorption in the top 8 cities surged ~3x during FY21-26



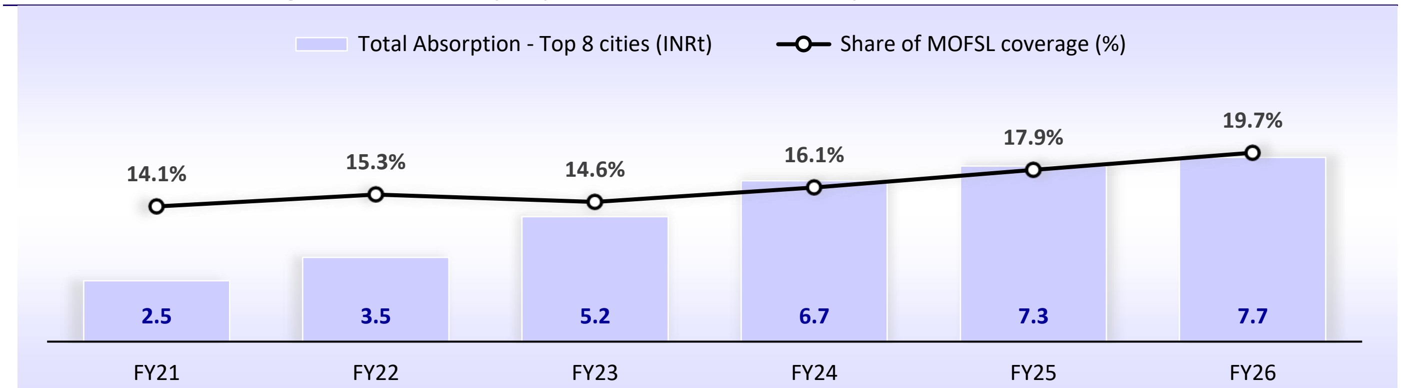
Source: Industry, MOFSL

Exhibit 34: Different cities have started contributing meaningfully to absorption growth in the top 8 cities



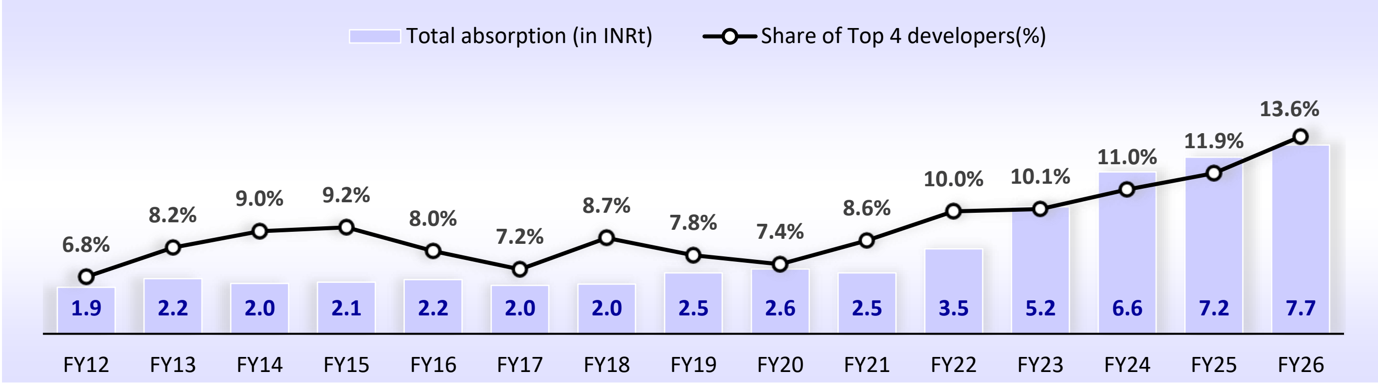
Source: Industry, MOFSL

Exhibit 35: MOFSL coverage has seen a 530bp improvement in market share post-FY21



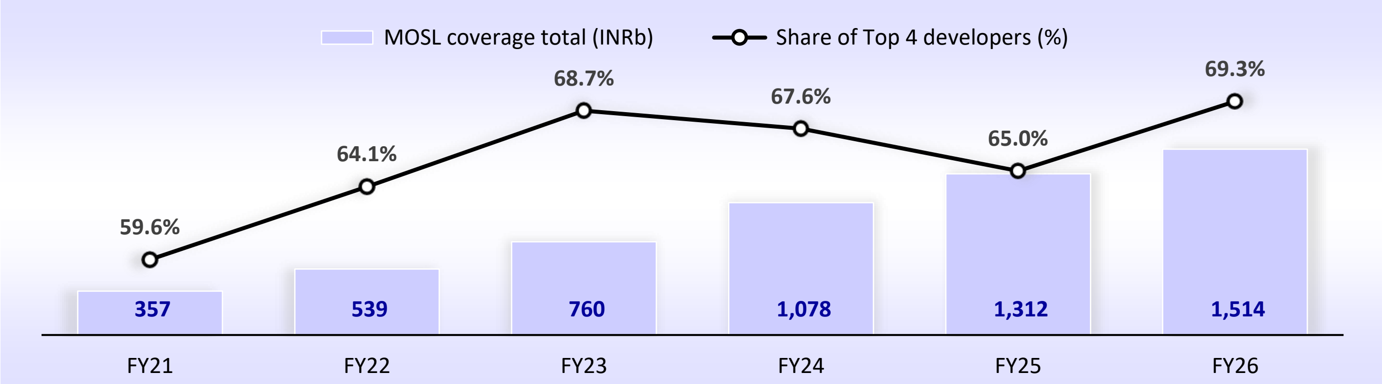
Source: Industry, MOFSL; *MOFSL coverage excludes ARCP, PHNX, LOTUSDEV*

Exhibit 36: Top 4 players now comprise 14% market share in the top 8 cities, with a 650bp expansion in the past decade



Source: Industry, MOFSL; *Note: Top 4 players are GPL, PEPL, DLF, and LODHA*

Exhibit 37: 69% of the MOFSL pre-sales in FY26 came from the top 4 players, with a 970bp expansion in the last five years



Source: Company, MOFSL; *Note: Top 4 players are GPL, PEPL, DLF, and LODHA*

Exhibit 38: The share in pre-sales of the top 4 developers improved 970bp over FY21-26

Pre-sales (INR b)	FY21	FY22	FY23	FY24	FY25	FY26	YoY growth	CAGR FY21-26	CAGR FY21-23	CAGR FY23-26
Aditya Birla Real Estate	6	19	22	40	81	81	1%	67%	87%	55%
Brigade Enterprises	28	30	41	60	78	74	-5%	22%	22%	22%
DLF	31	73	151	148	212	201	-5%	46%	121%	10%
Godrej Properties	67	79	122	225	294	342	16%	38%	35%	41%
Kolte-Patil Developers	12	17	22	28	28	26	-7%	17%	36%	5%
Lodha Developers	60	90	120	145	176	205	16%	28%	41%	20%
Mahindra Lifespace Developers	7	10	18	23	28	34	21%	37%	61%	23%
Oberoi Realty	33	39	32	39	53	54	4%	11%	-1%	19%
Prestige Estates Projects	55	104	129	210	170	300	76%	41%	54%	32%
Signatureglobal (India)	17	26	34	73	103	82	-20%	37%	42%	34%
Sobha	31	39	52	66	63	81	30%	21%	29%	16%
Sunteck Realty	10	13	16	19	25	32	25%	25%	25%	25%
Total MOFSL Coverage	**357**	**539**	**760**	**1,078**	**1,312**	**1,514**	**15%**	**34%**	**46%**	**26%**
Top 4 developers*	**213**	**345**	**522**	**729**	**853**	**1,049**				
Share of top 4 developers in MOFSL coverage#	**60%**	**64%**	**69%**	**68%**	**65%**	**69%**				

**Top 4 developers include DLF, Godrej Properties, Lodha Developers, and Prestige Estates Projects*
#MOFSL coverage excludes Anant Raj, Phoenix Mills, and Sri Lotus Developers

Source: Company, MOFSL

MOFSL coverage to outperform with 13% pre-sales growth

Double-digit growth guidance for FY27

- Most companies in the MOFSL universe continued to deploy capital towards BD in FY26, building a strong launch pipeline and lending comfort on growth visibility. Our coverage has lined up a robust launch pipeline in FY27 – key ones include INR480b GDV from GPL, ~INR218b from LODHA, ~INR200b from DLF, ~INR119b from BRGD, and INR150b+ from SIGNATUR, which would support FY27 pre-sales.
- Our coverage delivered a strong 30% CAGR in pre-sales over FY22–26. On the back of a step-up in BD, healthy demand, robust launch pipeline in FY27, many companies have guided for pre-sales growth largely in the range of 15-25% YoY in FY27. **We expect our coverage to report a 13% CAGR in pre-sales to INR2.0t during FY26-28.** Among the larger players, we expect LODHA to outperform peers with 16% CAGR, whereas in the SMID space, SRIN, KPDL, LOTUSDEV, MAHLIFE and BRGD are expected to deliver 15-55% during FY26-28E.

Exhibit 39: Commentaries on demand and growth guidance by several of our coverage companies

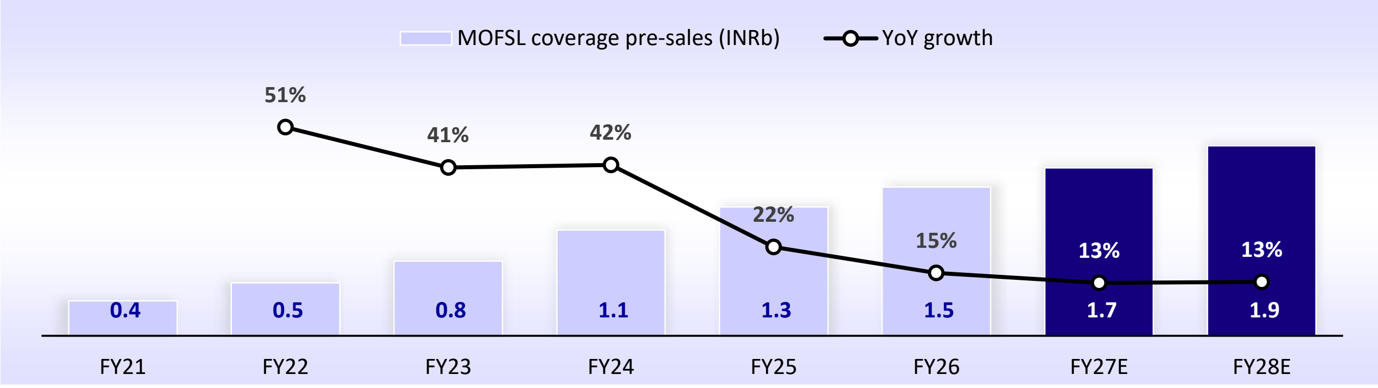
Company	Demand commentary (from the 4QFY26 conference calls)	FY27 guidance (%)	FY26-28 CAGR (%)
Aditya Birla Real Estate	❖ Premium and luxury segments continued to outperform; Affordable and mid-income segments saw reduced demand; MMR remained resilient; Bengaluru witnessed healthy absorption and supply growth, and NCR supply declined YoY.	-	10
DLF	❖ Temporary demand caution emerged in 4QFY26, driven by the Middle East conflict; structural demand fundamentals remained intact.	-	5
Godrej Properties	❖ Temporary demand slowdown in 4QFY26 due to the Middle East conflict; Confident about future demand in MMR, Pune, and Hyderabad.	14	10
Lodha Developers	❖ Shortfall in NRI demand in 4QFY26; Consumer preferences are shifting towards premium and experience-led living.	17	16
Sri Lotus Developers	❖ Strong demand in luxury / ultra-luxury outperforming broader residential segments	55-72	56
Oberoi Realty	❖ Strong demand in mid-income and premium segments; External uncertainties necessitated a cautious yet optimistic stance.	-	16
Prestige Estates	❖ Demand remained healthy across momentum, along with healthy conversions and sales momentum; Premium housing demand continued to be strong	15-20	14
Brigade Enterprises	❖ Watchful of the current geopolitical tension, but expects the structural demand drivers to be strong	20	20
Sobha	❖ Bangalore demand continues to be unchanged despite AI concerns	30	20
Mahindra Lifespace Developers *	❖ Walk-ins moderated in 4QFY26, though conversion rates remained stable; market momentum softened following the strong growth witnessed in recent years	32-47	27
Sunteck Realty	❖ Observed 5-10% reduction in footfall in 4QFY26 as a result of the Middle East conflict; Demand picking up in aspirational luxury	25	23
Kolte Patil Developers #	❖ The current uncertain geopolitical environment is expected to soften the demand sentiment temporarily.	-	17
Signatureglobal (India)	❖ Strong demand across projects; Positive on long-term housing demand in NCR, supported by better infrastructure	22	13
Aggregate (%)			**13**

Source: MOFSL, Note: FY26-28 CAGR denotes MOFSL estimates, *percentages derived from values provided by the company, #Commentary derived from the 4QFY26 presentation

Exhibit 40: BD activity of players

INR b	FY22	FY23	FY24	FY25	FY26
Godrej Properties	90	323	212	265	421
Arvind Smartspaces	NA	9	42	44	31
Lodha Developers	146	198	203	237	601
Keystone Realtors	NA	44	85	48	104
Aditya Birla Real Estate	30	8	160	230	17
Puravankara	NA	NA	NA	120	152
Mahindra Lifespaces	38	33	44	177	105
Prestige Estates Projects	NA	NA	NA	NA	514

Exhibit 41: MOFSL coverage to show 13% CAGR in pre-sales over FY26-28

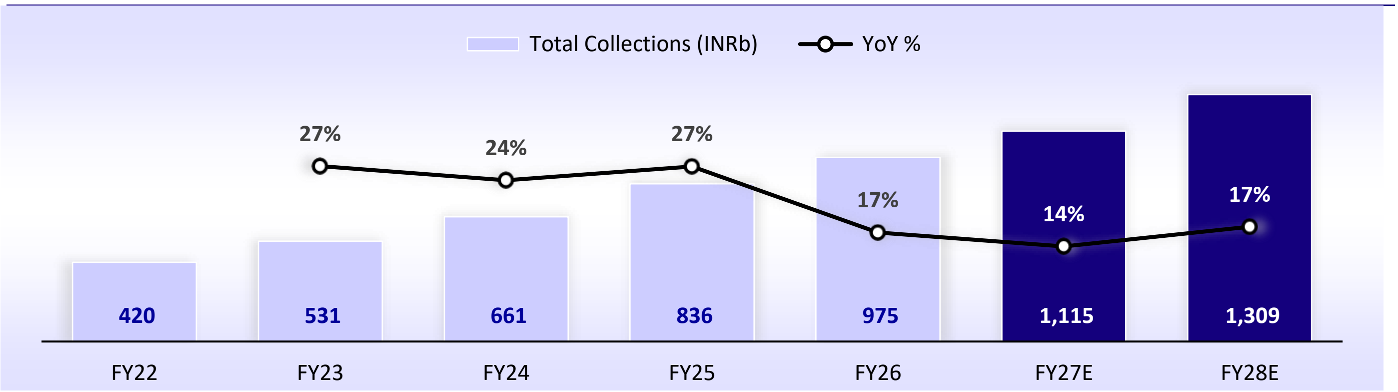


Source: Company, MOFSL; Note: **MOFSL coverage excludes ARCP, PHNX and LOTUSDEV*

Cash flows remain strong, further improving balance sheet strength

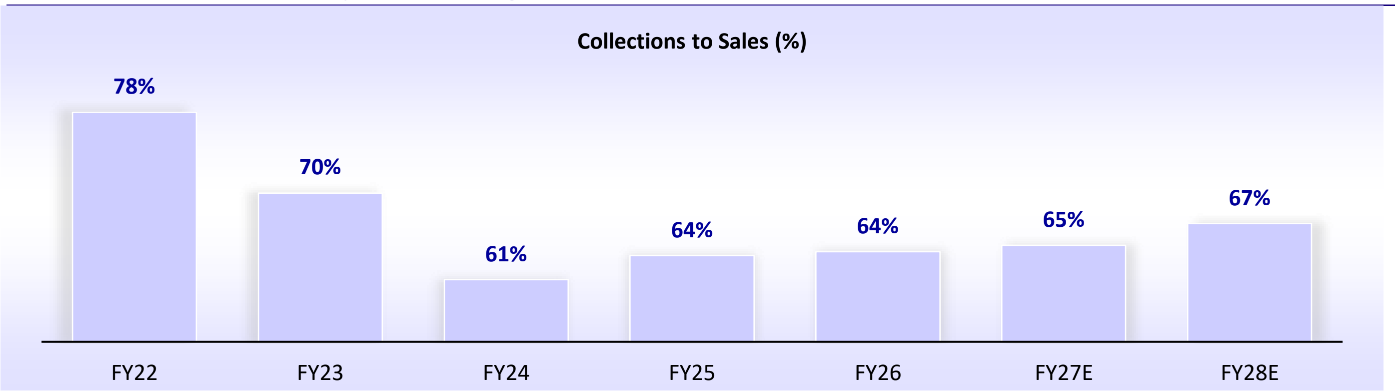
As companies continue to execute the projects well, our coverage reported 17% YoY growth in collections to INR975b, which is higher than the pre-sales growth. During FY22-26, a collections CAGR of 23% kept the growth engine running for most developers, as cash flows facilitated the replenishment of the launch pipeline and enabled many developers to create or scale up their annuity portfolios. This also strengthened their balance sheets, with the net debt of our coverage universe declining INR116b YoY to INR247b during FY21-26. **We expect cash flow growth to remain ahead of pre-sales in the next two years, with collections expected at a 16% CAGR during FY26-28, which would keep leverage at comfortable levels despite continuity in growth investments over the medium term.**

Exhibit 42: Collections of our coverage companies are likely to clock 16% CAGR over FY26-28



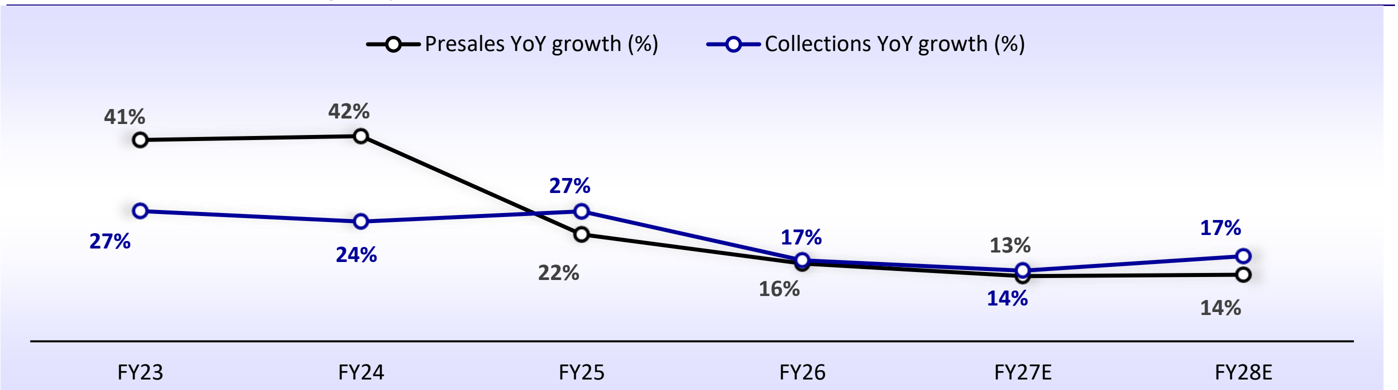
Source: Company, MOFSL. Companies excluding ARCP and PHNX

Exhibit 43: Collection efficiency of our coverage to remain stable



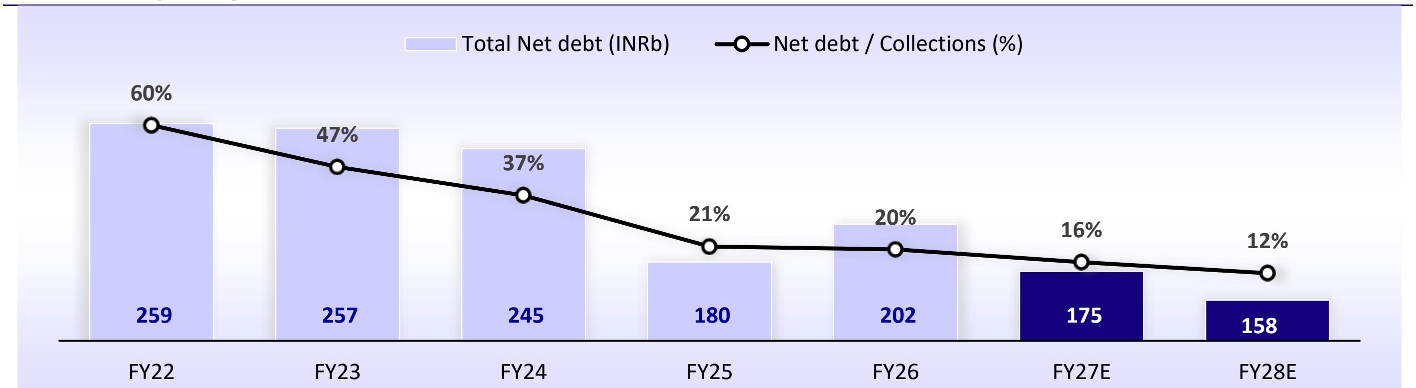
Source: Company, MOFSL. Companies excluding ARCP and PHNX

Exhibit 44: Collections to outgrow presales in FY27/28



Source: Company, MOFSL. Companies excluding ARCP and PHNX

Exhibit 45: Improving Net debt to collections

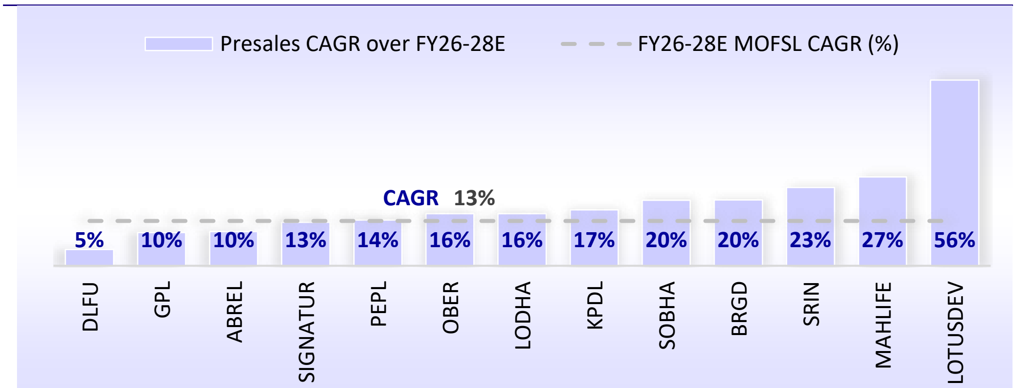


Source: Company, MOFSL. Companies considered: BRGD, DLF, GPL, KPDL, LODHA, MAHLIFE, OBER, PEPL, SIGNATUR, SOBHA, SRIN, and LOTUSDEV

Prefer diversified players with strong cash generation ability

- In the last two years, we have observed that players who are overexposed to a single region are more susceptible to local disruptions (related to approvals or policy changes). Hence, operational risks become more prominent for such players in the case of adverse policy changes at the city/state level. However, players with multi-region exposure are able to mitigate the impact.
- Among the larger players, except DLF, the other three players score better in terms of regional diversification. Godrej Properties and Prestige Estates are already well diversified and have reached the INR300b+ mark; their growth is expected to slow over the medium term due to a high base. However, Lodha, being in the nascent stage of diversification, would likely outperform the larger peers with 16% CAGR in pre-sales during FY26-28E.

Exhibit 46: We estimate a 13% pre-sales CAGR over FY26-28



Source: Company, MOFSL. Companies excl: ARCP and PHNX

Further**, we believe cash flow growth would gain prominence as the key metric to track**, as this would be the healthy indicator with the 'notional' pre-sales reported in the last 4- 5 years starting to translate to collections with progress in project execution. **This would fortify confidence in the quality of sales reported by developers after FY21.** We prefer companies with healthy collections growth as well as a higher NOCF-to-collections ratio (superior profitability).

Exhibit 47: Operational residential NOCF-to-collections % (post-tax)

Type	Developers	FY23	FY24	FY25	FY26	Average
Large-size players ***(>INR200b pre-sales)***	DLF	52	51	62	61	58
	Lodha	53	51	45	47	49
	Prestige Estates	36	40	32	33	35
	Godrej Properties*	39	38	44	39	40
Mid-size players ***(<INR200b pre-sales)***	Arvind Smartspaces	34	52	36	38	40
	Sunteck Realty	34	39	30	39	36
	Keystone Realtors	25	29	25	27	27
	Brigade Enterprises	28	27	29	19	25
	Puravankara	15	29	18	17	20
	Sobha	20	19	19	21	20
	Kolte Patil	28	21	36	29	29
	Signature Global	32	29	37	54	40
	Arkade Developers	31	50	23	46	38
	Ashiana Housing	13	29	30	33	29

Source: Company, MOFSL. *GPL is pre-tax; Note: Reported NOCF not available for OBER and ABREL for comparison

- Our universe is expected to report collections at 16% CAGR over FY26-28E. Further, NOCF-to-collections of companies like DLF, Lodha, Oberoi, and ABREL are likely to be better than peers.
- On the valuations front, most companies are trading at a 10-35% discount to the residential segment NAV, which positions them favorably at the current market price (CMP). Overall, Lodha and ABREL meet all the criteria in terms of diversification and quality of cash flows, as they have exposure to the MMR, NCR, Bengaluru, and Pune regions – the key housing markets. Additionally, collections are expected to increase by 18-30% during FY26-28 for these two players. These developers also demonstrate a NOCF to collections ratio of 50%, which is relatively high. Moreover, valuations remain comfortable as the companies are currently trading at a ~30% discount to their respective NAV.
- **Lodha (BUY) and ABREL (BUY) are our preferred picks. We also like DLF (BUY) and Godrej Properties (BUY). Oberoi (NEUTRAL) is trading at a 22% premium to the residential NAV and hence, despite the improved fundamentals, we await a better entry point.**

Exhibit 48: Valuation table

Company	MCap (INR b)	CMP (INR)	TP (INR)	Rating	Upside (%)	CAGR FY26-28E (%)		Net debt (INR b)			Embedded EV/EBITDA (x)		Resi. NAV (INR b)	Prem./ (Disc) to NAV (Resi. %)
						Pre-sales	Collections	FY26	FY27E	FY28E	FY27E	FY28E		
LODHA IN	992	992	1285	BUY	29	16	18	54	5	-33	12.2	10.0	891	(32)
ABREL IN	156	1397	1940	BUY	39	11	30	33	20	19	5.6	4.6	220	(28)
DLFU IN	1604	649	775	BUY	19	5	8	-83	-84	-87	19.6	18.8	903	(35)
GPL IN	587	1957	2280	BUY	16	10	11	72	71	73	5.7	5.2	746	(8)
OBER IN	658	1804	1850	Neutral	3	16	17	-1	-1	-2	19.0	16.4	491	22

Source: Bloomberg, Company, MOFSL

Companies

Lodha Developers

BSE Sensex	S&P CNX
76,923	24,006

LODHA

Stock Info

Bloomberg	LODHA IN
Equity Shares (m)	999
M.Cap.(INRb)/(USDb)	991.4 / 10.4
52-Week Range (INR)	1462 / 651
1, 6, 12 Rel. Per (%)	8/1/-23
12M Avg Val (INR M)	1996

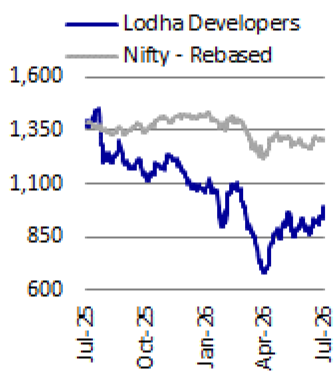
Financial Snapshot (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	166.8	192.2	223.5
EBITDA	49.2	57.1	66.8
EBITDA Margin (%)	29.5	29.7	29.9
PAT	34.3	38.9	47.3
EPS (INR)	34.3	39.0	47.3
EPS Gr. (%)	24.0	13.6	21.4
BV/Sh. (INR)	233.1	266.1	306.4
Ratios			
RoE (%)	14.7	14.6	15.4
RoCE (%)	13.0	13.0	14.3
Payout (%)	12.4	15.4	14.8
Valuations			
P/E (x)	28.9	25.5	21.0
P/BV (x)	4.3	3.7	3.2
EV/EBITDA (x)	21.4	17.6	14.4
Div yld (%)	0.4	0.6	0.7

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	72.3	71.9	71.9
DII	4.6	3.2	2.4
FII	21.3	23.5	24.7
Others	1.9	1.5	1.1

Stock Performance (1-year)



CMP: INR992 TP: INR1,285 (+29%) Buy

Diversification at play

Lodha Developers (LODHA)'s focus on regional diversification, ~INR1.4t project additions, sharp deleveraging over the past five years, and strong growth visibility makes it a prudent play among larger developers. Building on its strong reputation in MMR, the company is now diversifying and scaling up across other major regions. With INR514b worth of unsold inventory and a strong launch pipeline, we expect pre-sales CAGR of 16% in FY26-28. Additionally, healthy execution and improved annuity income are likely to drive 18% collections CAGR over FY26-28. Consequently, a cumulative OCF of INR177b over FY27-28E should keep leverage in check, as we expect company to be INR33b net cash by FY28. This provides ample headroom to scale up the core portfolio while expanding into emerging segments such as data centers. Reiterate BUY with an SoTP-based TP of INR1,285.

Business development provides medium-to-long-term growth visibility

LODHA sharply accelerated its business development with the addition of INR601b GDV in FY26, equating to 76% of the total BD undertaken during FY22-25. Consequently, the company added INR1.4t GDV during FY22-26, while also pursuing regional diversification, with ~28% of BD during this period originating from outside MMR. Following the aggressive BD activity in FY26, new additions are expected to be slower and more selective over the next two years. However, the company currently has ~INR2t GDV available for sale (excluding long-term township land), which lends comfort to growth visibility over the medium term.

Regional diversification to keep pre-sales growth strong despite a high base

Pre-sales recorded a strong 23% CAGR to INR205b during FY22-26. Given the robust BD over the last four to five years, LODHA has built a salable inventory of INR514b and FY27 launch pipeline of INR218b. Beyond the next 12 months, a launch pipeline spanning 72msf and ~600msf land bank is expected to sustain growth momentum over the medium term. We expect pre-sales to expand at a 16% CAGR to INR275b during FY26-28, despite a sizable base, supported by growth contributions from newer markets. Further, we believe new project additions in NCR, Bengaluru, and Pune over the next 1-2 years should provide growth opportunities and offer a more diversified play, de-risking the company's operational performance.

Healthy OCF to maintain balance sheet strength and offer growth avenues

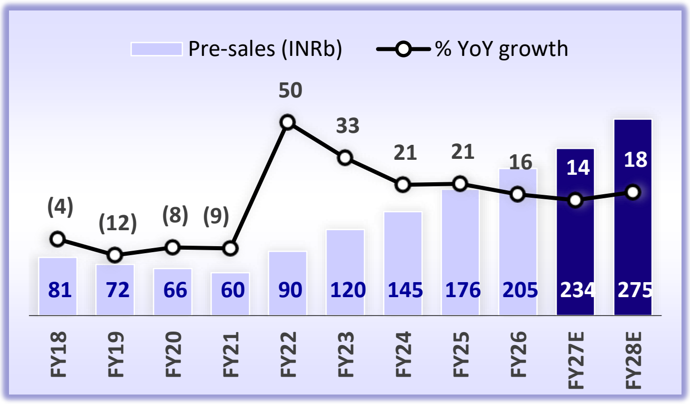
Collections remained strong at a 15% CAGR during FY22-26, generating cumulative OCF of INR288b (NOCF-to-collections of 48%). Additionally, multiple fundraises have sharply deleveraged LODHA's balance sheet, with net debt declining from INR165b in FY21 to INR54b in FY26. Simultaneously, it has built a significant launch pipeline (INR1.4t GDV additions over the last 4-5 years), ensuring mid-term growth visibility. Backed by a projected 18% CAGR in collections to INR212b over FY26-28, we expect cumulative post-tax OCF of INR177b during FY27-28 and net debt at ~INR2b by FY28, enabling continued growth investments in DevCo, RentCo, and data centers.

Valuation and view

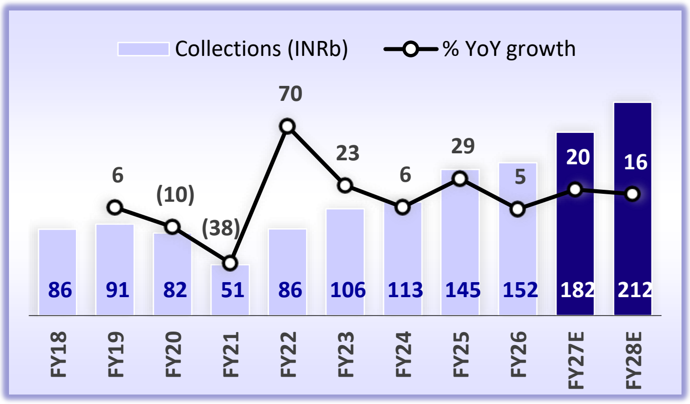
LODHA has showcased its ability to diversify regionally beyond MMR, which is expected to increase the opportunity size, de-risk operational performance, and improve growth visibility. Further, while OCF generation is expected to remain strong over the next 2-3 years, the scale-up of the commercial segment and data center businesses is likely to offer additional growth avenues over the medium term. The company is trading at a 32% discount to its residential segment NAV. We have valued Devco at its NAV, while the annuity business is valued at a 7.5% cap rate. Reiterate BUY with an SoTP-based TP of INR1,285.

STORY IN CHARTS

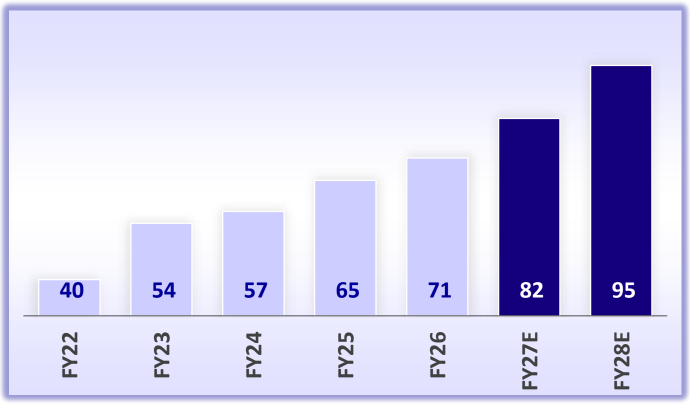
Pre-sales CAGR to reach 16% over FY26-28



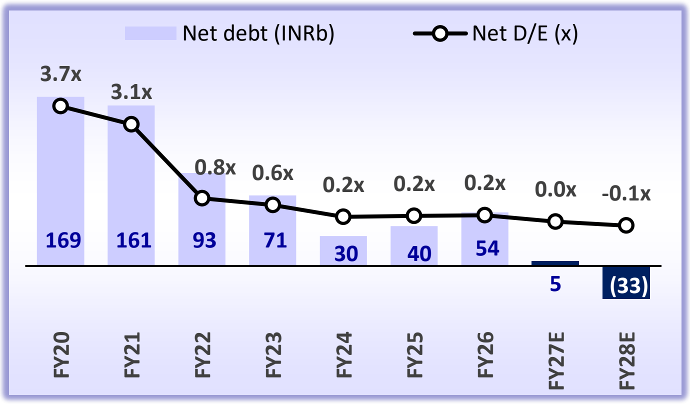
Collections CAGR at 18% over FY26-28



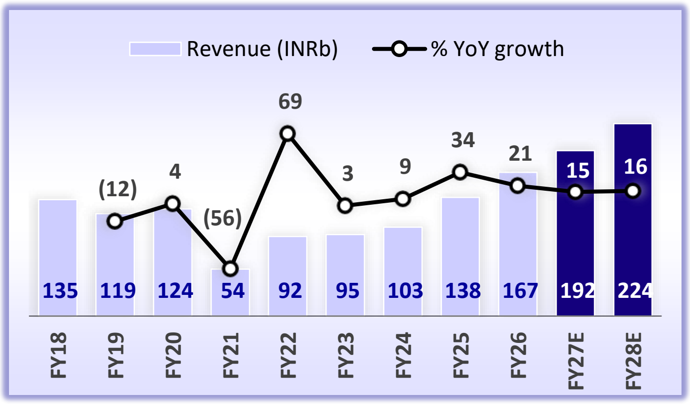
Post-tax OCF generation expected at INR248b over FY26-28



Significant cash generation to further deleverage the balance sheet

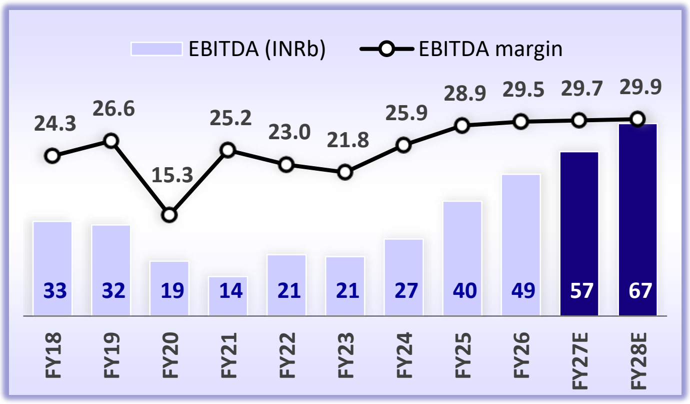


Revenue CAGR expected at 16% over FY26-28



Source: Company, MOFSL

EBITDA CAGR expected at 17% over FY26-28



Source: Company, MOFSL

Residential: An integrated development model

LODHA has demonstrated its ability to efficiently manage scale, with ~40 operating locations in MMR, Pune, Bengaluru, and NCR (starting FY27)

- LODHA has a strong brand recall in MMR, with product offerings covering the entire pricing spectrum. Premium and luxury homes are offered under the 'Lodha' and 'Lodha Luxury' brands, while mid-income housing is offered under 'CASA by Lodha,' 'Crown – Lodha Quality Homes, ' and 'Lodha' brands. Leveraging its strong brand recall, the company is now diversifying its presence across key residential markets like Pune, Bengaluru, and NCR through new land acquisitions (outright/JDA/JV).
- The company has already received a strong response in Pune and Bengaluru and is steadily expanding its presence in these regions. NCR represents a new foray and could emerge as the company's next growth driver. Further, LODHA has demonstrated its ability to efficiently manage scale, with ~40 operating locations in MMR, Pune, Bengaluru, and NCR (starting FY27). Additionally, its decentralized structure, supported by separate regional heads/CEOs, enables strong execution control while ensuring agile decision-making.

Exhibit 49: Lodha World Towers, Worli

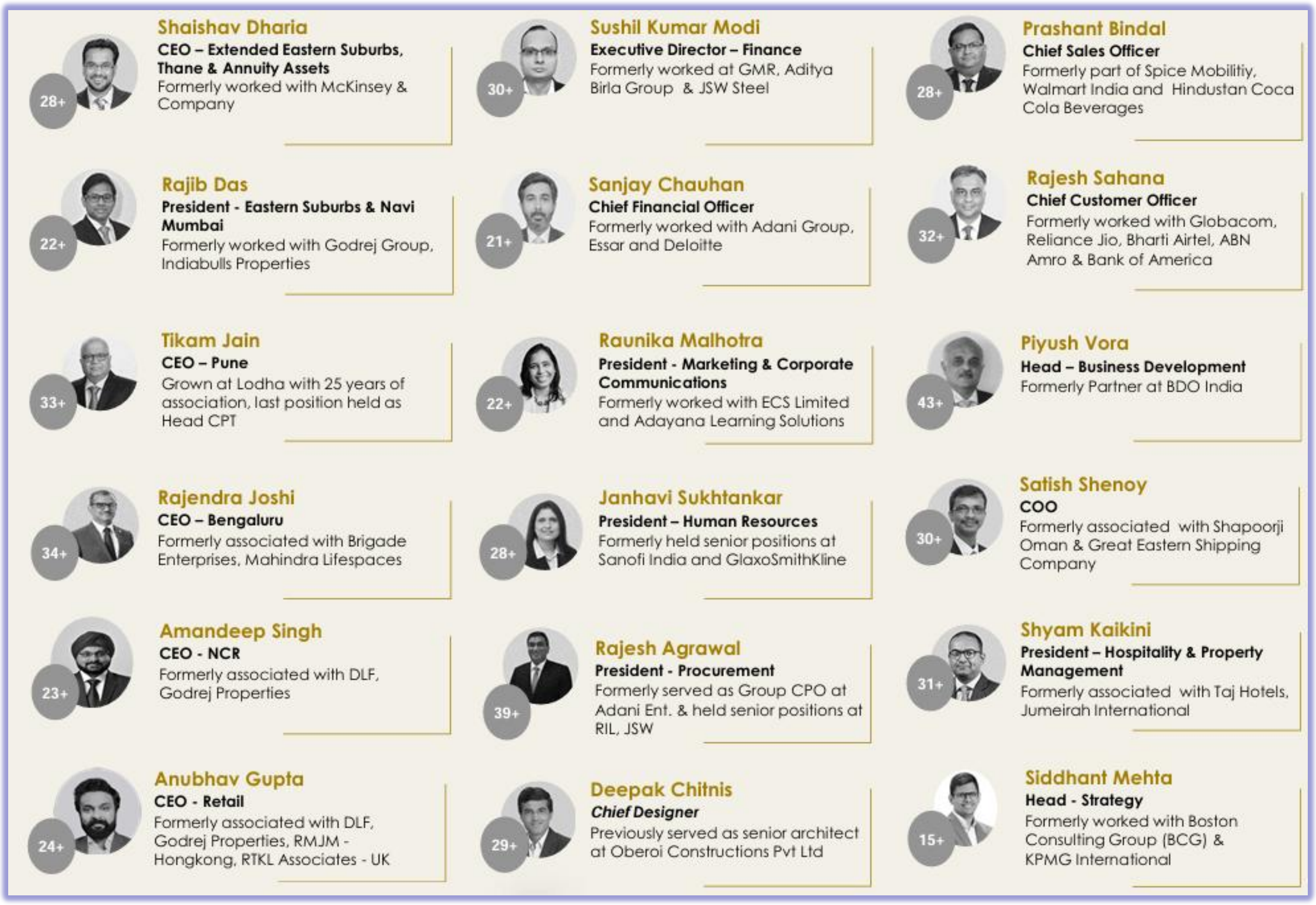
Source: Company, MOFSL

Exhibit 50: Lodha Malabar, Walkeshwar

Source: Company, MOFSL

LODHA's capabilities and in-house resources enable end-to-end execution, from project initiation to completion, supporting cost-efficient development, economies of scale, and value creation. Backed by an efficient supply chain, its integrated capabilities span business development, design, liaison, procurement, construction management, QA, and property management. As a result, stronger operational control has enabled consistent project delivery and helped sustain its position among the top players in the sector, while also supporting stronger sales during the under-construction stage.

