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Trading Symbol: LODHA

Dear Sirs,

Sub: Q1FY26 - Earnings Call Transcript

Ref: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations')

Pursuant to Regulation 30 of the Listing Regulations, we enclose herewith a copy of the transcript of the Company's Q1FY26 Earnings Conference Call held on July 28, 2025. The transcript is also being uploaded on the Company's website i.e. www.lodhagroup.com under the Investor Relations section.

Kindly take the above information on your record.

Thanking you,

Yours faithfully,

Lodha Developers Limited

(Formerly known as Macrotech Developers Limited)

Sanjyot Rangnekar

Company Secretary & Compliance Officer

Membership No F4154

Encl: As above

**“Lodha Developers Limited Q1FY26 Earnings
Conference Call”**

July 28, 2025

MANAGEMENT: **MR. ABHISHEK LODHA – MANAGING DIRECTOR AND CHIEF
EXECUTIVE OFFICER, LODHA DEVELOPERS LIMITED**
**MR. SUSHIL KUMAR MODI – EXECUTIVE DIRECTOR, FINANCE,
LODHA DEVELOPERS LIMITED**
**MR. SANJAY CHAUHAN – CHIEF FINANCIAL OFFICER, LODHA
DEVELOPERS LIMITED**
**MR. RAJENDRA JOSHI – CHIEF EXECUTIVE OFFICER, BENGALURU,
LODHA DEVELOPERS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Lodha Developers Limited Post Results Conference Call to discuss the Q1 FY '26 Earnings.

As a reminder, all participants' lines will be in a listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*", then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chintan Parikh. Thank you, and over to you, sir.

Chintan Parikh: Thank you, Avirat. And good afternoon, everyone. Welcome to Lodha Developers Q1 FY '26 Conference Call.

Today, we have with us Mr. Abhishek Lodha, MD and CEO; Mr. Sushil Kumar Modi, Executive Director, Finance; Mr. Sanjay Chauhan, Chief Financial Officer; Mr. Rajendra Joshi, CEO, Bengaluru.

I would now like to invite Abhishek to make his opening remarks. Over to you, Abhishek.

Abhishek Lodha: Thank you, Chintan. Good afternoon, everyone. And welcome to our Q1 earnings call.

Before we dive into the business update, I want to take a moment to pay tribute to the brave Indian soldiers who served the country during the recent war with Pakistan. Their courage, commitment and sacrifice in protecting our nation's sovereignty and ensuring the safety of millions is something we deeply honor and respect. On behalf of the entire leadership team and the company, we salute their service and stand in solidarity with their families. The Lodha Foundation is working with the families of these martyrs to strengthen their future and ensure that they feel that the rest of the nation is completely behind them.

Let me begin with a brief overview of the overall macroeconomic and industry situation. On the back of the increase in government CapEx spending as well as the monetary easing that the RBI has undertaken, the GDP forecast for the year continues to remain resilient at around 6.5%. Inflation remains within our comfort zone, and we hope that it will further improve given the quality of this monsoon.

On the interest rate front, we continue to see a downward trajectory. As a consequence, as is normally seen in such rate cut cycles, we see it as being strongly favorable for homebuyers and the home buying industry. Combined further with the taxation benefits that have been given for the middle-income households earning up to Rs. 25 lakhs per annum, this will further boost the purchasing power of these households and spur home demand as well as broader consumption.

We continue to believe that the Indian real estate sector is in the early stages of a long up cycle with favorable macroeconomic indicators, strong urbanization and improving affordability. At

Lodha, our focus continues to remain on delivering high-quality developments, strengthening our brand, unlocking value from our land bank and maintaining industry-leading cash flows and return metrics.

I am sure that the recent news headlines from some of the lenders as well as some of the IT companies might raise concerns about the resilience and strength of the demand. I would like to mention that we have so far continued to see actually a strengthening of demand. We measure the health of our business through various metrics, but most particularly the non-launch weekly sales. And even now in the month of July, which is typically not a very strong month given the monsoon and other factors, we continue to see weekly sales, around Rs. 275 crores, Rs. 280 crores per week, which is much higher than the same period last year and tells us that there is good, strong on-ground demand across different segments, and there is a continued strengthening in the mid-income demand based on the factors that I had highlighted earlier.

Coming to the highlights of this quarter. The 1st Quarter presales grew by about 10%, which was in line with our business plan, but moderately affected by the two weeks of geopolitical tension in May 2025. However, this does not affect our growth outlook for the year, and we expect H1 to be about 40% to 45% with an upward bias towards the 45% number of the AOP and the balance in H2, driven by the significant launches planned for H2, including from the business development added in Q1, the benefit of the interest rate cuts and income tax cuts stimulating mid-income demand, and the clearing of the approval bottlenecks.

As some of you may be aware, environmental clearances have not been considered in many parts of the country since August 2024 due to the NGT order asking the center to consider these clearances and the center not yet having the bandwidth to do so. The matter is now expected to be decided by the Supreme Court in this quarter, and that will further enable us to scale up our supply and comfortably achieve our overall presales as well as operating cash flow guidance. As a business, we continue to remain focused on predictable and disciplined growth.

