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Trading Symbol: LODHA

Dear Sirs,

Sub: Q3FY26 - 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 Q3FY26 Earnings Conference Call held on January 29, 2026. 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,

For Lodha Developers Limited

(Formerly known as Macrotech Developers Limited)

Sanjyot Rangnekar

Company Secretary & Compliance Officer

Membership No. F4154

Encl: as above

**“Lodha Developers Limited
Q3 FY 2026 Post Results Conference Call”
January 29, 2026**

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. Shaishav Dharia: Whole time director and Chief Executive Officer - Extended Eastern Suburbs, Thane & Annuity Assets – Lodha Developers Limited

Mr. Chintan Parikh – Co-Head of Investor Relations – Lodha Developers Limited

Mr. Aayush Raghuvanshi – Co-Head of Investor Relations – Lodha Developers Limited

Moderator: Ladies and gentlemen, good afternoon, and welcome to the Lodha Developers Q3 FY '26 Earnings Conference Call. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Chintan Parikh, Co-Head of Investor Relations, for opening remarks. Thank you, and over to you.

Chintan Parikh: Thank you, Ryan, and good afternoon, everyone. Welcome to Lodha Developers Q3 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, CFO; and Mr. Shaishav Dharia, Whole-Time Director and CEO for Extended Eastern Suburbs, Thane, and Annuity Assets.

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

Abhishek Lodha: Thank you, Chintan. Good afternoon, everyone. Wishing all of you a very Happy New Year. Thank you for joining us today. Before I get into company-specific overview, a quick context of where we are in terms of the Indian economy and the industry.

Over the last few months, we've seen a clear focus from the Indian Government to improve the economic outlook. Whether it is with the GST cuts or many other measures, including the recently signed trade deal with the EU, the Indian government is focused on ensuring higher levels of economic growth and job creation in our country.

This is an important and positive development, both for the larger economy as well as, in particular, the real estate sector. This is reflected, of course, in terms of the GDP growth numbers that we've seen from India in the course of the last few quarters and also the outlook that various important institutions are suggesting for India's GDP growth going forward.

A modest area of concern is the fact that inflation is quite low, and therefore, nominal GDP growth has been much lower than in previous years. However, we believe that as the overall economic momentum picks up, demand impulses will also strengthen in the economy and inflation will find a reasonable level going forward.

We look forward to the union budget, which will happen this weekend, and are hopeful that there will be further impetus given to India's growth journey. In context of the housing market in India, we continue to see, in the markets that we are predominantly operating in, i.e., Mumbai, Pune and Bangalore, that the demand from end users for good quality product from the top brand continues to remain robust.

We see that the economic activity in terms of job creation as well as likely wage growth for the upcoming fiscal year is also likely to remain quite strong.

Overall, while there are some challenges of being in the fifth year of a growth spurt in the real estate market, we find that the overall outlook continues to remain constructive.

Now coming to the highlights of the quarter from the company's perspective. We achieved our best ever quarterly presales performance in this quarter with INR 56 billion, growing more than 25% year-on-year. With this, our 9-month pre-sales stands at about INR 146 billion, which is 70% of our full year guidance, and we remain on track to deliver our presales guidance of INR 210 billion for the year.

It is important to highlight that this is the first time that the company has crossed INR 50 billion in quarterly pre-sales and also highlight that the performance in Q1, Q2 and Q3 has been the best ever for those respective quarters, and that shows the underlying strength of the brand as well as of the markets that we are operating in.

The embedded EBITDA margin for the quarter was approximately 32%. This has been achieved in spite of very modest contribution from land sales in this quarter, which reflects the strong underlying profitability of the business.

So far, for the 9 months of the fiscal year, we've delivered 4% price growth on a YTD basis, and we are on track to deliver the 5% to 6% price growth for the full year, which is in line with our strategy to have disciplined price growth below wage growth and to keep making sure that affordability is strong and getting better.

Based on the embedded EBITDA margin, our pro forma PAT for the quarter is approximately INR 12 billion, and that implies a PAT margin of approximately 21% and an ROE of approximately 20% on a TTM basis, very much in line with our medium-term outlook of approximately 20% ROE.

I would like to highlight that this quarter, we added about INR 340 billion worth of GDV through business development of new projects, including 2 projects in our pilot phase in NCR. With this, we are approximately reaching almost INR600 billion of GDV added this year, and that gives us significant long-term visibility of growth.

Our overall pipeline of projects which we can develop in the next 5 years is now approaching more than INR 2 lakh crores and this is in addition to the significant land bank that would be developed post 5 years in Palava and Upper Thane.

This gives us not just visibility of where growth will come from and the fact that the growth is visible across the different markets, but it also gives us the ability to significantly improve our cash generation over the next few years, because the incremental land investment that we may need to do may be much more modest.