Exhibit 51: Decentralized organizational structure



Source: Company, MOFSL; Note: Numbers in grey circles indicate years of experience in the industry

Significant launch pipeline improves growth visibility

Higher profitability with a focus on faster project turnaround

LODHA targets a PBT margin of 18-20% (17-18% IRR) in JDA projects and 28-30% (>30% IRR) in outright projects in MMR

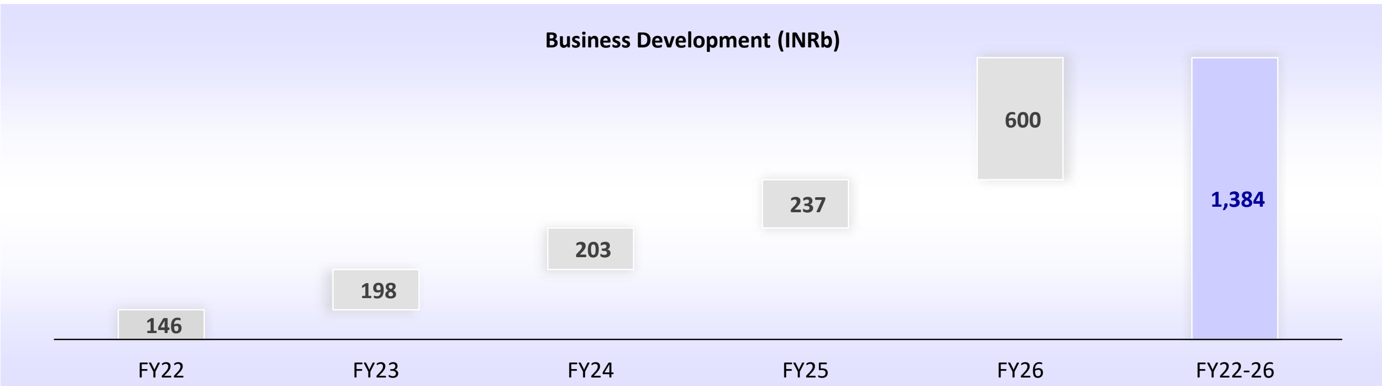
LODHA's institutionalized approach and deep understanding of real estate markets enable quick identification of attractive land parcels. The company's focus on faster project turnaround improves cash churn and return profiles while de-risking projects. Newly acquired land (outright/JDA) is typically launched within 1-2 years of acquisition. With a judicious mix of projects, LODHA targets a PBT margin of 18-20% (17-18% IRR) in JDA projects and 28-30% (>30% IRR) in outright projects in MMR. While profitability in newer regions such as Pune, Bengaluru, and NCR is initially expected to remain lower than MMR, margins are likely to expand gradually.

INR1.4t GDV additions along with regional diversification

Of the INR1.4t new project additions in FY22-26, the company has signed ~28% in new markets, including Pune, Bengaluru, and NCR

- LODHA's business model in the residential segment gradually shifted from a predominantly land-ownership to a partly asset-light (joint development) model, which now forms 30% of the portfolio (planned inventory launches in the next 60 months). This transition has enabled faster scale-up with limited capital requirements. Accordingly, the company added new projects with a GDV potential of INR1.4t over FY22-26, thereby significantly enhancing its launch pipeline and medium-term growth visibility. LODHA's ability to sell significant inventory during the under-construction stage, coupled with faster project turnaround, remains a key attraction for landowners/co-developers in joint development projects.
- The cumulative INR1.4t GDV added during FY22-26 was driven by a ramp-up in deal signings every year. In FY22, the company signed new projects offering INR147b GDV, followed by INR198b in FY23, INR203b in FY24, and INR237b in FY25. Further, in FY26, new project additions of ~INR601b GDV were equivalent to 75% of the total BD undertaken during FY22-25 combined. The increased pace of additions has also enhanced regional diversification, with 28% of this BD signed across Pune, Bengaluru, and NCR. While NCR has been a recent foray, the company continues to evaluate new regions to further de-risk the business. These, along with the legacy land parcel in the Extended Eastern Suburbs, provide strong visibility for medium-to-long-term growth.

Exhibit 52: Total INR1.4t GDV added over the last five years



Source: Company, MOFSL

Exhibit 53: Region and micro market-wise GDV addition (INRb)

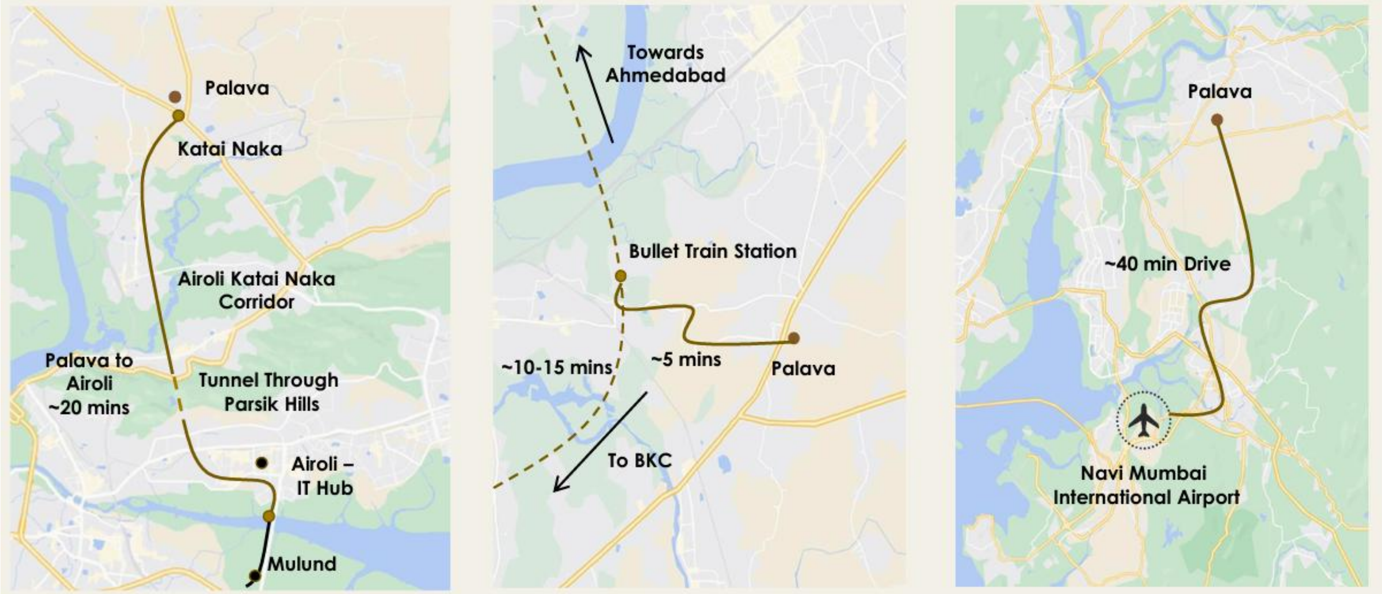
INRb	Projects	FY22	FY23	FY24	FY25	FY26
MMR	Western Suburbs	20	13	20	93	67
	South Central	52	24	162	-	357
	Eastern Suburbs	65	85	13	-	-
	Thane	-	15	-	-	-
	Extended Eastern Suburbs	-	-	-	-	13
	Total	**137**	**137**	**195**	**93**	**437**
Bengaluru	North	-	12	-	24	106
	South	-	-	8	42	-
	Total	**-**	**12**	**8**	**66**	**106**
Pune	West	-	-	-	18	-
	South West	-	-	-	4	-
	Pimpri Chinchwad	-	-	-	13	-
	North West	-	26	-	43	-
	South East	10	-	-	-	-
	North East	-	20	-	-	25
	Central	-	4	-	-	-
	Total	**10**	**50**	**-**	**78**	**25**
NCR	NCR	-	-	-	-	33
	Total	**-**	**-**	**-**	**-**	**33**
Total – Lodha		**147**	**199**	**203**	**237**	**601**
Contribution of ex-MMR regions (%)						
Bengaluru		0	6	4	28	18
Pune		7	25	0	33	4
NCR		0	0	0	0	5

Source: Company, MOFSL

Multi-asset development model at Palava

- LODHA's ~3,900-acre land parcel (~600 msf) in the Extended Eastern Suburbs offers a long-term development opportunity and is currently envisaged as a mix of residential, annuity assets (commercial + retail), industrial warehousing/logistics, and data centers, among others. Within this micro-market, the company is developing township projects, namely Palava and Upper Thane.
- Over the past five years, Palava has witnessed a better appeal, given several infrastructure developments, such as Navi Mumbai International Airport, Mumbai–Ahmedabad High-Speed Rail, Mulund–Airoli–Palava Freeway, Mumbai Trans Harbor Link, and Kalyan Taloja Metro. Consequently, land rates in the region have increased 8x over the past 4-5 years, while realizations for residential units have also been rising.
- **We expect strong cash flow generation of INR126b during FY26-28 from the Extended Eastern Suburbs, supported by contributions from residential, annuity, and land sales.** We have not currently factored in income generation from the data center business, as concrete plans for this segment are yet to be finalized.

Exhibit 54: Several ongoing infrastructure developments to improve Palava's appeal and propel business growth



Mulund – Airoli - Palava in ~20 mins
Opening soon

First Bullet Train station after BKC at Palava
(Opening: 2028/29)

Proximity to new airport
Enhancing attractiveness of Palava
(**Inaugurated in Oct-25, operations at scale in CY26**)

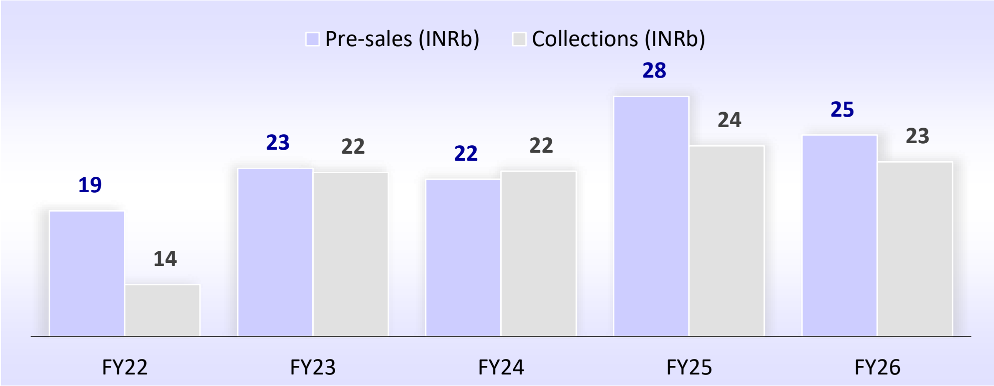
Source: Company, MOFSL

- **Residential development:** With the rising appeal of township projects, LODHA's sales in the Extended Eastern Suburbs expanded at a 19% CAGR to INR25b during FY21-26. Earlier, the company focused on affordable and mid-income housing projects at Palava to address relevant demand dynamics. However, improving infrastructure and connectivity have enhanced Palava's appeal, prompting the company to also launch premium products in this micro-market. The sizeable land parcel, spanning 3,900 acres (partly earmarked for housing projects), provides multi-year visibility for the launch pipeline and sales momentum.
- **Land sales** remain a key revenue driver, supported by rising demand from warehouses, corporate houses, and industries at Palava. Further, infrastructure development and improving connectivity have driven a sharp increase in land rates, rising 8x to INR210m/acre during FY21-26. The company targets INR10-12b land sales annually, with 75% likely to come from data centers, boosting cash flows over the medium term.
- **Data Centers (DCs):** Amid accelerating demand for DCs, LODHA plans to enter this segment by leveraging the strategic advantages offered by Palava. The company has currently earmarked 400 acres of contiguous land (with approvals in place) to develop one of the largest DC parks. It has signed an MoU with the Maharashtra government for the creation of supporting infrastructure, which is expected to enhance the appeal of data centers. The company already has two anchor customers—Amazon Web Services and STT (Temasek subsidiary)—both of which are progressing the development of their data centers at this location. Further, LODHA plans to onboard additional colocation or hyperscaler players over the next 12-18 months. The company is also exploring annuity revenue through build-to-suit boxes (powered shell) for end users, alongside land sales.

Key infrastructure at Palava to support the data center business

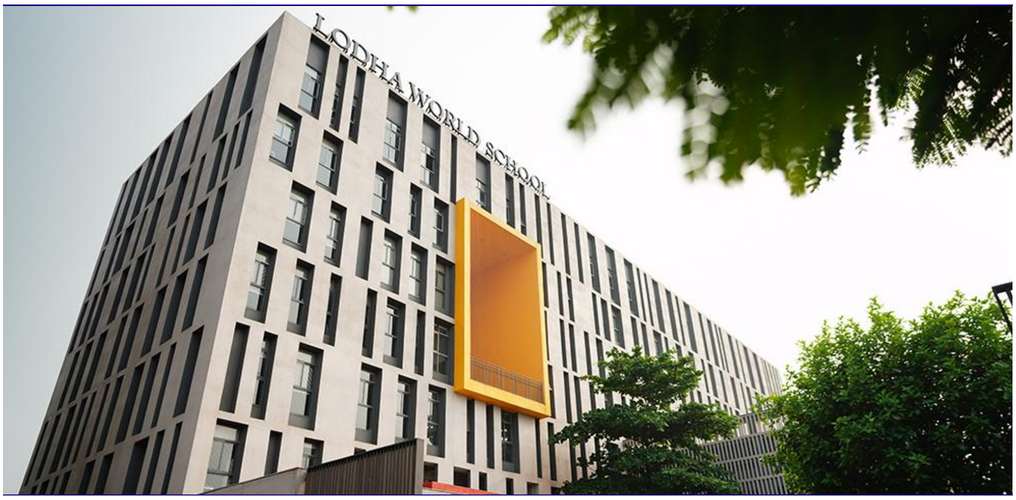
- The land has the required permits in place, supported by 3GW power availability (2.5GW IT load capacity), ~100 MLD of recycled water for cooling, and five optic fiber routes (existing; expected to increase further). Power costs are expected at USD0.06-0.08/kWh.
- About 8-10MW DC capacity can be accommodated in a 1-acre area, potentially generating PAT of INR0.8-1b per acre. Once fully operational, the 250MW (10% capacity of the 2.5GW) powered shell can offer an INR25b PAT.
- The cost of building a powered shell at Palava is expected to be USD6-7m/MW, which translates into a 17-19% PAT yield for 250MW.
- Given Mumbai's position as India's primary hub for undersea cable landings, latency to Europe and the US currently stands at 140-150ms and 220-240ms, respectively, with potential for an 18-30% reduction (best case).

Exhibit 55: Operational performance at township projects (residential)



Source: Company, MOFSL; Note: Pre-sales and collections are of Extended Eastern Suburbs in MMR

Exhibit 56: Lodha International School in Palava



Source: Company, MOFSL

Exhibit 57: Palava is developing its own SBD with offices and industrial spaces

Source: Company, MOFSL

New regions to support diversified scale-up in DevCo

On the back of ready unsold inventory, ongoing unsold projects, future launch pipeline, legacy land bank in Extended Eastern Suburbs, and continued project additions, we expect LODHA to maintain a healthy growth trajectory. We expect pre-sales to expand at a 16% CAGR to INR275b over FY26-28, which is expected to remain among the highest within the large developer universe despite a sizeable base. Further, new project additions in NCR, Bengaluru, and Pune over the next 1-2 years are likely to strengthen the launch pipeline and could drive better-than-expected pre-sales growth over the medium term (not factored into our estimates).

Comfortable visibility of saleable inventory

LODHA has steadily scaled up new launches over the past 3-4 years. As of Mar'26, the company held a healthy mix of INR82b ready-to-move inventory (RTMI) and INR432b under-construction projects, offering varied options to homebuyers across categories. Overall, LODHA had a saleable inventory worth INR514b, along with a healthy launch pipeline for the next five years, providing strong visibility for the inventory pipeline. The ~600msf land bank in the Extended Eastern Suburbs (Palava and Upper Thane) is expected to be partially utilized for residential development, offering multi-year launch visibility. Over the next five years, the company plans to launch ~62msf on owned land parcels and ~26msf through JDA projects.

Exhibit 58: Micro-market-wise supply

Micro-markets	Residual Collections from Sold units	Completed unsold	Ongoing unsold	Planned Inventory Launches				Land Bank
				In next 12 months[1]		12 to 60 months		
				Own Land	JDA Projects	Own Land	JDA Projects	
	INR bn	Mn. Sq. ft.						
MMR - South & Central	84.6	0.4	3.5	-	1.3	0.7	8.3	-
MMR - Western Suburbs	29.5	0.0	1.3	0.4	1.3	0.8	1.0	-
MMR - Thane	13.2	0.2	2.3	0.3	-	2.4	-	-
MMR - Extended Eastern Suburbs	28.9	3.3	3.8	4.0	-	43.8	-	~600
MMR - Eastern Suburbs	23.7	0.0	2.2	0.4	0.9	0.7	1.0	-
Pune	24.6	0.0	4.4	1.1	0.6	4.1	-	-
Bengaluru	21.7	-	2.1	1.7	2.1	0.7	8.2	-
NCR	-	-	-	-	1.1	-	-	-
Offices & Retail[2]	-	1.6	1.6	-	-	-	0.4	-
Others[3]	1.0	-	-	-	-	-	-	-
Warehousing & Industrial Park[2]	-	2.2	1.7	1.2	-	-	-	-
Total	**227.4**	**7.9**	**22.9**	**9.0**	**7.2**	**53.1**	**18.9**	**~600**

Source: Company, MOFSL; Note: [1]as on Mar – 26; [2]For rent; [3]Land sales to govt. & others, value of ready unsold and ongoing unsold is ~INR82b and ~INR432b respectively

Exhibit 59: Project launches during FY22-26 (INRb)

Region	Micro-markets	Own (INRb)					JDA (INRb)					Total (INRb)				
		FY22	FY23	FY24	FY25	FY26	FY22	FY23	FY24	FY25	FY26	FY22	FY23	FY24	FY25	FY26
MMR	Western Suburbs	-	-	-	22	8	9	8	10	-	20	9	8	10	22	28
	South Central	50	14	-	9	-	22	22	22	52	40	71	35	22	61	40
	Eastern Suburbs	-	4	10	4	6	18	22	6	13	21	18	26	16	17	27
	Thane	8	13	-	6	3	-	-	-	-	-	8	13	-	6	3
	Extended Eastern Suburbs	21	23	4	19	28	-	-	-	-	-	21	23	4	19	28
	Total	**78**	**53**	**14**	**60**	**45**	**49**	**52**	**38**	**65**	**81**	**127**	**104**	**52**	**125**	**125**
Bengaluru	All micro-markets	-	-	-	29	23	-	6	-	14	25	-	6	-	43	47
	Total	**-**	**-**	**-**	**29**	**23**	**-**	**6**	**-**	**14**	**25**	**-**	**6**	**-**	**43**	**47**
Pune	All micro-markets	1	6	4	18	11	5	14	-	3	5	6	20	4	21	16
	Total	**1**	**6**	**4**	**18**	**11**	**5**	**14**	**-**	**3**	**5**	**6**	**20**	**4**	**21**	**16**
Existing projects		-	-	46	-	-	-	-	-	-	30	-	-	46	-	30
	Total	**79**	**59**	**64**	**106**	**78**	**54**	**71**	**38**	**82**	**140**	**133**	**129**	**101**	**188**	**218**

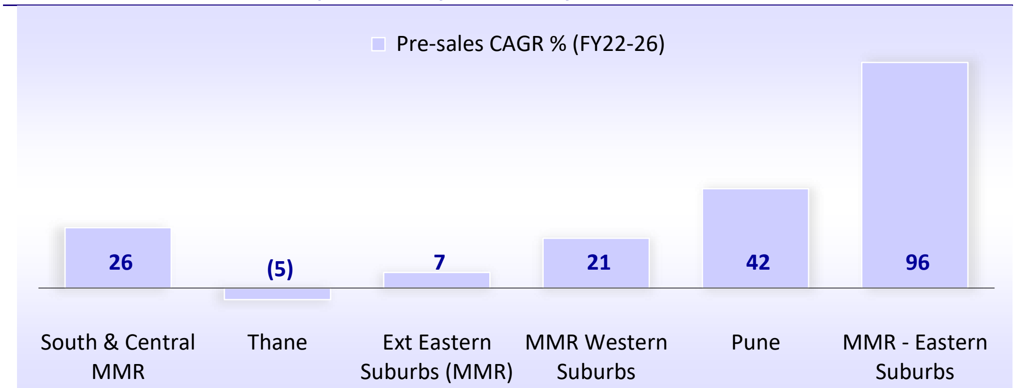
Source: Company, MOFSL

Diversified scale-up; pre-sales likely to expand at 16% CAGR over FY25-28

- Amid rising homeownership demand, LODHA's strong brand recall in MMR, coupled with a wide range of offerings across RTMI and under-construction projects and multiple pricing categories (affordable to luxury), supported a sharp 2x rise in pre-sales to INR120b during FY21-23. Despite a higher base, an increase in addressable market following its foray into Bengaluru and expansion in Pune led to sustained growth momentum, with the company reporting 20% CAGR in pre-sales to INR205b (during FY23-26).
- While MMR remains LODHA's core market, the company has demonstrated its ability to successfully scale up in newer markets, particularly Pune and Bengaluru, over the last three years. These regions have provided growth delta as pre-sales in Pune expanded at a robust 42% CAGR during FY22-26, while 41% CAGR to INR24b in Bengaluru during FY24-26 (the first project was launched in FY24).

New markets have provided growth delta during FY22-26. It witnessed 42-96% CAGR in pre-sales in Pune and MMR Eastern Suburbs. In Bengaluru, it clocked a 41% CAGR in pre-sales in FY24-26

Exhibit 60: Growth over the past three years, led by new markets

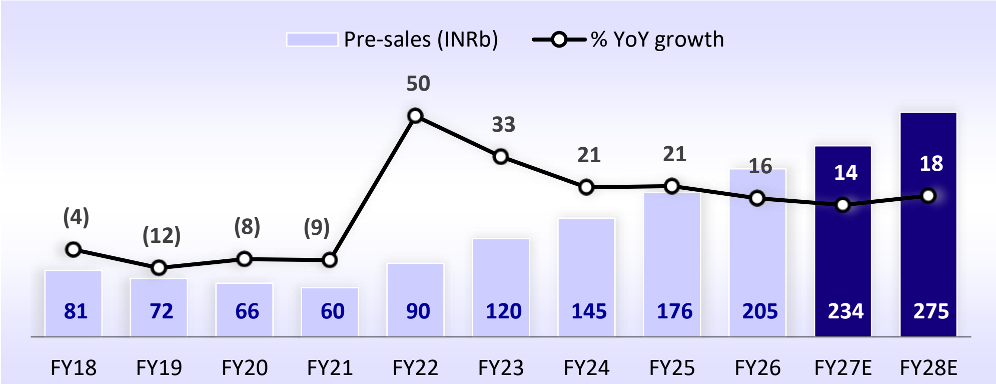


Source: Company, MOFSL; Note: In Bengaluru, the first project was launched in FY24 – LODHA achieved 41% CAGR in pre-sales during FY24-26

- In line with its well-defined strategy and initial success in these regions, the company is gradually moving from the pilot phase to the growth phase, stepping up project additions in the new regions (Pune and Bengaluru). Of the total BD worth INR1.4t during FY22-26, 28% additions have been in Pune and Bengaluru. Further, the company added two new projects with INR33b GDV potential in the NCR market, ensuring a more diversified play in the medium term.

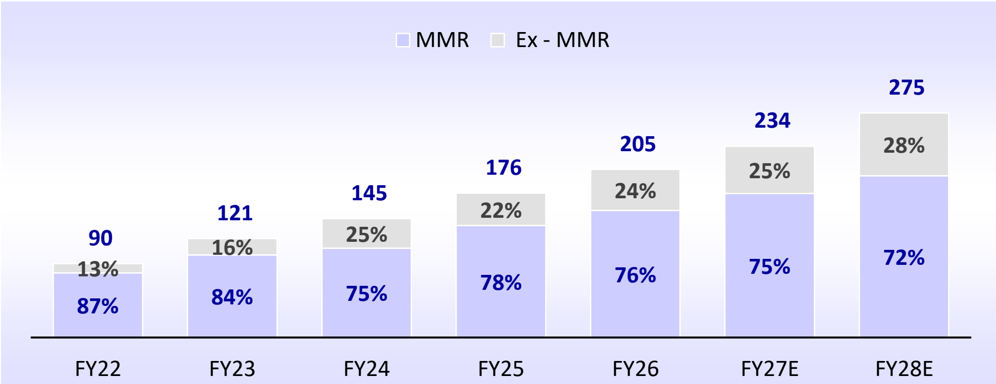
- LODHA aims to maintain a 20% CAGR over the medium term. The company has added INR1.4t GDV over the past 4-5 years and continues to evaluate new land parcels across both core and new markets. We like the company's strategy of leveraging its brand strength while diversifying into new markets, providing comfortable growth visibility over the next three years. **On the back of new launches and sustenance sales, we expect pre-sales to expand at a 16% CAGR to INR275b during FY26-28. We expect the new markets to contribute 25-28% to LODHA's pre-sales during FY27-28 (based on the launch pipeline already announced).**

Exhibit 61: Pre-sales CAGR to reach 16% over FY26-28



Source: Company, MOFSL

Exhibit 62: More diversified pre-sales mix expected in the medium term (INRb)



Source: Company, MOFSL. Figs in stack represent percentage share of the region

Targeting 10x growth in RentCo over the next six years

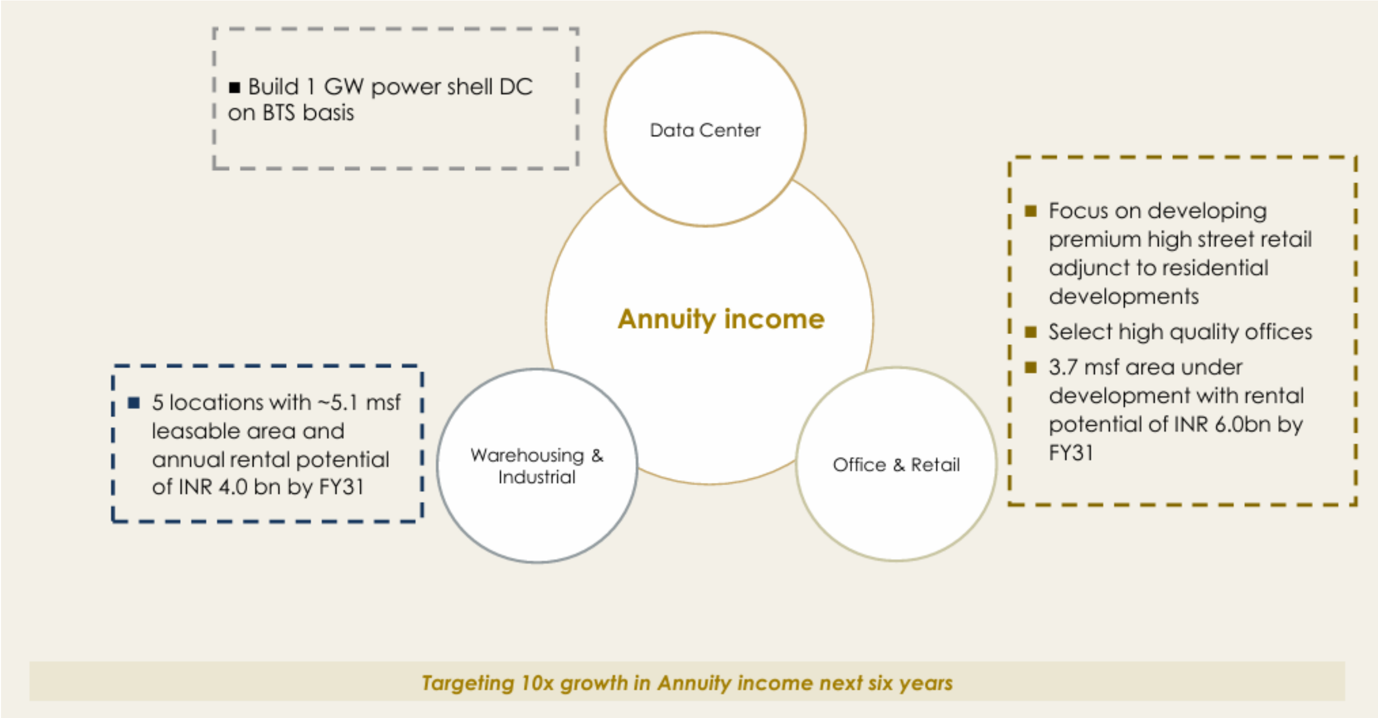
We like the company's focus on ramping up its annuity portfolio, which is hinged on three key pillars: Office & Retail Assets, Warehousing & Industrial and Data Centers. Currently, LODHA has an 8.8msf portfolio (completed, ongoing, and planned) comprising 3.7msf of office & retail and 5.1msf of warehousing and industrial assets. In FY26, it generated annuity income of INR2.9b. Data centers remain an emerging segment for LODHA and are expected to support the targeted 10x annuity income growth trajectory over the next six years.

Currently, LODHA has an 8.8msf portfolio (completed, ongoing, and planned) comprising 3.7msf of office & retail and 5.1msf of warehousing and industrial assets. In FY26, it generated annuity income of INR2.9b. Data centers remain an emerging segment for LODHA and are expected to support the targeted 10x annuity income growth trajectory over the next six years

- **Office and Retail:** As of Mar'26, LODHA had an office & retail lease portfolio of 3.7msf, of which 1.6msf is completed, and 1.3msf is leased, generating rental income of INR1.9b (annualized). The company aims to increase the annualized rentals to INR6b by FY31. LODHA has already invested INR18.8b in this segment as of Mar'26, with an additional INR10.2b likely to be invested to ramp up the portfolio.
- **Warehousing and Industrial:** LODHA has a 5.1msf portfolio in the warehousing and industrial segment, of which 2.2msf is completed, and 2.6msf is leased (including ~0.4msf pre-leased area under construction). As of Mar'26, the segment generated INR1.1b annualized rental income, which is likely to increase to INR4b by FY31. The company has already invested INR18.7b in this segment as of Mar'26, with an additional INR5.6b likely to be invested to ramp up the portfolio.
- **Facility Management Services (FMS):** The company currently generates annualized fee income of INR0.3b from the FMS business. This could potentially increase to INR3b by FY31, supported by a captive base of ~70,000 households, growing in line with the residential business.
- **Data Centers (DCs):** Amid the accelerating demand for DCs, LODHA plans to enter this segment by leveraging the strategic advantages offered by Palava. The company has earmarked 400 acres of contiguous land (with approvals in place) to develop one of the largest DC parks. It has signed an MoU with the Maharashtra government to create supporting infrastructure that is expected to enhance the appeal of data centers. The company already has two anchor customers—Amazon Web Services and STT (Temasek subsidiary)—both of which are progressing the development of their data centers at this location. Further, the company plans to onboard additional colo or hyperscaler players over the next 12-18 months. It is also exploring annuity revenue through build-to-suit boxes (powered shell) for end users, alongside land sales.

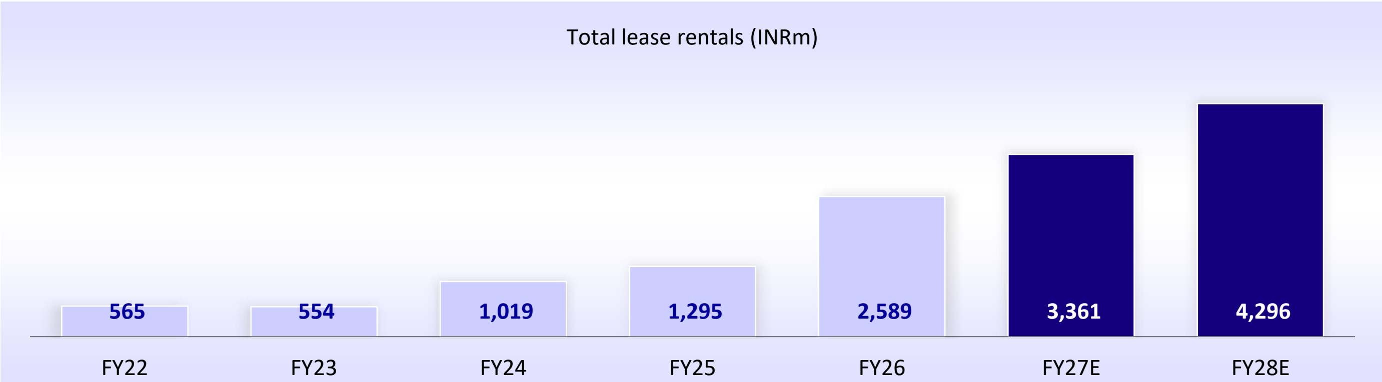
With the addition of the DC business, LODHA targets 10x growth in annuity income over the next six years. Based on the current plans, we bake in INR4.3b rental income for FY28E (ex-FMS).

Exhibit 63: Gradually building the annuity portfolio – targets 10x growth in annuity income in the next six years



Source: Company, MOFSL

Exhibit 64: Sharp increase in rental income expected over the next two years

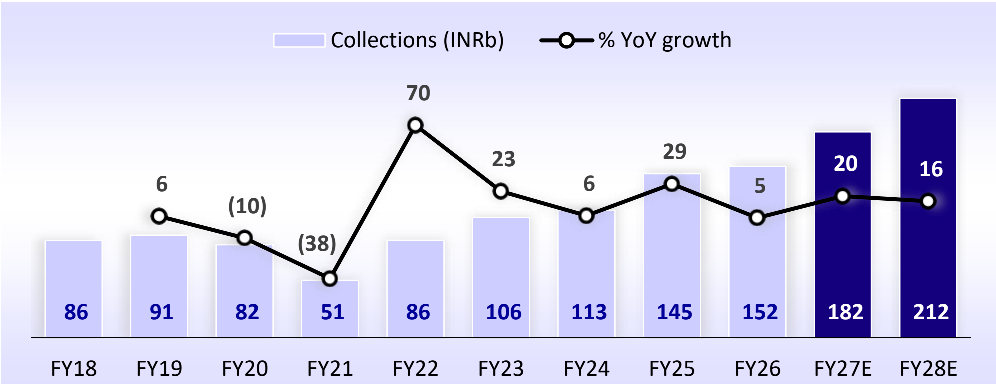


Source: Company, MOFSL; Note: Lease rentals exclude Facility Management Services

OCF to drive deleveraging despite continued scale-up

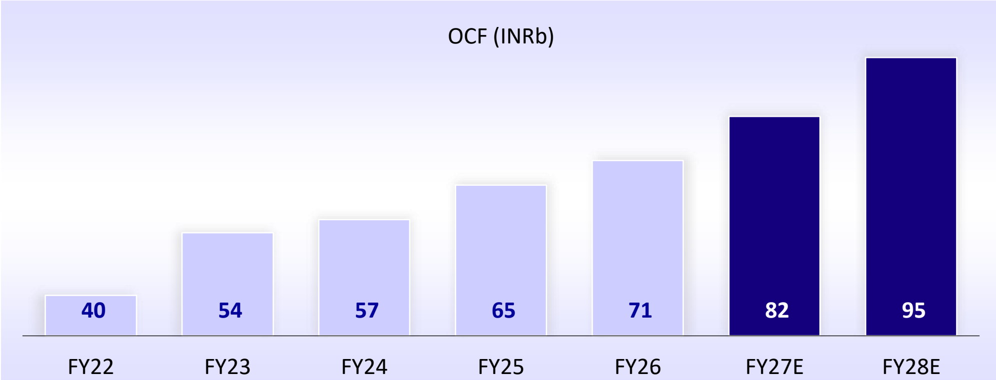
- LODHA's balance sheet has witnessed sharp deleveraging since FY21 on the back of strong collections and multiple fund raises, including INR25b from IPO proceeds and INR73b through QIP issuances (INR40b in FY22 + INR33b in FY24). Consequently, net debt reduced from INR161b in FY21 to INR54b in FY26, with net debt-to-equity reducing to 0.2x. This deleveraging has been achieved alongside sustained growth, with the company adding new projects with INR1.4t GDV during FY22-FY26, resulting in a strong launch pipeline.
- We also like LODHA's working capital management, as strong sales during the construction phase support healthy cash flow generation (collections against sales), thereby reducing the reliance on construction finance. The company targets maintaining net debt/equity at <0.5x. Supported by strong pre-sales growth and healthy execution, we expect collections to expand at 18% CAGR to INR212b during FY26-28. **Additionally, contribution from annuity income is expected to generate INR177b of post-tax OCF during FY27-28E.**
- **We expect the company to become INR33b net cash by FY28, positioning it well to pursue future growth investments (not factored into our estimates).**

Exhibit 65: Collections CAGR at 18% over FY26-28



Source: Company, MOFSL

Exhibit 66: Post-tax OCF generation expected at INR248b over FY26-28



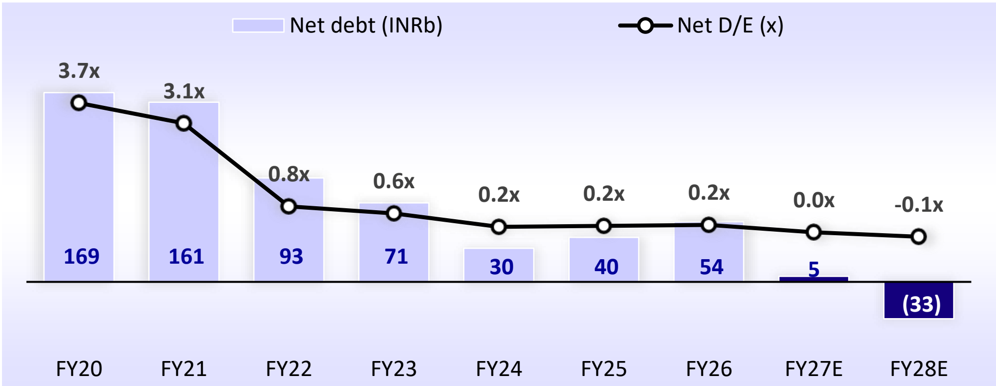
Source: Company, MOFSL

Exhibit 67: Cash flow table over the years

(INRb)	FY22	FY23	FY24	FY25	FY26
Collections	**86.0**	**106.0**	**112.5**	**143.7**	**149.6**
Net Collections	**77.6**	**100.1**	**106.8**	**131.1**	**137.8**
(-) Operational Expenses	**38.2**	**46.2**	**49.6**	**65.7**	**69.5**
(-) Construction Expenses	26.4	33.3	36.0	42.3	40.8
(-) SG&A	10.4	11.5	14.0	17.4	20.2
(-) Taxes	1.3	1.1	(0.4)	5.8	8.6
Operational Cash Flow	**39.5**	**54.2**	**57.3**	**65.4**	**71.2**
(-) Interest Payments	18.4	10.0	7.7	5.5	6.0
Surplus for Growth & Capital Providers	**21.1**	**44.2**	**49.5**	**60.0**	**65.2**
(-) Growth Investments in 'For Sale' business	15.6	21.8	40.7	63.1	67.9
(+) Income from 'Annuity'	-	-	-	1.2	2.9
(-) Investment in 'Annuity'	-	-	-	5.5	6.8
Surplus for Capital Providers	**5.5**	**22.3**	**8.8**	**(7.6)**	**(9.6)**
(-) Dividend to Equity providers	-	-	1.0	2.2	4.2
(+)Equity Raise	12.8	-	32.8	-	-
Decrease / (Increase) in Net Debt	**18.4**	**22.3**	**40.6**	**(9.8)**	**(13.8)**

Source: Company, MOFSL

Exhibit 68: Significant cash generation to further deleverage the balance sheet



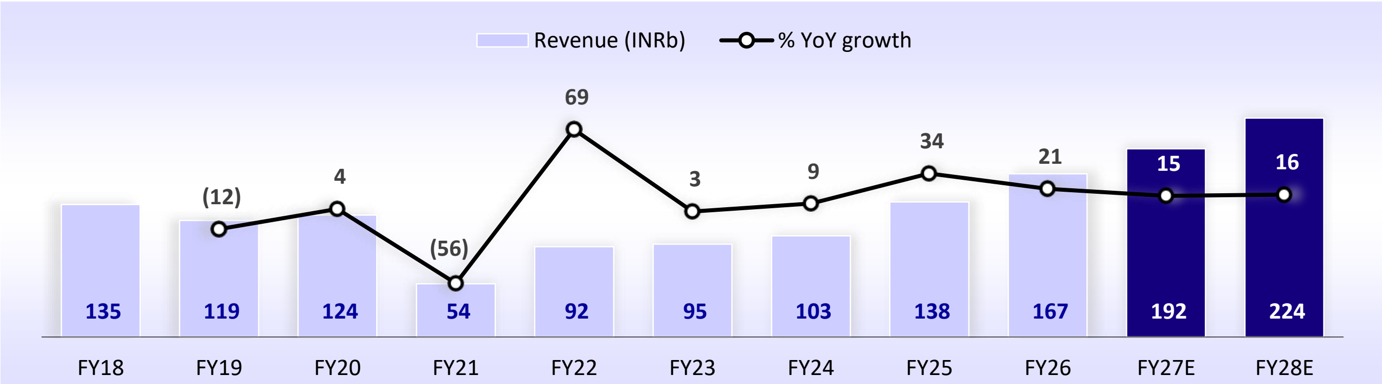
Source: Company, MOFSL

Financials

Revenue CAGR expected at 16% over FY26-28

- Following the migration of accounting treatment for revenue recognition post-FY23, housing sale contracts entered into until 31st Mar'23 continue to be booked under the project completion method (PCM), while contracts signed thereafter are recognized under the percentage of completion method (POCM). We expect a complete transition to POCM over the next 1-2 years and bake in a revenue CAGR of 16% to INR205b over FY26-28 for the residential segment. Further, we have accounted for 28% revenue CAGR in the lease rental business (ex-FMS) over the same period.
- **Including revenue generation from land sales and FMS, we expect LODHA's revenue to expand at a 16% CAGR to INR224b during FY26-28.**

Exhibit 69: Revenue CAGR expected at 16% over FY26-28

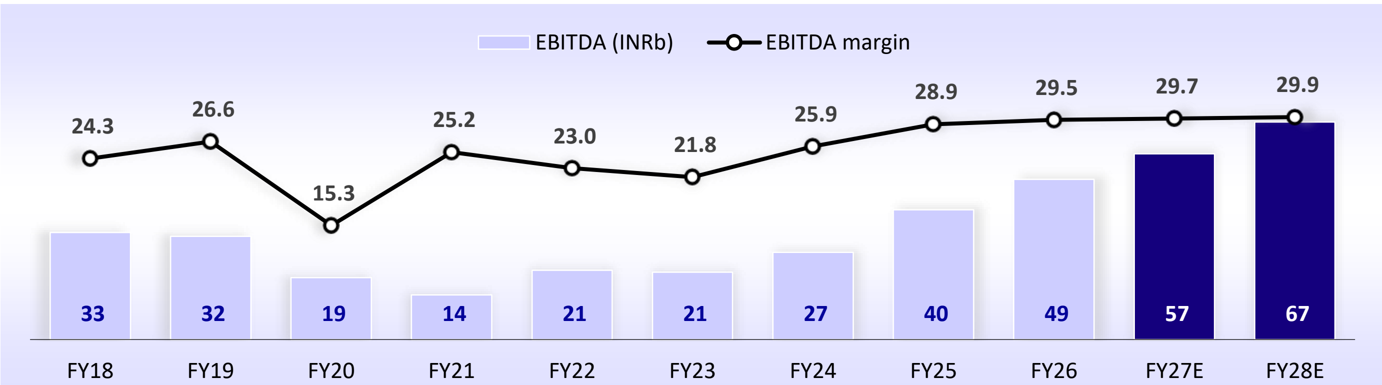


Source: Company, MOFSL

EBITDA CAGR expected at 17% over FY26-28

In the residential segment, LODHA targets PBT margins of 28-30% for owned projects and 18-20% for JDA projects. Further, margins in the rental business and land sales remain higher at >80%. Factoring in the evolving revenue mix, we expect EBITDA to expand at ~17% CAGR to INR67b over FY26-28, as we bake in an 40bp expansion in EBITDA margin to 29.9% during this period.