Our net debt to equity will have small increases and thereafter moderations from time to time. But at all times, we will remain substantially below our ceiling of 0.5x net debt to equity. As I have mentioned earlier, we continue to see improvement in our non-launch weekly sales rate, and we expect this number to touch Rs. 300 crores a year by the end of this FY from Rs. 250 crores a year in FY '25. This sort of continued regular sales makes our business very, very different from most of our peers, and this predictability gives us significant confidence in how we perceive business in the times to come.

We expect to enter Delhi NCR in the next 12 months and hope to launch in fiscal 2027.

As you are aware, this will be a pilot stage where we will focus on gradually growing while we build our local team and strengthen our operating and sales capability. With this entry, we will

be operating in four of the largest real estate markets in the country, covering about two-third of the total residential sales. We will, of course, provide more details once the overall entry strategy and the first project land acquisition is completed.

The last point which I would like to underline in terms of an overview is that while there may be concerns about the strength of overall demand in urban India, it is important to note that the sales of the top five real estate developers who are focused on quality and consumer service, thereby having strong brands are constrained by supply and not by demand. We strongly believe that this is a unique position for the real estate market that the top developers have almost a complete inability to satiate their demand and any short-term aberration in the demand side is unlikely to impact their sales.

The second point is being that real estate sales are driven largely by households with annual income greater than Rs. 1 million per annum. The strength of job and wealth creation for the upper middle class and higher income segments continues to remain quite strong.

The third point, this environment of low interest rates and low inflation is probably the best ever for real estate. When interest rates went up three years ago, it had a negative impact on demand. And as this retraces, we expect it to provide a positive fillip to demand.

Lastly, we believe that the real estate growth will lead the demand revival in urban India, and this cycle will be visible in the next 12 months. The real estate multiplier to economic activity is the highest of any sector as it leads to job creation across the entire supply chain as well as wealth creation for homeowners.

Speaking about our KPIs, the presales, embedded margin of these presales, business development, ESG and brand scores for the 1st Quarter. We achieved our best ever 1st Quarter presales performance, which was at Rs. 44.5 billion, growing 10% year-on-year. As I mentioned earlier, we are in line to deliver our overall guidance for the full year. Having delivered Rs. 40 billion plus sales consecutively now for six quarters, we are now headed towards establishing a new base of Rs. 50 billion of quarterly presales, which should be the average number through the course of the full year this year.

The embedded EBITDA margin for this quarter came in at about 33%. This level of embedded EBITDA margin has been achieved with the JDA contribution to sales of about 38% of presales, in line with our long-term guidance. We saw price growth of approximately 2% in Q1 FY '26 on a like-to-like basis, which is in line with our strategy to have price growth at around 6%, which is below wage growth, and therefore keeps affordability getting better each year.

Based on an embedded EBITDA margin of 33% on the presales for Q1 FY '26, our pro forma PAT for the quarter is at about Rs. 9.5 billion, implying a PAT margin of about 21% on the presales

done during this quarter. We are very much in line with our overall objective of 20% ROE on an underlying basis, which we have already achieved in fiscal '25 too.

As far as new business development is concerned, we added five projects in this quarter across Mumbai, Pune as well as Bangalore with a combined GDV of about Rs. 227 billion, which is more than 90% of the business development guidance for the full year. I am happy to share that out of this, we have added about Rs. 84 billion in Bangalore, which is more than what we had added in the full year last year in Bangalore. This shows that landowners are now starting to see in Bangalore what others have seen in Mumbai and Pune, the strength of the Lodha brand, and the increasing desire to collaborate with Lodha for the development of their land holdings. This gives us confidence and strength that our growth phase in Bangalore will be well supported with land availability.

At the end of the quarter, our net debt stood at Rs. 50.8 billion, which is 0.24x net debt to equity, well below our ceiling of 0.5x. This is despite significant investments towards annuity income as well as accelerated business development which we have done in the 1st Quarter. As we mentioned earlier as well, our debt levels are likely to go up in the first half of the fiscal year due to greater activity on business development and moderate in the second half of the year. Our average cost of funds on the debt stood at 8.3%, down about 40 bps for the quarter.

On our focus of Do Good, Do Well on the ESG side, we believe that sustainable growth is a collective duty, and we are dedicated to nation building through impactful long-term initiatives. The Lodha Foundation prioritizes education, environment and human development with programs which are long term and deliver at depth.

In the coming quarter, the foundation will launch one of its flagship initiatives, the Lodha Mathematical Sciences Institute. The Institute seeks to advance India's legacy of analytical thought through cutting-edge research across all areas of mathematics and applied mathematics. The Institute will pursue both foundational inquiry as well as real-world solutions to 21st century challenges.

The Lodha Genius program welcomed its third batch with a cohort of about 300 students selected from about 7,000 applicants across India for a month-long program in June 2025, and this will be followed by a continued learning module through the rest of the year.