Our performance in this business development suggests and underscores the ongoing consolidation within the sector, not just on the demand side, but also on the supply side, especially in terms of joint development. Landowners today are far more discerning in their choice of partners, prioritizing transparency, integrity, execution capability and speed of monetization.

In spite of this very significant investment in business development land, our net debt stood at about INR 61.7 billion, which is 0.28x equity, well below our ceiling of 0.5x. Our average cost of funds for the quarter stood at approximately 7.9%, down 10 bps for the quarter.

For this quarter, I'd also like to reflect on our expansion into the NCR, the National Capital Region of Delhi, Gurgaon, Noida and surrounding areas. As we've noted in the past, our entry into any new market follows a 2-step process.

The first stage being the pilot stage, wherein we focus on starting a limited number of projects ideally on a capital-light joint development model, learning about the marketplace, building a strong independent team on the ground and showcasing the product differentiation and service differentiation that are the hallmarks of the Lodha way of real estate.

Once we are able to do this and establish that the market is right for us, both from a brand as well as a profitability perspective, we can then scale up in what we call growth phase. We saw this in Bangalore over the last 3 years, wherein we were in pilot phase for approximately 2.5 years.

And now in the first year of growth phase, we expect that full year sales from Bangalore will be in excess of INR 25 billion, and that showcases how scale-up can happen pretty quickly in a new market once we lay the initial grounds in the pilot phase.

Since the pilot phase in Bangalore has been completed and now, we are in growth phase, we are now starting the pilot phase in NCR. We have signed up 2 locations with a total GDV of about INR 33 billion, and we expect to start the sales of this project over the next 12 months. With this, we are able to reach about 80% of the home sales by value by being in the 4 markets of the Mumbai Metropolitan region, Bangalore, Pune and NCR.

As we scale up and the business continues to perform well, we equally continue to remain focused on the Do-Good part of our Do Good, Do Well philosophy. We, in this quarter, made a number of contributions in further giving back to society through the Lodha Foundation. We have intensified our decarbonization efforts across the board, including materials, energy and design.

We hosted in this quarter a steel decarbonization convening in collaboration with RMI India and BMTPC to mobilize a buyer's coalition and assess market readiness for low-carbon steel. In parallel, we launched a pilot program to evaluate battery energy storage systems aimed at maximizing the efficiency and reliability of our renewable energy power supply.

We published a comparative study on embodied carbon across building heights, establishing a critical benchmark to inform low-carbon choices in the Indian real estate sector. This quarter, we were once again ranked amongst the top 100 Great Places to Work in the nation with more than 2,000 companies participating, and this was the highest ranking amongst the real estate companies.

Under our Lodha Genius initiative, we launched a new collaboration with IISER in Pune, which again focuses on identifying strong talent, especially around STEM, and grooming them to achieve their fullest potential. For 75 slots, there were more than 2,000 applicants, which showcases the desirability of this program that has been built up over the last 3 years.

Through our Unnati Program, we continue to partner with the most needy families across the communities that we operate in, and more than 2,000 families currently receive support under the Unnati Program to improve their livelihood.

The Lodha Mathematical and Sciences Institute successfully concluded its inaugural thematic program with more than 50 researchers from across the world. The program was led by Fields Medalist, Dr. Manjul Bhargava, and the institute is led by Dr. Kumar Murty, who was formerly the Director of the Fields Institute.

Finally, we now manage over 60 million square feet of green certified buildings and have renewable PPAs exceeding 10 megawatts. In terms of additional performance updates, our collections for the quarter came in at about INR 35.6 billion, which is down by 17%. This reflects the fact that in the same quarter last year, we had significant proceeds from sale of land.

And therefore, we had higher collections in the last quarter. We remain focused now to further significantly improve our collections profile, and you are likely to see a significant pickup in collections over the next 12 months. In this quarter, we launched new projects with estimated GDV of about INR96 billion and have a strong launch profile of over INR120 billion of launches for Q4.

I'd like to now highlight about our large landholding, what we call our Extended Eastern Suburbs portfolio of the townships at Palava and Upper Thane, which represent a key strand of value creation for our organization. The infrastructure connectivity at both these locations is now approaching full completion, and we expect operationalization for the Palava-Airoli-Mulund Freeway to happen in the next 3 to 4 months.

And similarly, the Mumbai-Nashik Highway, which connects Upper Thane, the last leg of that will also likely to be operational in the next 4 to 5 months. With this, we see a significant upgradation in the connectivity profile of these locations. And given the other strengths of the quality of development, social infrastructure and various other measures, we expect that the next 12 to 18 months will see significant uptick in both perception as well as sales in Palava and Upper Thane.

The recent inauguration of the Navi Mumbai International Airport will be another reason why Palava will further move up in the context of Mumbai's most desirable suburbs. The bullet train project, which connects Palava to

BKC, is rapidly progressing, and we expect that the connectivity from BKC to Palava, a single stop, will be less than 20 minutes before the end of this decade once the bullet train is operational.