Exhibit 70: EBITDA CAGR expected at 17% over FY26-28

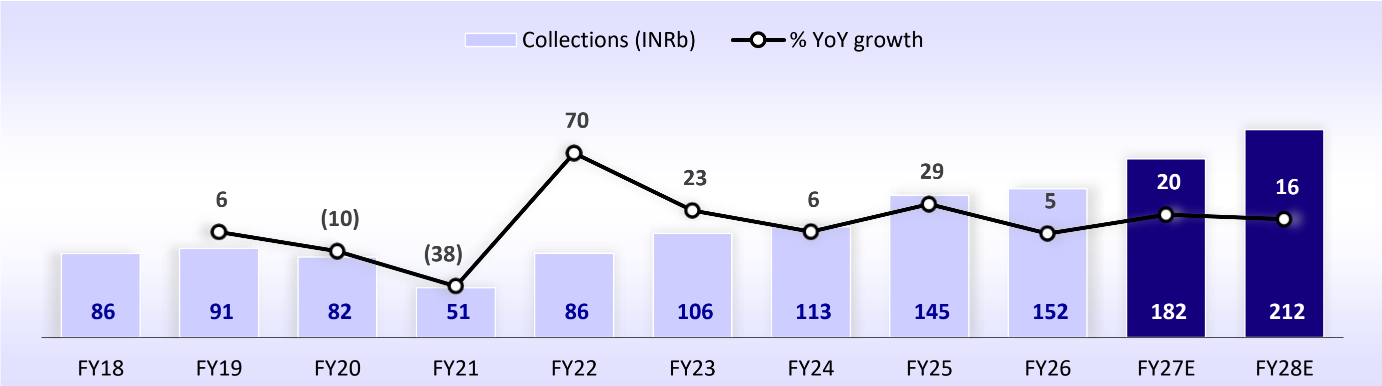


Source: Company, MOFSL

Robust CF to keep the balance sheet strong despite a healthy scale-up

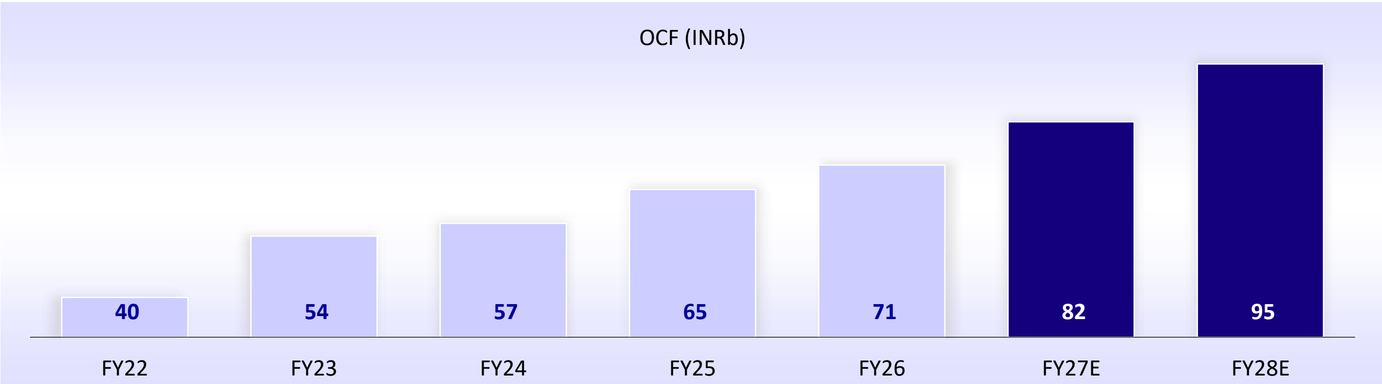
- Strong collections and multiple fundraises have led to a healthy deleveraging of LODHA's balance sheet, reducing net debt from INR161b in FY21 to INR54b in FY26 and restricting net debt/equity well below the 0.5x ceiling. This is despite the creation of a significant launch pipeline (INR1.4t GDV added in FY22-26), which provides medium-term growth visibility.
- On the back of strong pre-sales growth, progress in construction activity, and annuity income, we expect strong collection growth of 18% CAGR to INR212b during FY26-28E. Consequently, we **expect cumulative INR177b post-tax OCF during FY27-28E on the back of continuity of higher pre-sales growth, an increase in annuity income, as well as healthy medium-term execution.**
- **Overall, we expect the company to be INR33b net cash by FY28E, which positions the company well for future growth.**

Exhibit 71: Collections CAGR expected at 18% over FY26-28



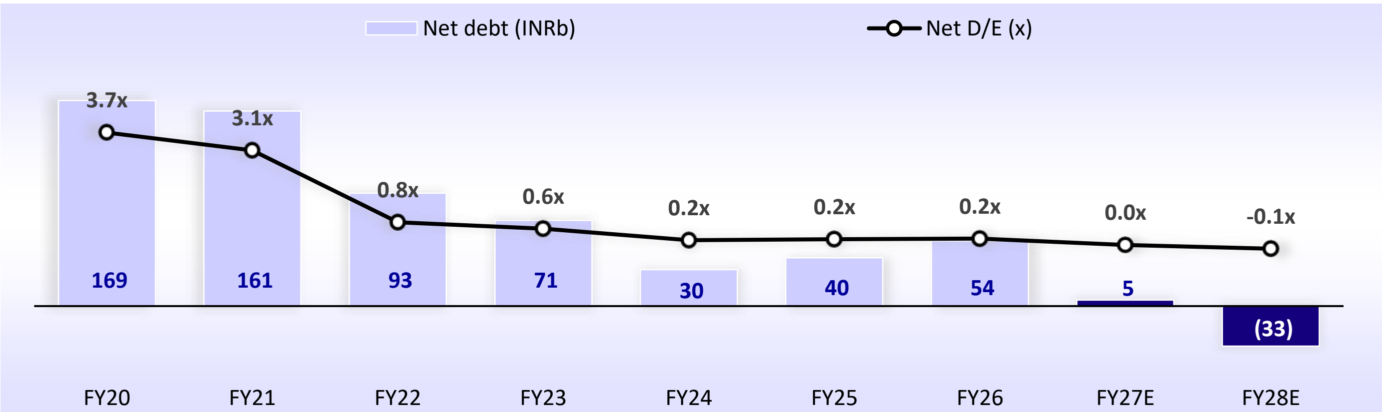
Source: Company, MOFSL

Exhibit 72: Post-tax OCF generation of INR177b expected over FY27-28



Source: Company, MOFSL

Exhibit 73: Significant cash generation to further deleverage the balance sheet



Source: Company, MOFSL

Valuation

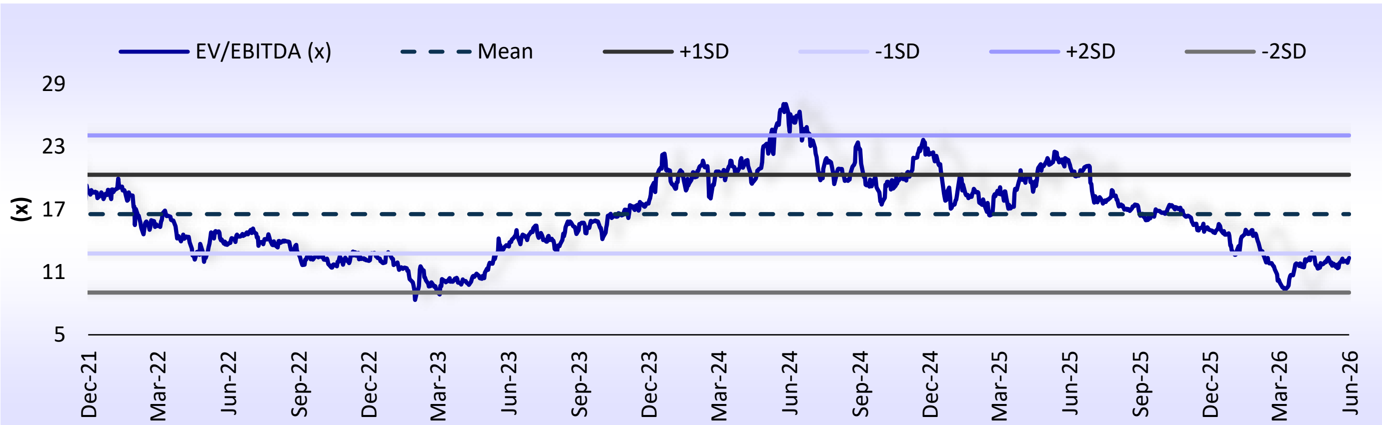
LODHA has showcased its ability to diversify regionally beyond MMR, which is expected to increase the opportunity size, de-risk operational performance, and improve growth visibility. Further, while OCF generation is expected to remain strong over the next 2-3 years, the scale-up of the commercial segment and data center businesses is likely to offer additional growth avenues over the medium term. The company is trading at a 32% discount to its residential segment NAV. We have valued Devco at its NAV, while the annuity business is valued at a 7.5% cap rate. **Reiterate BUY with an SoTP-based TP of INR1,285.**

Exhibit 74: SoTP-based valuation

NAV Summary			INRb
Residential	❖	at NAV; Discounted at 11.0% WACC	891
Commercial & Retail	❖	Cap rate of 7.5%	52
Digital Infra & industrial	❖	Cap rate of 7.5%	303
Total EV			**1,247**
Less: Net debt			-33
Market cap			**1,280**
No. of shares (m)			998
Target Price (INR)			1,283
Rounded-off TP (INR)			**1,285**
CMP			992
Upside (%)			**29**

Source: Company, MOFSL

Exhibit 75: LODHA's one-year forward embedded EV/EBITDA



Source: Company, Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement (INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**92,332**	**94,704**	**1,03,161**	**1,37,795**	**1,66,762**	**1,92,183**	**2,23,520**
Change (%)	69.5	2.6	8.9	33.6	21.0	15.2	16.3
Total Expenditure	**71,085**	**74,042**	**76,404**	**97,915**	**1,17,553**	**1,35,127**	**1,56,704**
% of Sales	77.0	78.2	74.1	71.1	70.5	70.3	70.1
EBITDA	**21,247**	**20,662**	**26,757**	**39,880**	**49,209**	**57,056**	**66,816**
Margin (%)	23.0	21.8	25.9	28.9	29.5	29.7	29.9
Depreciation	748	928	2,039	2,719	3,454	3,609	3,772
EBIT	**20,499**	**19,734**	**24,718**	**37,161**	**45,755**	**53,446**	**63,044**
Int. and Finance Charges	6,803	4,791	4,798	5,495	6,567	6,465	5,517
Other Income	3,460	1,408	1,534	3,903	4,433	3,000	3,150
PBT bef. EO Exp.	**17,156**	**16,351**	**21,454**	**35,569**	**43,621**	**49,981**	**60,677**
EO Items	0	-11,774	-1,049	0	0	0	0
PBT after EO Exp.	**17,156**	**4,577**	**20,405**	**35,569**	**43,621**	**49,981**	**60,677**
Total Tax	5,080	-370	4,734	7,889	9,406	10,996	13,349
Tax Rate (%)	29.6	-8.1	23.2	22.2	21.6	22.0	22.0
Minority Interest	52	80	180	37	-67	50	50
Reported PAT	**12,024**	**4,867**	**15,491**	**27,643**	**34,282**	**38,935**	**47,278**
Adjusted PAT	**12,024**	**16,641**	**16,540**	**27,643**	**34,282**	**38,935**	**47,278**
Change (%)	139.1	38.4	-0.6	67.1	24.0	13.6	21.4
Margin (%)	13.0	17.6	16.0	20.1	20.6	20.3	21.2

Consolidated - Balance Sheet (INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	4,815	4,818	9,945	9,976	9,989	9,989	9,989
Total Reserves	1,16,235	1,21,809	1,64,748	1,91,802	2,22,873	2,55,823	2,96,117
Net Worth	**1,21,050**	**1,26,627**	**1,74,693**	**2,01,778**	**2,32,862**	**2,65,812**	**3,06,106**
Minority Interest	568	596	647	670	1,430	1,480	1,530
Total Loans	1,15,367	90,602	76,976	70,940	98,960	81,960	69,960
Deferred Tax Liabilities	1,168	-2,100	1,360	860	258	207	154
Capital Employed	**2,38,153**	**2,15,724**	**2,53,676**	**2,74,248**	**3,33,510**	**3,49,458**	**3,77,751**
Gross Block	18,831	19,718	18,641	20,492	28,677	29,677	30,677
Less: Accum. Deprn.	7,130	8,059	10,098	12,817	16,271	19,880	23,652
Net Fixed Assets	**11,700**	**11,660**	**8,543**	**7,675**	**12,406**	**9,797**	**7,025**
Investment Property	**2,651**	**1,539**	**1,463**	**4,019**	**14,525**	**15,025**	**15,525**
Goodwill on Consolidation	5,388	5,303	4,520	3,399	2,128	2,128	2,128
Capital WIP	0	0	0	0	0	0	0
Total Investments	**5,229**	**2,233**	**22,207**	**11,121**	**11,990**	**12,177**	**12,367**
Curr. Assets, Loans&Adv.	**3,59,078**	**3,68,383**	**4,35,242**	**4,69,758**	**5,45,747**	**5,45,713**	**5,44,396**
Inventory	2,73,583	3,01,167	3,39,930	3,64,759	4,02,538	3,56,991	3,19,869
Account Receivables	6,451	7,393	7,999	7,763	14,720	14,941	15,165
Cash and Bank Balance	12,457	18,242	26,348	17,415	35,861	71,508	97,433
Loans and Advances	66,586	41,580	60,965	79,821	92,628	1,02,273	1,11,930
Curr. Liability & Prov.	**1,45,892**	**1,73,393**	**2,18,299**	**2,21,724**	**2,53,286**	**2,35,381**	**2,03,690**
Account Payables	15,087	20,962	25,790	30,656	35,590	36,480	37,392
Other Current Liabilities	1,30,581	1,52,129	1,92,173	1,90,653	2,17,075	1,98,280	1,65,677
Provisions	224	302	336	415	621	621	621
Net Current Assets	**2,13,185**	**1,94,990**	**2,16,943**	**2,48,034**	**2,92,461**	**3,10,332**	**3,40,706**
Appl. of Funds	**2,38,153**	**2,15,724**	**2,53,676**	**2,74,248**	**3,33,510**	**3,49,458**	**3,77,751**

Financials and valuations

Ratios							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)							
EPS	**12.0**	**16.7**	**16.6**	**27.7**	**34.3**	**39.0**	**47.3**
Cash EPS	12.8	17.6	18.6	30.4	37.8	42.6	51.1
BV/Share	121.2	126.8	174.9	202.0	233.1	266.1	306.4
DPS	0.0	2.1	2.2	4.3	4.2	6.0	7.0
Payout (%)	0.0	20.5	14.2	15.3	12.4	15.4	14.8
Valuation (x)							
P/E	82.4	59.6	59.9	35.9	28.9	25.5	21.0
Cash P/E	77.6	56.4	53.3	32.6	26.3	23.3	19.4
P/BV	8.2	7.8	5.7	4.9	4.3	3.7	3.2
EV/Sales	11.8	11.2	10.1	7.6	6.3	5.2	4.3
EV/EBITDA	51.5	51.5	38.9	26.2	21.4	17.6	14.4
Dividend Yield (%)	0.0	0.2	0.2	0.4	0.4	0.6	0.7
FCF per share	19.7	26.8	23.5	10.9	7.1	62.3	47.5
Return Ratios (%)							
RoE	9.9	13.1	9.5	13.7	14.7	14.6	15.4
RoCE	7.3	10.1	8.6	12.2	13.0	13.0	14.3
RoIC	6.7	10.3	9.5	12.8	13.5	15.1	18.4
Working Capital Ratios							
Fixed Asset Turnover (x)	4.9	4.8	5.5	6.7	5.8	6.5	7.3
Asset Turnover (x)	0.4	0.4	0.4	0.5	0.5	0.5	0.6
Inventory (Days)	1,082	1,161	1,203	966	881	678	522
Debtor (Days)	26	28	28	21	32	28	25
Creditor (Days)	60	81	91	81	78	69	61
Leverage Ratio (x)							
Current Ratio	2.5	2.1	2.0	2.1	2.2	2.3	2.7
Interest Cover Ratio	3.0	4.1	5.2	6.8	7.0	8.3	11.4
Net Debt/Equity	0.9	0.6	0.3	0.3	0.3	0.0	-0.1

Consolidated - Cash Flow Statement							(INR M)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
OP/(Loss) before Tax	17,165	4,524	20,276	35,555	43,713	49,981	60,677
Depreciation	748	928	2,039	2,719	3,454	3,609	3,772
Interest & Finance Charges	19,923	13,890	10,640	7,072	7,892	6,465	5,517
Direct Taxes Paid	-1,778	-2,110	-238	-6,140	-9,375	-10,996	-13,349
(Inc)/Dec in WC	-13,565	-1,090	-8,227	-20,656	-32,884	17,672	-4,555
CF from Operations	**22,493**	**16,142**	**24,490**	**18,550**	**12,800**	**66,731**	**52,062**
Others	-2,510	11,358	633	-2,894	-3,207	-3,000	-3,150
CF from Operating incl EO	**19,983**	**27,500**	**25,123**	**15,656**	**9,593**	**63,731**	**48,912**
(Inc)/Dec in FA	-330	-755	-1,661	-4,742	-2,502	-1,500	-1,500
Free Cash Flow	**19,653**	**26,745**	**23,462**	**10,914**	**7,091**	**62,231**	**47,412**
(Pur)/Sale of Investments	1,656	7,682	-27,425	9,567	2,606	-134	-136
Others	10,064	10,850	-384	-5,729	-7,906	3,000	3,150
CF from Investments	**11,390**	**17,778**	**-29,470**	**-904**	**-7,802**	**1,366**	**1,514**
Issue of Shares	63,466	100	32,736	824	366	0	0
Inc/(Dec) in Debt	-72,916	-25,398	-13,752	-16,267	28,016	-17,000	-12,000
Interest Paid	-19,427	-11,756	-8,511	-7,375	-8,247	-6,465	-5,517
Dividend Paid	0	0	-964	-2,239	-4,243	-5,986	-6,983
Others	0	0	0	0	0	0	0
CF from Fin. Activity	**-28,878**	**-37,054**	**9,509**	**-25,057**	**15,892**	**-29,451**	**-24,500**
Inc/Dec of Cash	**2,495**	**8,223**	**5,162**	**-10,305**	**17,683**	**35,647**	**25,925**
Opening Balance	2,276	4,885	13,108	19,641	9,343	27,026	62,673
Closing Balance	**4,771**	**13,108**	**18,270**	**9,336**	**27,026**	**62,673**	**88,598**

Aditya Birla Real Estate

BSE SENSEX	S&P CNX
76,923	24,006

CMP: INR1,396 **TP: INR1,940 (+39%)** **Buy**

Taking a breather before the next leap

Aditya Birla Real Estate's (ABREL) robust scale-up, reflected in pre-sales expansion of 61% CAGR to INR81b during FY20-26, has propelled it into the ranks of the top 10 developers. Strategic BD, timely launches, rapid asset churn, and the brand pull of Aditya Birla have driven ABREL's growth within a short span of its real estate foray. However, a more selective and slower pace of BD over the past 1-1.5 years has led to a consolidation phase, with launch pipeline replenishment lagging robust sales velocity. Following a flattish pre-sales performance in FY26, we expect pre-sales to remain at similar levels in FY27. New project additions, subsequent launches, and future phases of existing projects are likely to drive a 22% YoY growth in pre-sales in FY28. Meanwhile, strong collections and proceeds from the paper business sale are expected to support deleveraging, thereby providing future growth opportunities. The stock is currently trading at a 28% discount to its NAV. Reiterate BUY with a TP of INR1,940.

Stock Info

Bloomberg	ABREL IN
Equity Shares (m)	112
M.Cap.(INRb)/(USDb)	155.9 / 1.6
52-Week Range (INR)	2461 / 1080
1, 6, 12 Rel. Per (%)	9/-9/-36
12M Avg Val (INR M)	355

Financials Snapshot (INR b)

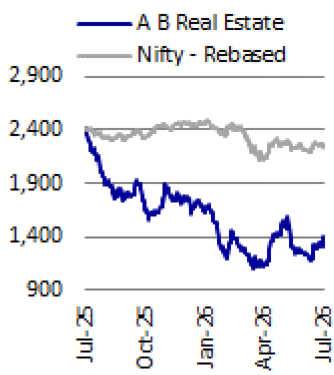
Y/E Mar	FY26	FY27E	FY28E
Sales	4.1	13.9	54.6
EBITDA	-3.6	3.5	17.0
EBITDA (%)	-88.2	25.5	31.1
PAT	-0.8	0.6	10.8
EPS (INR)	-7.0	5.3	97.0
EPS Gr. (%)	110.5	-175.8	1720.0
BV/Sh. (INR)	331.3	369.5	463.4
Ratios			
Net D/E	-2.1	1.5	23.3
RoE (%)	-3.0	3.1	12.4
RoCE (%)	-27.0	7.3	3.1
Valuations			
P/E (x)	-198.3	261.8	14.4
P/BV (x)	4.2	3.8	3.0
EV/EBITDA (x)	-55.1	52.6	11.0
Div Yield (%)	0.2	0.2	0.2

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	50.2	50.2	50.2
DII	16.4	16.9	15.9
FII	10.0	10.0	10.3
Others	23.3	22.9	23.6

FII includes depository receipts

Stock performance (one-year)



New project additions expected in the coming quarters

ABREL targets business development worth INR100-150b GDV annually. During FY24-25, the company added INR393b of cumulative GDV across multiple micro-markets, enabling diversification and supporting simultaneous project launches during FY25-26 (faster project churn). However, with only one project (INR17-18b GDV) added over the past 1.0-1.5 years, inventory replenishment has lagged pre-sales momentum. While INR421b of inventory remains to be launched, it is concentrated in a limited number of projects, restricting ABREL's ability to launch multiple projects simultaneously. Based on our checks, several deals are currently under evaluation, and the acquisition of new projects could improve medium-term growth visibility.

Entering a consolidation phase; growth expected to resume post FY27

ABREL's prudent sales and marketing strategies, coupled with Aditya Birla's brand pull, drove pre-sales to INR81b (61% pre-sales CAGR in FY20-26) within six years of real estate operations. The company has entered a consolidation phase, with limited sustenance inventory and fewer major launches leading to flattish pre-sales in FY26. Given the minimal BD activity over the past 1.0-1.5 years, the launch pipeline is likely to remain constrained in the near term. Consequently, we expect FY27 pre-sales to remain at similar levels. However, new project additions over the coming quarters and their subsequent launches should revive growth beyond FY27. We, therefore, bake in 22% YoY pre-sales growth in FY28.

Deleveraging on the card

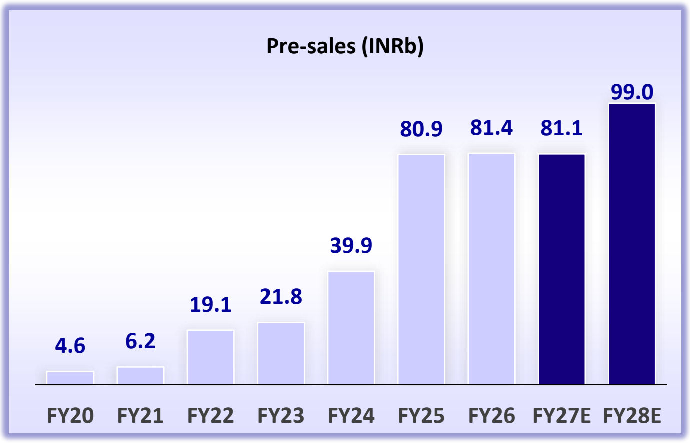
ABREL has maintained strong financial discipline and control over debt through business restructuring and the exit of low-profitability segments. The demerger of the cement business led to a sharp reduction in net debt, from INR41b in FY18 to INR13b in FY20. Despite a significant ramp-up in its real estate business, net debt stood at ~INR33b in FY26, cushioned by an 85% CAGR in collections over FY20-26. Backed by continued pre-sales growth and healthy project execution, we expect collections to expand at a 30% CAGR to INR56b during FY26-28. In addition, proceeds worth INR35b (pre-tax) from the paper division sale in 1HFY27 are expected to further deleverage the balance sheet, positioning the company well for its next leg of growth.

Valuations attractive; reiterate BUY

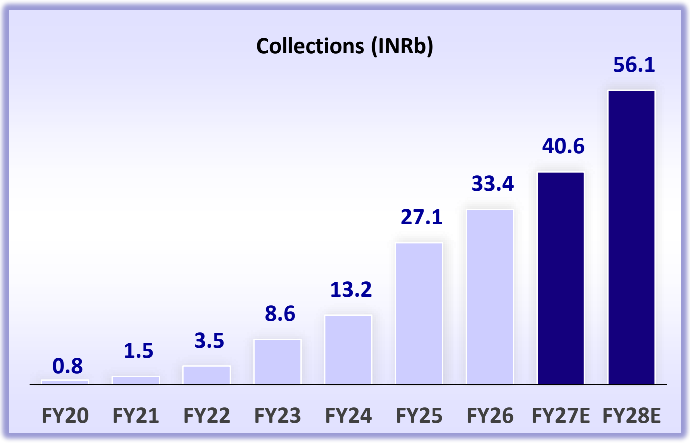
ABREL has recorded a robust scale-up in the real estate segment since its inception, delivering a 61% pre-sales CAGR during FY20-26. This growth has been supported by a continued focus on balance sheet strengthening. Further, the planned exit from the paper business in FY27 is expected to release management bandwidth, enabling a sharper focus on real estate development. While BD activity has been slow over the past year, an acceleration in BD remains crucial for improving medium-term growth visibility. Accordingly, we currently value the residential business at NAV, while a ramp-up in BD activity could unlock further value. The company's focused efforts toward ramping up its annuity portfolio are encouraging and are expected to provide greater cash flow stability post-FY30. The stock is currently trading at 28% discount to NAV. **We reiterate our BUY rating on the stock with a TP of INR1,940, implying a 39% upside potential.**

STORY IN CHARTS

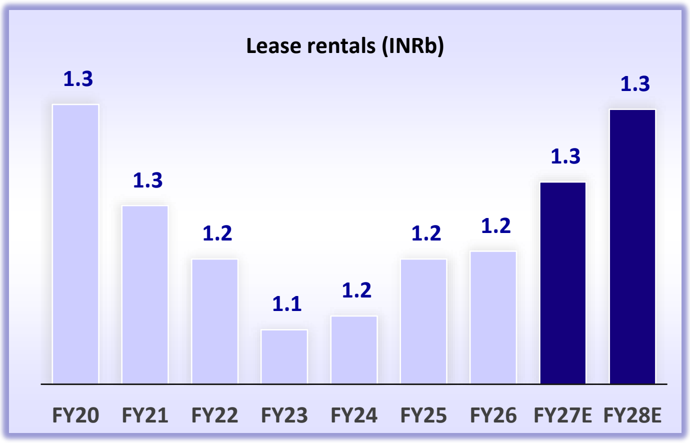
Pre-sales likely to remain flat in FY27 before growing 22% YoY in FY28



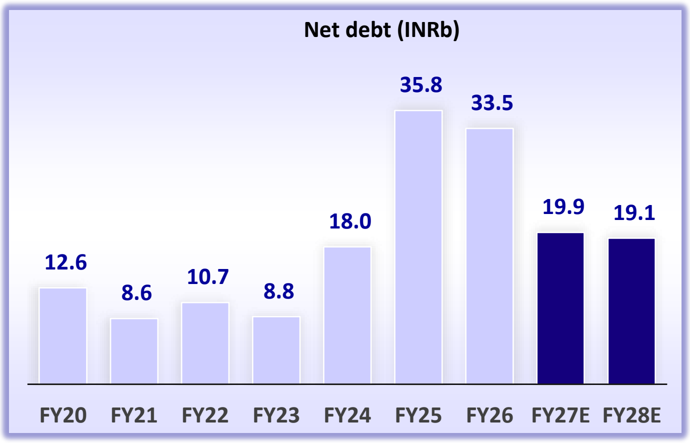
Collections to post a 30% CAGR over FY26-28E



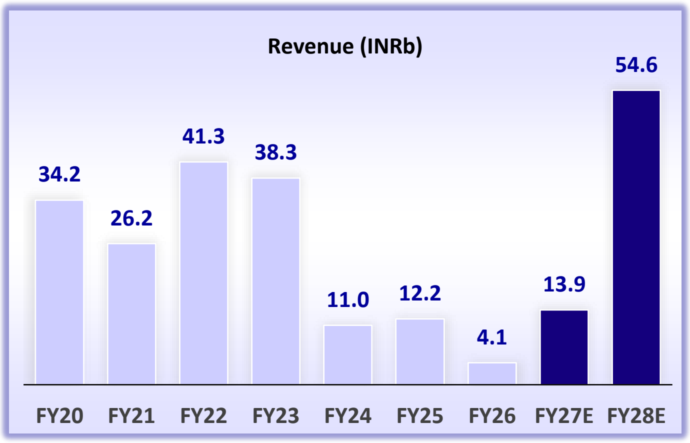
Ongoing commercial projects fully occupied; rentals to gradually increase



Net debt to remain at comfortable levels

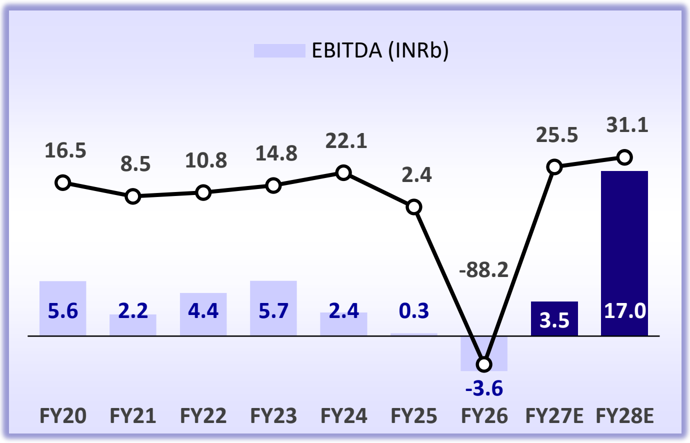


Revenue to sharply increase in FY28 with Niyaara project hitting recognition



Source: Company, MOFSL

EBITDA expected at INR17.1b in FY28E with 31% margin



Source: Company, MOFSL

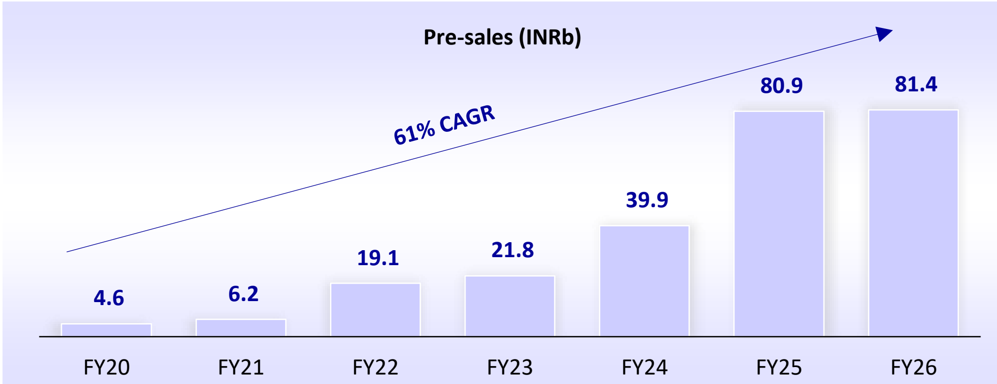
Demonstrating a diversified scale-up

Making its way into the top 10 within a short span

Birla Estates, backed by the strong parentage of the Aditya Birla Group, has witnessed robust scale-up over a short span, recording a 61% CAGR in pre-sales during FY20-26 and securing a place among the top 10 developers in India in terms of annual pre-sales. ABREL's operations are spread across four key regions—MMR, NCR, Bengaluru, and Pune—providing geographic diversification, while the company has witnessed strong demand across most of its projects. Faster monetization of marquee projects such as Birla Niyaara P-1 & 2 (Worli), Birla Arika (Gurugram), Birla Trimaya (Bengaluru), Birla Navya (Gurugram), and Birla Pravaah (Gurugram) has played a vital role in strengthening brand recognition in the real estate market, while also improving cash flow visibility.

Sharp ramp-up led by the strong response received during the launch of Birla Niyaara P-1/2 in FY22/24; Birla Arika P-1/2 in FY25/26; and Birla Pravaah in FY26

Exhibit 76: Pre-sales recorded a 61% CAGR over FY20-26



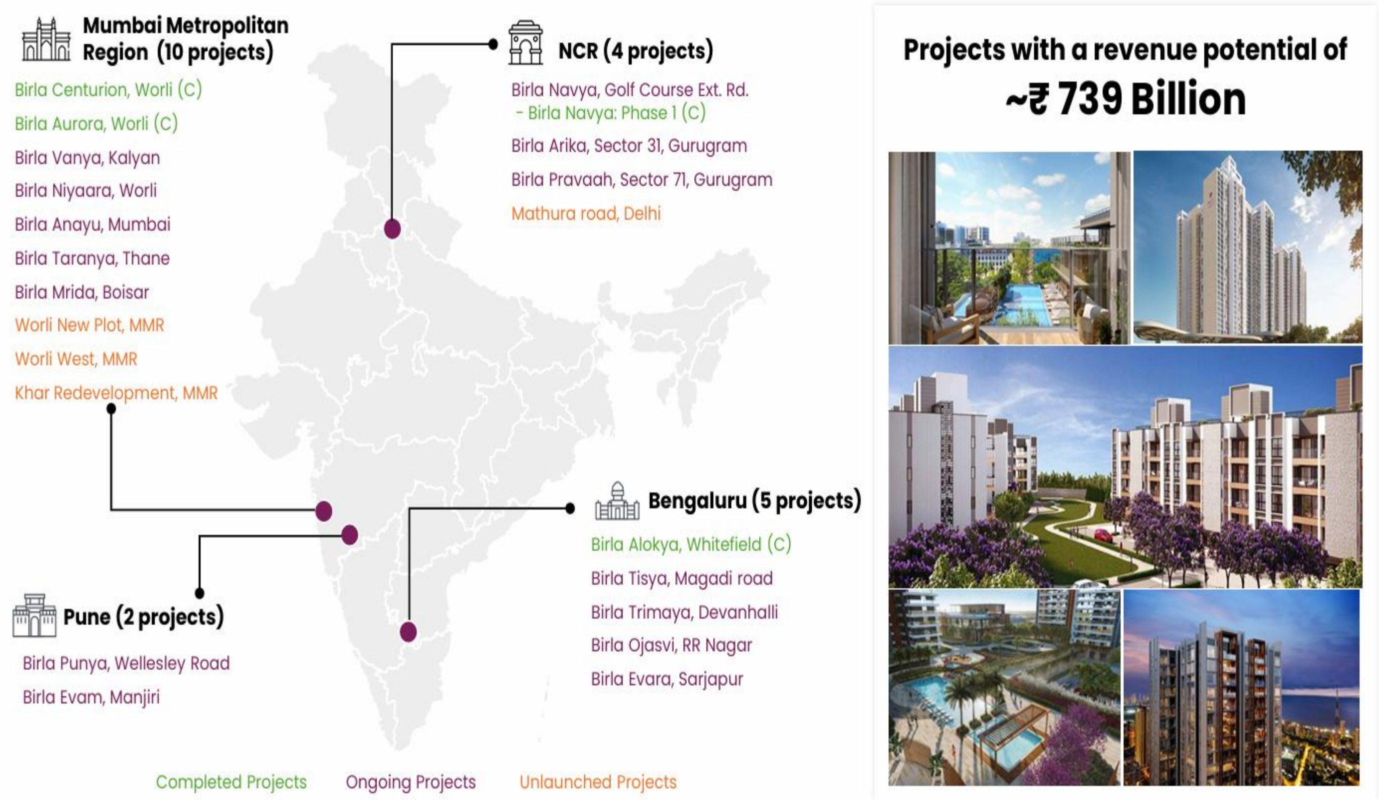
Source: Company, MOFSL

Response in Worli has been the defining factor for ABREL; now de-risked

Birla Niyaara, which comprised ~66% of pre-sales during FY22-24, has now seen its share decline to <10% in FY26. Despite P-3 of this project being expected to be launched in FY27, we expect the project's contribution in pre-sales to be <35% during the year.

- The success of Birla Niyaara in the Worli micro-market has positioned the company in a different league, significantly enhancing ABREL's scale and establishing Birla Estates as one of the top-selling brands in this micro-market. The company launched Phase-1 of this uber-luxury project in Feb'22 and sold 70% of the inventory within the first year. Subsequently, Phase-2 (Silas), launched at premium pricing and a higher ticket size (>INR250mn/unit) in 4QFY24, achieved ~45% sales at launch. Overall, the project has sold ~80% of the launched inventory as of FY26 and has remained among the top-selling projects in Worli over the past four years.
- Since its first project launch in FY20, the company has cumulatively clocked ~INR254b in pre-sales, with Birla Niyaara contributing 28%. While sales remained largely dependent on this single project until FY24, diversification has started to play out from FY25 onwards. With portfolio expansion and the launch of major projects like Birla Arika and Birla Pravaah in Gurugram, Birla Trimaya in Bengaluru, and Birla Taranya in Thane, pre-sales have become more broad-based, with Worli's contribution declining from an average of 66% during FY22-24 to 9% in FY25-26, thereby de-risking operational performance.

Exhibit 77: Pan-India footprint



Source: Company, MOFSL; Note: (c) indicates commercial projects

Exhibit 78: Project potential in Worli

Towers	Area (Mn Sq ft)	Status
A	0.9	Launched
B	0. 9	Launched
C	0.7	Yet to be Launched
Total	**~2.5**	
Worli New Plot (D)	~2.6	Yet to be Launched
Commercial Development	~1.3	Yet to be Launched
Worli West	~0.4	Yet to be Launched
Grand Total	**~6.8**	

The masterplan of the project is designed and planned by globally recognized architects and designers as follows:

- Foster + Partners, UK
- Sasaki Associates, USA
- LERA, USA
- Coopers Hill, Singapore
- BPI Design, Singapore
- Priedmann, UAE

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Source: Company, MOFSL

Exhibit 79: Project details

Region	Project	Launch Period	Saleable area (msf)	Area launched (msf)	Area sold (msf)	% Area sold	Booking value (INRb)	Collections (INRb)	% Collected	Share (%)
MMR	Birla Vanya (Kalyan)	Q1FY20	1.3	1.3	1.2	90	9.6	9.2	96	100
	Birla Niyaara (Worli)*	**P-1:** Q4FY22 **P-2:** Q4FY24	5.5	1.8	1.5	86	70.8	32.1	45	100
	Birla Anayu (Walkeshwar)	Q2FY25	0.1	0.1	0.0	57	2.8	1.0	35	100
	Birla Taranya (Thane)	**P-1:** Q4FY26	1.7	1.7	0.8	44	9.5	0.7	7	100
	Birla Mrida (Boisar)	Q4FY26	1.3	1.3	0.2	14	0.7	0.0	4	100
Pune	Birla Punya (Sangamwadi)	**P-1:** Q4FY25 **P-2:** Q4FY26	1.6	0.9	0.5	55	6.9	1.0	14	100
	Birla Evam (Manjiri)	**P1:** Q3FY26	1.0	1.0	0.4	42	3.1	0.3	11	100
Bengaluru	Birla Alokya (Whitefield)	Q3FY20	0.6	0.6	0.6	100	4.0	4.0	100	100
	Birla Tisya (Rajajinagar)	Q3FY22	0.7	0.7	0.7	100	6.5	5.0	76	40
	Birla Trimaya (Devanahalli)	**P-1:** Q2FY24 **P-2:** Q2FY25 **P-3:** Q4FY25 **P-4:** Q4FY26	3.6	3.0	2.9	95	24.6	8.1	33	47
	Birla Ojasvi (RR Nagar)	Q2FY25	1.0	1.0	0.9	89	9.1	3.4	37	100
	Birla Evara (Sarjapur)	Q4FY25	2.9	2.5	1.8	71	19.1	3.1	16	51
Gurugram (NCR)	Birla Navya (GCER)	Q3FY21	1.9	1.6	1.4	87	20.1	11.0	55	50
	Birla Arika (Sector-31)	**P1:** Q4FY25 **P2:** Q4FY26	2.4	2.1	2.1	99	48.4	7.1	15	58
	Birla Pravaah (Sector 71)	Q3FY26	1.1	1.1	1.1	99	18.5	2.0	11	100
Total			**26.7**	**20.7**	**16.1**	**77.8**	**253.7**	**88.0**	**34.7**	

Source: Company, MOFSL; Note: *Birla Niyaara's total saleable area includes the Worli new plot (2.6 msf) and the Worli West plot (0.4 msf)

Exhibit 80: Projects across regions

MMR

Bengaluru

NCR

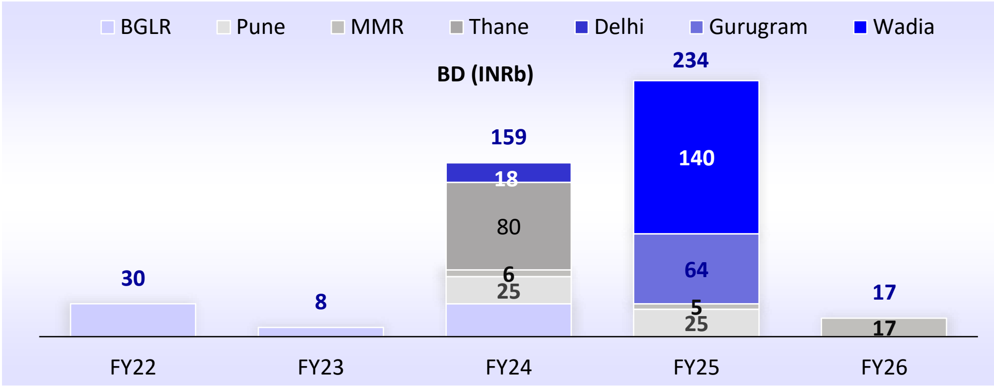
Pune

Source: Company, MOFSL

Faster asset churn; future BD key to growth visibility

ABREL's sizeable launches across its focus regions have been strategic and designed to cater to demand trends in the premium and luxury segments across respective micro-markets. Strong pre-sales growth over the last four years has resulted in faster inventory liquidation, making it crucial for ABREL to replenish its project launch pipeline to sustain growth momentum. Since FY23, the company has maintained a target of adding new inventory annually with a GDV potential of INR100-150b. Consequently, over the last three years, the company has added new projects with a GDV potential of ~INR410b across MMR, NCR, Bengaluru, and Pune. The launch of these projects, along with the legacy land bank in Worli, offers pre-sales visibility over the next two years.