On the environmental side, we now manage about 60 million-plus square feet of green certified portfolio and advance our low-carbon strategy with renewable PPAs exceeding 10 megawatts, aligned with SBTi's targets. Innovations like nature-based cooling at Palava and **UrjaAnk** for household energy analysis reflects our comprehensive approach.

Recognized by GRESB, DJSI, FTSE4Good and the World Benchmarking Index, we strive to build a sustainable developed India through our various initiatives, and ensuring that this

development is not just economic but also environmental as well as around personal happiness and satisfaction.

On some of the other performance metrics, our collections for the quarter grew by 7% on a year-on-year basis and came in at just under Rs. 29 billion. We launched projects with an estimated GDV of about Rs. 83 billion. On the back of the business development that we have done in the 1st Quarter, our launch pipeline for the full year now stands at about Rs. 250 billion with the balance being launched in the balance three quarters of the year with a heavier emphasis on H2.

In terms of our expansion and diversification across different cities, our strategy of entering a new city with a pilot phase thereafter followed by growth phase is panning out reasonably well as it has done in Pune in the past and is now scaling up in Bangalore. We believe that the top few developers will be present in the top few cities of the country and the depth of their presence will improve the quality of the market as well as enable the consumer to get the best quality product irrespective of the city that they are living in.

The strength and success of the developers will be driven by their processes and operational capability and the ability to attract and retain talent, and we believe that Lodha has an exceptional advantage in that area. This is evidenced by the growth in Pune, the scaling up of our team as well as the fact that this quarter the growth in Bangalore and the scaling of the team there and also reflected in the strength with which Bangalore contributed to the presales in this last quarter.

In terms of our townships in the extended Eastern suburbs, we had about Rs. 5 billion of sales for data center and there were strong residential sales. At a broader level, we see that mid-income sales are strengthening across the various different markets that we see typical mid-income demand coming through, and that is heartening for us given the fact that luxury and premium sales anyway continue to perform well.

On specific updates on Palava, the infrastructure progress continues to remain strong. As you know, Palava will see the delivery of several transformative infrastructure projects over the next few years, including the Mulund-Airoli-Palava Freeway, the Navi-Mumbai International Airport as well as the bullet train. The Mulund-Airoli Freeway is progressing well and we expect it to be significantly operational in this fiscal year. We also note that the Navi Mumbai Airport is expected to start becoming operational for commercial flights this calendar year. And both of these are quite positive for Palava's perspective.

By the end of this decade, Palava will transform from being a peripheral suburb of Mumbai to a core suburb. And the bullet train connectivity, which will make Palava less than 20 minutes from BKC before the end of the decade will, of course, be a landmark transformation.

Of course, there are other projects, including the 100-meter wide multimodal called out from Virar to Alibaug as well as the two metro lines which are passing through Palava. Thus, all in all, the infrastructure benefits to Palava continue to remain quite strong and are now visible on the horizon.

To enhance the value of the residential development in Palava, we are consciously premiumizing the location. Last fiscal, we launched three neighborhoods, Lodha Golfview, Lodha Hanging Gardens and Lodha Opulis, which are at a premium to the existing lower mid-income neighborhoods.

This quarter, we launched a new villa neighborhood in Palava with ticket sizes of Rs. 5 crores and higher for the land and the villa, which also received a good response and takes us a step further in our journey to premiumize Palava. The premium segment contribution in Palava for FY '25 stood at 20%, and this will keep growing towards 50% by the end of the decade, contributing both to a new segment of sales as well as higher blended margins.

Today, there is a significant gap in pricing between any core suburbs of Mumbai compared to Palava. And as this infrastructure plays out and we continue to invest towards build-out of the internal infrastructure as well as quality of life, we expect that Palava will deliver Rs. 80 billion of annual sales by the end of the decade with EBITDA margins approaching 50%.

Lastly, an update on our warehousing and industrial leasing vertical. There has been strong leasing traction with further leasing of about 0.2 million square feet in this quarter to marquee names like Tesla as well as DP World, taking the overall leased area in this portfolio to 2.3 million square feet. We now have an impressive list of clients including Skechers, DP World, DHL, Mitsui operating in our parks. This is not only adding recurring income, but also creating jobs which benefit in various ways, including the local communities.

The industrial and warehousing ecosystem in Palava has emerged now as a preferred destination for warehousing as well as light industrial spaces for high-quality companies. This quarter, we are increasing our stake in the digital infrastructure platform in line with our strategy to grow our annuity income to Rs. 15 billion by the end of the decade. And against this, we already have visibility for just under Rs. 12 billion from the existing assets.

Before I conclude, an overview on the P&L. As you may recollect, we have adopted the progressive percentage completion methodology for accounting of all presales done from April '23. For sales done prior to April '23, the project completion methodology continues to be in existence. We are now in the midst of the transition period, and we expect this transition to be fully complete by the end of fiscal '27.

In terms of the numbers, our revenue from operations came in at just under Rs. 35 billion with a year-on-year growth of about 23%. The adjusted EBITDA for the quarter was Rs. 12 billion, growing at about 25%. The adjusted EBITDA margin was at about 34.4%.