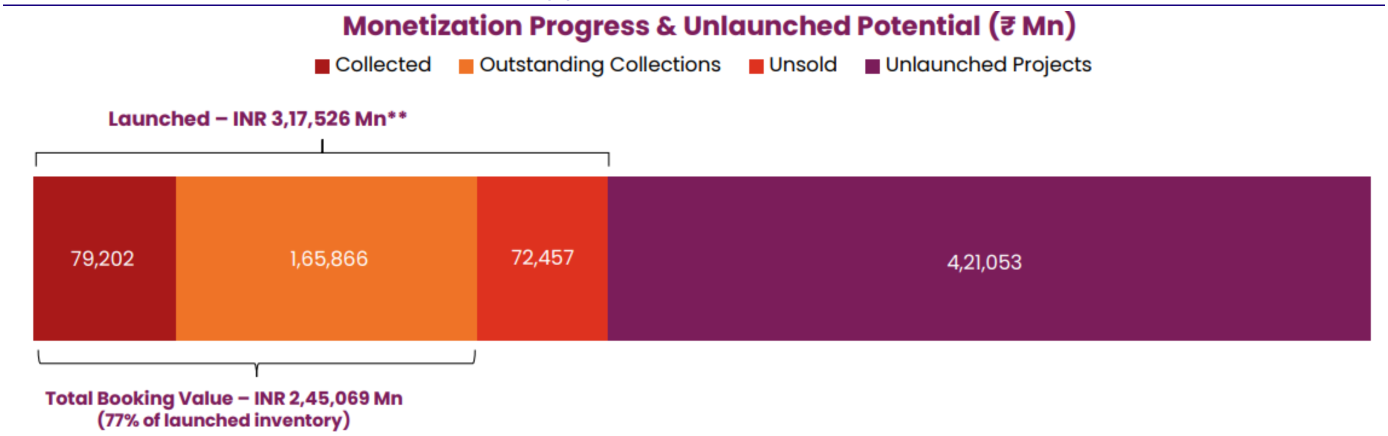
Exhibit 81: Aggressive BD over the last two years



Source: Company, MOFSL

As of FY26, the company has an unlaunched inventory pipeline worth INR421b. Further, ABREL's focus has shifted toward adopting a more asset-light model, having partnered with Mitsubishi and IFC to convert three outright projects into a JV model, thereby freeing up capital for deployment toward new BD initiatives and working capital purposes. While business development activity remained muted over the past year, with only one project (INR17b GDV) added, ABREL remains in active discussions for new acquisitions across multiple locations within its focus regions. These acquisitions remain vital for maintaining growth beyond FY28.

Exhibit 82: ABREL has INR421b worth of inventory yet to be launched



Source: Company, MOFSL

Exhibit 83: Birla Pravaah model structure

Source: Company, MOFSL

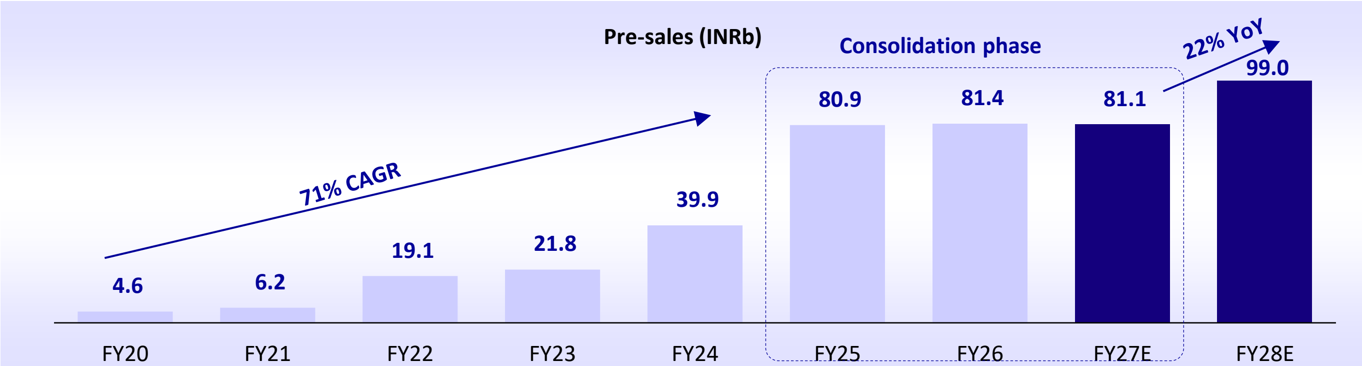
Exhibit 84: Birla Alokya – project in Bengaluru already delivered

Source: Company, MOFSL

Pre-sales growth to revive post-FY27

- ABREL has focused on faster project churn, with most projects launched within two years of acquisition. Except for the Mathura Road project in NCR, at least one phase of all other projects in the portfolio has already been launched. In FY26, the company launched a total inventory worth INR88b, of which 80% was absorbed. As of FY26, the company has INR72b left to be sold from projects that have already been launched.
- The balance pipeline of INR421b is expected to be launched over the coming years, supporting pre-sales growth over the medium term. The company entered a consolidation phase in FY26, as limited sustenance inventory and fewer major launches led to flattish pre-sales. Further, **FY27 pre-sales are expected to remain at similar levels, as muted BD over the last 1.0-1.5 years is likely to constrain the quantum of launches in the near term. However, new project acquisitions in the coming quarters and their subsequent launches are likely to revive growth post-FY27. We bake in 22% YoY pre-sales growth in FY28.**

Exhibit 85: Pre-sales likely to remain flat in FY27 before growing 22% YoY in FY28



Source: Company, MOFSL

Exhibit 86: Project-wise annual pre-sales trend (in INRm)

INRm	Projects	FY21	FY22	FY23	FY24	FY25	FY26
MMR	Birla Vanya	310	1,410	1,380	1,870	850	387
	Birla Niyaara	-	12,380	11,220	29,400	10,790	7,035
	Birla Anayu	-	-	-	-	2,830	-
	Birla Taranya	-	-	-	-	-	9,518
	Birla Mrida	-	-	-	-	-	727
	Total	**310**	**13,790**	**12,600**	**31,270**	**14,470**	**17,667**
Bengaluru	Birla Alokya	1,010	850	530	330	80	44
	Birla Tisya	-	3,220	1,910	620	770	-5
	Birla Trimaya	-	-	-	4,860	11,510	8,265
	Birla Ojasvi	-	-	-	-	8,030	1,097
	Birla Evara	-	-	-	-	8,660	10,434
	Total	**1,010**	**4,070**	**2,440**	**5,810**	**29,050**	**19,835**
Pune	Birla Punya	-	-	-	-	3,120	3,750
	Birla Evam	-	-	-	-	-	3,105
	Total	**-**	**-**	**-**	**-**	**3,120**	**6,855**
NCR	Birla Navya	4,980	1,260	6,780	2,780	2,740	1,599
	Birla Arika	-	-	-	-	31,510	16,913
	Birla Pravaah	-	-	-	-	-	18,513
	Total	**4,980**	**1,260**	**6,780**	**2,780**	**34,250**	**37,025**
Total - ABREL		**6,300**	**19,120**	**21,820**	**39,860**	**80,890**	**81,382**
Contribution of key projects (%)							
NCR	Birla Navya	79	7	31	7	3	2
MMR	Birla Niyaara	0	65	51	74	13	9
NCR	Birla Arika	0	0	0	0	39	21

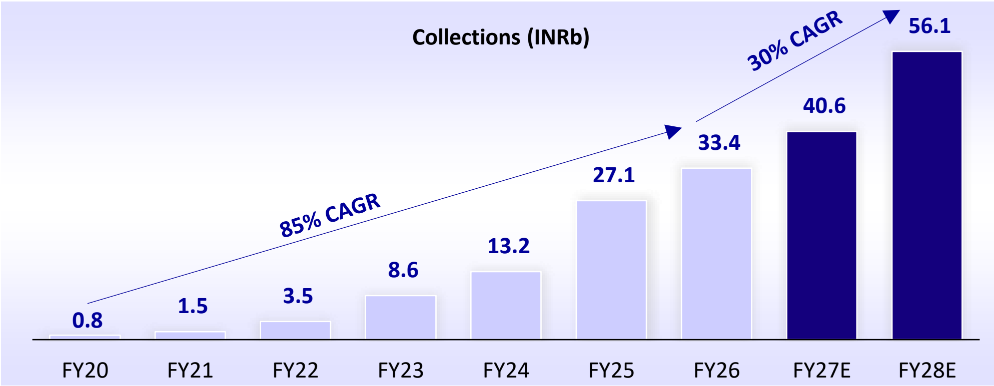
Source: Company, MOFSL

Collections to rise; deleveraging on the cards

Customer collections are milestone-based and largely linked to project execution. Consequently, given the strong pre-sales momentum since FY22 and healthy execution, ABREL clocked an 85% CAGR in collections over FY20-26, reaching INR33b. Further, supported by robust pre-sales growth and steady progress in construction activity, **we expect ABREL to clock a 30% CAGR in collections over FY26-28, reaching INR56b.** The company's strong cash flow position provides significant comfort and positions it well to pursue new project acquisitions and business development to ramp up the residential and commercial businesses over the medium term.

Despite ABREL entering the consolidation phase in terms of pre-sales during FY25-27, collections are expected to grow on the back of project execution, which reflects well on the cash flow visibility. Further, with pre-sales growth expected to resume from FY28, collections growth would gain momentum

Exhibit 87: Collections to post a 30% CAGR over FY26-28E



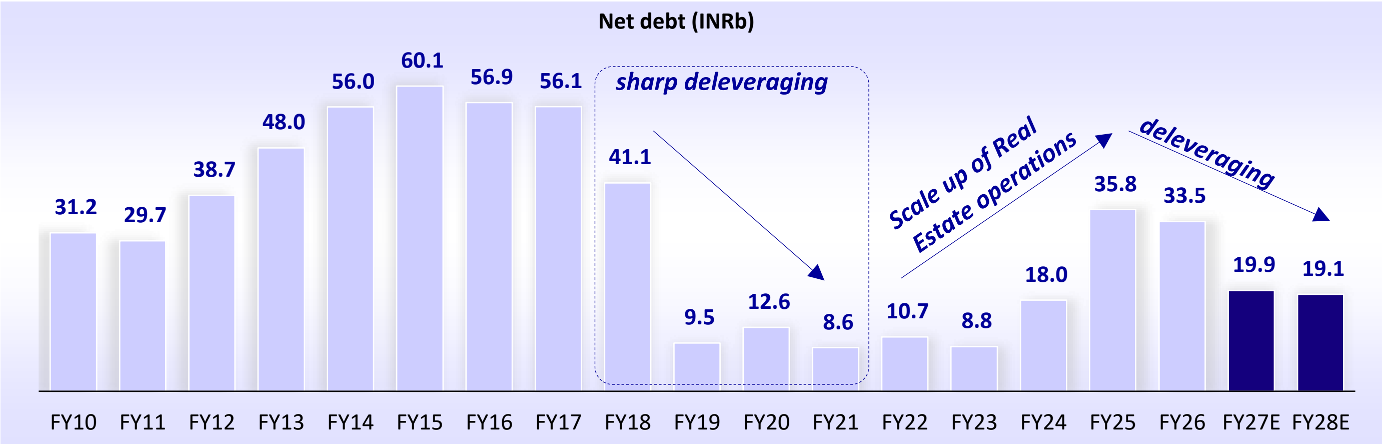
Source: Company, MOFSL

Prudent debt control; balance sheet to sharply deleverage

The completion of the deal with ITC, in addition to the collections growth, would lead to almost nil leverage on the balance sheet in FY27, which would make ABREL well placed to continue investing towards growth in the coming quarters

- ABREL has historically demonstrated strong financial discipline, as its debt has remained under control amid business restructuring at the group level and the exit from low-profitability segments. As part of this strategy, the company demerged its cement business, resulting in net debt declining sharply from INR41b in FY18 to INR13b in FY20, thereby creating headroom for scaling up its residential business. It also transferred certain textile-related segments to Grasim Industries and subsequently exited its remaining loss-making textiles business during FY24-25. Despite a significant ramp-up in its real estate business over the past five years, net debt stood at ~INR33.5b as of FY26.
- Backed by strong collections from the residential business, we expect cumulative net cash inflows (after construction, approval/liaison, and SG&A costs) of INR12b during FY27/28. Further, in FY25, the company entered into a Business Transfer Agreement with ITC Ltd. to sell its pulp and paper business for a total consideration of INR35b. The transaction is likely to be completed in FY27, and the cash proceeds should lead to limited net debt in FY27E. Of the total proceeds, management intends to repay INR20b debt associated with the paper business, while the remaining funds are likely to be allocated toward new project acquisitions within the real estate division.
- **Considering the INR40b deployed toward BD during FY27-28, we expect net debt to reduce to INR19b in FY28.**

Exhibit 88: Net debt to remain at comfortable levels

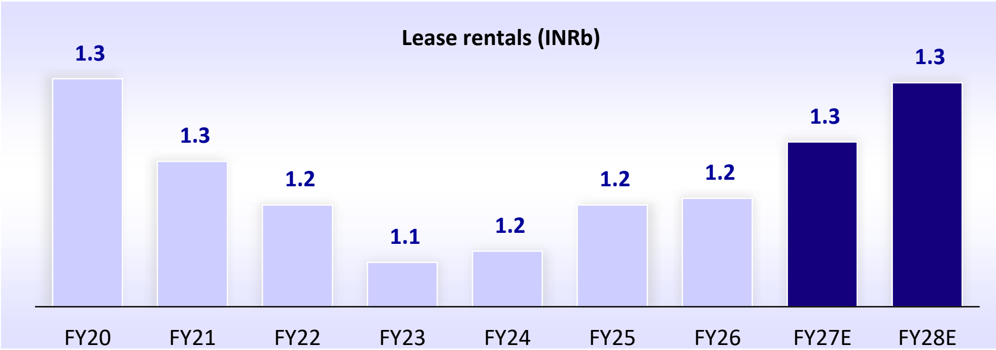


Source: Company, MOFSL

Gradually building a sizeable annuity portfolio

- ABREL's operational annuity portfolio comprises ~0.6msf of total leasable area across two assets, Birla Centurion and Birla Aurora, generating annual net leasing income of ~INR1.4b. As the existing portfolio is largely leased out, growth is expected to be largely driven by rental escalations and space churn. The company plans to add 1-1.3msf of commercial space on the Worli East land (beside the Niyaara project), which could potentially generate annual rental income of INR3-4b (our estimate). An additional 0.4-0.5msf of leasable space is likely to be added at the existing Century Bhavan property.
- The ramp-up of the annuity portfolio through new asset additions is expected to create a strong and stable stream of cash flows beyond FY30. The company is also evaluating further space addition opportunities in the annuity portfolio to strengthen its annuity income base. Management aims to build a rental portfolio generating INR10b in annuity income over the next five years. Meanwhile, the current operational assets are expected to post a 5% CAGR over FY26-28, reaching INR1.3b.

Exhibit 89: Ongoing commercial projects fully occupied; rentals to gradually increase



Source: Company, MOFSL

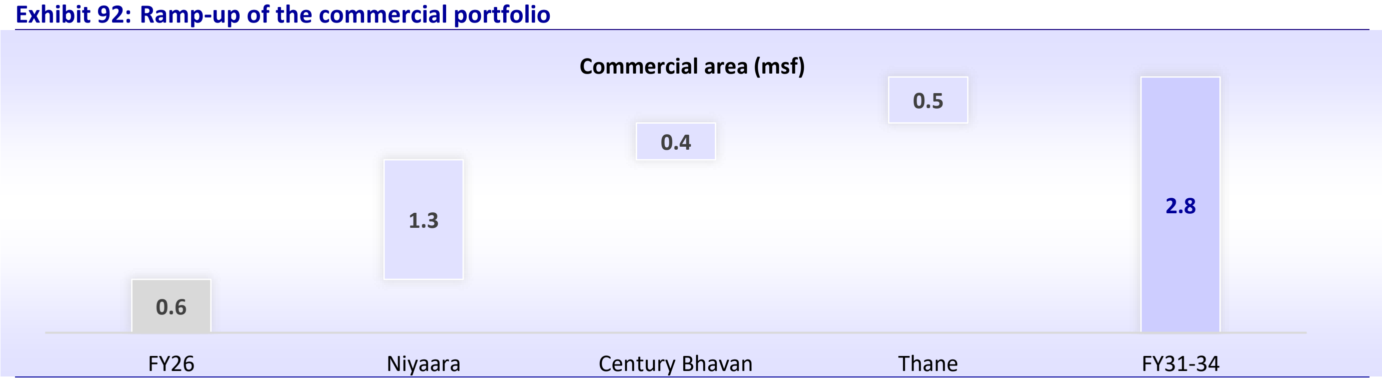
Exhibit 90: Birla Aurora fully occupied with 0.26msf area

Source: Company, MOFSL

Exhibit 91: Birla Centurion fully occupied with 0.32msf area

Source: Company, MOFSL

Exhibit 92: Ramp-up of the commercial portfolio



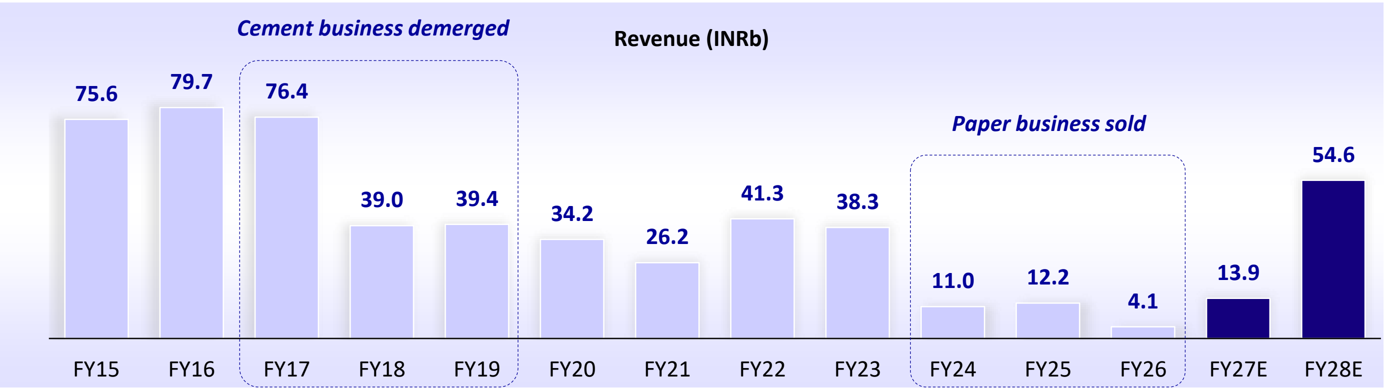
Source: Company, MOFSL; **Note:** 0.5msf development in Thane is indicative

Financials

Niyaara's completion to drive revenue growth in FY28

- ABREL recognizes revenue from its residential segment under the project completion method (PCM). As a result, we expect revenue to remain muted in FY27, with only select under-construction projects reaching completion. However, major projects including Niyaara P-1 are expected to achieve key recognition milestones in FY28, driving a sharp acceleration in revenue. Further, we expect the commercial segment to deliver a steady 5% CAGR in revenue to INR1.3b during FY26-28.
- **Overall, we estimate total revenue of INR14b/INR55b in FY27/FY28E, respectively.**

Exhibit 93: Revenue to sharply increase in FY28 with Niyaara project hitting recognition

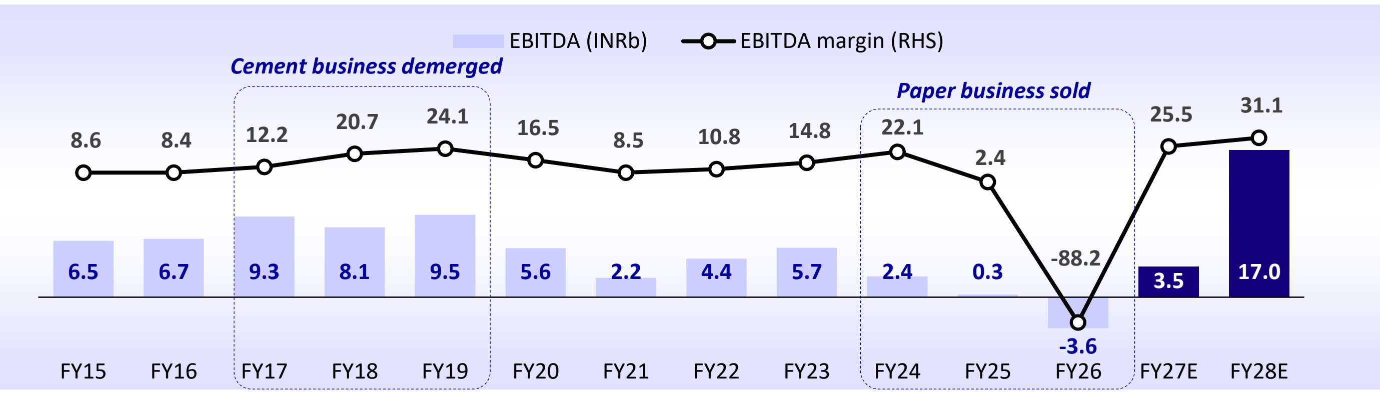


Source: Company, MOFSL

Profitability to follow the revenue trend

ABREL targets a blended EBITDA margin of 30-35% in its residential segment (based on the project mix), while the commercial segment is likely to generate a higher EBITDA margin of ~90%, although its current contribution remains limited. Depending on the timing of revenue recognition and the contribution from the commercial segment, we expect EBITDA to reach INR3.5b in FY27E and INR17.0b in FY28E.

Exhibit 94: EBITDA to show INR17.0b in FY28E with 31% margin



Source: Company, MOFSL

Collections growth and paper business sale to drive deleveraging

- ABREL has historically demonstrated strong financial discipline, as its debt has remained under control amid business restructuring at the group level and the exit from low-profitability segments. As part of this strategy, the company demerged its cement business, resulting in net debt declining sharply from INR41b in FY18 to INR13b in FY20, thereby creating headroom for scaling up its residential business. It also transferred certain textile-related segments to Grasim Industries and subsequently exited its remaining loss-making textiles business during FY24-25. Despite a significant ramp-up in its real estate business over the past five years, net debt stood at ~INR33.5b as of FY26.
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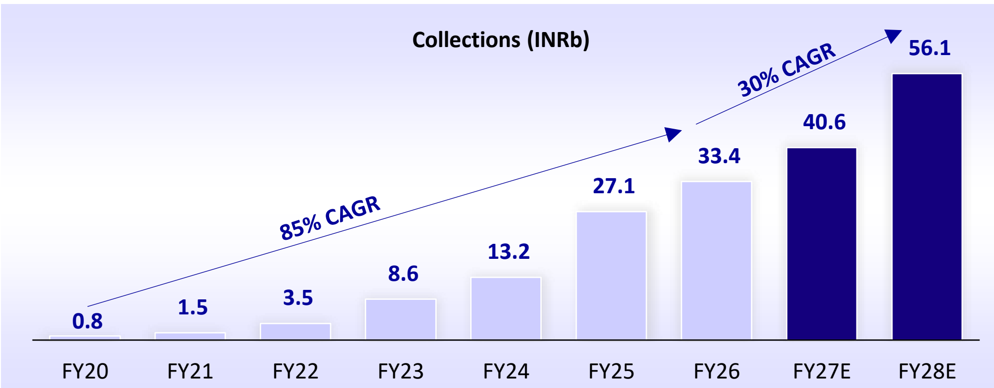
- **Considering the INR40b deployed toward BD during FY27-28, we expect net debt to reduce to INR19b in FY28.**

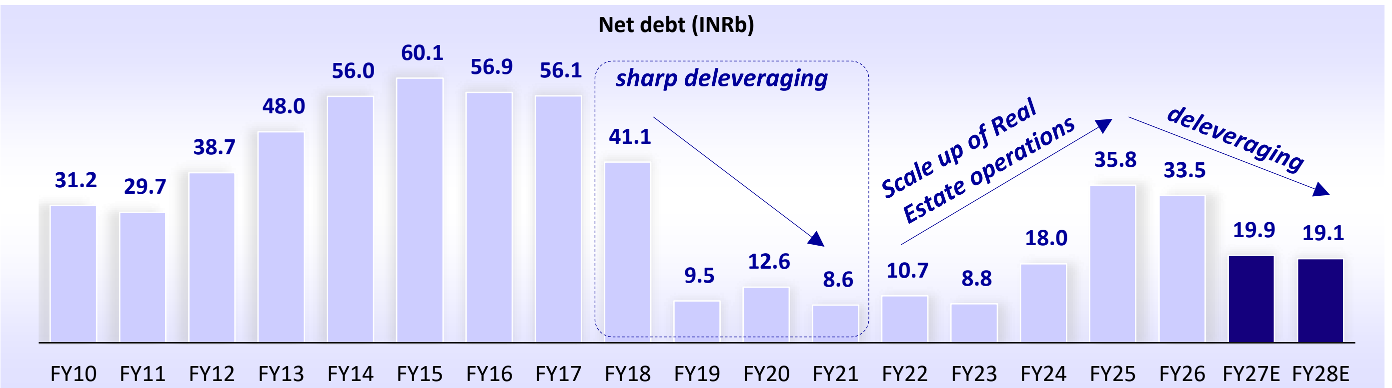
Despite ABREL entering the consolidation phase in terms of pre-sales during FY25-27, collections are expected to grow on the back of project execution, which reflects well on the cash flow visibility. Further, with pre-sales growth expected to resume from FY28, collections growth would gain momentum

Exhibit 95: Collections to post a 30% CAGR over FY26-28E



Source: Company, MOFSL

Exhibit 96: Net debt to remain at comfortable levels



Source: Company, MOFSL

Reiterate BUY with a TP of INR1,940 (+39%)

- ABREL has recorded a robust scale-up in the real estate segment since its inception, clocking a pre-sales CAGR of 61% during FY20-26. This growth has been supported by a continued focus on balance sheet strengthening. Further, the planned exit from the paper business in FY27 is expected to release management bandwidth, enabling a sharper focus on real estate development. While BD activity has been slow over the past year, an acceleration in BD remains crucial for improving medium-term growth visibility. Accordingly, we currently value the residential business at NAV, while a ramp-up in BD activity could unlock further value.
- The company's focused efforts toward ramping up its annuity portfolio is encouraging and are expected to provide cash flow stability post-FY30.
- **The stock currently trades at an 28% discount to the NAV. We reiterate our BUY rating with a TP of INR1,940, implying a 39% upside potential.**

Exhibit 97: Our SoTP-based TP of INR1,940 indicates an upside potential of 39%

NAV Summary			INRm
Residential NAV	❖	PV of future cash flows	2,20,367
Annuity portfolio EV	❖	7.5% Cap rate basis on FY28 EBITDA	16,101
Total EV			**2,36,468**
Net debt			19,865
Equity value			**2,16,602**
No. of shares (m)			111.7
Target price			1,939
TP- Rounded-off			**1,940**
CMP			1,395
Upside Potential (%)			**39**

Source: MOFSL

Financials and valuations

Consolidated - Income Statement							(INR M)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Total Income from Operations	**41,310**	**38,318**	**11,006**	**12,189**	**4,072**	**13,860**	**54,601**
Change (%)	57.9	-7.2	-71.3	10.7	-66.6	240.4	294.0
Total Expenditure	**36,864**	**32,631**	**8,579**	**11,893**	**7,665**	**10,329**	**37,640**
% of Sales	89.2	85.2	77.9	97.6	188.2	74.5	68.9
EBITDA	**4,445**	**5,687**	**2,427**	**296**	**-3,593**	**3,530**	**16,961**
Margin (%)	10.8	14.8	22.1	2.4	-88.2	25.5	31.1
Depreciation	2,307	1,959	590	638	675	790	821
EBIT	**2,139**	**3,728**	**1,837**	**-342**	**-4,268**	**2,740**	**16,140**
Int. and Finance Charges	522	342	299	458	644	845	832
Other Income	431	246	481	385	520	556	595
PBT bef. EO Exp.	**2,047**	**3,632**	**2,020**	**-415**	**-4,392**	**2,451**	**15,903**
EO Items	0	1,342	0	-1,240	-248	4,000	0
PBT after EO Exp.	**2,047**	**4,974**	**2,020**	**-1,655**	**-4,640**	**6,451**	**15,903**
Total Tax	504	1,729	513	-303	-1,390	613	3,976
Tax Rate (%)	24.6	34.8	25.4	18.3	30.0	9.5	25.0
Minority Interest	-47	-55	323	174	16	1,243	1,099
Reported PAT	**1,665**	**2,719**	**505**	**-1,613**	**-1,033**	**4,595**	**10,828**
Adjusted PAT	**1,665**	**1,377**	**505**	**-373**	**-785**	**595**	**10,828**
Change (%)	-647.1	-17.3	-63.3	-173.8	110.5	-175.8	1,720.0
Margin (%)	4.0	3.6	4.6	-3.1	-19.3	4.3	19.8

Consolidated - Balance Sheet							(INR M)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	1,117	1,117	1,117	1,117	1,117	1,117	1,117
Total Reserves	36,071	37,751	38,674	37,286	35,891	40,151	50,645
Net Worth	**37,188**	**38,868**	**39,791**	**38,403**	**37,008**	**41,268**	**51,761**
Minority Interest	1,580	1,521	1,156	480	-16	1,227	2,326
Total Loans	7,270	6,196	24,698	42,600	56,365	55,450	54,536
Deferred Tax Liabilities	-569	-74	-833	-2,048	-4,478	-4,378	-4,278
Capital Employed	**45,469**	**46,511**	**64,812**	**79,435**	**88,879**	**93,567**	**1,04,344**
Gross Block	76,292	76,499	75,915	27,200	27,150	28,117	29,016
Less: Accum. Deprn.	35,337	36,975	38,567	12,804	13,479	13,969	14,475
Net Fixed Assets	**40,955**	**39,524**	**37,347**	**14,395**	**13,671**	**14,148**	**14,541**
Capital WIP	1,739	1,896	572	242	176	476	776
Total Investments	**4,091**	**2,278**	**7,620**	**11,089**	**15,791**	**17,388**	**19,045**
Curr. Assets, Loans&Adv.	**30,034**	**40,338**	**58,613**	**1,37,058**	**1,68,211**	**2,39,994**	**2,66,192**
Inventory	23,309	32,561	47,258	89,434	1,10,605	2,07,979	2,28,785
Account Receivables	2,168	1,564	1,656	1,047	167	947	3,737
Cash and Bank Balance	1,143	1,511	4,015	10,006	13,988	25,678	24,513
Loans and Advances	3,415	4,701	5,684	36,571	43,452	5,390	9,157
Curr. Liability & Prov.	**31,350**	**37,525**	**39,340**	**83,349**	**1,08,971**	**1,78,439**	**1,96,210**
Account Payables	8,580	7,855	7,322	8,272	6,614	1,215	7,061
Other Current Liabilities	20,936	27,820	30,139	73,237	1,00,023	1,76,444	1,85,447
Provisions	1,834	1,849	1,879	1,841	2,334	779	3,702
Net Current Assets	**-1,316**	**2,813**	**19,272**	**53,708**	**59,240**	**61,555**	**69,983**
Appl. of Funds	**45,469**	**46,511**	**64,812**	**79,435**	**88,879**	**93,567**	**1,04,344**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)							
EPS	**14.9**	**12.3**	**4.5**	**-3.3**	**-7.0**	**5.3**	**97.0**
Cash EPS	35.6	29.9	9.8	2.4	-1.0	12.4	104.3
BV/Share	333.0	348.0	356.3	343.8	331.3	369.5	463.4
DPS	4.0	5.0	5.0	2.0	2.5	3.0	3.0
Payout (%)	32.2	24.6	132.6	-13.9	-27.0	7.3	3.1
Valuation (x)							
P/E	93.5	113.1	308.2	-417.5	-198.3	261.8	14.4
Cash P/E	39.2	46.7	142.2	588.2	-1,410.8	112.4	13.4
P/BV	4.2	4.0	3.9	4.1	4.2	3.8	3.0
EV/Sales	3.9	4.2	16.0	15.5	48.7	13.4	3.4
EV/EBITDA	36.4	28.2	72.7	636.5	-55.1	52.6	11.0
Dividend Yield (%)	0.3	0.4	0.4	0.1	0.2	0.2	0.2
FCF per share	-11.4	13.7	-43.9	-126.6	50.0	151.3	1.6
Return Ratios (%)							
RoE	4.6	3.6	1.3	-1.0	-2.1	1.5	23.3
RoCE	4.4	5.8	3.2	0.0	-3.0	3.1	12.4
RoIC	4.1	6.1	2.9	-0.5	-5.1	4.6	22.0
Working Capital Ratios							
Fixed Asset Turnover (x)	0.5	0.5	0.1	0.4	0.1	0.5	1.9
Asset Turnover (x)	0.9	0.8	0.2	0.2	0.0	0.1	0.5
Inventory (Days)	206	310	1,567	2,678	9,915	5,477	1,529
Debtor (Days)	19	15	55	31	15	25	25
Creditor (Days)	76	75	243	248	593	32	47
Leverage Ratio (x)							
Current Ratio	1.0	1.1	1.5	1.6	1.5	1.3	1.4
Interest Cover Ratio	4.1	10.9	6.2	-0.7	-6.6	3.2	19.4
Net Debt/Equity	0.2	0.1	0.5	0.8	1.1	0.7	0.6

Consolidated - Cash Flow Statement (INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	2,153	4,063	738	-1,924	-2,668	2,451	15,903
Depreciation	2,307	2,271	2,390	2,227	735	790	821
Interest & Finance Charges	455	482	441	490	609	289	237
Direct Taxes Paid	-652	-747	-1,361	-966	-1,193	-613	-3,976
(Inc)/Dec in WC	-4,036	-2,073	-7,655	-14,194	10,144	-17,541	-10,112
CF from Operations	**227**	**3,996**	**-5,447**	**-14,367**	**7,627**	**-14,624**	**2,873**
Others	-738	-1,286	2,294	1,433	-154	2,757	-1,099
CF from Operating incl EO	**-511**	**2,710**	**-3,153**	**-12,934**	**7,472**	**-11,867**	**1,774**
(Inc)/Dec in FA	-765	-1,180	-1,746	-1,200	-1,891	28,767	-1,594
Free Cash Flow	**-1,277**	**1,530**	**-4,900**	**-14,134**	**5,582**	**16,900**	**180**
(Pur)/Sale of Investments	-997	2,565	-3,495	-3,180	-3,987	-1,041	-1,061
Others	0	0	0	0	0	0	0
CF from Investments	**-1,762**	**1,385**	**-5,241**	**-4,380**	**-5,877**	**27,726**	**-2,656**
Issue of Shares	198	14	-464	-714	-380	1,243	1,099
Inc/(Dec) in Debt	2,867	-4,356	15,523	25,012	6,091	-5,077	-1,046
Interest Paid							
Dividend Paid	-115	-447	-554	-553	-222	-335	-335
Others	-783	1,062	-892	-1,561	-2,502	0	0
CF from Fin. Activity	**2,168**	**-3,727**	**13,614**	**22,184**	**2,986**	**-4,169**	**-283**
Inc/Dec of Cash	**-106**	**368**	**5,219**	**4,870**	**4,581**	**11,690**	**-1,164**
Opening Balance	1,249	1,143	-1,204	3,123	7,994	12,575	24,265
Closing Balance	**1,143**	**1,511**	**4,015**	**7,994**	**12,575**	**24,265**	**23,100**

DLF

BSE Sensex	S&P CNX
76,923	24,006

Stock Info

Bloomberg	DLFU IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	1605.7 / 16.9
52-Week Range (INR)	856 / 489
1, 6, 12 Rel. Per (%)	9/2/-17
12M Avg Val (INR M)	2279
Free float (%)	25.9

Financial Snapshot (INR b)

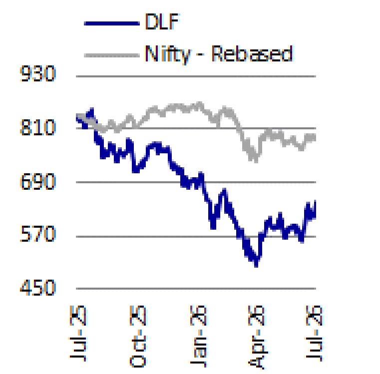
Y/E march	FY26	FY27E	FY28E
Sales	81.9	103.0	122.9
EBITDA	14.5	30.1	37.8
EBITDA Margin (%)	17.7	29.2	30.8
Adj PAT	42.1	54.6	64.1
EPS (INR)	17.0	22.1	25.9
EPS Growth (%)	-9.8	29.7	17.4
BV/Share (INR)	183.7	194.8	207.7
Ratios			
Net D:E	-0.2	-0.2	-0.2
RoE (%)	9.6	11.7	12.9
RoCE (%)	5.7	7.2	8.3
Payout (%)	44.9	49.8	50.2
Valuations			
P/E (x)	38.1	29.4	25.1
P/BV (x)	3.5	3.3	3.1
EV/EBITDA (x)	105.6	50.8	40.3
Div. Yield (%)	1.2	1.7	2.0

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	74.1	74.1	74.1
DII	6.9	5.8	4.7
FII	13.5	14.8	16.3
Others	5.4	5.3	4.9

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR649 TP: INR775 (+19%) Buy

Growth to be led by the annuity portfolio

DLF remains focused on ramping up the annuity portfolio, which would drive growth as we expect rental income CAGR of 14% during FY26-28E. The company remains on track to reach its INR100b annual rental milestone by FY30/FY31. In the residential segment, it reported a robust 42% pre-sales CAGR over FY20-26. However, pre-sales declined by 5% YoY to INR201b in FY26 due to the high base and market absorption ceiling given a single-region play. Since operations are concentrated in Gurugram and diversification to other major regions remains very slow, we expect the overall pre-sales CAGR to be 5% in FY26-28. Nonetheless, DLF has among the best NOCF-to-collections in the sector; we expect strong OCF generation over the next 2Y, which would keep the balance sheet sturdy (already net cash) with net cash at INR87b in FY28E. We value the residential business at its NAV and the annuity portfolio at a 7.5-8.0% cap rate on FY28E. We reiterate our BUY rating with an SoTP-based TP of INR775.

Regional concentration to limit pre-sales growth over the medium term

DLF witnessed a significant increase in the scale of residential operations, with the 42% pre-sales CAGR to INR201b during FY20-26. While it has a sizeable legacy low-cost land bank offering 188msf development potential, >70% of this is in Gurugram, which has seen significant market expansion in the last 2-3 years. Hence, despite DLF’s ability to maintain a higher pace of supply in Gurugram, anticipation of moderate growth in the region and a demand ceiling would limit its growth. Further, since diversification in new regions remains slow, we expect muted pre-sales CAGR of 5% to INR222b in FY26-28.

Annuity portfolio scaling up well; rental income CAGR at 14% in FY26-28E

The company has a sizable ~50msf operational rental portfolio comprising a mix of office and retail assets (DLF + DCCDL + Atrium Place). The rental income CAGR of 13% during FY21-26 was mainly on the back of new asset additions and rental escalations. The portfolio occupancy remains high at 95% (FY26), which is among the best in the industry. More additions are underway, which would lead to the portfolio size increasing to 74msf once the developments are complete. The management guided an INR82b exit rental in FY27 while retaining the medium-term target of INR100b. We expect INR78b/INR85b rental income in FY27/28E.

Healthy cash flows from the Devco business to keep the B/S sturdy

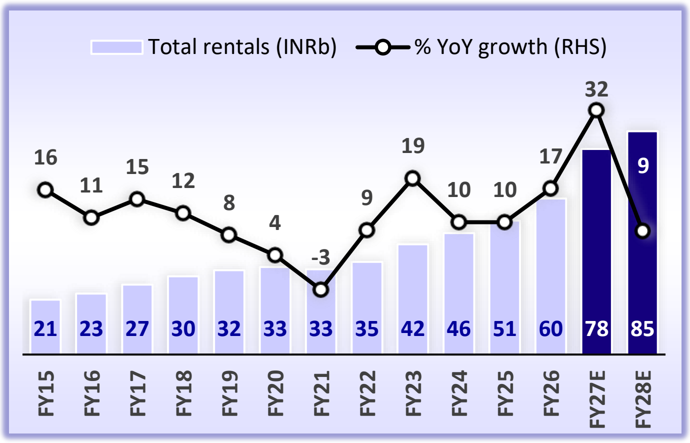
Strong scale-up along with collections growth led to sharp deleveraging of the Devco business in the past 5Y with consolidated net cash at INR83b as of FY26. DLF has among the best cash conversions among peers with NOCF-to-collections of 53% (FY23-26 average). The company has an INR438b cash surplus yet to be realized from projects already launched, while upcoming launches would be a further addition. We expect an FY26-28 collections CAGR of 8%, to INR154b, while cumulative net cash flows post-tax worth INR167b are expected in FY27/28. Accordingly, we project a net cash of INR87b as of FY28.

Valuation and view

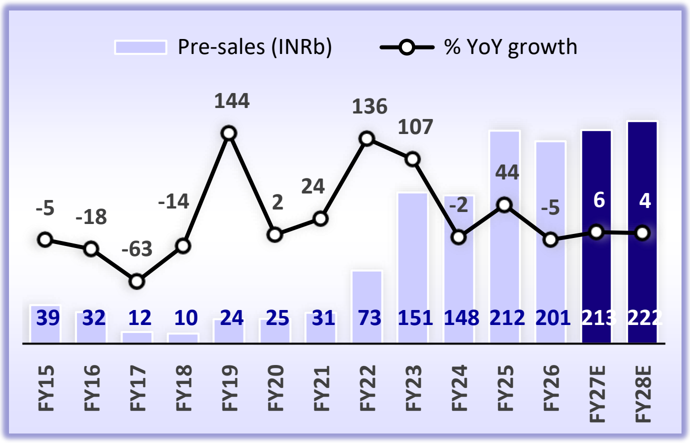
We value DLFU at its NAV and currently do not assign a growth premium to this since the potential of its sizable landbank is already being captured in our estimates. Further, delta to valuations would be through new project additions in MMR and/or other markets. Hence, we believe the company’s valuation at 0% NAV premium is justified. We value the commercial portfolio at a 7.5-8.0% cap rate on FY28E. **We reiterate our BUY rating with an SoTP-based TP of INR775.**

STORY IN CHARTS

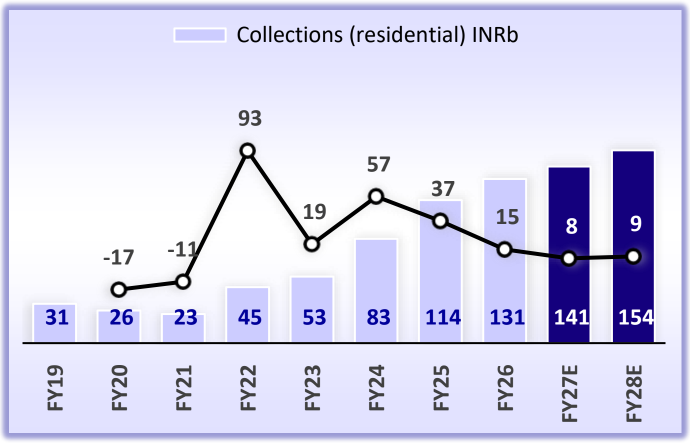
Rental income (DLF + DCCDL + Atrium Place) likely to post a robust growth during FY26-28



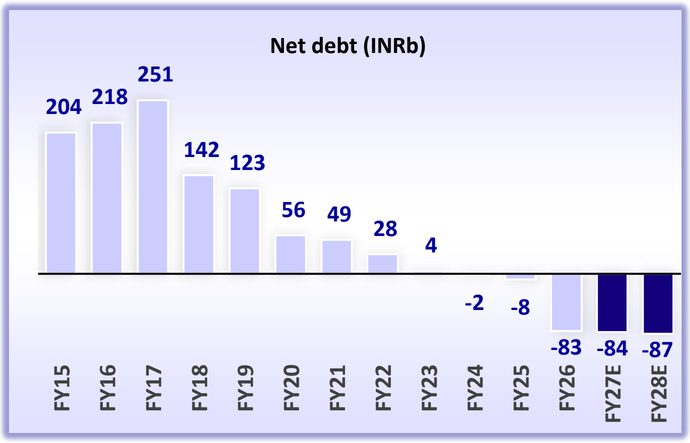
Pre-sales CAGR expected at 5% during FY26-28



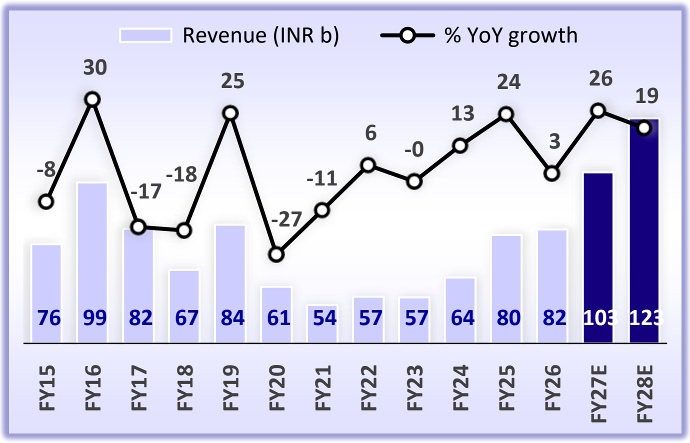
Collections CAGR expected at 8% during FY26-28



The balance sheet of DLF (consolidated) to remain net-cash in the coming years

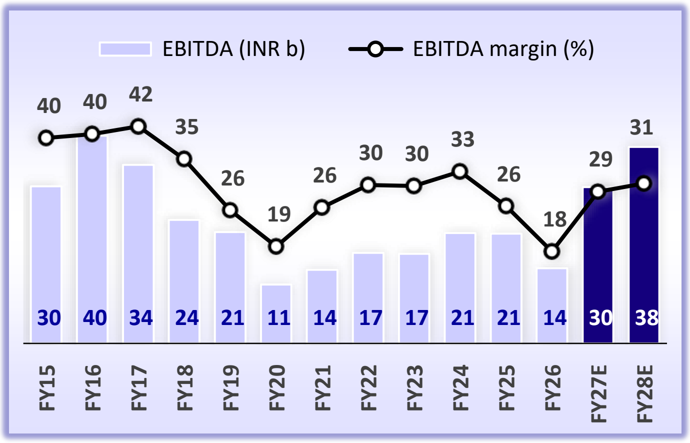


Revenue CAGR expected at 22% over FY26-28



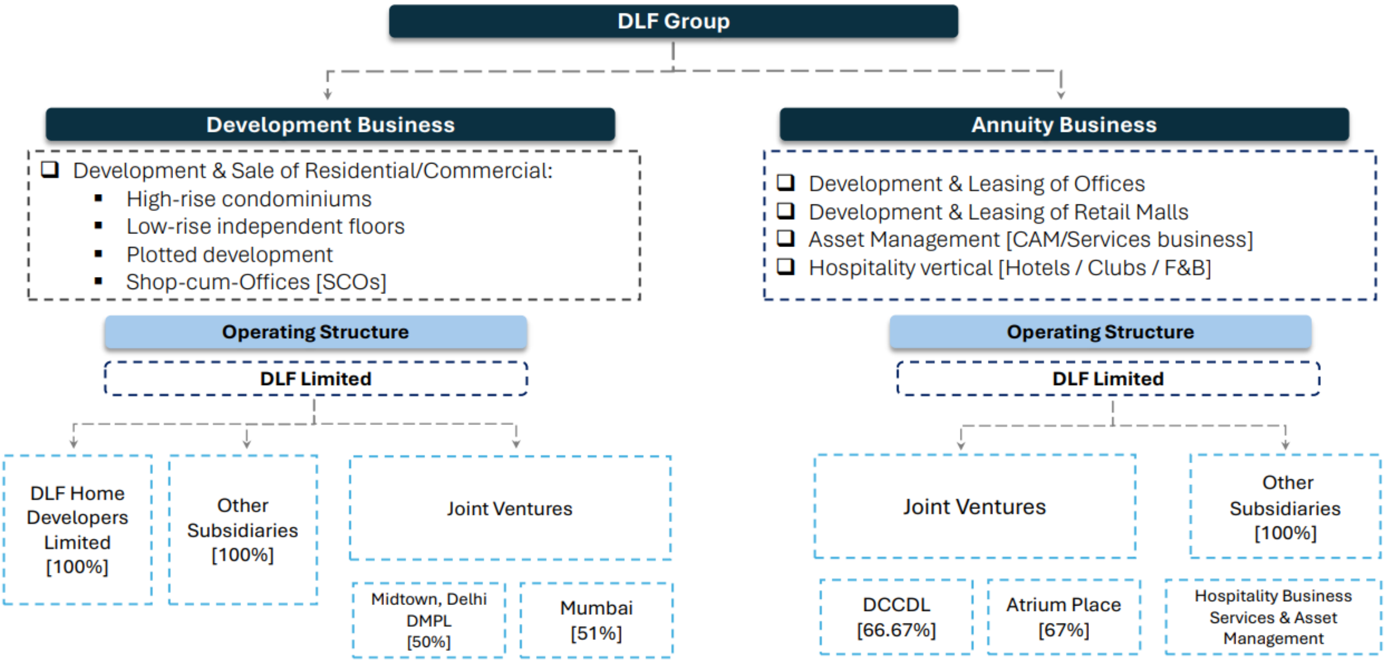
Source: Company, MOFSL

EBITDA margin expected at 29%/31% in FY27/FY28



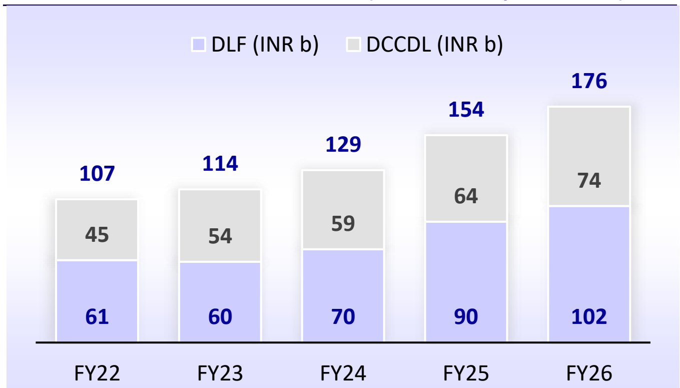
Source: Company, MOFSL

Exhibit 98: DLF – a prudent mix of residential and annuity assets



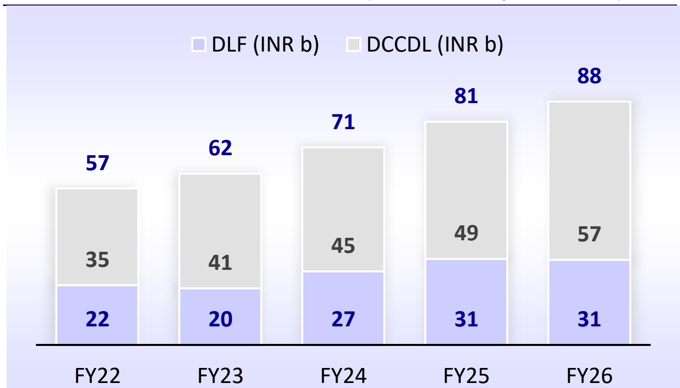
Source: Company, MOFSL

Exhibit 99: Revenue breakdown (on an enterprise basis)



Source: Company, MOFSL; Note: Pro forma figures based on management estimates, including 100% consolidation of DCCDL (without considering JV partner share and excluding any inter-group eliminations) to reflect the Group Enterprise scale

Exhibit 100: EBITDA breakdown (on an enterprise basis)



Source: Company, MOFSL; Note: Pro forma figures based on management estimates, including 100% consolidation of DCCDL (without considering JV partner share and excluding any inter-group eliminations) to reflect the Group Enterprise scale

Annuity income to propel growth in the next five years

- DLF's rental income CAGR of 13% (to INR60b during FY21-26) was driven by new asset additions, improving occupancy and rental escalations. Currently, its sizeable operational rental portfolio of ~50msf leasable area enjoys a 95% blended occupancy (as of FY26), which is among the best in the industry. These are operated through the parent entity (Devco) and the rental arm—DCCDL (DLF's stake @66.7%). A judicious mix of operational 27msf Non-SEZ offices, 17msf SEZ offices, and 5msf retail assets is spread across Gurugram, Chennai, Hyderabad, Chandigarh, Noida, and Delhi. Out of the overall operational portfolio, ~57% of the leasable area is in Gurugram.
- As of FY26, the company has an identified land bank of ~87msf, of which 13msf is under construction and 14msf is in the planning stage across Gurugram, Noida, Delhi, Chennai, and Hyderabad. This 27msf of upcoming annuity portfolio comprises 20msf office assets, while the balance is retail assets. With the operationalization of these new areas, the annuity portfolio size would increase to ~77msf. Out of the 49msf area that is currently operational, DLF's share is ~10%, which would increase to ~25% with the addition of new assets over the medium term.
- **The company has planned to incur INR200b capex over the next five years to scale up the annuity portfolio, which would generate an exit rental income of INR100b per annum by FY30/31 and would be the key value driver over the medium term. We expect INR78b/INR85b rental income in FY27/28E.**

Exhibit 101: DLF has ~50msf operational annuity portfolio as of FY26

Operational Portfolio	Leasable area (msf)	Leased area (msf)	Vacant area (msf)	Leased Area (%)	Weighted avg. rental rate (INR/sqft)	GAV* (INR b)
Offices						
Non-SEZ portfolio						
DCCDL	23.2	22.9	0.3	99	122	457
DLF	2.2	2.1	0.1	97	130	36
Atrium Place	2.0	1.9	0.1	96	175	49
Total Non-SEZ (A)	**27.4**	**27.0**	**0.4**	**98**	**126**	**542**
SEZ portfolio (B)#	**17.2**	**15.3**	**1.9**	**89**	**78**	**205**
Total Offices (A + B)	**44.6**	**42.3**	**2.3**	**95**	**109**	**747**
Retail						
DCCDL	4.0	3.9	0.1	97	200	120
DLF	0.9	0.9	0.0	96	295	31
Total Retail	**4.9**	**4.8**	**0.1**	**97**	**218**	**151**
Total	**49.6**	**47.0**	**2.5**	**95**	**120**	**898**

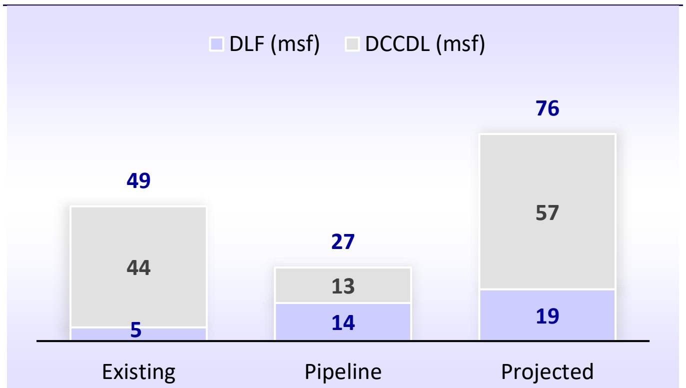
*Source: Company, MOFSL Research; * DCCDL GAV, as per a C&W report basis data as of 4QFY26; DLF GAV, basis data as of FY26; NOIDA Tech Park / Midtown Plaza /Summit Plaza based on internal management estimates; # Rental business of DLF + DCCDL + Atrium Place*

Exhibit 102: A sizable land bank is already available which would support medium-to-long term scale up

Location	Operational portfolio (existing) (msf)		Projects (nearing completion) (msf)		Projects (planned pipeline) (msf)		Balance potential (incl TOD/TDR potential) (msf)	
	DLF	DCCDL	DLF	DCCDL	DLF	DCCDL	DLF	DCCDL
-DLF 5	1.0	0.8	-	-	2.0	-	5.0	-
-DLF City+	2.1	24.1	1.0	7.6	-	1.2	10.0	13.0
-New Gurugram	-	-	-	-	5.0	-	25.0	-
Gurugram	**3.1**	**25.0**	**1.0**	**7.6**	**7.0**	**1.2**	**40.0**	**13.0**
North	**-**	**0.9**	**-**	**-**	**-**	**-**	**-**	**-**
Metros	**2.0**	**18.4**	**1.0**	**3.6**	**5.0**	**0.3**	**5.0**	**2.0**
Total	**49.4**		**13.2**		**13.5**		**60.0**	

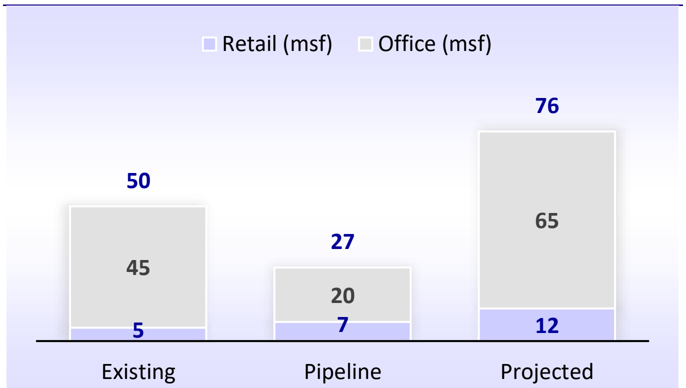
Source: Company, MOFSL Research; potential is based on management estimates and current zoning regulations – includes 100% potential of JVs

Exhibit 103: The annuity business is guided to grow to 76msf in the medium term



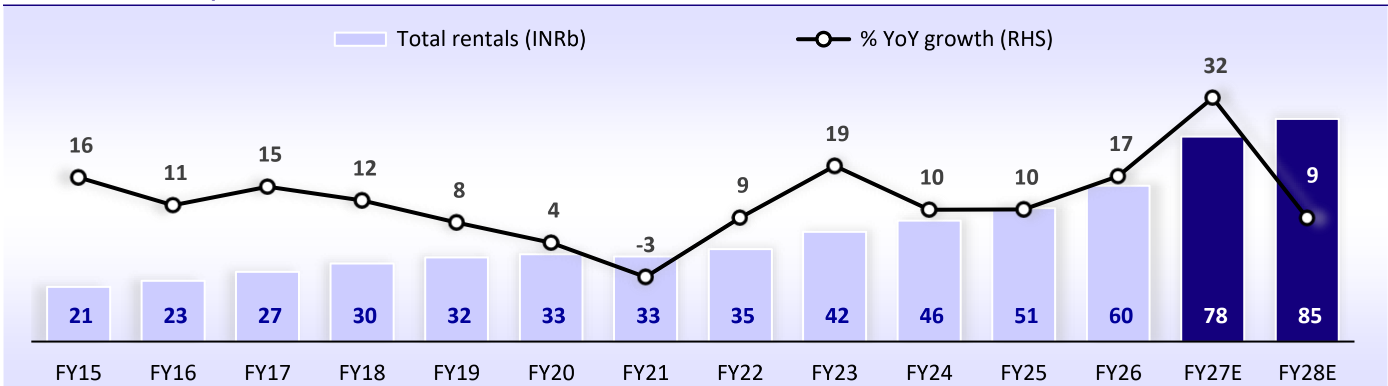
Source: Company, MOFSL Research; Note: DCCDL includes its subsidiaries; DLF includes its subsidiaries; Atrium Place is a JV in which DLF holds a 67% share

Exhibit 104: Retail portfolio is likely to grow to 15% of total portfolio in the medium term



Source: Company, MOFSL Research; Note: DCCDL includes its subsidiaries; DLF includes its subsidiaries; Atrium Place is a JV in which DLF holds a 67% share

Exhibit 105: We expect INR78b/INR85b rental income in FY27/FY28



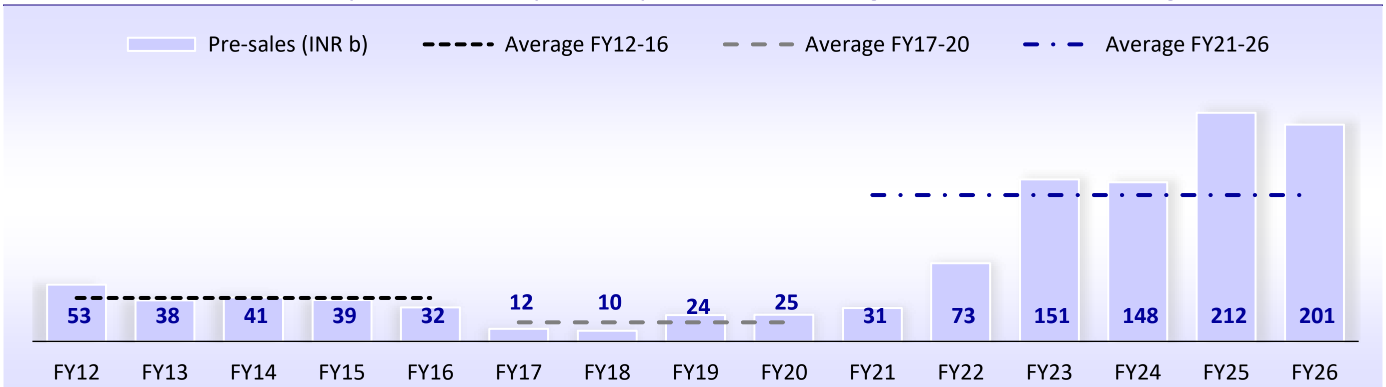
Source: Company, MOFSL Research

Premier NCR developer; diversification to be monitored

DLF's average annual pre-sales increased sharply from INR30b over FY12-20 to INR136b over FY21-26

- DLF is among the leading developers with an unmatched brand recall in NCR, having a 15-17% market share in Gurugram during FY24-25. Its strong brand recall has enabled faster sales of exclusive/distinguished luxury and super-luxury products like The Camelias, The Dahlias, The Arbour, Privana, etc. This led to a stellar 42% CAGR in pre-sales to INR201b during FY20-26 (make it till FY26), with average annual sales increasing sharply from INR30b in FY12-20 to INR136b in FY21-26. Further, DLF holds legacy, low-cost vast land banks in NCR (mainly Gurugram), offering multi-year operational visibility.
- Currently, the identified land bank offers a development potential of ~188msf (including TOD/TDR potential), of which a substantial ~70% (135msf) is in Gurugram. Since the absorption in Gurugram has risen at an exponential rate from INR180b in FY22 to INR1.2t in FY25, we expect the pace of launches in the region to moderate as we anticipate developers would maintain discipline vis-à-vis avoiding a supply glut. Hence, given the high base of DLF, we expect its sales growth to remain capped at <10% CAGR over the medium term despite having the ability to step up supply with a probability of higher sales conversion.
- The company's launch pipeline of new products worth >INR600b over the medium term is across the pricing spectrum (super-luxury, luxury, and premium). A significant portion of this is concentrated in the Gurugram market, which limits the company's ability to clock higher growth due to the absorption ceiling of the region and DLF's high base (INR201b pre-sales in FY26). Outside NCR, the company witnessed overwhelming success at the launch of P-1 of its first project in MMR (the largest real estate market). However, given the limited inventory remaining in MMR and no announcement of a sizeable acquisition in this region, visibility of a meaningful diversification outside NCR is yet to be seen.
- **Hence, given the concentration in NCR, we expect DLF's pre-sales CAGR to be muted at 5%, to INR222b during FY26-28E.**

Exhibit 106: DLF has seen an exponential rise in pre-sales post-FY20; the average has shifted to a much higher level



Source: Company, MOFSL

Exhibit 107: Availability of a sizable low-cost land bank provides strong growth visibility

Location	Development Potential[1]# (msf)	Projects (Under execution) (msf)	Projects (Launch pipeline) (msf)	Balance potential # (msf)
-DLF 5	24	4.6	-	20
-DLF City+	22	4.5	12	6
-New Gurugram	89	13	5	71
Gurugram	**135**	**22**	**17**	**96**
North	**27**	**4**	**2**	**21**
Metros	**26**	**1**	**6**	**20**
Total	**188**	**27**	**25**	**137**

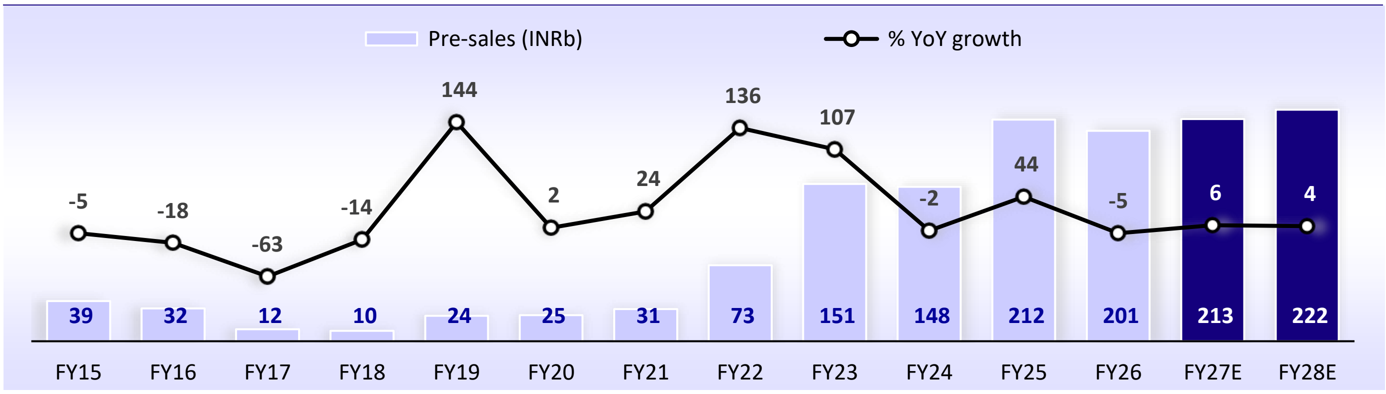
Source: Company, MOFSL; Note: # including TOD/TDR potential; 1) Potential saleable area is for Devco only (excludes Rentco potential of DLF + DCCDL+ Atrium Place); 2) Potential is based on management estimates and includes 100% potential of JVs

Exhibit 108: New product launch pipeline exceeds INR600b; concentrated in Gurugram

Project segment	Planned launches (FY25 onward)		Launched (till FY26)		To be Launched (medium term)	
	Size (msf)	Sales potential (INR b)	Size (msf)	Sales potential (INR b)	Size (msf)	Sales potential (INR b)
Super Luxury	5.5	375	4.5	350	1	25
Luxury	29.0	740	8.5	190	21	550
Premium	2.3	20			2.3	20
Commercial	0.2	10	0.1	3	0.2	7
Grand Total	**37.0**	**1,145**	**13**	**543**	**25.5**	**602**

Source: Company, MOFSL

Exhibit 109: Pre-sales CAGR expected at 5% during FY26-28



Source: Company, MOFSL

Exhibit 110: DLF Atria, Gurugram

Source: Company, MOFSL

Exhibit 111: DLF Cybercity

Source: Company, MOFSL

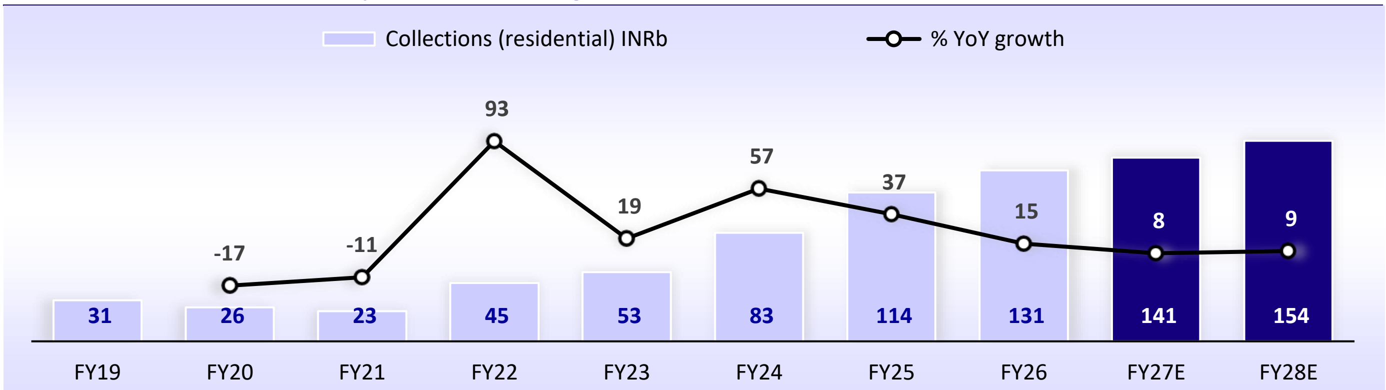
Exhibit 112: DLF Regal Gardens, Gurugram

Source: Company, MOFSL

Collections to remain healthy; B/S to remain net cash

- DLF witnessed strong collections growth of 31% CAGR to INR131b during FY20-26, which generated NOCF worth INR270b during FY26. Further, amid the availability of vast land parcels in NCR and BD outside the region remaining muted, the strong cash flows led to sharp deleveraging, with the balance sheet turning net cash post 1QFY24. In FY26, despite pre-sales declining by 5% YoY, collections grew by 15% YoY to INR131b, and the company had net cash of INR83b (consolidated).
- The company has generated an embedded gross margin of ~40% over the past 3-4 years (higher at 61% in FY25 due to higher contribution from The Dahlias). We expect profitability to remain higher in the next 2Y since pre-sales during this period would be generated from development on legacy land bank (acquired at ultra-low cost before CY20). Out of the sales clocked till FY26, the company expects a surplus cash potential of INR267b, whereas an additional INR171b cash surplus from the unsold inventory (of the launched projects). Consequently, INR438b is yet to be recognized from the projects already launched, while the upcoming launches would add to the cash flows.
- **Supported by pre-sales growth and healthy project execution, we expect collections CAGR of 8% to INR154b in FY26-28E, which would generate cumulative net cash flows worth INR167b over the next 2Y.** Hence, we expect Devco to remain cash-positive over the medium term and make the company well placed to explore business development opportunities in new regions in the coming quarters.

Exhibit 113: Collections CAGR expected at 8% during FY26-28



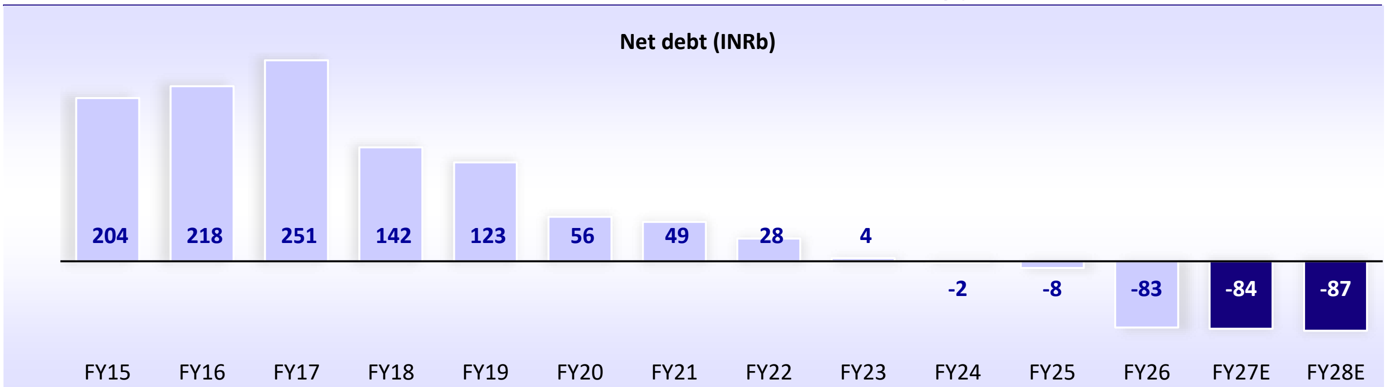
Source: Company, MOFSL

Exhibit 114: Surplus cash flow potential

(INR b)		
Cash balance in RERA 70% accounts	112	
Other cash balances	29	
Cash balance		**141**
Receivables from projects sold	338	
Total pending cost to complete for all launched projects	-213	
Net receivables		**125**
Surplus cash potential		**267**
Surplus cash from launched but unsold inventory #		**171**
Surplus cash potential from launched products		**438**

Source: Company, MOFSL; #net of marketing/brokerage expenses – figures are rounded off; figures are based on best estimates on potential selling price, realizations, and construction cost

Exhibit 115: The balance sheet of DLF (consolidated) to remain net-cash in the coming years



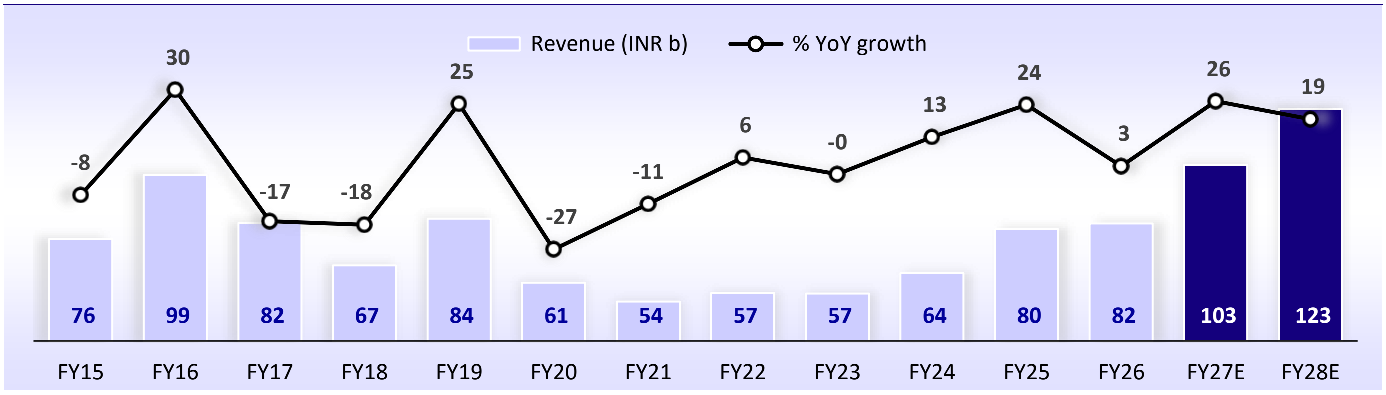
Source: Company, MOFSL

Financials

Revenue CAGR expected at 22% during FY26-28

DLF is yet to recognize revenue to the tune of INR574b of the pre-sales done till FY26, whereas INR124b of unsold inventory would be eventually recognized in the residential segment. We expect 30% CAGR in revenue to INR108b in this segment during FY26-28E. Additionally, we expect the parent company to generate 15% CAGR in rental income to INR5b during this period. Overall, we expect the company to clock revenue CAGR of 22% to INR123b during FY26-28E.

Exhibit 116: Revenue CAGR expected at 22% over FY26-28

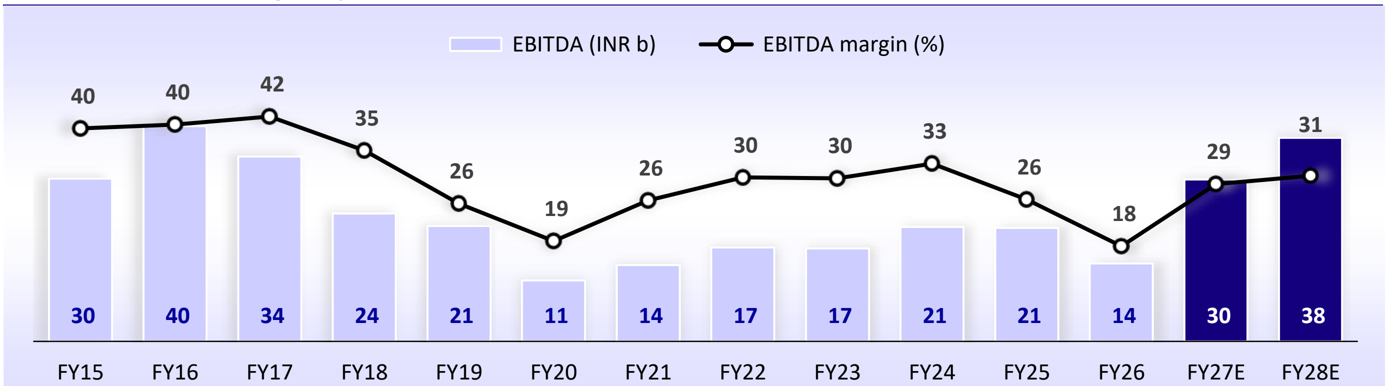


Source: Company, MOFSL

EBITDA margin likely to expand gradually

The company's residual gross margin from the sales done till FY26 stands at INR269b, while the unsold inventory (of the launches already done) provides a gross margin potential of INR124b. Hence, it is yet to recognize gross margin worth INR394b in the P&L pertaining to the projects already launched. The upcoming launches would provide a further delta to the profitability. Secondly, the parent company's share in the annuity portfolio (higher margins)is expected to increase over the medium term, which would be margin accretive. Overall, we expect EBITDA margin at 29%/31% during FY27/FY28.

Exhibit 117: EBITDA margin expected at 29%/31% in FY27/FY28



Source: Company, MOFSL

Exhibit 118: Margins yet to be recognized in the P&L (Devco)

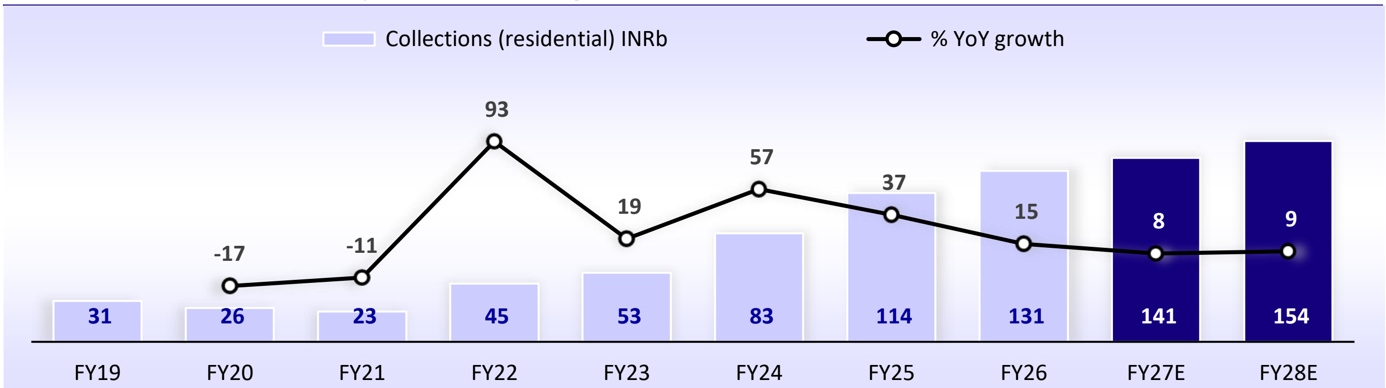
Project	Sales booked (INR b)	Revenue recognized from sales booked (INR b)	Balance revenue to be recognized from sales booked (INR b)	Balance gross profits yet to be recognized (INR b)
The Camellias	122	121	1	1
The Dahlias	186	-	186	128
Independent Floors, Gurugram	79	68	11	3
Arbour + Privana (South/West)	319	-	319	121
North / Metro / Commercial / Others	102	67	34	12
Westpark, Mumbai (JV project)#	23		23	4
Total (A)	**830**	**256**	**574**	**269**
Balance Unsold Inventory (B)				**124**
Total Gross Profit potential (A + B)				**393**

Source: Company, MOFSL; Note: Figures are based on company estimates on potential selling price, realizations, and construction cost; estimates are subject to market conditions; # includes only DLF's share of embedded gross margins of the JV project - The Westpark, Mumbai; DLF owns 51% share in the JV

Strong cash flows to keep the balance sheet sturdy

- DLF witnessed strong collections growth of 31% CAGR to INR131b during FY20-26, which generated NOCF worth INR270b during FY26. Further, amid the availability of vast land parcels in NCR and BD outside the region remaining muted, the strong cash flows led to sharp deleveraging, with the balance sheet turning net cash post 1QFY24. In FY26, despite pre-sales declining by 5% YoY, collections grew by 15% YoY to INR131b, and the company had net cash of INR83b (consolidated).
- Out of the sales clocked till FY26, the company expects a surplus cash potential of INR267b, whereas an additional INR171b cash surplus from the unsold inventory (of the launched projects). Consequently, INR438b is yet to be recognized from the projects already launched, while the upcoming launches would add to the cash flows.
- **Supported by pre-sales growth and healthy project execution, we expect collections CAGR of 8% to INR154b in FY26-28E, which would generate cumulative net cash flows worth INR167b over the next 2Y.** Hence, we expect Devco to remain cash-positive over the medium term and make the company well placed to explore business development opportunities in new regions in the coming quarters.