This is an important point to note because the equivalent number in Q1 FY '25 was 33.7%, which shows that our margins continue to grow on a reported basis as well as on an embedded basis. Our quarterly PAT came in at about Rs. 6.8 billion, growing 42% year-on-year, and our operating cash flow was at about Rs. 9.5 billion, growing about 50% year-on-year.

With these updates, I will now request my colleague, Shri Rajendra Joshi, CEO of the Bangalore business, to speak to you about our Bangalore growth phase. Thank you, and over to you, Rajendra ji.

Rajendra Joshi:

Thank you, sir. Good afternoon, everyone. I would spend a few minutes talking about the Bangalore market.

The total residential real estate market in Bangalore is estimated to be about Rs. 80,000 crores to Rs. 85,000 crores, growing at about 19% to 20% CAGR since 2021. The growth has been driven both by volume and price, with prices increasing by 10% to 15% in the recent past. Supply, however, has not kept pace. And as a result, the inventory overhang is declining, is currently at about 12 months, and it has been at the same level for the last three years.

This growth has been driven largely by the salaries of customers essentially from three sectors. First, the IT where the Bangalore has been a base for large MNCs and Indian companies like the likes of Google, Microsoft, Wipro, Infosys, etc.

Second, startups, both late-stage and well-funded early Stage 1s and those in consumer tech like the Swiggy, Ola, Razorpay, etc. Many of these startups also have gone the IPO route, and that benefit has trickled down in terms of real estate purchase.

Third, the global capability centers or the GCCs, which have driven the office space absorption in Bangalore have also been a large contributor to the growth of real estate in Bangalore in the residential space. Overall, the market is growing in the higher end of the spectrum with the units about Rs. 2 crores having contributed to about 40% in the last year's sales. This clearly indicates premiumization of the market towards the higher end.

Looking ahead, we feel strong job creation, sustained investor confidence in the start-up ecosystem and many ongoing infrastructure developments such as the upcoming North Bangalore Metro Line, the satellite town Ring Road are expected to be key catalysts for the continued residential growth in the city.

Now coming to our journey in Bengaluru. We launched our first project in Bangalore, Lodha Mirabelle, located next to the Manyata Business Park in North Bangalore in November '23. Since then, our journey in the city has been marked by strong momentum and rapid growth. Over the last two financial years, which we consider as our pilot phase, we recorded a cumulative sales of over Rs. 1,900 crores. As we transition into our growth phase in the coming years, we see a huge opportunity to be a significant player in the premium segment at scale.

During the pilot phase, our focus was largely on laying a strong foundation on two key pillars; the people and the brand. Talking about the people, building a high-caliber core team in Bangalore, combining the expertise of seasoned Lodha associates from Mumbai and Pune with new talent from the Bangalore market was our focus. This blend of internal experience and local market knowledge, supported by continued guidance from our head office has enabled the new hires to quickly align with the Lodha way of working, ensuring smooth and consistent execution across the value chain.

Second, on the brand side, establishing Lodha as a premium brand in Bangalore, both through the strength of our product and the quality of our customer experience was another focus area. A key strategic decision during this phase was to build and showcase the clubhouse in our first project at Lodha Mirabelle even before the project launch. This served as a live demonstration of the quality Lodha brings to its developments and is now viewed as one of the finest clubhouses in the city.

Additionally, we have placed strong emphasis on delivering a superior customer experience at our sales galleries, creating service standards that are unheard of in the Bangalore market. This has led to a positive word of mouth, both in the market and has reinforced our premium positioning.

In addition, two factors, I believe, have helped us scale rapidly. One, we have built a team of subject matter experts in each functional areas, be it design, marketing, procurement over a period of time at our head office in Mumbai. This team helps the regional teams to absorb the Lodha way of working rapidly and supports the rapid scale up. Two, our internal systems that are built on a strong foundation of processes and policies help us in moving up rapidly in a new location.

These together have not only helped in Bangalore scaling up, but I believe will help us in any future expansion in any new market that we enter. Thanks to our focus on product and our customer experience, brand Lodha has been received positively in the Bangalore market. Both customers and landowners now recognize us as a trusted premium developer. This positive perception has also enabled us to expand our footprint, as Mr. Lodha was mentioning, going from two projects in FY '24 to five in the last financial year.

The new projects include two in the new high-growth Southeast corridor of Bangalore and a large 70-acre project in North Bangalore, which has a top line of over Rs. 10,000 crores over its project life cycle. As we scale, our strategic focus remains on premium and luxury development. We continue to actively evaluate land parcels that align with these criteria to maintain a healthy project pipeline. The high-growth north, east and southeast corridors of Bengaluru remain our priority, and we continue to explore opportunities closer to the heart of the city for a luxury development.

From a people standpoint, we have scaled up significantly. From a team of about 100 associates in the beginning of FY '25, we are over 200-plus as of today across various functions. We expect this number to double over the next 12 months, in line with our growth expectations. As always, we will continue to leverage support from our head office, as I had mentioned earlier, while depending on the strong core team in Bangalore to lead and deliver this next phase of expansion in the growth phase in Bangalore.

Thank you very much.

Chintan Parikh:

Thank you, Joshi ji. Avirat, we can open the floor for Q&A.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the line of Puneet from HSBC. Please go ahead.

Puneet Gulati:

Yes. Hi. Good afternoon. My first question is, if you can comment a bit more on the pricing front in the current market. What kind of growth are you seeing? You talked about a 2% like-for-like here, are you likely to see similar growth as last year? Or do you think the pricing trajectory has changed a bit?

Abhishek Lodha:

Hi. Puneet. We shared our outlook for price growth at the end of the last fiscal, and we continue to maintain that our price growth will be in that range of 5% to 6%, which is somewhat higher than last year.

Puneet Gulati:

Understood. And secondly, on the land sales pipeline, do you have a decent pipeline for you to ensure that land sales continue on a year-on-year basis? Or you think it can be very, very one-off kind?

Abhishek Lodha:

Puneet, we think that the land that we are selling for specific users, including data centers as well as industrial, is a recurring and predictable part of our business. The land which is acquired by the government sometimes for infrastructure projects, that obviously is unpredictable and one-off. But what we are doing for data centers, industrial use or such uses is something which we see good pipeline of, and we see that as a predictable part of our business.

Puneet Gulati:

That's it, sir. Thank you so much. And all the best.

Moderator:

Thank you. The next question is from the line of Abhinav Sinha from Jefferies India. Please go ahead.

Abhinav Sinha:

Hi. Thanks for taking my questions. A couple of them. So one on the sales growth, I understand that second half is going to be much stronger. So, which are the markets where you see this contributing, because we think Bangalore already off to a very strong start? So that's one. And second question is on Bangalore. Within that, how you are differentiating on product because we already see a lot of strong developers out there?

Abhishek Lodha: Abhinav, thank you for your question. So across the different micro markets within Mumbai, Pune and Bangalore that we operate in, we believe that the sales growth is spread quite well across the board. There is not any one particular launch or one particular project that we are dependent on delivering our overall growth to about Rs. 210 billion, and that's how we like it. We see good demand as well as the availability of our supply in South Central Mumbai. We see, as we have discussed earlier in this call, a significant scale up in Bangalore. And we see continuation of the positive momentum in Pune.

Our townships business is trending well because of the overall infrastructure benefit we have as well as the pickup in mid-income demand aided by the factors that we discussed. This full year will not see too much benefit on the infrastructure side because the Palava-Airoli-Mulund freeway will only be operational towards the end of this fiscal year. But even in spite of that, there is a good momentum there. So it's quite broad-based in our view, with no one particular outlier.

Abhinav Sinha: Okay. And sir, second question on the Bangalore side, if you can help. So my question is that how you are differentiating on the product itself? I mean, are you looking to have more of smaller ticket size, larger ticket size? Anything between that?

Abhishek Lodha: Abhinav, I do not think that we are needing to differentiate in a way which is driven by some size of unit. I think our differentiation lies in our product detailing, our design of the product, both inside the unit and outside, and our overall package of product as well as service, which together is what people see in our brand. Bangalore obviously has some very good developers, and they continue to do well. But I think there is a space above them for the quality of product that we do. As we have shown in the pilot phase that the market is willing to pay the premium for it, and there is good velocity associated with it.

We tend to focus on homes between Rs. 1 crores to Rs. 5 crores with a particular emphasis on homes between Rs. 1 crores to Rs. 3 crores, but with higher per square feet price. As Joshi ji was mentioning, we are now in the process of launching one of our larger developments in Bangalore, which will be spread over 70 acres and offer products in an upmarket manner with a very convenient location close to the airport as well as a lot of good social infrastructure. So that, I think, will really augment what North Bangalore has seen in terms of quality of development. So really, our focus, and that's not a Bangalore thing, across the board is on doing sort of the best quality product and marrying that with our high service standards to deliver a superior living experience to our consumers.

Abhinav Sinha: Sir, just one last question, if I can quickly ask. Slide 57 of the presentation where you have the cost inflation. So, I believe this number was higher in the March quarter, so basically you are saying costs have come down on a Q-o-Q basis?

Abhishek Lodha: Sushil, would you like to comment on that?

Sushil Kumar Modi: Yes, Abhinav, that's right. In the composition, it's a function of numerous items in the composition, right? So while there are a few items which end up seeing a hike, but there are equally offsetting numerous items which end up offsetting. So on the whole, if you see, it has slightly come down. This is the composition of the total overall construction cost.

Abhinav Sinha: Okay. And this seems to be holding as a trend or you will see some change here?

Sushil Kumar Modi: Frankly, obviously, commodities, we all know that commodities goes up and down, numerous nuances are always there. If the U.S. exports on the steel side gets restricted with the duties on board, but there lies a potential that perhaps domestically prices may go down further. But nonetheless, the important point is, on the whole we continue to see, without really specifically talking about a single composition or a constituent of the cost, that on a CAGR basis the cost continues to be reasonably controlled in terms of the inflation. The impact is generally on a CAGR basis end up in being less than 3%.