Exhibit 119: Collections CAGR expected at 8% during FY26-28



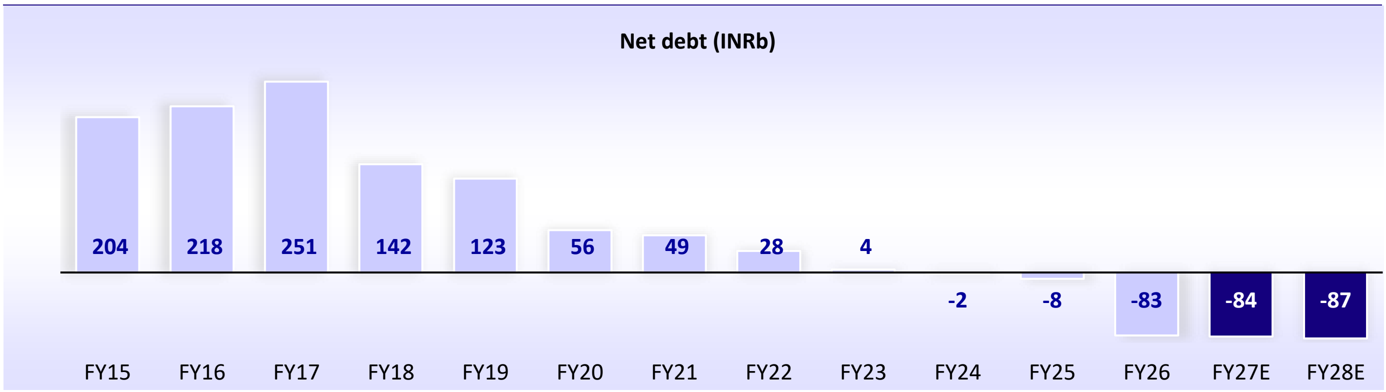
Source: Company, MOFSL

Exhibit 120: Consolidated cash flow

(INR b)	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	FY24	FY25	FY26
Inflow									
Collection from Sales	30	33	27	25	47	32	83	114	130
Rental Inflow	1	1	1	1	1	1	4	4	4
Total inflows	**31**	**33**	**28**	**27**	**48**	**33**	**87**	**118**	**135**
Outflow									
Construction	6	7	7	9	7	8	16	23	32
Govt. Approval fee/Others	3	2	1	1	-1	1	10	10	2
Overheads	2	2	3	3	3	3	10	11	13
Marketing / Brokerage	2	2	1	1	0	3	6	7	5
Total outflows	**13**	**13**	**13**	**14**	**9**	**16**	**42**	**50**	**52**
OCF before interest and tax	**18**	**20**	**15**	**12**	**39**	**17**	**44**	**68**	**83**
Finance Cost (net)	-1	-1	-1	-1	-2	-2	0	-2	-5
Tax (net)	-0	-4	-0	-0	0	1	-0	-5	1
OCF after interest and tax	**19**	**25**	**16**	**14**	**40**	**17**	**44**	**74**	**87**
OCF Allocation									
Capex outflow/others	1	1	1	1	1	1	3	4	4
Payment: Land acquisitions	3	1	0	1	1	3	14	8	5
OCF (before dividend received/paid)	**15**	**23**	**14**	**11**	**39**	**13**	**27**	**62**	**77**
Dividend (Inflow from DCCDL)	2	7	-	1	1	12	5	10	13
Dividend (Outflow from DLF)	-	-	-	-15	-	-	-10	-12	-15
Net surplus/ (shortfall)	**17**	**30**	**14**	**-3**	**39**	**25**	**23**	**60**	**76**
V s V	0	7	3	-	-	-	-	7	3
Net surplus/ (shortfall)	**17**	**23**	**11**	**-3**	**39**	**25**	**23**	**53**	**73**

Source: Company, MOFSL

Exhibit 121: The balance sheet of DLF (consolidated) to remain net-cash in the coming years



Source: Company, MOFSL

Valuation

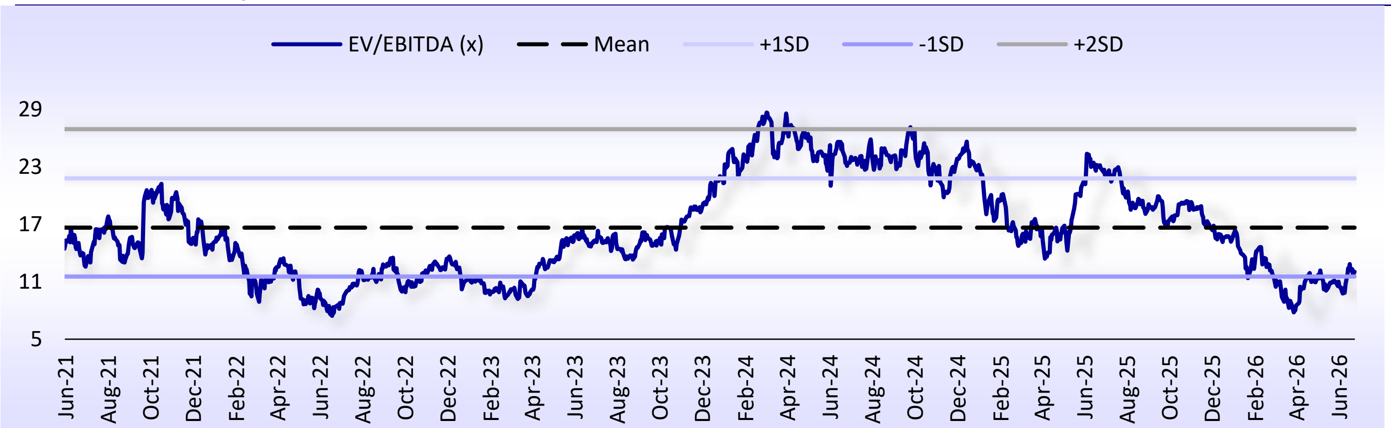
We value DLFU at its NAV and currently do not assign a growth premium to this since the potential of its sizable landbank is already being captured in our estimates. Further, delta to valuations would be through new project additions in MMR and/or other markets. Hence, we believe the company's valuation at 0% NAV premium is justified. We value the commercial portfolio at a 7.5-8.0% cap rate on FY28E. **We reiterate our BUY rating with an SoTP-based TP of INR775.**

Exhibit 122: Our SoTP-based valuation

Segment	Rationale	Value (INRm)
Completed inventory and planned launches	❖ NAV basis at WACC of 10.8%	3,23,018
Future launches on residual land bank	❖ NAV basis at WACC of 10.8%	5,80,364
NAV - Devco		**9,03,382**
DLF	❖ 7.5% cap rate	59,977
Atrium Place	❖ DLF's share @7.5% cap rate	52,656
DCCDL	❖ DLF's share @7.5% cap rate	4,69,543
Future potential		3,51,767
EV - Rentco		**9,33,944**
Total EV		**18,37,326**
Less: Net debt		-84,088
Mcap		**19,21,414**
No of shares		2,475
Target price (Rs)		**776**
Rounded-off TP (Rs)		**775**
CMP		649
Upside (%)		**19**

Source: Company, MOFSL

Exhibit 123: DLF's 1-year forward embedded EV/EBITDA



Source: Company, Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement (INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**57,174**	**56,948**	**64,270**	**79,937**	**81,940**	**1,02,974**	**1,22,863**
Change (%)	5.6	-0.4	12.9	24.4	2.5	25.7	19.3
Total Expenditure	**39,748**	**39,690**	**43,034**	**58,850**	**67,457**	**72,903**	**85,058**
% of Sales	69.5	69.7	67.0	73.6	82.3	70.8	69.2
EBITDA	**17,426**	**17,259**	**21,236**	**21,086**	**14,483**	**30,070**	**37,805**
Margin (%)	30.5	30.3	33.0	26.4	17.7	29.2	30.8
Depreciation	1,494	1,486	1,479	1,507	1,424	1,713	1,946
EBIT	**15,931**	**15,772**	**19,757**	**19,580**	**13,059**	**28,358**	**35,859**
Int. and Finance Charges	6,246	3,921	3,565	3,972	1,991	42	42
Other Income	4,205	3,173	5,313	10,022	16,220	11,299	12,534
PBT bef. EO Exp.	**13,890**	**15,024**	**21,506**	**25,630**	**27,289**	**39,614**	**48,350**
EO Items	-2,244	0	0	-3,024	2,029	0	0
PBT after EO Exp.	**11,646**	**15,024**	**21,506**	**22,606**	**29,318**	**39,614**	**48,350**
Total Tax	3,210	4,015	5,201	-4,339	3,100	5,942	7,253
Tax Rate (%)	27.6	26.7	24.2	-19.2	10.6	15.0	15.0
Minority Interest	-6,572	-9,349	-10,967	-16,731	-17,928	-20,964	-23,020
Reported PAT	**15,009**	**20,358**	**27,271**	**43,676**	**44,147**	**54,636**	**64,118**
Adjusted PAT	**17,253**	**20,358**	**27,271**	**46,700**	**42,117**	**54,636**	**64,118**
Change (%)	45.0	18.0	34.0	71.2	-9.8	29.7	17.4
Margin (%)	30.2	35.7	42.4	58.4	51.4	53.1	52.2

Consolidated - Balance Sheet (INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	4,951	4,951	4,951	4,951	4,951	4,951	4,951
Total Reserves	3,58,672	3,71,925	3,89,358	4,20,552	4,49,783	4,77,191	5,09,130
Net Worth	**3,63,623**	**3,76,875**	**3,94,308**	**4,25,502**	**4,54,734**	**4,82,142**	**5,14,081**
Minority Interest	195	44	8	0	0	0	0
Total Loans	39,600	31,031	45,987	38,540	450	450	450
Deferred Tax Liabilities	8,050	12,186	15,967	5,118	7,330	7,330	7,330
Capital Employed	**4,11,468**	**4,20,136**	**4,56,271**	**4,69,161**	**4,62,514**	**4,89,921**	**5,21,860**
Gross Block	16,730	16,702	16,893	17,129	18,176	19,224	20,272
Less: Accum. Deprn.	8,413	9,225	9,985	10,831	12,255	13,564	14,946
Net Fixed Assets	**15,065**	**11,598**	**14,440**	**16,942**	**8,632**	**8,371**	**8,036**
Investment Property	**22,654**	**24,247**	**17,363**	**17,065**	**23,606**	**33,203**	**42,639**
Goodwill on Consolidation	9,443	9,443	9,443	9,443	9,443	9,443	9,443
Capital WIP	4,798	5,052	3,601	857	1,587	10,318	16,048
Total Investments	**1,97,795**	**1,94,811**	**2,01,377**	**2,13,356**	**2,16,922**	**2,37,886**	**2,60,906**
Curr. Assets, Loans&Adv.	**2,61,698**	**2,77,994**	**3,44,422**	**4,27,147**	**4,74,456**	**4,97,597**	**5,23,220**
Inventory	2,01,070	1,93,612	2,11,541	2,46,215	2,47,175	2,64,477	2,82,990
Account Receivables	5,636	5,492	5,381	8,022	8,474	8,728	8,990
Cash and Bank Balance	9,316	22,747	43,843	43,381	77,464	78,808	81,288
Loans and Advances	45,676	56,142	83,656	1,29,530	1,41,343	1,45,584	1,49,951
Curr. Liability & Prov.	**99,985**	**1,03,010**	**1,34,374**	**2,15,649**	**2,72,133**	**3,06,895**	**3,38,431**
Account Payables	23,229	24,379	25,820	30,552	25,138	37,848	44,158
Other Current Liabilities	75,816	77,773	1,07,267	1,84,154	2,45,124	2,67,879	2,92,911
Provisions	940	858	1,287	943	1,871	1,168	1,362
Net Current Assets	**1,61,712**	**1,74,984**	**2,10,047**	**2,11,498**	**2,02,323**	**1,90,702**	**1,84,789**
Appl. of Funds	**4,11,468**	**4,20,135**	**4,56,271**	**4,69,161**	**4,62,514**	**4,89,921**	**5,21,860**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)							
EPS	**7.0**	**8.2**	**11.0**	**18.9**	**17.0**	**22.1**	**25.9**
Cash EPS	7.6	8.8	11.6	19.5	17.6	22.8	26.7
BV/Share	146.9	152.3	159.3	171.9	183.7	194.8	207.7
DPS	3.0	4.0	5.0	6.0	8.0	11.0	13.0
Payout (%)	49.5	48.6	45.4	34.0	44.9	49.8	50.2
Valuation (x)							
P/E	93.1	78.9	58.9	34.4	38.1	29.4	25.1
Cash P/E	85.7	73.5	55.9	33.3	36.9	28.5	24.3
P/BV	4.4	4.3	4.1	3.8	3.5	3.3	3.1
EV/Sales	28.6	28.4	25.0	20.0	18.7	14.8	12.4
EV/EBITDA	93.9	93.5	75.7	75.9	105.6	50.8	40.3
Dividend Yield (%)	0.5	0.6	0.8	0.9	1.2	1.7	2.0
FCF per share	10.8	9.4	12.8	20.8	25.2	7.0	9.0
Return Ratios (%)							
RoE	4.8	5.5	7.1	11.4	9.6	11.7	12.9
RoCE	3.5	3.4	4.5	7.8	5.7	7.2	8.3
RoIC	5.7	5.8	7.4	11.1	6.2	14.6	18.7
Working Capital Ratios							
Fixed Asset Turnover (x)	3.4	3.4	3.8	4.7	4.5	5.4	6.1
Asset Turnover (x)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Inventory (Days)	1,284	1,241	1,201	1,124	1,101	937	841
Debtor (Days)	36	35	31	37	38	31	27
Creditor (Days)	148	156	147	140	112	134	131
Leverage Ratio (x)							
Current Ratio	2.6	2.7	2.6	2.0	1.7	1.6	1.5
Interest Cover Ratio	2.6	4.0	5.5	4.9	6.6	671.3	848.8
Net Debt/Equity	0.1	0.0	0.0	0.0	-0.2	-0.2	-0.2

Consolidated - Cash Flow Statement **(INR M)**

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	11,646	15,024	21,505	22,606	29,318	39,614	48,350
Depreciation	1,494	1,486	1,480	1,507	1,424	1,713	1,946
Interest & Finance Charges	6,246	3,921	3,565	3,972	1,991	42	42
Direct Taxes Paid	2,198	-858	-2,572	-1,218	-6,660	-5,942	-7,253
(Inc)/Dec in WC	7,540	5,628	7,908	32,251	54,789	12,965	8,394
CF from Operations	**29,124**	**25,202**	**31,886**	**59,118**	**80,863**	**48,393**	**51,480**
Others	-805	-1,450	-6,497	-6,765	-17,389	-11,299	-12,534
CF from Operating incl EO	**28,318**	**23,752**	**25,388**	**52,352**	**63,474**	**37,094**	**38,946**
(Inc)/Dec in FA	-1,476	-543	6,276	-953	-1,160	-19,778	-16,778
Free Cash Flow	**26,842**	**23,210**	**31,664**	**51,399**	**62,313**	**17,316**	**22,168**
(Pur)/Sale of Investments	4,085	1,376	-1,392	-10,766	260	0	0
Others	21	-5,459	-20,171	-23,712	8,112	11,299	12,534
CF from Investments	**2,630**	**-4,626**	**-15,287**	**-35,431**	**7,211**	**-8,479**	**-4,244**
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	38,460	-8,736	14,856	-7,510	-10,420	0	0
Interest Paid	-6,328	-3,702	-2,914	-3,843	-2,180	-42	-42
Dividend Paid	-4,969	-7,428	-9,869	-12,336	-14,805	-27,228	-32,179
Others	-65,446	-266	-307	-336	-28,063	0	0
CF from Fin. Activity	**-38,282**	**-20,131**	**1,766**	**-24,026**	**-55,468**	**-27,271**	**-32,221**
Inc/Dec of Cash	**-7,334**	**-1,005**	**11,868**	**-7,104**	**15,217**	**1,344**	**2,480**
Opening Balance	10,352	3,079	2,071	43,843	43,381	77,464	78,808
Closing Balance	**3,018**	**2,074**	**13,938**	**36,739**	**58,597**	**78,808**	**81,288**

Godrej Properties

BSE SENSEX	S&P CNX
76,923	24,006

Bloomberg	GPL IN
Equity Shares (m)	301
M.Cap.(INRb)/(USDb)	590.3 / 6.2
52-Week Range (INR)	2411 / 1434
1, 6, 12 Rel. Per (%)	12/5/-9
12M Avg Val (INR M)	1760

Financials and valuations (INR b)

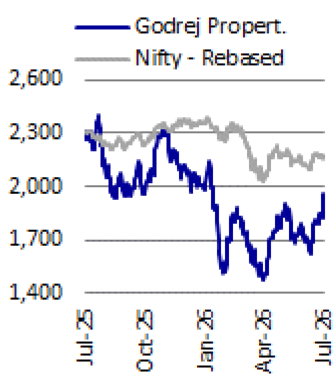
Y/E MARCH	FY26	FY27E	FY28E
Sales	51.3	80.4	121.0
EBITDA	-4.2	3.5	8.1
EBITDA (%)	-8.1	4.3	6.7
PAT	18.6	20.8	25.6
EPS (INR)	61.7	68.9	85.0
EPS Gr. (%)	148.6	49.4	37.8
BV/Sh. (INR)	636.0	694.9	769.8
Ratios			
Net D:E	0.4	0.3	0.3
RoE (%)	10	10	12
RoCE (%)	6	6	7
Payout (%)	16.4	14.5	11.8
Valuations			
P/E (x)	32	28	23
P/BV (x)	3	3	3
EV/EBITDA (x)	-159	189	82
Div. Yield (%)	1	1	1

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	51.7	47.2	46.7
DII	8.2	10.8	9.3
FII	26.2	28.1	30.5
Others	14.0	13.9	13.5

FII Includes depository receipts

Stock performance (one-year)



CMP: INR1,960 TP: INR2,280 (+16%) Buy

Well-positioned for further scale-up

Over the last five years (FY21-26), Godrej Properties (GPL) has scaled up significantly with a 38% CAGR in presales to INR342b, becoming the largest developer by presales. Its strong performance is driven by healthy launches, strong business development, diversification across multiple regions, and deeper penetration in core markets. Consequently, its market share in the top 8 cities has expanded by 170bp to 4.4% during FY21-26. Considering a robust launch pipeline and its ability to simultaneously launch multiple projects across regions, we expect GPL to deliver a presales CAGR of 10% during FY26-28 (on a high base). Consequently, with healthy project execution, we expect a 17% CAGR in collections, which would lead to a healthy NOCF (pre-tax) generation in the next two years. Hence, leverage is expected to remain at a comfortable level at INR73b in FY28 despite new project acquisitions. We reiterate our BUY rating with a TP of INR2,280.

Robust launch pipeline to drive 10% presales CAGR despite high base

The ramp-up in BD activity, with the addition of 210msf+ in the last decade, has led to a strong scale-up in business, as presales has grown 7x to INR342b (27msf) in FY26 from ~INR50b in FY16. Consequently, its market share in the top 8 cities expanded 174bp to 4.4% during FY21-26. Considering industry tailwinds and strong project additions in the past five years, GPL has built a robust launch pipeline for the next two years, which will lead to a further scale-up. We bake in 10% CAGR in presales to ~INR413b over FY26-28E.

Strong cash flows expected in the next two years

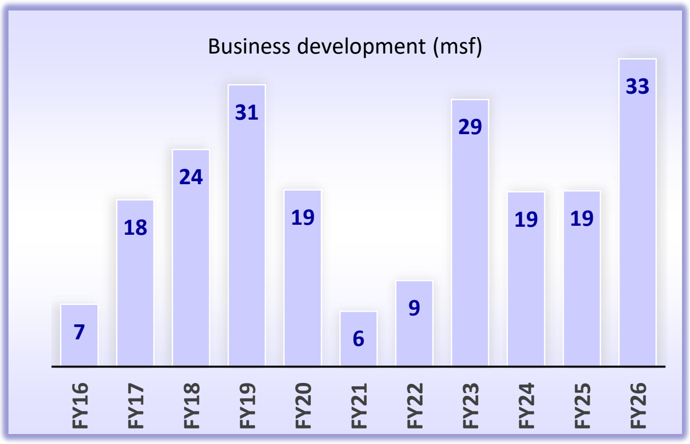
GPL has launched 180msf of projects in the last 10 years. The annual collections have grown significantly from INR44b in FY21 to INR200b in FY26, which translates to 35% CAGR during FY21-26. Cumulative OCF (pre-tax) stood at INR258b in FY21-26. On the back of continued project execution, we expect a 17% CAGR in collections to INR274b by FY28E. Consequently, we expect the NOCF (pre-tax) to increase in the next two years. Overall, net debt is expected to remain comfortable at INR73b in FY28.

Valuation and view

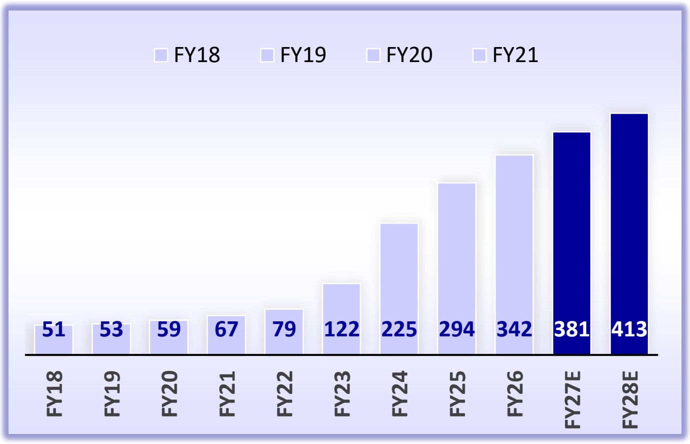
On the back of diversification across several regions as well as market penetration, GPL's market share has increased by 170bp in the last five years and now holds a 4.4% share in the top 8 cities. Despite the high base, management has guided for 14% presales growth in FY27. We expect growth to continue, albeit at a moderate rate of 10% CAGR in the next two years. However, collection growth is estimated to be slightly higher than presales growth at 17% over the same period. The launch pipeline provides comfortable growth visibility over the medium term. Despite an increase in net debt in FY26, leverage is at a comfortable level. **We reiterate our BUY rating with an SoTP-based TP of INR2,280.**

Story in charts

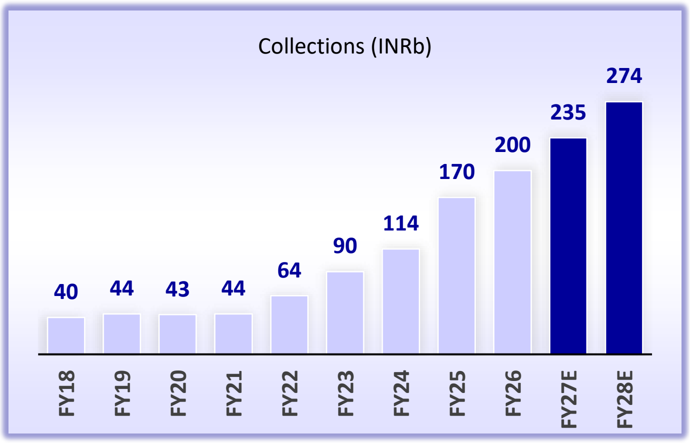
Project additions over the last 10 years stand at ~213msf



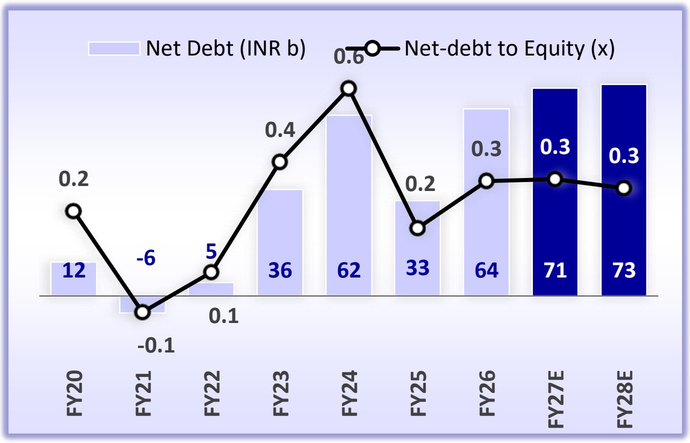
Expect 10% CAGR in presales over FY26-28



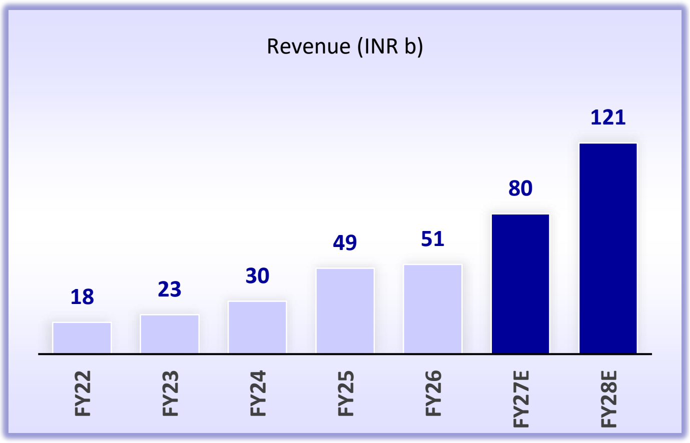
Collections to record a 17% CAGR over FY26-28E



Net debt to remain at comfortable levels in next two years

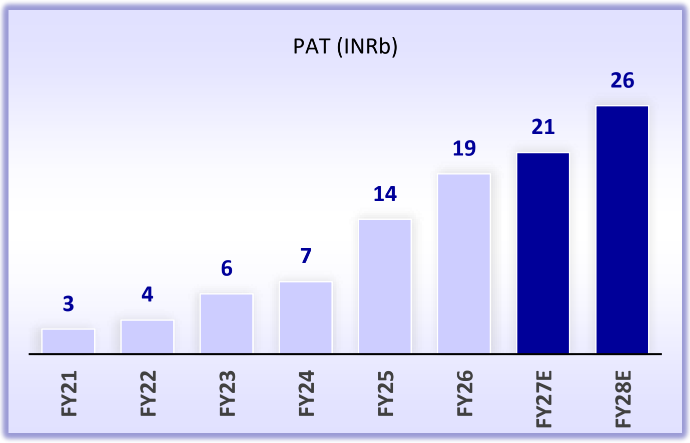


Revenue to post a 54% CAGR over FY26-28E



Source: Company, MOFSL

Adjusted PAT to improve to INR26b in FY28E



Source: Company, MOFSL

Strong BD activity creates a healthy launch pipeline

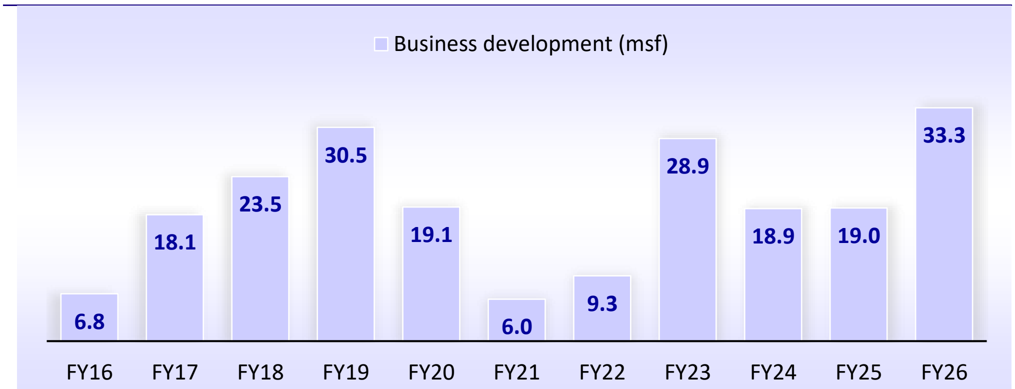
- Over the last decade, GPL has added 210msf+ of projects to its pipeline, with ~110msf added in the last five years. Out of the GDV addition of INR2.2t over the last decade, ~60% was done from FY22. This has created a robust launch pipeline for sustainable growth, making GPL the largest residential developer by booking value. GPL's market share has expanded 170bp to 4.4% during FY21-26, with the company now among the top-selling developers in key markets of MMR, Bengaluru, NCR, and Pune.
- Although the company has launched >180msf of projects over the last 10 years, it still has ~82msf of projects in the pipeline. We expect continued launches to drive further scale-up in business. Acquisitions have now moved more toward the outright model rather than the asset-light structure, which was predominant earlier. In FY26, GPL recorded its highest-ever BD worth INR421b.

Although GPL has launched >180msf of projects over the last 10 years, it still has ~82msf of projects in the pipeline. We expect continued launches to drive further scale-up in business

INR2.2t BD in last 10 years gives comfort on growth visibility

Over the last 10 years, GPL has focused on strong BD activity with the addition of 210msf+ (INR2.2t) of projects in different geographies at an accelerating run rate. FY26 was a record year when GPL added new projects with sales potential of INR421b. Further, project additions in the last 10 years have been in different regions, which has led to a diversified scale-up, de-risked its operations, and made GPL a pan-India real estate brand, thus expanding the opportunity size. Considering healthy cash flow visibility and comfortable leverage position, GPL has guided for BD of INR200b in FY27, which would replenish inventory for future growth.

Exhibit 124: …with a total area of 210msf+ acquired



Source: Company, MOFSL

Unlocking growth potential with regional diversification

- From its early concentration in Mumbai and Pune, GPL has systematically deepened its presence across India's key residential markets — NCR, Bengaluru, Hyderabad, and emerging corridors like Ahmedabad, Indore and Nagpur. Over FY23-26, NCR accounted for 31% of GPL's cumulative BD, followed by 22% in MMR, 17% in Bengaluru and 12% in Pune. It also entered Hyderabad in FY24, which accounted for 10% of cumulative BD over FY24-26. The remaining 8% came in from Kolkata, Ahmedabad, Indore, and Nagpur. This reflects a well-diversified pipeline with no single market overly dominant.
- In FY26, the company added 18 new projects with an estimated booking value potential of INR421b, spanning a total saleable area of 33msf - its highest-ever annual BD and more than double the internal guidance. It also signals GPL's ability to consistently identify and convert high-quality land parcels across cycles, setting up a robust launch pipeline that would fuel growth over the medium term.

From its early concentration in Mumbai and Pune, GPL has systematically deepened its presence across India's key residential markets — NCR, Bengaluru, Hyderabad, and emerging corridors like Ahmedabad, Indore and Nagpur

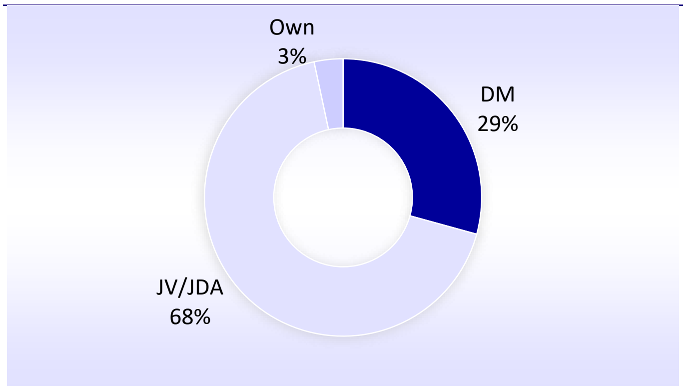
Exhibit 125: GPL maintains its focus on BD activities, with a GDV of INR2.2t of project additions over the last decade

GDV (INRb)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total
MMR	13	13	28	24	132	19	33	137	-	42	89	528
NCR	6	21	42	31	204	-	14	101	83	140	58	699
Bengaluru	10	66	56	-	30	28	29	40	63	37	68	426
Pune	-	13	24	129	-	-	14	30	-	18	93	321
Hyderabad	-	-	-	-	-	-	-	-	48	-	80	128
Others	-	-	-	-	-	-	-	16	19	28	35	98
Total	**28**	**113**	**151**	**184**	**366**	**47**	**90**	**323**	**212**	**265**	**421**	**2,200**
Contribution %												
MMR	44	11	19	13	36	40	36	42	-	16	21	24
NCR	21	19	28	17	56	-	16	31	39	53	14	32
Bengaluru	35	58	37	-	8	60	32	12	29	14	16	19
Pune	-	12	16	70	-	-	16	9	-	7	22	15
Hyderabad	-	-	-	-	-	-	-	-	23	-	19	6
Others	-	-	-	-	-	-	-	5	9	11	8	4

Focus has shifted to more outright deals

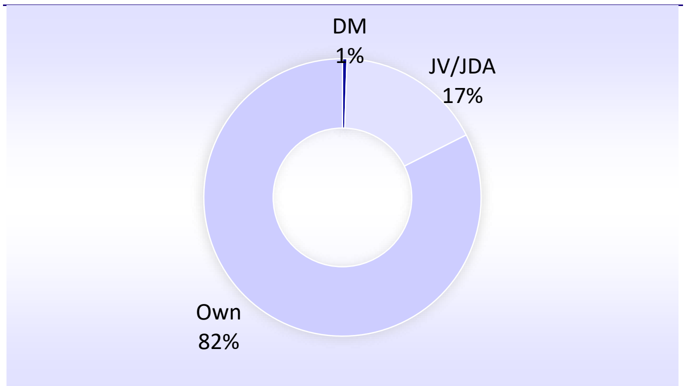
Over the last 10 years of strong BD activity, GPL has significantly improved the structure of deals. In the early years, the majority of deals were based on DM and JV models, with a profit share of not more than ~50%. Since FY20, GPL has focused on outright deals, forming >80% of BD during FY20-26 vs. only 3% during FY16-19. We note that out of the FY26 BD of INR421b, nearly 75% of the additions were outright deals. Consequently, we expect profitability to improve in the coming years given a better margin profile of outright deals compared to JV/JDA projects.

Exhibit 126: Earlier in FY16-19, deals were skewed toward JV/JDA and DM projects…



Source: Company, MOFSL

Exhibit 127: …but the focus has hence shifted to outright deals in FY20-26



Source: Company, MOFSL

Exhibit 128: Project photos

Godrej Ivara, Pune

Godrej Aveline, Bengaluru

Godrej Parkshire, Bengaluru

Godrej Vistas, Mumbai

Source: Company, MOFSL

Robust project pipeline to drive diversified scale-up

Strong launch pipeline drives sharp scale-up

The strong ramp-up in BD activity created a robust launch pipeline, which led to an annual launch rate increasing to 30+ msf in FY26 from 10-12msf in FY18-22. This scale-up in launches has enabled a 7x jump in pre-sales to INR342b in FY17-26.

Share in the top 8 markets improves 170bp in the last five years

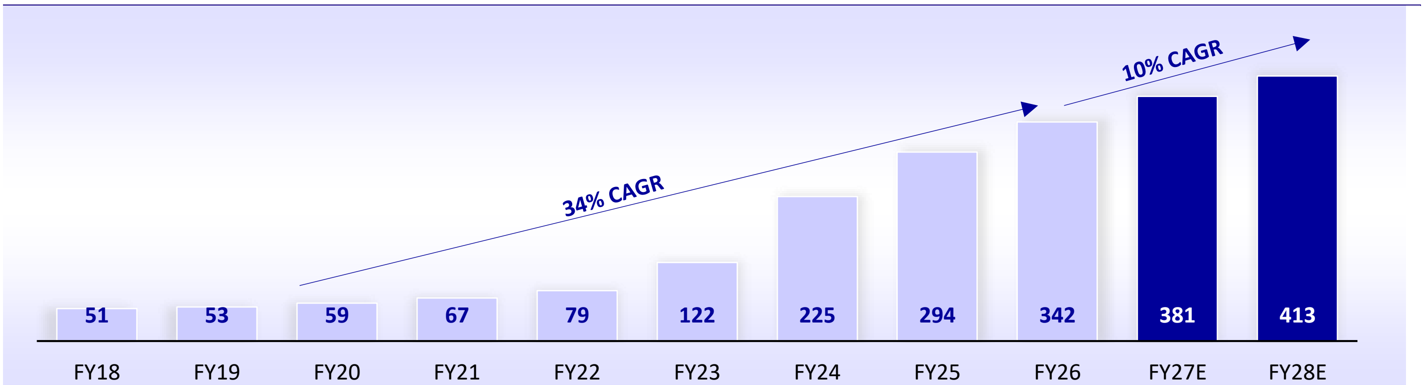
- While BD activity has progressed well in the last 10 years, strong demand in all key markets, including MMR, NCR, Bengaluru, and Pune, has enabled GPL to achieve a good scale-up, with 38% CAGR in presales during FY21-26. During this phase, total residential sales in the top 8 cities experienced a 25% CAGR. Consequently, GPL's market share (as % of total in top 8 cities) expanded 170bp to 4.4% as of FY26, aided by strong performance in MMR, Bengaluru and NCR (pre-sales CAGR in the range of 31-47% during FY21-26).
- **The company has planned BD activity of INR200b and launches of INR480b in FY27, which would support presales growth in the coming quarters. We bake in a 10% CAGR in presales to INR413b during FY26-28E.**

Exhibit 129: Regional pre-sales indicate growing share from Bengaluru and other new markets(INRm)

Regions	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	CAGR % (FY19-26)
MMR	13,010	13,660	15,280	17,070	30,570	65,450	80,340	1,03,120	34
Bengaluru	11,350	10,960	13,440	6,740	22,430	24,600	50,890	88,010	34
NCR	14,820	15,160	19,120	32,500	35,830	1,00,160	1,05,230	74,120	26
Pune	9,050	14,620	15,710	18,360	21,260	26,860	34,090	36,590	22
Others	4,930	4,750	3,700	3,940	12,230	8,200	23,890	39,870	35
Total pre-sales	**53,160**	**59,150**	**67,250**	**78,600**	**1,22,320**	**2,25,270**	**2,94,440**	**3,41,710**	**30**
Contribution %									
MMR	24	23	23	22	25	29	27	30	
Bengaluru	21	19	20	9	18	11	17	26	
NCR	28	26	28	41	29	44	36	22	
Pune	17	25	23	23	17	12	12	11	
Others	9	8	6	5	10	4	8	12	

Source: Company, MOFSL

Exhibit 130: Expect 10% CAGR in presales over FY26-28

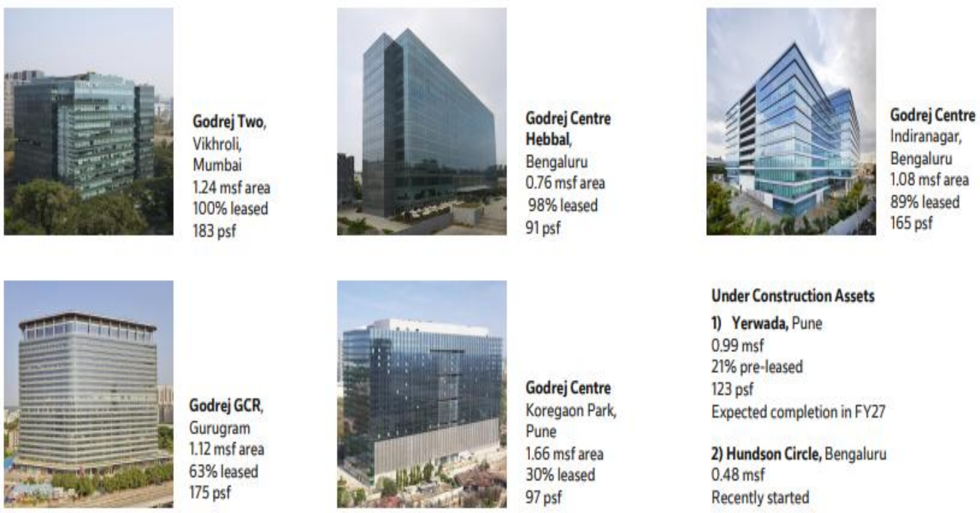


Source: Company, MOFSL

Operational office portfolio has INR10b rental potential

- GPL currently has five operational office assets (5.9msf) across MMR, Bengaluru, Pune and NCR with an annual rental potential of INR10b (GPL's share: INR2.3b). Its key assets are Godrej Two in MMR and Godrej Centre in Pune, with gross leasable area (GLA) of 1.2msf and 1.7msf, respectively. Godrej Two is 100% leased, while Godrej Centre is 30% leased. Currently, monthly lease rentals in these two properties stand at INR183/sqft and INR97/sqft, respectively.
- Other assets include two properties in Bengaluru with a cumulative GLA of 1.8msf. Godrej Centre in Hebbal (0.76msf) is 98% leased with an average rental rate of INR91/sqft, while Godrej Centre in Indiranagar (1.08msf) is 89% leased with a rental rate of INR165/sqft. GPL has one more operational commercial asset in Gurugram, Godrej GCR, with GLA of 1.12msf, which is 63% leased and commands an average rental rate of INR175/sqft.
- Further, the company has two under-construction assets: 1) ~1msf in Yerwada, Pune (21% pre-leased at INR123psf; completion expected in FY27) and 2) ~0.5msf in Hudson Circle, Bengaluru (recently commenced construction). These properties have a rental potential of INR2b (GPL's share: INR400m).

Exhibit 131: Five operational office assets have a rental potential of INR10b



Source: Company, MOFSL

Taj The Trees Hotel

- Taj The Trees is a 151-key hotel owned by GPL and managed by Taj, featuring extensive meeting, banquet, and F&B facilities. It includes restaurants like Shamiana, Nonya, and The Mangrove Bar, along with premium wellness amenities.
- The hotel has seen a 19% increase in average room revenue (ARR) since FY24 to INR14,559; FY25 was the first full year of operations. It delivered strong operational performance in FY26, with occupancy rising 390bp to 79.8%, average room rates growing 8% YoY, and revenue rising 14% YoY to INR1.2b. EBITDA increased 22% YoY to INR480m, while EBITDA margin expanded by 240bp YoY to 39.0% in FY26.

Exhibit 132: Taj – Trees Operations

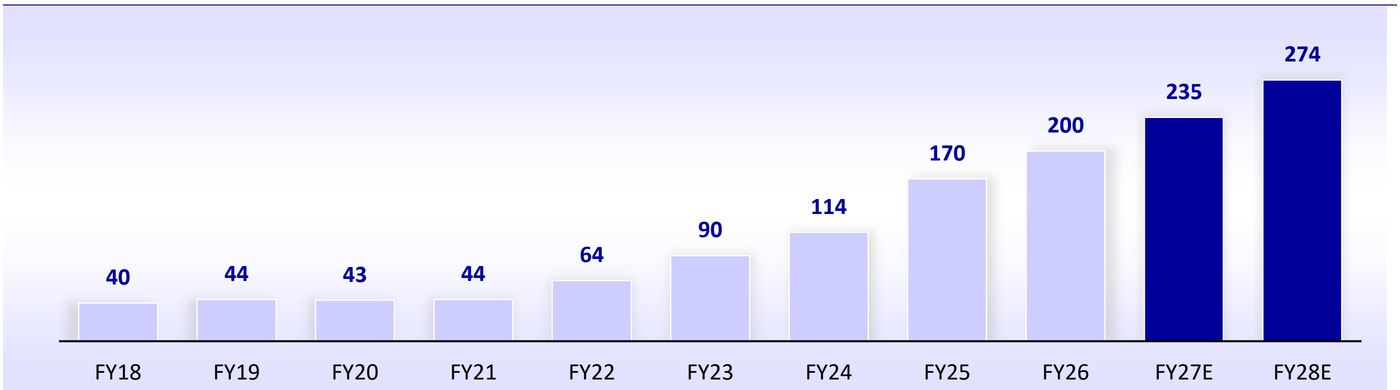
Taj The Trees	FY24*	FY25	FY26
Room occupancy (%)	68	76	80
Average room revenue (INR)	12,247	13,458	14,559
Income (INR m)	410	1,080	1,230
EBITDA (INR m)	142	395	480
EBITDA margin (%)	34.6	36.6	39.0

Source: Company, MOFSL; Note: * Operational only for six months in FY24

Collections to record a 17% CAGR over FY26-28E

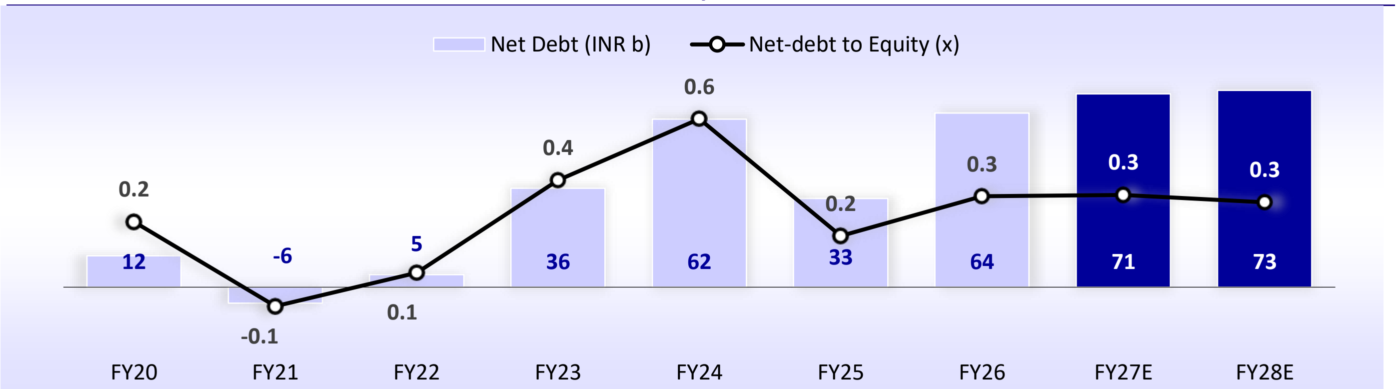
GPL recorded a CAGR of 35% in collections to INR200b during FY21-26b. In FY26, collections grew 17% YoY to INR200b on the back of healthy project execution. With this, pre-tax OCF increased from INR9b in FY21 to INR78b in FY26. The pre-tax NOCF-to-collections ratio stood at an average of 35% for the FY21-26 phase. On the back of continued project execution, we expect a 17% CAGR in collections to INR274b by FY28E. Consequently, we expect net debt to remain comfortable at INR73b in FY28.

Exhibit 133: Focus on execution will lead to 17% CAGR in collections over FY26-28E



Source: Company, MOFSL

Exhibit 134: Net debt to remain at comfortable levels in next two years



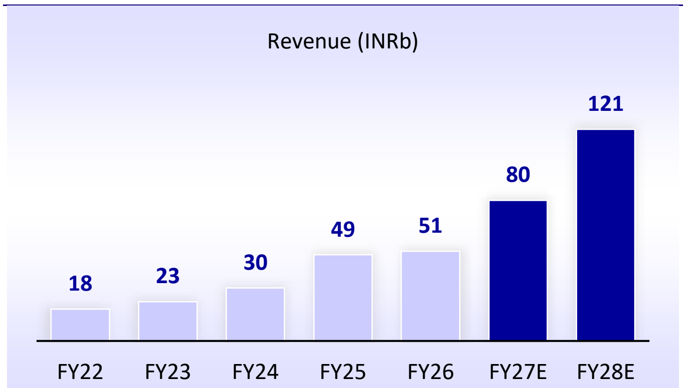
Source: Company, MOFSL

Financials

Revenue CAGR of 54% expected during FY26-28E

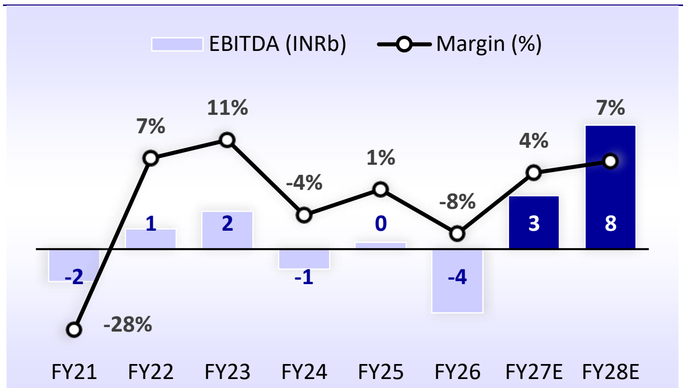
GPL has posted a revenue CAGR of 46% over FY21-26, aided by the projects hitting revenue recognition following healthy progress in execution. In FY26, revenue grew 4% YoY to INR51b. With continued execution progress as well as pre-sales growth, we expect a revenue CAGR of 54% to INR121b over FY26-28E. Consequently, we expect EBITDA at INR3.5b/INR8.1b in FY27/FY28.

Exhibit 135: Expect revenue recognition to increase at 54% CAGR over FY26-28E



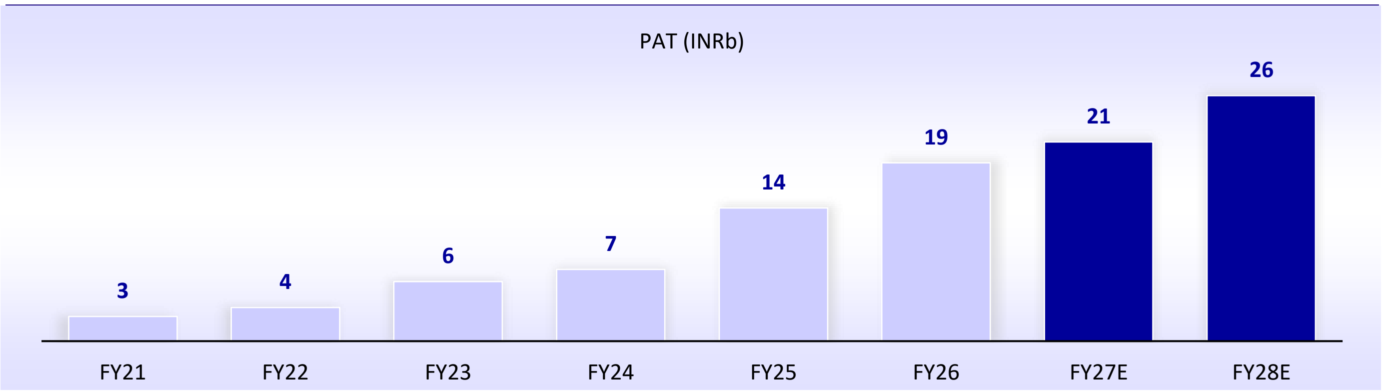
Source: Company, MOFSL

Exhibit 136: EBITDA to rise to INR8b with 7% margins in FY28E



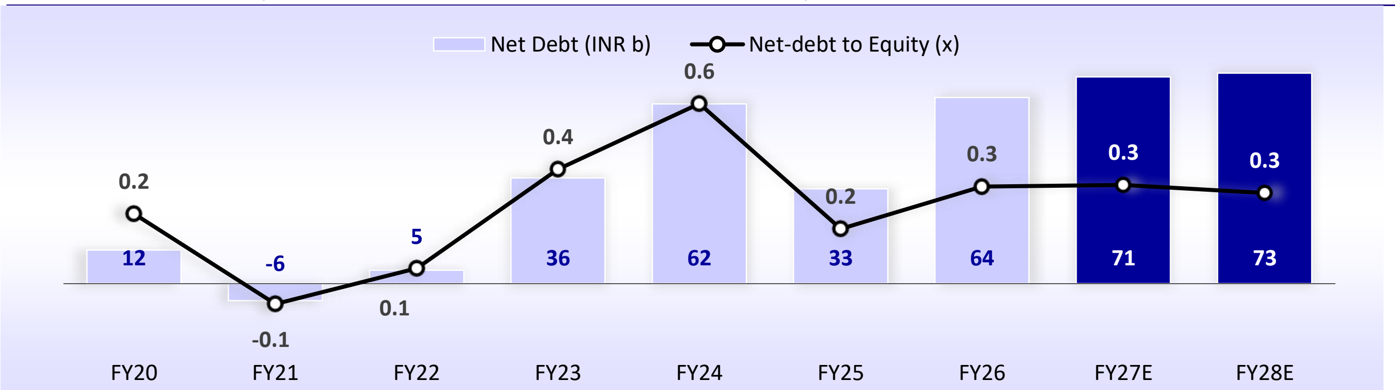
Source: Company, MOFSL

Exhibit 137: Adjusted PAT to improve to INR26b in FY28E



Source: Company, MOFSL

Exhibit 138: Net debt expected to remain at comfortable levels in next two years

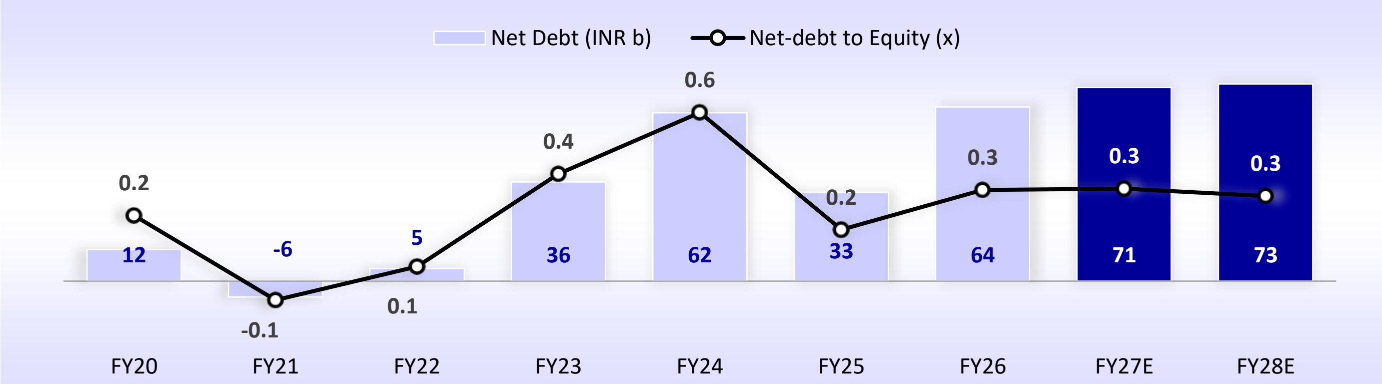


Source: Company, MOFSL

GPL's cash flow to keep leverage at comfortable level

GPL recorded a CAGR of 35% in collections to INR200b during FY21-26b. In FY26, collections grew 17% YoY to INR200b on the back of healthy project execution. With this, pre-tax OCF increased from INR9b in FY21 to INR78b in FY26. The pre-tax NOCF-to-collections ratio stood at an average of 35% for the FY21-26 phase. On the back of continued project execution, we expect a 17% CAGR in collections to INR274b by FY28E. Consequently, we expect net debt to remain comfortable at INR73b in FY28.

Exhibit 139: Net debt to remain at comfortable levels in next two years



Source: Company, MOFSL

Valuation and view

- GPL has delivered healthy pre-sales growth despite a high base on the back of the benefits of diversification across many regions. Further, collection growth has been slightly higher than pre-sales growth, which is encouraging. The strong BD during FY26, along with launches planned in the coming quarters, provides comfortable growth visibility over the medium term. While net debt increased in FY26 due to the sharp increase in project additions during the year, leverage remains at comfortable levels.
- Despite the high base, management has guided for 14% pre-sales growth, whereas it anticipates collections growth to be better than that.
- **Reiterate BUY with an SoTP-based TP of INR2,280.**

Exhibit 140: Our SoTP-based approach denotes a 16% upside for GPL based on CMP; reiterate BUY

Particulars	Rationale	Value (INR m)	Per share
PV of Cash flows	❖ PV of future cash flows discounted at a WACC of 10.6%	7,02,284	2,332
Less: Net Debt		71,569	238
Value from Sale Model	❖ **DCF of cash flows**	**6,30,716**	**2,094**
Value of Vikhroli DM	❖ **DCF of cash flows**	**28,848**	**96**
Other DM	❖ **6.5x EV/EBITDA multiple on FY28 DM fees**	**15,233**	**51**
Commercial	❖ **7.5% cap rate on FY28 EBITDA**	**11,534**	**38**
Total Equity Value		**6,86,331**	**2,290**
No of shares		301	
Per share		2,279	
Target Price (Rounded-off)		**2,280**	
Upside (%)		**16**	

Source: MOFSL

Financials and valuations

Consolidated - Income Statement							(INR M)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Total Income from Operations	**18,249**	**22,523**	**30,356**	**49,228**	**51,314**	**80,373**	**1,20,998**
Change (%)	138.6	23.4	34.8	62.2	4.2	56.6	50.5
Total Expenditure	**16,917**	**20,040**	**31,653**	**48,785**	**55,480**	**76,880**	**1,12,893**
% of Sales	92.7	89.0	104.3	99.1	108.1	95.7	93.3
EBITDA	**1,332**	**2,482**	**-1,297**	**444**	**-4,165**	**3,493**	**8,105**
Margin (%)	7.3	11.0	-4.3	0.9	-8.1	4.3	6.7
Depreciation	214	241	446	737	1,156	1,378	1,469
EBIT	**1,117**	**2,241**	**-1,742**	**-293**	**-5,321**	**2,115**	**6,636**
Int. and Finance Charges	1,675	1,742	1,521	1,737	1,369	1,743	1,889
Other Income	7,608	7,867	12,986	20,442	32,795	28,428	30,054
PBT bef. EO Exp.	**7,051**	**8,366**	**9,723**	**18,412**	**26,105**	**28,800**	**34,801**
EO Items	0	0	0	0	-231	0	0
PBT after EO Exp.	**7,051**	**8,366**	**9,723**	**18,412**	**25,874**	**28,800**	**34,801**
Total Tax	1,658	1,747	2,529	3,334	7,099	7,776	9,396
Tax Rate (%)	23.5	20.9	26.0	18.1	27.4	27.0	27.0
Minority Interest	-1,887	-407	277	-1,186	-368	-265	183
Reported PAT	**3,506**	**6,212**	**7,471**	**13,892**	**18,407**	**20,759**	**25,587**
Adjusted PAT	**3,506**	**6,212**	**7,471**	**13,892**	**18,575**	**20,759**	**25,587**
Change (%)	36.5	77.2	20.3	86.0	33.7	11.8	23.3
Margin (%)	19.2	27.6	24.6	28.2	36.2	25.8	21.1

Consolidated - Balance Sheet							(INR M)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	1,390	1,390	1,390	1,506	1,506	1,506	1,506
Total Reserves	85,364	91,252	98,535	1,71,619	1,90,049	2,07,797	2,30,372
Net Worth	**86,754**	**92,642**	**99,925**	**1,73,125**	**1,91,555**	**2,09,303**	**2,31,878**
Minority Interest	-18	230	3,081	2,613	1,994	1,994	1,994
Total Loans	**51,698**	64,118	1,06,793	1,26,414	1,58,941	1,57,941	1,56,941
Deferred Tax Liabilities	0	0	0	158	4,420	7,876	12,052
Capital Employed	**1,38,434**	**1,56,989**	**2,09,799**	**3,02,309**	**3,56,910**	**3,77,114**	**4,02,865**
Gross Block	2,912	3,501	11,745	15,232	20,763	22,141	23,610
Less: Accum. Deprn.	1,075	1,316	1,762	2,498	3,654	5,032	6,501
Net Fixed Assets	**1,837**	**2,185**	**9,984**	**12,733**	**17,109**	**17,109**	**17,109**
Goodwill on Consolidation	0	1	1	1	1	1	1
Capital WIP	3,395	6,524	2,490	1,131	1,694	1,694	1,694
Total Investments	**48,830**	**25,345**	**31,501**	**59,511**	**55,107**	**55,107**	**55,107**
Curr. Assets, Loans&Adv.	**1,23,974**	**1,96,999**	**3,13,365**	**4,81,279**	**7,45,034**	**7,60,407**	**10,17,922**
Inventory	56,683	1,20,734	2,25,646	3,29,277	5,78,069	5,94,537	8,51,958
Account Receivables	3,649	5,197	3,747	5,097	6,280	4,510	6,896
Cash and Bank Balance	13,385	20,159	29,204	53,858	57,178	57,853	55,561
Loans and Advances	50,256	50,909	54,769	93,047	1,03,507	1,03,507	1,03,507
Curr. Liability & Prov.	**39,602**	**74,064**	**1,47,541**	**2,52,346**	**4,62,034**	**4,57,204**	**6,88,967**
Account Payables	22,541	33,566	37,556	35,231	58,997	54,118	82,755
Other Current Liabilities	16,498	39,875	1,09,366	2,16,376	4,01,815	4,01,863	6,04,989
Provisions	563	623	620	739	1,223	1,223	1,223
Net Current Assets	**84,372**	**1,22,935**	**1,65,824**	**2,28,933**	**2,83,000**	**3,03,203**	**3,28,955**
Appl. of Funds	**1,38,434**	**1,56,989**	**2,09,799**	**3,02,309**	**3,56,910**	**3,77,114**	**4,02,865**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)							
EPS	**11.6**	**20.6**	**24.8**	**46.1**	**61.7**	**68.9**	**85.0**
Cash EPS	12.3	21.4	26.3	48.6	65.5	73.5	89.8
BV/Share	288.0	307.6	331.8	574.8	636.0	694.9	769.8
DPS	0.0	0.0	0.0	0.0	10.0	10.0	10.0
Payout (%)	0.0	0.0	0.0	0.0	16.4	14.5	11.8
Valuation (x)							
P/E	168.2	94.9	78.9	42.4	31.7	28.4	23.0
Cash P/E	158.5	91.4	74.5	40.3	29.9	26.6	21.8
P/BV	6.8	6.4	5.9	3.4	3.1	2.8	2.5
EV/Sales	32.6	27.6	21.4	12.7	12.9	8.2	5.5
EV/EBITDA	446.3	250.9	-500.7	1,408.5	-159.0	189.2	81.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.5	0.5	0.5
FCF per share	-19.7	-104.9	-46.0	-81.3	-79.1	-37.9	-53.4
Return Ratios (%)							
RoE	4.1	6.9	7.8	10.2	10.2	10.4	11.6
RoCE	5.0	5.4	4.6	6.5	6.1	6.2	7.1
RoIC	1.3	2.0	-1.0	-0.1	-1.8	0.6	1.8
Working Capital Ratios							
Fixed Asset Turnover (x)	6.3	6.4	2.6	3.2	2.5	3.6	5.1
Asset Turnover (x)	0.1	0.1	0.1	0.2	0.1	0.2	0.3
Inventory (Days)	1,134	1,957	2,713	2,441	4,112	2,700	2,570
Debtor (Days)	73	84	45	38	45	20	21
Creditor (Days)	451	544	452	261	420	246	250
Leverage Ratio (x)							
Current Ratio	3.1	2.7	2.1	1.9	1.6	1.7	1.5
Interest Cover Ratio	0.7	1.3	-1.1	-0.2	-3.9	1.2	3.5
Net Debt/Equity	0.1	0.4	0.6	0.2	0.4	0.3	0.3

Consolidated - Cash Flow Statement **(INR M)**

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	5,163	7,959	10,000	17,226	25,506	28,536	34,984
Depreciation	214	241	446	737	1,156	1,378	1,469
Interest & Finance Charges	1,675	1,742	1,521	1,737	1,369	1,743	1,889
Direct Taxes Paid	-1,912	-1,690	-2,645	-2,462	-3,737	-4,320	-5,220
(Inc)/Dec in WC	-5,439	-30,342	-3,246	-21,847	-12,975	-8,954	-17,692
CF from Operations	**-299**	**-22,090**	**6,075**	**-4,610**	**11,319**	**18,382**	**15,429**
Others	-4,218	-6,517	-13,001	-17,814	-31,352	-28,428	-30,054
CF from Operating incl EO	**-4,517**	**-28,606**	**-6,926**	**-22,424**	**-20,033**	**-10,046**	**-14,625**
(Inc)/Dec in FA	-1,403	-2,999	-6,934	-2,072	-3,782	-1,378	-1,469
Free Cash Flow	**-5,920**	**-31,605**	**-13,860**	**-24,495**	**-23,815**	**-11,423**	**-16,094**
(Pur)/Sale of Investments	4,366	23,668	-9,369	-41,293	7,465	0	0
Others	-1,725	4,211	-4,495	290	2,535	28,428	30,054
CF from Investments	**1,238**	**24,881**	**-20,798**	**-43,074**	**6,218**	**27,050**	**28,585**
Issue of Shares	0	0	0	59,217	0	0	0
Inc/(Dec) in Debt	6,041	12,279	41,364	18,503	22,136	-1,000	-1,000
Interest Paid	-3,585	-3,854	-8,683	-10,503	-12,472	-12,318	-12,240
Dividend Paid	0	0	0	0	0	-3,012	-3,012
Others	-104	-103	-101	-122	-288	0	0
CF from Fin. Activity	**2,352**	**8,322**	**32,580**	**67,095**	**9,376**	**-16,330**	**-16,252**
Inc/Dec of Cash	**-926**	**4,596**	**4,856**	**1,597**	**-4,440**	**675**	**-2,292**
Opening Balance	7,729	2,552	8,204	13,407	15,423	10,983	11,658
Closing Balance	**13,385**	**7,148**	**13,060**	**15,004**	**10,983**	**11,658**	**9,366**

Oberoi Realty

BSE Sensex	S&P CNX
76,923	24,006

Stock Info

Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	656.2 / 6.9
52-Week Range (INR)	1940 / 1390
1, 6, 12 Rel. Per (%)	7/15/0
12M Avg Val (INR M)	1019
Free float (%)	32.3

Financial Snapshot (INR b)

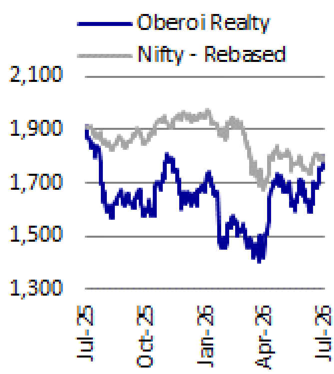
Y/E march	FY26	FY27E	FY28E
Sales	60.1	73.3	91.3
EBITDA	33.6	41.2	51.2
EBITDA Margin (%)	55.9	56.1	56.0
Adj PAT	25.3	30.5	38.2
Cons. EPS (Rs)	69.6	83.8	105.1
EPS Growth (%)	13.7	20.5	25.4
BV/Share (Rs)	492.9	567.7	662.8
Ratios			
Net D:E	0.1	0.1	0.0
RoE (%)	15.1	15.8	17.1
RoCE (%)	13.5	14.6	16.0
Payout (%)	11.5	10.7	9.5
Valuations			
P/E (x)	25.1	20.9	16.6
P/BV (x)	3.5	3.1	2.6
EV/EBITDA (x)	19.3	15.7	12.7
Div. Yield (%)	0.5	0.5	0.6

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	67.7	67.7	67.7
DII	14.6	13.5	10.2
FII	15.4	16.6	20.0
Others	2.3	2.3	2.1

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR1,805 TP: INR1,850 (+3%) Neutral

Putting growth into overdrive!

Oberoi Realty (ORL) has added multiple new residential projects to its portfolio in the NCR and various micro-markets of the MMR region over the last 2-3 years, making it well-positioned for a diversified scale-up. Consequently, the ability to launch multiple projects simultaneously would lead to a pre-sales CAGR of 16% in FY26-28E, which is much higher than the performance seen in FY16-26. Further, the new assets in the annuity and hospitality portfolios would contribute to growth. Despite the robust scale-up, we expect the balance sheet to remain sturdy, with net cash at INR1.1b/INR2.0b in FY27/FY28. We value the residential business at a 22% premium to its NAV (to capture its enhanced focus on BD), annuity assets at a 7.5-8.0% cap rate, and the hospitality portfolio at 18x EV/EBITDA on FY28E. Since the stock is already trading at a premium valuation, we reiterate our NEUTRAL rating with an SoTP-based TP of INR1,850; we await a better entry point.

Enhanced focus on business development (BD) improves growth visibility

Selective and slower BD, as well as dependence on limited micro-markets, resulted in a slower pre-sales CAGR of ~9% to INR54b over FY16-26 (due to absorption ceiling in these micro-markets). However, by bringing new projects under execution as well as new acquisitions in the last 2-3 years, ORL has created a healthy launch pipeline. Moreover, several of these projects being in new micro-markets have enhanced the growth opportunity with the ability to launch multiple projects simultaneously. The launch pipeline in the next two years includes projects in NCR, Carter Road, Malabar Hill, Worli, Peddar Road, and new phases in ongoing projects, which would lead to a diversified scale-up. We expect a 16% pre-sales CAGR to INR73b over FY26-28.

Annuity and hospitality portfolios ramping up strongly

OBER has notably ramped up its annuity portfolio by adding two assets, increasing the gross leasable area (GLA) by 3x to 6.7msf in the past two years. These led to a robust 57% CAGR in rental income to INR11.3b over FY23-26. The new assets have seen a healthy improvement in occupancy in recent quarters. Further reduction in vacancy levels and rental escalations will lead to a 9% CAGR in annuity income to INR13.5b over FY26-28E. Moreover, we expect a revenue CAGR of 56% in the hospitality portfolio to INR4.8b over FY26-28, aided by the operationalization of two new assets in the next two years. More additions in both these portfolios are planned beyond FY28, which would provide a further growth delta.

B/S to remain healthy due to collections and annuity income growth

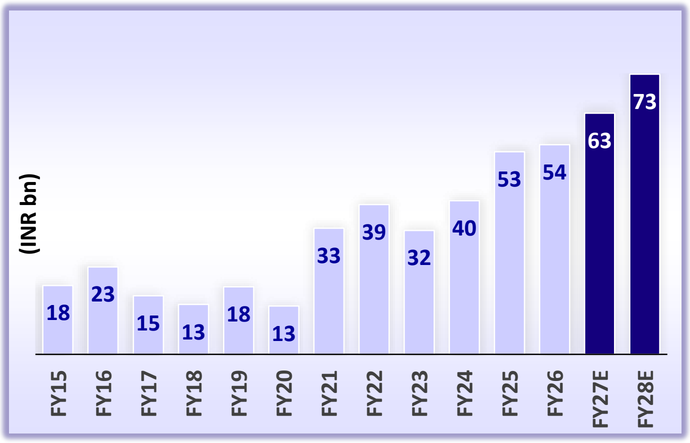
ORL has maintained very low levels of leverage, with its net D/E largely under 0.3x across the housing cycles, making it one of the strongest balance sheet companies in the real estate sector. Given the continued prudent approach and focus on balance sheet strength, we are confident that ORL will remain stable even when the cycle turns negative. Even after creating a strong launch pipeline in the past 2-3 years, ORL's balance sheet remains sturdy. We expect 18% collections CAGR during FY26-28E, and given the strong cash flow generation during FY26-28, we expect net cash of INR1.1b/INR2.0b in FY27/28E, despite the planned capex.

Valuation and view

We value the residential business on a NAV basis and assign a 22% premium to capture the increased focus on BD (our calculations suggest that ORL can command a 50% NAV premium). Further, we value the annuity portfolio at a 7.5-8.0% cap rate and the hospitality business at 18x EV/EBITDA on FY28E. **Consequently, an SoTP-based TP of INR1,850 offers limited upside. We reiterate our NEUTRAL rating as we await a better entry point.**

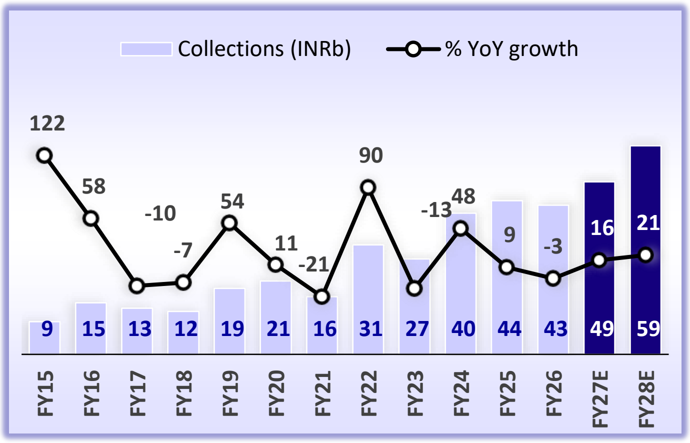
STORY IN CHARTS

Pre-sales to record a 16% CAGR over FY26-28E



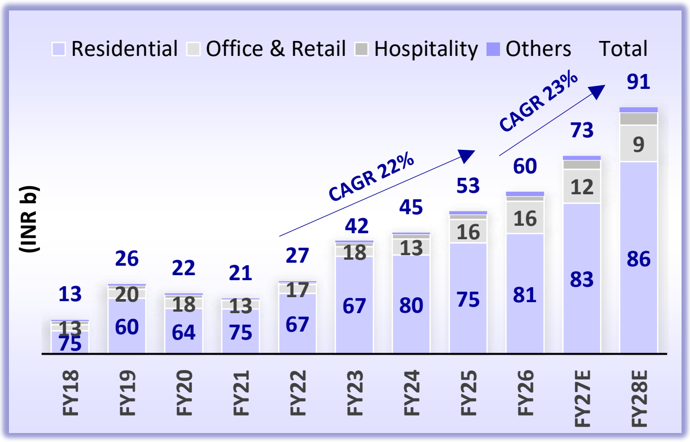
Source: Company, MOFSL

Collection CAGR is likely to be 18% over FY26-28E



Source: Company, MOFSL

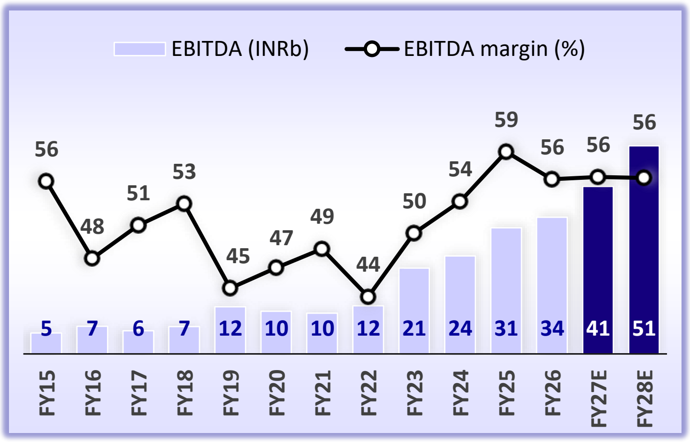
Segment-wise revenue breakup



Source: Company, MOFSL

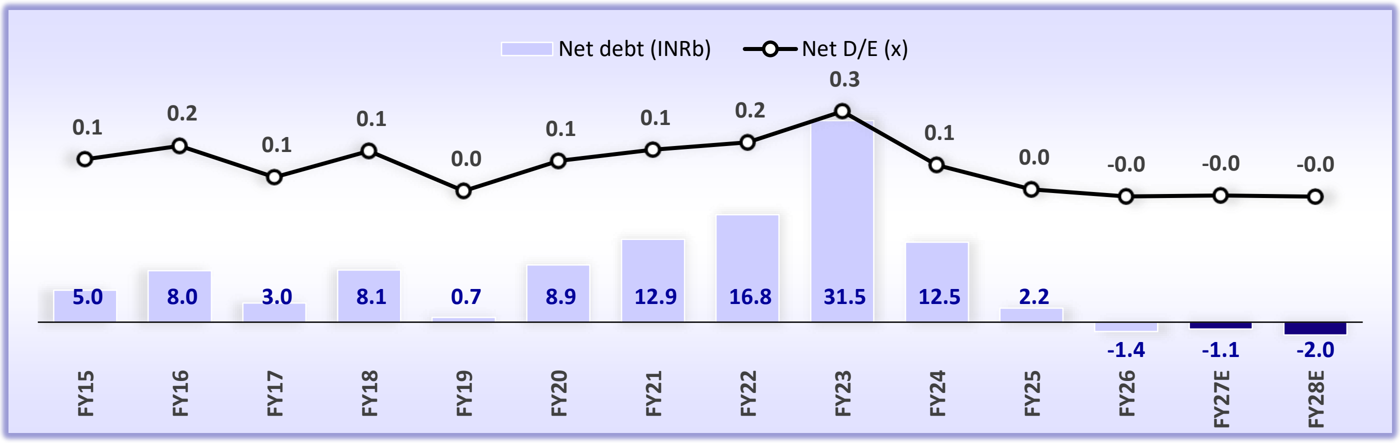
Note: Values in the stacks represent the % share from the respective segments

ORL's EBITDA CAGR is likely at 23%, with EBITDA reaching INR51.2b during FY26-28E



Source: Company, MOFSL

Net cash expected at INR2b in FY28E, on the back of strong cash accruals from all business segments

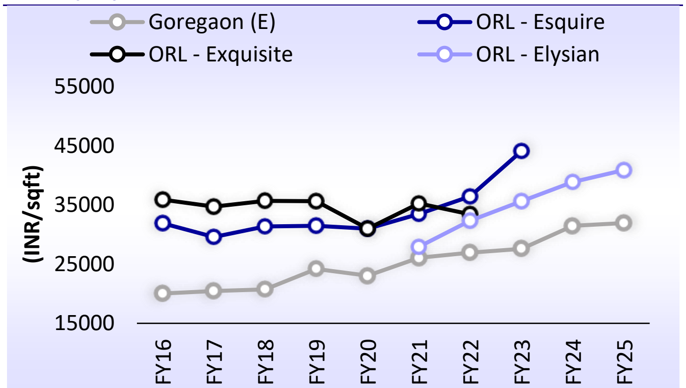


Source: Company, MOFSL.

Commands pricing power in almost all its projects

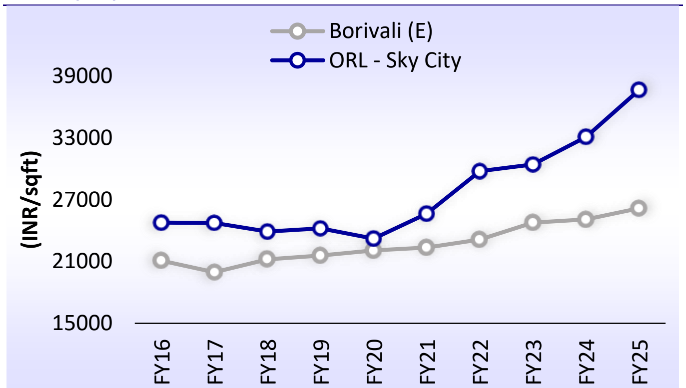
- ORL has a strong track record of maintaining premium pricing in most of the micro-markets where it operates. This lies in its strong brand recall, ability to maintain exclusivity at its projects, and converting the acquired land into high-demand catchment areas. **This is witnessed in several of its projects, where it commands 10-30% higher pricing than the micro-market**; prime examples are the large integrated developments such as Oberoi Garden City (Goregaon; 83 acres), Oberoi Splendor (Jogeshwari; 25 acres), Borivali development (25 acres), and Mulund projects (Eternia and Enigma; 19 acres). Further, in most of these integrated developments, support amenities such as schools, offices, and retail make the company well-positioned to take price hikes with relative ease compared to other developers.
- The ongoing project in Pokhran Road – Oberoi Garden City, Thane (OGC; ~75 acres), would be an integrated development having support infrastructure/amenities such as a school, a mall, and a hospitality asset. Along with these, healthy progress in construction activities would lead to a better sales velocity at this project. Further, we believe that ORL's offering of support infrastructure and infrastructure upgradation around these locations would lead to faster absorption of the balance inventory at Goregaon, Borivali, and Mulund projects once launched.

Exhibit 141: Average prices in Goregaon East compared to ORL's projects



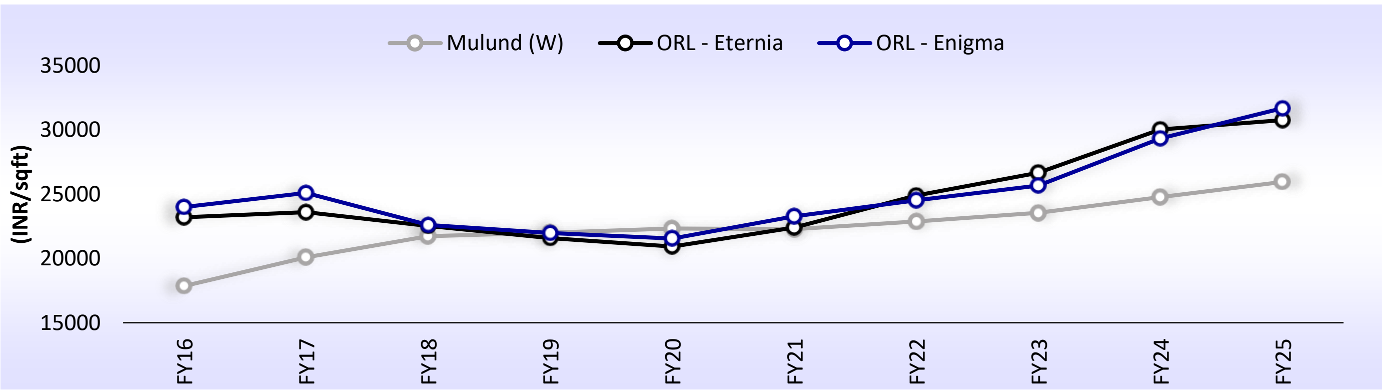
Source: Company, MOFSL

Exhibit 142: Average prices in Borivali East compared to ORL's projects



Source: Company, MOFSL

Exhibit 143: Average prices in Mulund West compared to ORL's projects



Source: Company, MOFSL.

Enhancing its focus on a diversified ramp-up

Due to dependency on three key projects in Goregaon, Borivali and Worli, ORL's pre-sales stagnated in the INR30-40b range during FY21-24. These projects comprised 60-75% of the pre-sales during this period

With an increase in scale, ORL has shifted its focus from being concentrated on a few markets to expanding its presence in more micro-markets in MMR. This has unlocked the opportunity size, offering more legs to the pre-sales growth. It has a core presence in Mulund, Goregaon, Borivali, and Worli, and was largely dependent on these four micro-markets of MMR (apart from Jogeshwari) for pre-sales in the last decade. However, with the foray in the Thane region in FY24, it now has seven projects actively selling in five key locations.

Apart from Thane, the company has added several projects in new micro-markets like Worli (Adarsh Nagar), Peddar Road, Bandra Reclamation, Alibaug, Tardeo, Carter Road, Nepean Sea Road, and Malabar Hill. These have not only enhanced the opportunity size but also created a healthy launch pipeline. Additionally, in its endeavor to diversify regionally, it forayed into the NCR with the Sector 58 project, which would capture demand from the second-largest housing market in India. More additions in new micro-markets are likely, which would de-risk the company's operational performance.

Migrating to the growth phase from a period of stagnation

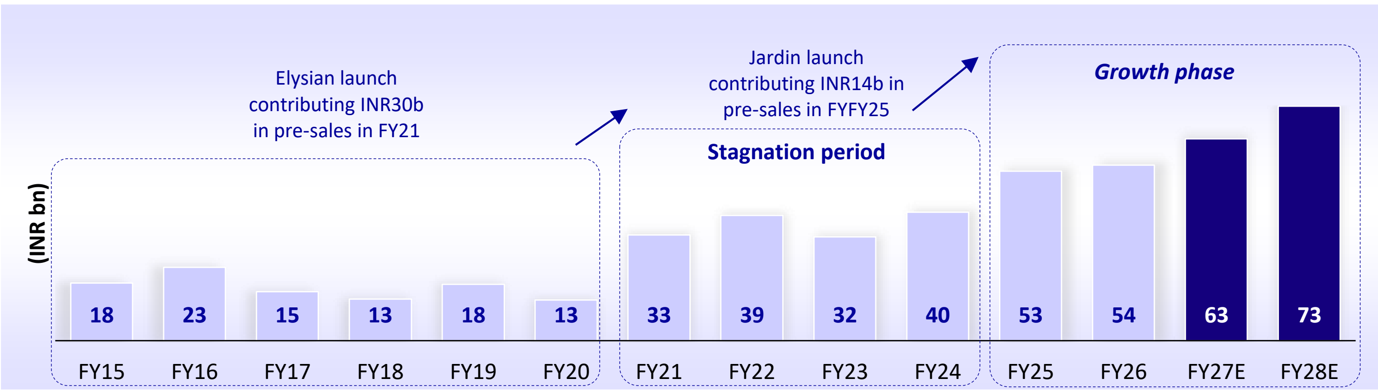
Launch of new projects in Thane from FY24 led to a 33% YoY increase in pre-sales to INR53b in FY25

Due to a lack of new projects and sales dependency on three key projects – Elysian (Goregaon), Sky City (Borivali), and Three Sixty West (Worli) – ORL's pre-sales stagnated in the INR30-40b range during FY21-24 (6% CAGR). These projects comprised 60-75% of the pre-sales during this period. Further, it faced the risk of micro-market concentration as sales were dependent on a few projects in three micro-markets of Mumbai. However, the launch of new projects in Thane from FY24 – Forestville and Jardin – not only de-risked the operations but also led to growth with pre-sales increasing by 33% YoY to INR53b in FY25; however, the lack of the Gurugram launch led to flat growth in FY26 pre-sales at INR54b.

ORL's launch of projects in new locations in the next two years would unlock opportunities for pre-sales growth

In the next 2 years, we expect projects to be launched in new micro-markets/ regions which would increase the opportunity size and likely lead to a 16% CAGR in pre-sales to INR73b over FY26-28E. Further, we expect contributions from individual projects to remain <25% over the next two years, which provides confidence in the qualitative performance delivery.

Exhibit 144: Pre-sales to record a 16% CAGR over FY26-28E



Source: Company, MOFSL.

Exhibit 145: Micro-market-wise bifurcation of pre-sales…

INRb	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Borivali	-	17	2	3	4	4	8	10	11	9	4	6
Goregaon	5	4	3	4	6	3	16	21	6	15	9	24
Jogeshwari	-	-	-	-	-	0	1	3	1	0	0	-
Mulund	10	1	1	1	2	2	5	6	7	7	6	8
Thane	-	-	-	-	-	-	-	-	-	2	16	5
Worli	2	1	9	5	5	3	3	-1	8	6	18	11
Total - OBER	**18**	**23**	**15**	**13**	**18**	**13**	**33**	**39**	**32**	**40**	**53**	**54**

Exhibit 146: …% contribution to overall sales

Contribution of key projects	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Borivali	0	75	13	23	24	35	24	27	33	22	7	12
Goregaon	31	18	17	28	34	25	47	53	17	37	16	45
Jogeshwari	0	0	0	0	0	3	4	7	2	1	0	0
Mulund	58	3	8	7	12	14	15	15	21	19	12	15
Thane	0	0	0	0	0	0	0	0	0	6	30	9
Worli	11	5	62	41	30	23	9	-2	26	15	35	19

Source: Company, MOFSL.

Exhibit 147: Oberoi's projects within the micro-markets of MMR

Sky City, Borivali

Oberoi Garden City, Goregaon East

Eternia and Enigma, Mulund West

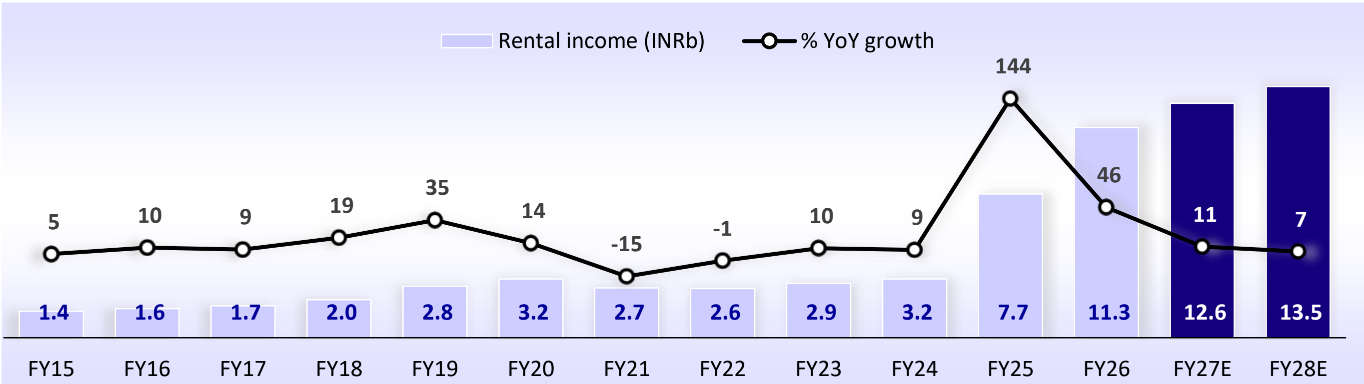
Oberoi Garden City, Thane

Source: Company, MOFSL.

Scaling up the annuity portfolio towards >INR20b rentals

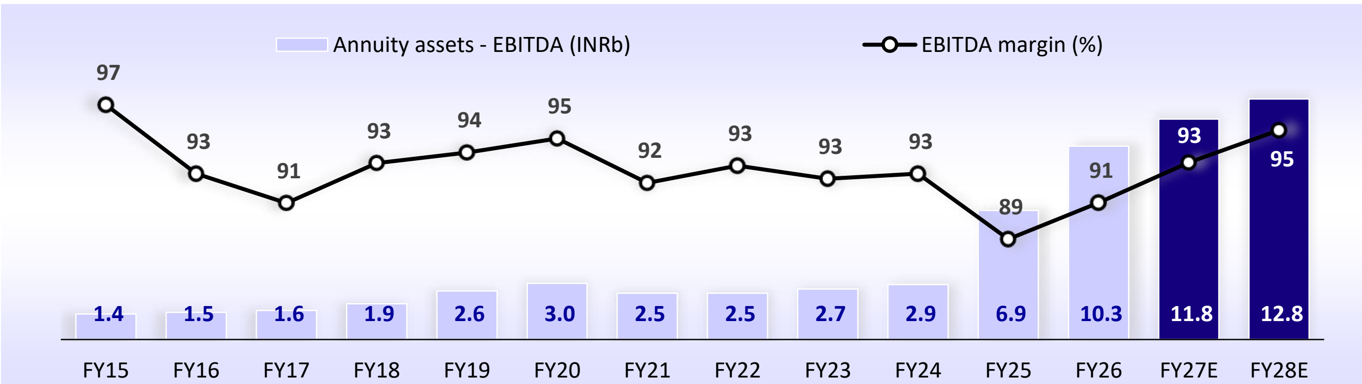
- ORL has significantly ramped up its annuity portfolio with a judicious mix of annuity income-generating office and retail assets. Rental income significantly grew by 57% CAGR to INR11.3b over FY23-26 as the total gross leasable area (GLA) increased from 1.6msf to ~6.7msf with operationalization of the two new assets – Commerz-III (3.8msf in Goregaon, Mumbai) and Sky City Mall (1.2msf in Borivali, Mumbai). Currently, it has five operational assets, with the others being Commerz I/II (Goregaon, Mumbai) and a retail asset - Oberoi Mall (Goregaon, Mumbai).
- The three mature assets enjoy a higher occupancy of 96-99%, whereas with the strong demand at the new assets – Commerz-III and Sky City Mall, the occupancy has been ramped up to 89% and 58%, respectively, as of FY26. Superior construction quality, design, brand appeal, and strategic location – these assets command high rental rates. **Backed by rental escalations and further improving occupancy at the new assets, we expect a 9% CAGR in rental income to INR13.5b over FY26-28.**
- ORL is further expanding its annuity portfolio, as three more assets with ~2.2msf carpet area are expected to be operationalized beyond FY28. These include office and retail assets at the Glaxo land in Worli and a new mall in Pokhran Road (part of the larger development). With operationalization of these assets**, we expect the annuity portfolio to generate leasing income of INR23b by FY35E (at stabilized occupancy).**

Exhibit 148: Ramp-up of existing and new assets, rental escalations, would drive a 9% CAGR in leasing income over FY26-28E



Source: Company, MOFSL.