Abhinav Sinha: Okay, sir. Great. Thank you.

Moderator: Thank you. The next question is from the line of Akash Gupta from Nomura. Please go ahead.

Akash Gupta: Hi, sir. Thank you for taking my question. Sir, my first question was in respect with your strategy in Delhi. So, could you give us some understanding as to what kind of business developments are you planning to do there? And are you planning to do any launch there?

Abhishek Lodha: The Delhi NCR is an important market for us to get into. We obviously, as we have done in Pune and Bangalore, will only enter in a gradual manner. We will be starting off with a pilot phase with a moderate number of projects and a moderate level of investment with a view to understand better how the market operates and how we build out the supply chain for operations as well as sales.

Our focus in this period is, first and foremost, on building our local operating team. We expect that we will conclude one or more land transactions either on a joint development basis or otherwise in the course of this financial year and hope to launch in the next financial year. But obviously, at this stage, the details are limited. We will provide a more detailed update once the first land transaction is concluded.

Akash Gupta: Got it, sir. Sir, my next question was with respect to your Bangalore strategy. So, there are some news with respect to IT slowdown. Obviously, you have done very well in Bangalore. But do you think this IT slowdown story playing out and then impacting your Bangalore sales? So like how are we trying to hedge ourselves against that?

Abhishek Lodha: I would like to use this question to emphasize that an economy is a sum of various different sectors performing in different ways. When IT was growing at 20%, 25%, 30% did not mean that real estate sales were growing at the same level because obviously, there is a composition effect. And vice versa, if some particular sector, for example, IT is going to have a slowdown

for whatever reason, we are not experts in that field. It does not really take away from the fact that India is a broad-based granular economy. As a company, we have set ourselves not to be over-focused or over-exposed to any one sector or for that matter, any city or location. And that broad-based strategy, we believe, allows us to have the predictable growth that we have been talking about.

So obviously, we watch all of this with focus and try to understand better. But as I was mentioning in my initial remarks, the fact is that in the month of July we are averaging, for non-launch sales, about Rs. 275 crores a week. Now that really gives you a sense, if you take that Rs. 275 crores number moving towards Rs. 300 crores in the course of the next six months, you are talking about Rs. 15,000-plus crores of sales coming just from our non-launch on a steady week-on-week basis. And that really is the differentiation and strength of our business. And we believe that the Indian economy overall is quite resilient. The GCC numbers continue to add up. While you are seeing some slowdown in the IT companies, the GCCs are now probably employing 2 million or more people and that's only growing.

So something goes up, something goes down. But if we are the most sought-after brand, if we have the operating breadth as well as the locational breadth, we think we are able to capture more and more of the demand. Ultimately, you have to note that we are selling 7,000 homes a year, which is just in unit terms a little over 1% of overall volume in the country, and in value terms probably 2%, 2.5% of overall value of residential sales in the country. So there's a long, long way to go before we penetrate in any significant manner. And that allows us to deal with these sort of ups and downs of some parts of the economy quite reasonably.

I think the big picture is that real estate in India is at the start of a very long terms up cycle as India moves from low income to mid-income. There may be some days or some months or some quarters which are weaker. But that's the broad direction. And as our investors who we generally see as long term, we hope that as long as we are performing on the ground, these aberrations are not really coloring their perception of the big opportunity that housing in India, particularly from the top three to five brands offer.

Akash Gupta:

Got it, sir. And sir, one final question from my side. So basically, this quarter we had launches of roughly Rs. 83 billion, which is quite strong in the sense that we had Rs. 30 billion of launches in the 1st Quarter of last financial year. But our presales growth rate was just 10%. So, should we think that the sell-through was not strong enough or the reason was mainly because of the geopolitical tensions in the first two weeks of the quarter?

Abhishek Lodha:

Obviously, we have not seen anything outside our projections panning out on the ground. And as I mentioned, July also continues to remain quite solid. So we are not seeing anything which we would not have otherwise seen. If you take those two weeks and you multiply it by the weekly non-launch rate, that's about Rs. 400 crores, Rs. 500 crores of lost sales. We will make it up in the course of the year. But if you were to just look at it at a quarterly basis, that's a difference between 10% and 20% growth for the quarter.