Exhibit 149: Profitability expected to be in the higher range over the medium term



Source: Company, MOFSL.

Exhibit 150: Historical operational performance of annuity assets

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Oberoi Mall									
Gross leasable area (msf)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Occupancy (%)	99	97	96	94	95	96	97	99	99
Operating revenue (INRm)	1,105	1,508	1,605	1,166	1,120	1,462	1,650	1,976	2,059
EBITDA (INRm)	1,043	1,435	1,524	1,073	1,039	1,374	1,548	1,905	1,998
EBITDA margin (%)	94	95	95	92	93	94	94	96	97
Skycity Mall									
Gross leasable area (msf)									1.2
Occupancy (%)									58
Operating revenue (INRm)									1,933
EBITDA (INRm)									1,650
EBITDA margin (%)									85
Commerz-I									
Gross leasable area (msf)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Occupancy (%)	84	78	58	39	54	56	58	88	96
Operating revenue (INRm)	453	416	318	228	287	292	363	470	546
EBITDA (INRm)	461	404	297	193	262	252	328	414	500
EBITDA margin (%)	102	97	94	85	91	86	90	88	92
Commerz-II									
Gross leasable area (msf)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7
Occupancy (%)	45	66	98	98	92	86	81	95	97
Operating revenue (INRm)	481	834	1,235	1,285	1,238	1,156	1,147	1,363	1,470
EBITDA (INRm)	400	754	1,170	1,209	1,166	1,068	1,059	1,253	1,374
EBITDA margin (%)	83	90	95	94	94	92	92	92	93
Commerz-III									
Gross leasable area (msf)								3.8	3.8
Occupancy (%)								69	89
Operating revenue (INRm)								3,900	5,284
EBITDA (INRm)								3,317	4,787
EBITDA margin (%)								85	89

Source: Company, MOFSL.

Exhibit 151: A snapshot of the office assets

Source: Company, MOFSL.

Exhibit 152: A snapshot of the retail assets

oberoi mall
FUN · FOOD · FASHION · FILMS

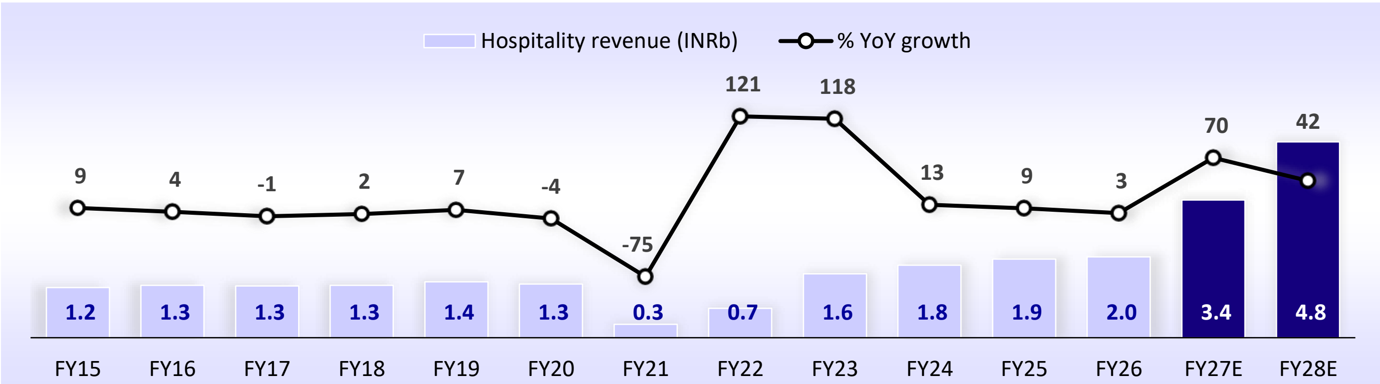
SKY CITY
MALL

Source: Company, MOFSL.

Unloc(key)ing growth in the hospitality segment

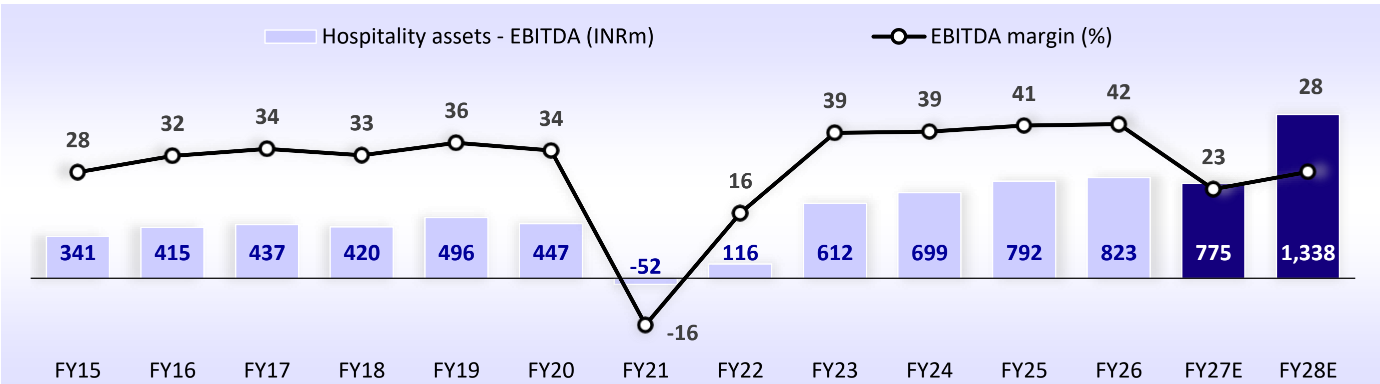
- The hospitality portfolio with 269 keys in a single operational asset – The Westin Mumbai Garden City, Goregaon (Mumbai; 269 keys) – generated INR2b revenue as of FY26. It commands a higher occupancy rate of >80% given better access to key infrastructure and a strategic location near key business centers. ARR increased to INR16,142/day (+10% YoY) in FY26, and the hotel has maintained superior profitability with EBITDA margin largely in the range of 39-42% in the past three years. ORL is adding 496 keys across two assets – The Ritz-Carlton (Three Sixty West; 221 keys) and Marriott Hotel Sky City Hotel (Borivali; 275 keys), which are expected to be operational by FY28.
- On the back of new asset additions and favorable demand dynamics (presence of commercial centers in the vicinity), we bake in a 56% CAGR to INR4.8b over FY26-28E. As we factor in a gradual ramp-up in occupancy for the new hotel assets, we expect EBITDA margins of the hospitality portfolio at 23%/28% in FY27E/FY28E, respectively. The company has more hotel room additions planned, including the Alibaug hotel, Glaxo Worli hotel, and JW Marriott Hotel Thane Garden City, which would further improve the hospitality revenues beyond FY28.

Exhibit 153: Operationalization of two new assets to drive 56% CAGR in hospitality revenue during FY26-28E



Source: Company, MOFSL.

Exhibit 154: Blended EBITDA margin expected to be lower as we factor in a gradual ramp-up in occupancy at new assets



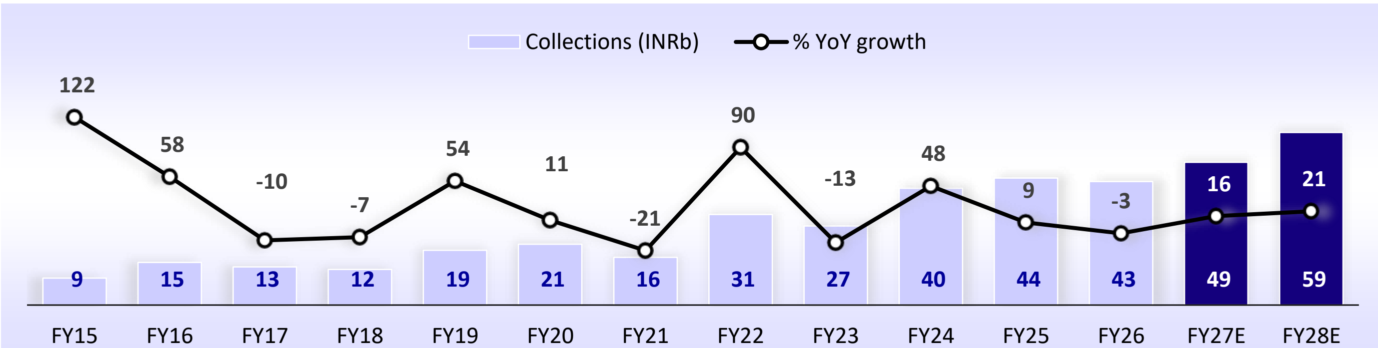
Source: Company, MOFSL.

Balance sheet to remain healthy despite scale-up

ORL's prudent management is reflected in the track record of brand creation vis-à-vis maintaining very low levels of leverage, with net D/E largely under 0.3x across the housing cycles, making it one of the strongest balance sheets in the real estate sector. A conservative approach towards land acquisition, superior margins, collection efficiency, and annuity income have led to better cash flow management and low debt. We highlight that even with the creation of a strong launch pipeline in the last 2-3 years, ORL's balance sheet remained sturdy. A strong track record on balance sheet discipline enhances our confidence in ORL to remain stable even when the cycle turns negative. We expect 18% collections CAGR during FY26-28E, and given the strong cash flow generation, we expect net cash of INR1.1b/INR2.0b in FY27/28 despite the planned capex.

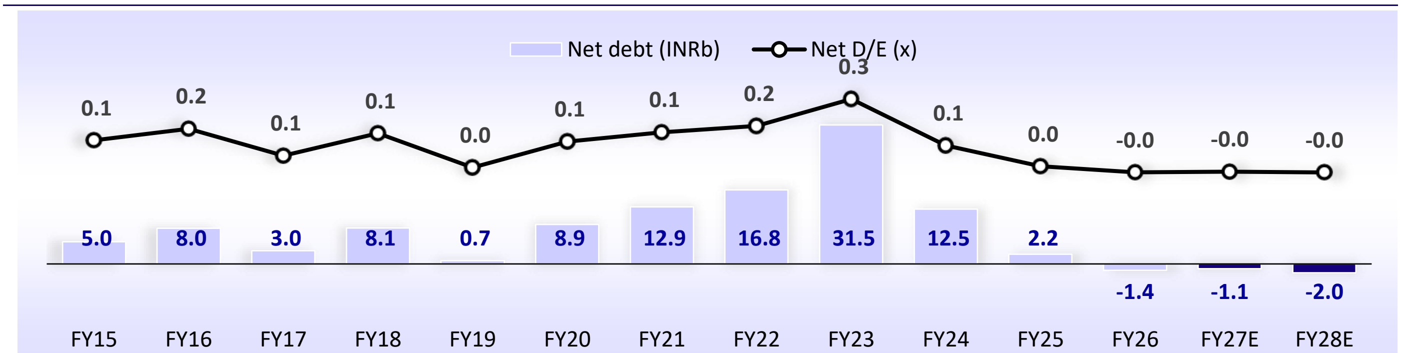
- The quantum of collections in the residential segment has nearly doubled to average INR43b during FY25-26 as compared to the preceding five years. With better pre-sales velocity as well as healthy project execution over the medium term (collections are milestone-based and tied to progress in construction activities), **we expect the company to clock 18% collections CAGR over FY26-28E, reaching INR59b by FY28**. Profitability remains superior, and we expect the residential segment to generate cumulative OCF to the tune of INR89b during FY26-28. Additionally, annuity income and profits from the hospitality segment will further boost cash flows, positioning the company well to acquire new projects and fund capital expenditures in the coming years.
- ORL has one of the strongest balance sheets in the real estate sector owing to a conservative approach to land acquisition, superior profitability in residential projects, better collections efficiency, and annuity income, which have led to better cash flow management vis-à-vis maintaining ultra-low leverage historically. Net D/E has largely remained at <0.3x in the last decade. On the back of strong inflows from the residential business, annuity assets, and hospitality portfolio during FY26-28E, **we expect net cash at INR2b by FY28.**

Exhibit 155: Collection CAGR likely to be 18% over FY26-28E



Source: Company, MOFSL.

Exhibit 156: Net cash expected at INR2b in FY28E, on the back of strong cash accruals from all business segments



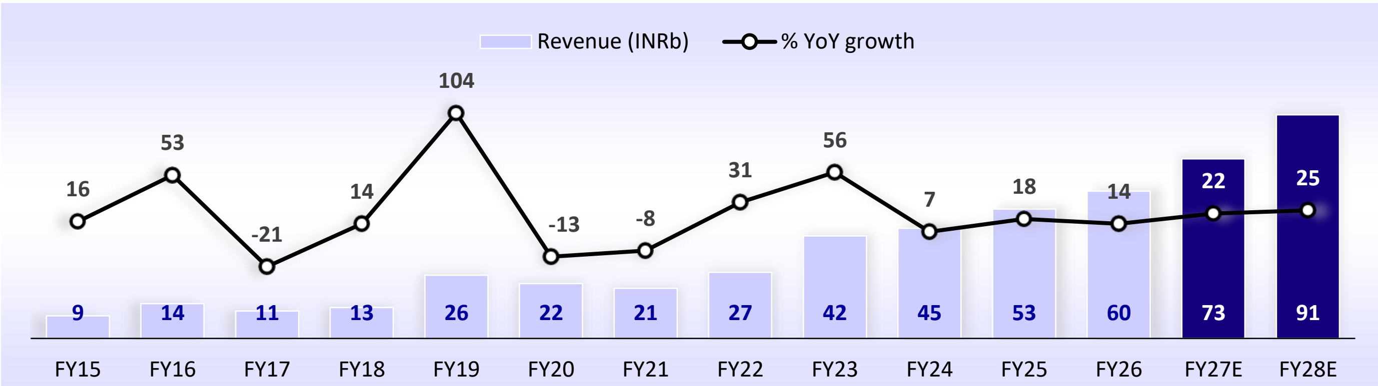
Source: Company, MOFSL.

Financials

Revenue CAGR expected at 23% during FY26-28

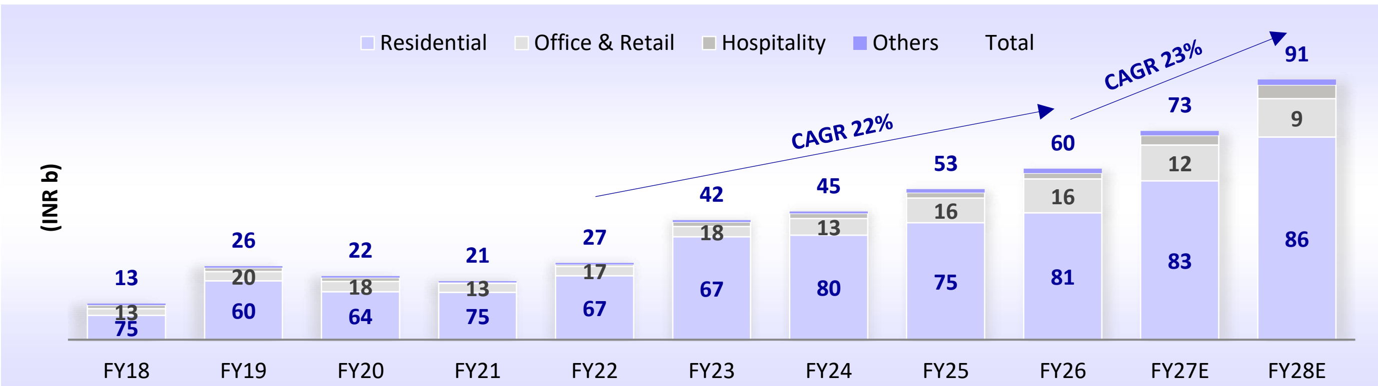
In the residential segment, ORL follows the percentage completion method for revenue recognition; we expect the residential segment's revenue to see a 26% CAGR to INR71b during FY26-28E. Additionally, we expect the annuity portfolio to generate a 6% CAGR in rental income to INR13.5b, whereas the hospitality segment's revenue is projected to clock a robust 56% CAGR to INR4.8b during FY26-28. Overall, we expect a 23% revenue CAGR, with revenue reaching INR91b over FY26-28E.

Exhibit 157: Revenue CAGR expected at 23% over FY26-28



Source: Company, MOFSL.

Exhibit 158: Segment-wise revenue breakup

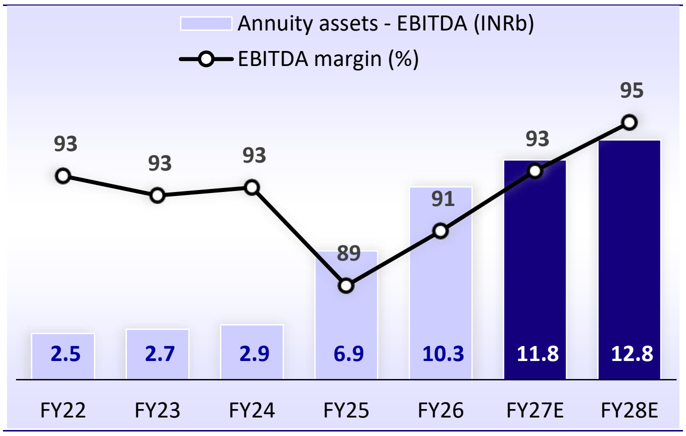


Source: Company, MOFSL. Note: Values in the stacks represent the % share from the respective segments

Profitability profile remains superior

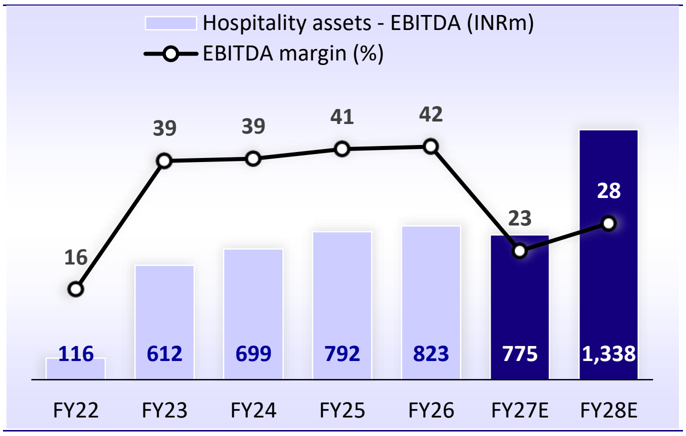
ORL enjoys a superior mix of projects and premium pricing in the residential business, making it one of the best margin profiles among peers. Benefiting from revenue recognition of high-margin products during FY19-23, the company achieved a consolidated EBITDA margin of 50-60%. Going ahead, we expect revenue recognition in the residential segment to be more diversified in the next three years, with contributions also coming from the under-construction projects. Ramp-up in the annuity and hospitality portfolios and improvement in occupancy in these segments would catalyze better profitability growth during FY26-28E. Overall, we expect an EBITDA CAGR of 23% to reach INR51.2b during FY26-28, whereas the EBITDA margin is projected at 56.1%/56.0% for FY27E/FY28E.

Exhibit 159: Profitability of the commercial & retail portfolio



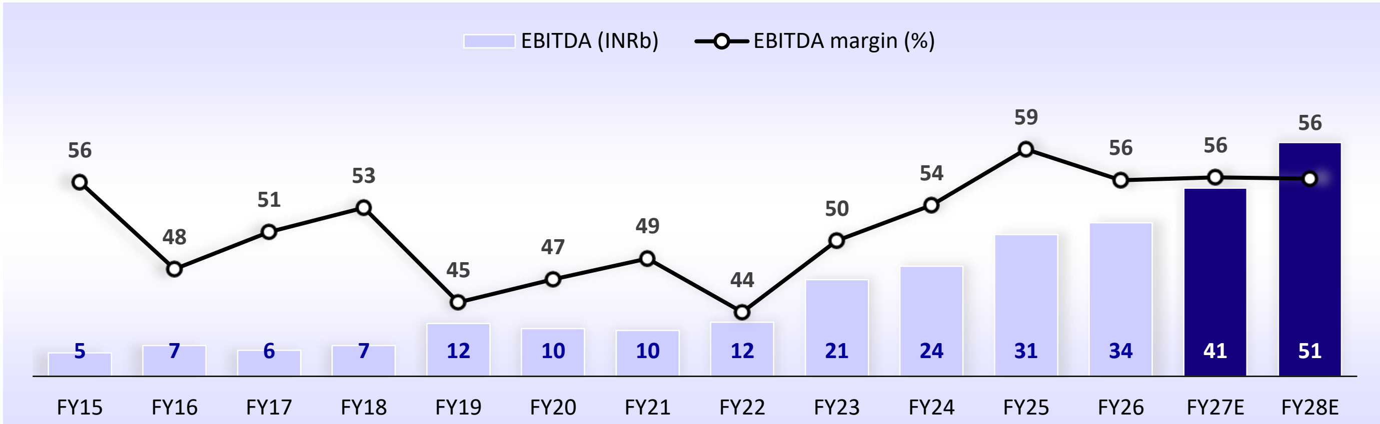
Source: Company, MOFSL

Exhibit 160: Profitability of the hospitality portfolio



Source: Company, MOFSL

Exhibit 161: ORL's EBITDA CAGR is likely at 23%, with EBITDA reaching INR51.2b during FY26-28E

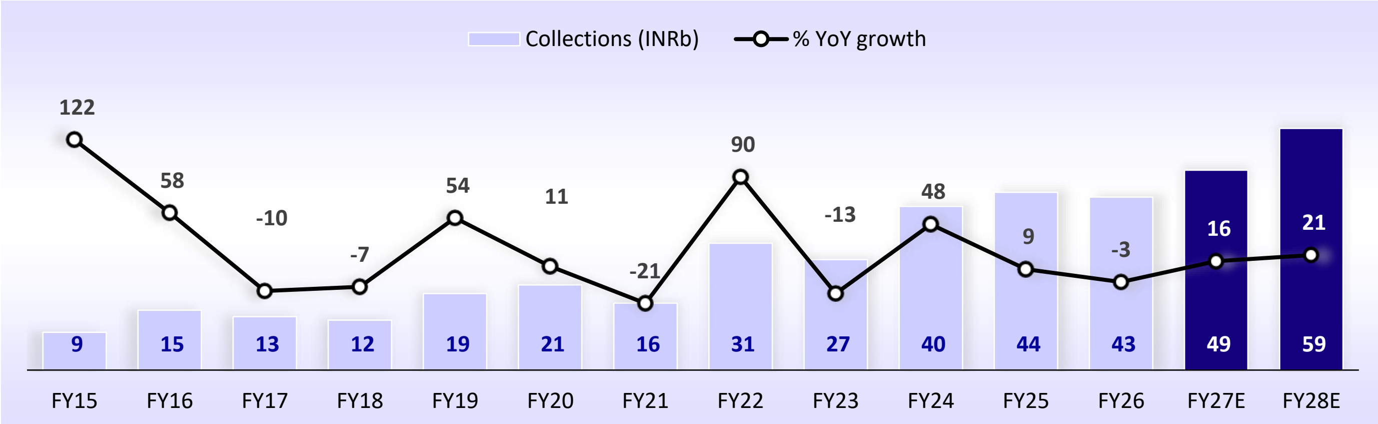


Source: Company, MOFSL.

Balance sheet to remain sturdy

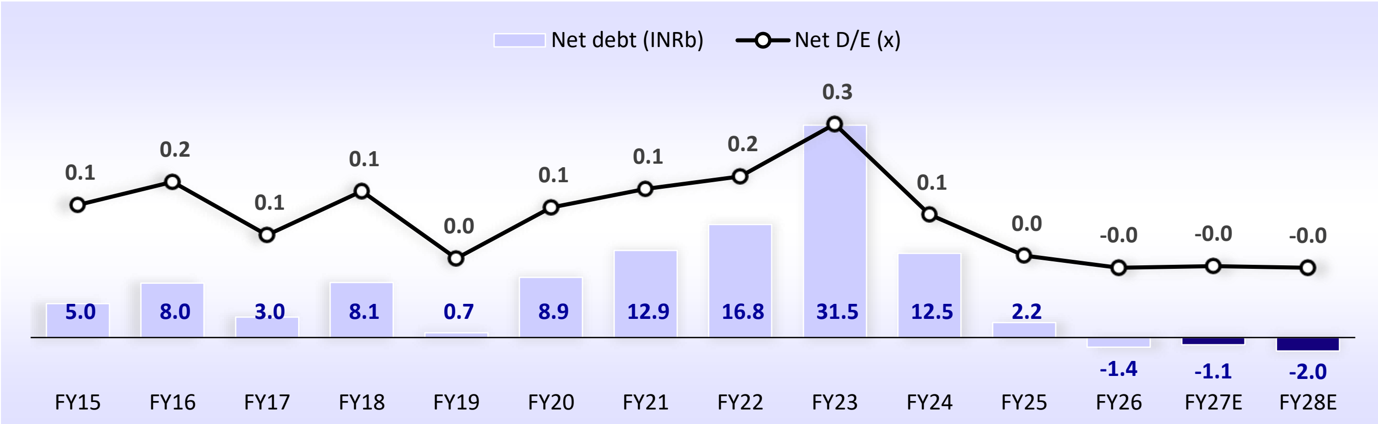
ORL's prudent management is reflected in the track record of brand creation vis-à-vis maintaining very low levels of leverage, with net D/E largely under 0.3x across the housing cycles, making it one of the strongest balance sheets in the sector. A conservative approach to land acquisition, superior margins, collection efficiency, and annuity income have led to better cash flow management and low debt. We highlight that even with the creation of a strong launch pipeline in the last 2-3 years, the balance sheet remained sturdy. A solid track record of balance sheet discipline enhances our confidence that ORL will remain stable even when the cycle turns. We expect an 18% collections CAGR during FY26-28E and net cash of INR2b in FY28.

Exhibit 162: Collection CAGR is likely to be 18% over FY26-28E



Source: Company, MOFSL.

Exhibit 163: Net cash expected at INR2b in FY28, on the back of strong cash accruals from all business segments



Source: Company, MOFSL.

Valuation and view

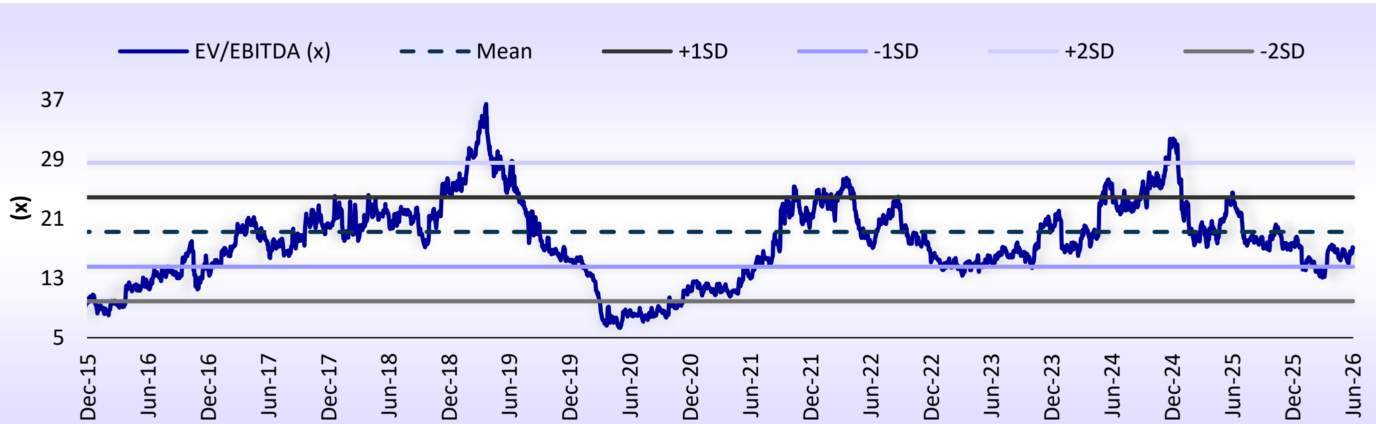
- ORL’s pre-sales are expected to improve in the next two years, supported by a strong launch pipeline and a meaningful ramp-up in BD activities, which have improved medium-term growth visibility. The annuity and hospitality segments are scaling well, and, with more additions already planned, we expect profitability to record strong growth in the coming years. Further, the company maintains one of the strongest balance sheets among peers, lending significant financial comfort.
- We value the residential business on a NAV basis and assign a 22% premium to capture the increased focus on BD (our calculations suggest that the company can command a 50% NAV premium). Further, we value the annuity portfolio at a 7.5-8.0% cap rate and the hospitality business at 18x EV/EBITDA on FY28E.
- **Consequently, an SoTP-based TP of INR1,850 offers limited upside. We reiterate our NEUTRAL rating on the stock.**

Exhibit 164: Our SoTP-based valuation

Particulars	Rationale	INRm
NAV of the current portfolio	❖ NAV basis at WACC of 10.1%	3,93,062
NAV premium	❖ 25% premium assigned	98,266
Residential segment EV		4,91,328
Commercial & Retail	❖ at a 7.5% cap rate for operational ❖ at an 8.0% cap rate for under-construction/planned	1,54,565
Hospitality		
EBITDA	❖ FY28E	1,338
EV/EBITDA multiple	❖ 18x multiple basis	18
EV - Hospitality		**24,078**
Total EV		**6,69,970**
Less: Net debt		-1,071
Implied market cap		**6,71,041**
No. of shares		364
Per share value (INR)		1,846
Rounded-off TP (INR)		**1,850**
Share price		1,804
Upside %		**3**

Source: MOFSL.

Exhibit 165: ORL’s one-year forward embedded EV/EBITDA



Source: Company, Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**26,940**	**41,926**	**44,958**	**52,863**	**60,091**	**73,342**	**91,324**
Change (%)	31.2	55.6	7.2	17.6	13.7	22.1	24.5
Total Expenditure	**15,126**	**20,809**	**20,859**	**21,832**	**26,509**	**32,169**	**40,170**
% of Sales	56.1	49.6	46.4	41.3	44.1	43.9	44.0
EBITDA	**11,813**	**21,117**	**24,099**	**31,031**	**33,582**	**41,173**	**51,154**
Margin (%)	43.9	50.4	53.6	58.7	55.9	56.1	56.0
Depreciation	398	398	475	885	1,308	1,384	1,395
EBIT	**11,416**	**20,719**	**23,623**	**30,146**	**32,273**	**39,789**	**49,759**
Int. and Finance Charges	860	1,691	2,184	2,652	2,406	2,354	2,165
Other Income	585	1,006	3,230	1,879	2,952	3,100	3,255
PBT bef. EO Exp.	**11,140**	**20,035**	**24,669**	**29,373**	**32,819**	**40,535**	**50,849**
EO Items	0	0	0	0	-231	0	0
PBT after EO Exp.	**11,140**	**20,035**	**24,669**	**29,373**	**32,588**	**40,535**	**50,849**
Total Tax	3,065	3,193	5,491	7,194	7,682	10,134	12,712
Tax Rate (%)	27.5	15.9	22.3	24.5	23.6	25.0	25.0
Minority Interest	-2,396	-2,204	-89	-76	-168	-80	-80
Reported PAT	**10,471**	**19,046**	**19,266**	**22,255**	**25,074**	**30,481**	**38,216**
Adjusted PAT	**10,471**	**19,046**	**19,266**	**22,255**	**25,305**	**30,481**	**38,216**
Change (%)	41.6	81.9	1.2	15.5	13.7	20.5	25.4
Margin (%)	38.9	45.4	42.9	42.1	42.1	41.6	41.8

Consolidated - Balance Sheet (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	3,636	3,636	3,636	3,636	3,636	3,636	3,636
Total Reserves	1,00,525	1,18,465	1,34,808	1,53,413	1,75,580	2,02,789	2,37,370
Net Worth	**1,04,161**	**1,22,101**	**1,38,444**	**1,57,049**	**1,79,216**	**2,06,425**	**2,41,006**
Minority Interest	0	0	0	0	0	0	0
Total Loans	28,555	39,441	24,952	33,004	28,254	26,154	24,054
Deferred Tax Liabilities	-25	-1,929	-1,724	-1,091	-1,439	-1,474	-1,509
Capital Employed	**1,32,691**	**1,59,613**	**1,61,673**	**1,88,962**	**2,06,031**	**2,31,105**	**2,63,551**
Gross Block	19,757	18,752	40,676	57,955	63,172	63,906	64,466
Less: Accum. Deprn.	3,119	3,491	3,930	4,690	5,998	6,782	7,577
Net Fixed Assets	**16,638**	**15,261**	**36,745**	**53,264**	**57,173**	**57,124**	**56,889**
Goodwill on Consolidation	1	0	0	0	0	0	0
Capital WIP	32,974	40,312	27,048	16,044	17,517	21,217	25,817
Total Investments	**26,794**	**7,026**	**8,180**	**25,353**	**17,373**	**17,848**	**18,336**
Curr. Assets, Loans&Adv.	**80,226**	**1,21,727**	**1,22,633**	**1,31,401**	**1,59,769**	**1,75,795**	**2,08,855**
Inventory	50,361	85,431	92,612	94,465	1,01,832	1,20,842	1,53,874
Account Receivables	1,246	10,983	2,042	1,127	3,240	2,009	2,502
Cash and Bank Balance	2,931	5,129	7,672	10,030	16,968	14,114	12,548
Loans and Advances	25,688	20,184	20,307	25,779	37,728	38,830	39,931
Curr. Liability & Prov.	**23,942**	**24,713**	**32,933**	**37,100**	**45,801**	**40,880**	**46,346**
Account Payables	4,247	2,423	5,696	7,234	5,706	6,847	8,474
Other Current Liabilities	19,091	21,816	26,741	29,788	39,801	33,724	37,547
Provisions	604	473	497	78	295	309	324
Net Current Assets	**56,283**	**97,014**	**89,700**	**94,300**	**1,13,967**	**1,34,916**	**1,62,508**
Appl. of Funds	**1,32,691**	**1,59,613**	**1,61,673**	**1,88,962**	**2,06,031**	**2,31,105**	**2,63,551**

Financials and valuations

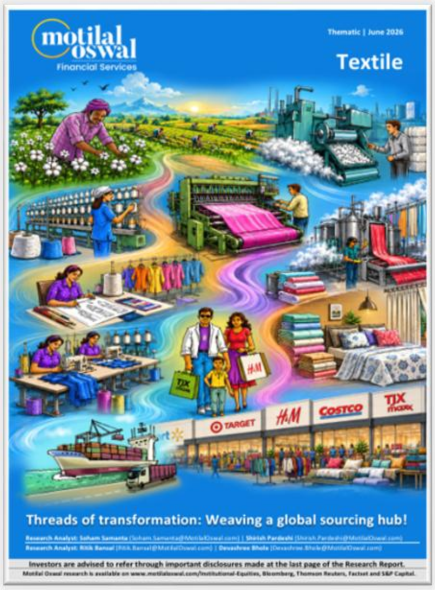
Ratios

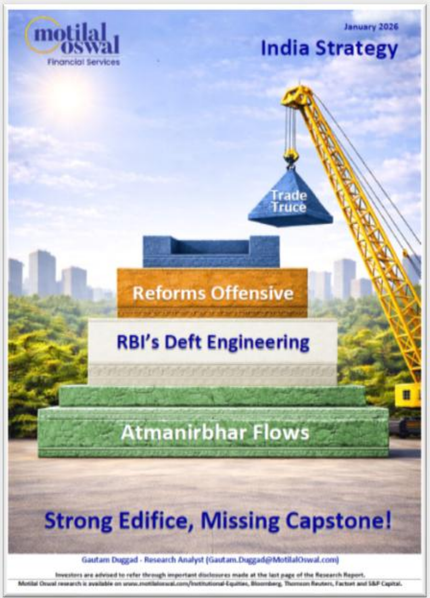
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)							
EPS	**28.8**	**52.4**	**53.0**	**61.2**	**69.6**	**83.8**	**105.1**
Cash EPS	29.9	53.5	54.3	63.6	73.2	87.6	108.9
BV/Share	286.5	335.8	380.8	431.9	492.9	567.7	662.8
DPS	3.0	4.0	8.0	8.0	8.0	9.0	10.0
Payout (%)	10.4	7.6	15.1	13.1	11.5	10.7	9.5
Valuation (x)							
P/E	62.6	34.4	34.0	29.5	25.9	21.5	17.2
Cash P/E	60.4	33.7	33.2	28.3	24.6	20.6	16.6
P/BV	6.3	5.4	4.7	4.2	3.7	3.2	2.7
EV/Sales	25.3	16.5	15.0	12.8	11.1	9.1	7.3
EV/EBITDA	57.7	32.7	27.9	21.9	19.9	16.2	13.0
Dividend Yield (%)	0.2	0.2	0.4	0.4	0.4	0.5	0.6
FCF per share	-3.8	-82.1	58.7	40.4	20.4	6.2	9.8
Return Ratios (%)							
RoE	10.6	16.8	14.8	15.1	15.1	15.8	17.1
RoCE	7.2	12.4	12.8	13.7	13.5	14.6	16.0
RoIC	11.7	19.7	16.3	17.8	16.9	18.0	19.4
Working Capital Ratios							
Fixed Asset Turnover (x)	1.4	2.2	1.1	0.9	1.0	1.1	1.4
Asset Turnover (x)	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Inventory (Days)	1,215	1,498	1,621	1,579	1,402	1,371	1,398
Debtor (Days)	17	96	17	8	20	10	10
Creditor (Days)	58	21	46	50	35	34	34
Leverage Ratio (x)							
Current Ratio	3.4	4.9	3.7	3.5	3.5	4.3	4.5
Interest Cover Ratio	13.3	12.3	10.8	11.4	13.4	16.9	23.0
Net Debt/Equity	0.2	0.3	0.1	0.1	0.1	0.1	0.0

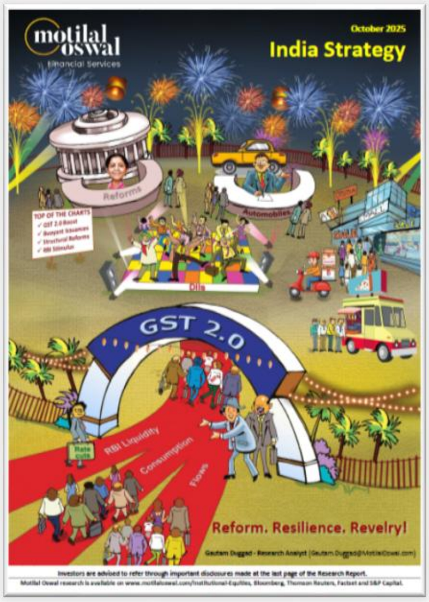
Consolidated - Cash Flow Statement **(INR m)**

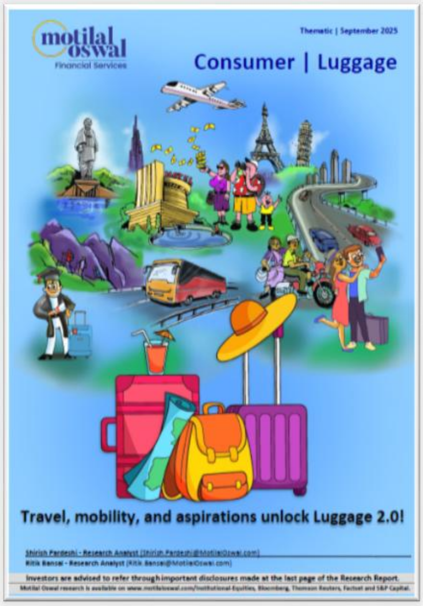
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	13,536	22,239	24,757	29,449	32,756	40,535	50,849
Depreciation	398	398	475	885	1,308	1,384	1,395
Interest & Finance Charges	476	1,101	1,426	1,558	726	-746	-1,090
Direct Taxes Paid	-2,910	-4,779	-4,736	-6,503	-7,925	-10,134	-12,712
(Inc)/Dec in WC	1,765	-40,225	8,529	-2,922	-11,880	-24,037	-29,394
CF from Operations	**13,264**	**-21,267**	**30,452**	**22,467**	**14,985**	**7,003**	**9,048**
Others	-2,576	-2,563	-2,354	-841	-1,187	-520	-520
CF from Operating incl EO	**10,688**	**-23,830**	**28,099**	**21,626**	**13,799**	**6,483**	**8,528**
(Inc)/Dec in FA	-12,063	-6,018	-6,770	-6,923	-6,366	-4,235	-4,960
Free Cash Flow	**-1,375**	**-29,849**	**21,328**	**14,703**	**7,433**	**2,248**	**3,568**
(Pur)/Sale of Investments	-1,836	17,375	327	-17,000	1,735	2,625	2,767
Others							
CF from Investments	**-13,900**	**11,357**	**-6,443**	**-23,923**	**-4,631**	**-1,610**	**-2,193**
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	13,050	10,817	-14,396	7,959	-4,803	-2,100	-2,100
Interest Paid	-1,628	-2,637	-3,040	-2,319	-2,376	-2,354	-2,165
Dividend Paid	-1,309	-1,091	-2,909	-3,636	-2,909	-3,272	-3,636
Others	-7,150	434	0	0	0	0	0
CF from Fin. Activity	**2,963**	**7,522**	**-20,345**	**2,004**	**-10,088**	**-7,726**	**-7,901**
Inc/Dec of Cash	**-249**	**-4,952**	**1,311**	**-293**	**-920**	**-2,853**	**-1,566**
Opening Balance	1,871	8,772	6,361	10,323	17,887	16,968	14,114
Closing Balance	**1,622**	**3,820**	**7,672**	**10,030**	**16,968**	**14,114**	**12,548**

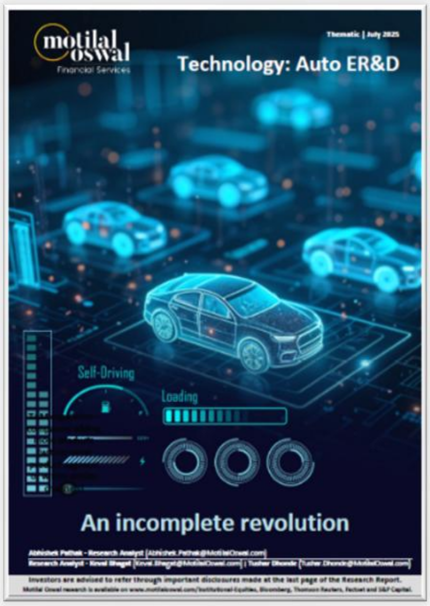
RECENT STRATEGY/THEMATIC REPORTS











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