- Akash Gupta:** Got it. Very clear, sir. Thank you so much and best of luck.
- Moderator:** Thank you. The next question is from the line of Kunal from Bank of America. Please go ahead.
- Kunal Tayal:** Hi. Thank you. Abhishek, I wanted to follow up or better understand a couple of your opening comments. The first one was, you were talking about revival in urban growth being led by real estate as we look forward into next year. So, is this sort of more predicated on your view that supply was facing bottlenecks and that should sort of normalize from here? Or was it more to do with the fact that as the benefits of lower rates and inflation start to percolate down, that would boost sales?
- Abhishek Lodha:** Kunal, I think that environmental bottleneck which we are seeing is highly likely to get resolved this quarter. So obviously, whatever negative drag that has had on supply will get addressed. But I think the broader point is that we had a slowdown last year, the factors you all understand better than we do. And we are coming out of that slowdown through, we have had improvement in fiscal spend, we are getting more supportive monetary policy. And in this kind of rate reduction environment, typically real estate demand picks up, and that's what we are starting to see initial signs of in the mid-income segment. And hopefully, in the second half of the year, we will see some good meaningful numbers coming out of it.
- But when you multiply or sort of add that on to the fact that real estate has such a strong multiplier to the economy, both in terms of direct employment, supply chain employment and equity wealth creation plus homeowner wealth creation, it's understandable; and I would say, something which one can foresee that as real estate picks up, it will have a positive impact and therefore, raise overall economic growth.
- Kunal Tayal:** Got it. Understand. And then the other one was this interesting metric which you gave us weekly non-launch sales. Abhishek, that trending up. Does it apply just at a company level? Or if you were to isolate just for the Mumbai trend maybe, do you think it would hold for the city as well? I am wondering if this reflects your market share gains in cities outside of Mumbai or improving demand within the city itself.
- Abhishek Lodha:** Kunal, we have not broken it up that way. Since you mentioned it, we will also look at it that way, but we only look at it at the company level. But I can tell you that sales within Mumbai are performing quite well. So if your question was that our sales from Pune and Bangalore making good for some fall in Mumbai, the answer is no. Mumbai is also performing quite well.
- Kunal Tayal:** Right, very clear. All right, thank you.
- Moderator:** Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.
- Parvez Akhtar Qazi:** Hi. Good afternoon. And thanks for taking my question. So my question is regarding your comment about you seeing an improvement in demand in the mid-income segment. It would

be great if you could provide some color. I mean, by what do you measure in terms of improving demand, is it in terms of improving footfalls or conversion rate, etc.? And the second part of the question is, I mean, let's say, over the next one to two years as we see more rate cuts, do we see the proportion of mid-income segment in our overall presales increasing? And will there be any impact on our profitability margins because of this, either on the upside or downside?

Abhishek Lodha:

Hi, Parvez. Thank you for your questions. What I mentioned was that we are seeing the initial signs of a pickup in mid-income demand, obviously, it's very early and it will more be in H2 that we will get more real data. But what we are seeing so far is that we have seen higher conversion rates, particularly in June and July, starting to come through as the mortgage rates have settled down. Still very early days, so I cannot give you a huge amount of color beyond that, but we are starting to see that.

In terms of what it does to our margins, I think our margins overall across the company tend to be around that early mid-30s number. There is not a significant variation by segment. Obviously, the cash margin in Palava and Upper Thane, the extended Eastern suburbs is higher because of the fact that the land is all bought historically, so we may see some benefit in cash margins. And I think over a medium term, over a two, three-year term, we will also see some uptrend in overall margins because obviously, Palava margins are, as the mix is changing, also moving higher. So, generally on the margin side, as we have spoken even earlier, we see some upside each year going forward, partly driven by operational efficiency, partly driven by the up cycle out of the infrastructure and other factors in Palava.

Parvez Akhtar Qazi:

Sure. Thanks and all the best.

Moderator:

Thank you. The next question is from the line of Pritesh Sheth Axis Capital. Please go ahead.

Pritesh Sheth:

Thanks for the opportunity. Firstly, on the BD. So we have almost completed our full year target, it obviously shows some confidence on the market. What's driving your confidence on demand? Is it market itself growing? Because since last one year we have seen volumes at the industry level mostly flattening out, so are you hoping that this will now grow? Or as you said, because of supply constraint its ability of top five, 10 brands to create enough supply and take a share of that demand that is driving confidence, yes?

Abhishek Lodha:

So, I think there are a few questions within your question. Do we remain confident about the overall nature of the demand? The answer is yes. As you can see from the performance of the key developers last year, it's a very strong year. If you look at the numbers for this quarter, very strong. So there is no reason why there should be any concerns about demand, especially for the top five developers. I will reemphasize this point that the sales of the top five developers are supply constrained, not demand constrained due to various factors, including the fact that consumers really want to upgrade their quality of life in a low-risk manner, and that's what the top five developers offer. So that's one.

Second, I think in terms of a lot of reporting around the fact that volumes have been flat last year. Let's be clear that you cannot look across the entire real estate spectrum and treat it with one aggregate number of overall volume. Obviously, there is a shift within the segments, and we have seen that the affordable housing segment has degrown and there has been growth in the other segments. So the affordable housing segment, which tends to offer the higher volume of units, because that has degrown, there's been a fall in the number of units there. But the rest of the segments have actually made good, which has been why there unit growth has been flat, but value growth has been significant.

So it's really telling you where the growth is coming from. And I think it's important to do the analysis in value terms rather than just in unit terms because that's what you would do in most other categories. In terms of how we see things going forward, we continue to see strength in the premium and luxury segments over the next 12 months. And we, as I mentioned earlier, we expect that in H2 there will be a pickup in the mid-income segment. We really do not operate in the affordable housing segment. So I have no comment on that specific segment.

Pritesh Sheth:

Sure. That's helpful. And on Bangalore, the large project that we signed this quarter, 70 acre. Firstly, I wanted to know whether it's a JDA or an outright. If JDA, I mean, there are a lot of incumbent developers eying for that market. Where is the preference for Lodha coming in, in terms of what our brand brings to the table? If you can highlight on that, yes.

Abhishek Lodha:

The project is in two parts, about one-fourth of it is an outright purchase and the balance three-fourth is a joint development. The reason for the Lodha preference, we believe, is the same as it is in the other cities. It is about the brand execution capability, the pricing and the velocity at which we can sell, and the transparency at which we operate with our landowner partners and their confidence that we will generate the highest NPV and it will actually get delivered to them.

It's really about an operating style, which gives a lot of confidence to landowners. And as Joshi ji was mentioning, as we have over the last two to three years scaled up in Bangalore, what was known in Mumbai and is getting more known in Pune is also now starting to get recognized in Bangalore that working with Lodha is a good experience for the landowner and working with Lodha leads to a fairly good economic value creation for the landowner.

Pritesh Sheth:

Sure. And just last, North Bangalore is also prominent for plotted development. Will we be doing plotted developments in this land parcel or it's more of group housing and high-rise towers that we are looking at?

Abhishek Lodha:

No, this is a very prominent location. Plotted development obviously happens quite in Bangalore, but that's happening further away. Plotted development is a category which also we might consider going forward. But this is not a location for plotted development. It's a very attractive location and very well located, proximity to the airport, proximity to the various tech hubs and a lot of good social infrastructure.

- Pritesh Sheth:** Sure. Thank you. That's it from my side and all the best.
- Moderator:** Thank you. The next question is from the line of Ashish Mendhekar from JPMorgan. Please go ahead.
- Ashish Mendhekar:** Partly, the question is answered regarding Delhi NCR market, but have you zeroed down on the micro market which you see opportunity in? And any particular ticket sizes that you are targeting?
- Abhishek Lodha:** Ashish, no, we do not have that level of detail right now. I think we are looking across the Delhi NCR to make sure that locations which fit with our brand's premium positioning. And at the same time, have attractive dynamics when it comes to supply-demand and also profitability for us. So, we are looking across the board, and we will be able to provide a little bit more specific detail once the first land transaction is concluded. I think at this stage it's just a directional thing that, yes, we expect to be entering in the NCR in the next 12 months.
- Ashish Mendhekar:** Okay. Understood. Thank you.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Yes, hi Abhishek. My first question is on the launch pipeline for the rest of the year. So if I see total Rs. 13,300 crores is there on the new launches. And out of this, Rs. 10,000 crores is from MMR and Pune. So, in terms of NGT issue, so how will this get impacted if there is a delay in the judgment from the courts?
- Abhishek Lodha:** Yes. Pune is unaffected by the environmental clearance. Pimpri-Chinchwad and Pune were affected, but that has already been clarified and those approvals are now progressing without any hitch since the last, I think, about six to eight weeks. In Mumbai, I think the total value, which is affected potentially by these environmental constraints is at about Rs. 3,000 crores to Rs. 4,000 crores of launches for the year. So that's the value which we expect will get unlocked for being open to launch in the second half of the year, but that's the one which is currently impacted by these.
- Parikshit Kandpal :** Okay. The second question is on the total presales for the quarter of Rs. 4,450 crores. So out of that, how much was the contribution from the new launches of Rs. 8,300 crores?
- Abhishek Lodha:** Sushil or Sanjay, can you assist with that response, please?
- Sanjay Chauhan:** Yes, around Rs. 1,500-odd crores was coming from the new launches.
- Parikshit Kandpal:** I mean, so the impact was largely on account of the May issue or because it seems to be a very slow conversion of sales in presales?

Abhishek Lodha: No, we do not see it as being slow. Our business model is not this heavy launch, let's sell everything in one go model, which puts a lot of pressure on profitability. Our business model tends to be to sell about 40% of what we launch in the first 12 months. And therefore, if we have launched Rs. 8,000 crores, we would expect to sell about Rs. 3,000-odd crores in the first 12 months from launches. This has been an average of 45 days from launch, so we find that it's very much in line.

I think you will have to appreciate that our business model to that extent is quite different from some of the other developers who tend to benefit or want bigger launches. We like selling our product over time. We like making sure that consumers are fully appreciative of our product. And we like to make sure that we are pricing ourselves for strong profitability. So this is very much in line with our standard expectations around launch.

Parikshit Kandpal: Sure. Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Ayush Raghuvanshi for closing comments.

Ayush Raghuvanshi: Thank you, everyone, for joining the call today. I hope we have been able to answer all your questions. If you have any further questions or need any information, you may connect with the investor relations team. Once again, thank you all for joining the call today.

Moderator: Thank you. On behalf of Lodha Developers Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.