In context of these infrastructure upgrades and the large landholding of about 4,000 acres that we hold in these locations, we have been focusing on the residential side on consciously premiumising the location. We have launched various projects, including landed villas as well as mid-rises and high-rises, which are at a price premium of up to 50% compared to the existing mid-income locations.

And we expect this upper mid-income and premium segment to contribute almost 50% of sales in Palava by the end of the decade compared to about 20% in fiscal '25, which will both lead to expansion in value, but also expansion in the underlying margins. At Palava, we continue to progress in a significant manner on building one of India's largest and most significant data center parks.

With almost 400 acres of land and about 3 gigawatts of power earmarked for it, arrangement and MOU with the government of Maharashtra under its green data center policy, which leads to significant benefits for occupiers in this location, and given the overall demand growth for high-quality data centers, especially in the Mumbai region, which is the financial services hub of the country, and also hosts most of the large corporates, we find that demand for data centers is growing and accelerating.

We already have 2 anchor customers, Amazon Web Services, AWS, as well as STT, which is a Temasek subsidiary, who are progressing work on their data centers at this location. We expect that we will have additional colo or hyperscaler players sign up for this location in the course of the next 12 to 18 months.

Additionally, as part of our strategy, we also expect that we will be starting construction of build-to-suit boxes for end users and have that to generate long-term rental income for our company in the years to come.

In terms of the underlying land value, while the last transaction for the data center land happened at about INR 21 crores per acre, we now expect that land values will move up in a gradual but consistent manner. And over the next 3-odd years, we expect the number to be reaching as high as INR 50 crores to INR 60 crores per acre.

My colleague, Shaishav Dharia, will provide more detailed overview of this opportunity later in this call. Before I conclude, I'll just highlight, we have, since April 2023, been on the percentage completion methodology of revenue recognition, and we expect over the next 12 months that we would have fully transitioned to the percentage completion methodology of revenue recognition.

In terms of our performance for this quarter, our revenue from operations came in at about INR 46.6 billion, which is a growth of approximately 29% year-on-year. This excludes any impact of the lumpy land sales which happened in Q3 of fiscal '25. Our adjusted EBITDA came in at INR 14.9 billion, which is a growth of approximately 23%. The adjusted EBITDA was approximately 32% for the quarter and the PAT for the quarter was approximately INR 9.5 billion.

In terms of our guidance for the rest of the fiscal, as I mentioned earlier, we remain on track to achieve our guidance of approximately INR 210 billion of presales for the full year with an embedded EBITDA margin of approximately 33%, and therefore an ROE on a pro forma basis of approximately 20%. We've already met and well exceeded our business development targets for the year.

And therefore, that gives us a lot more bargaining power as we evaluate other opportunities, and also gives us the opportunity to further strengthen our balance sheet in the next few quarters. And on net debt, we, of course, continue to remain very disciplined to remain well below our ceiling of 0.5x net debt to equity, and we are hopeful that we will further moderate this ratio in the coming few quarters.

With this, I now hand over to my colleague, Shaishav Dharia, Whole-Time Director and CEO of our Extended Eastern Suburbs business and the Annuity Assets, to speak about the data center opportunity in greater detail. Thank you.

Shaishav Dharia: Thanks, Abhishek. Can everyone hear me?

Moderator: Yes, please go ahead.

Shaishav Dharia: Yes. So, I think as Abhishek said, this has become a very significant opportunity for us. We had started work, as we've described earlier, almost 5 years ago to where we have reached today, where we earmarked 400 acres of land with approvals already in place, and believe based on all the work and effort we've been able to put in, we have probably the most reliable infrastructure for an AI data center in the country today.

Around 3 critical elements: One, land with approvals. Second is the most reliable power network. Most locations struggle with power or the quality of power. Here, the ability to provide 3 gigawatts of power from 5 different circuits, it's probably the only such location in the country, providing significant reliability, almost at a Tier 4 DC level, which is the highest in the world. Thirdly, a critical element of a data center is how do you get sufficient amount of water for the cooling towers, which cannot be potable.

We have advanced progress to secure almost 100 million litres of water from a nearby industrial park, which dramatically reduces the cost and improves efficiency of cooling for any AI data center. And lastly, more than 5 optic fibre routes, which can scale up to potentially 10. So, all of this has made this infrastructure of the data center park amongst the most reliable.

Last year, in September, we signed the Green DC Park MoU with the State of Maharashtra, which gave us significant benefits. Based on the progress we were making and in alignment with the vision of the state, we were comfortable to expand it, as Abhishek explained, from INR 30,000 crores to an incremental INR 100,000 crores.

So totally INR 130,000 crores between Lodha and all the clients and their own equipment within the data center park. But with this, we obviously got significant fiscal and monetary benefits that Abhishek talked about. So potentially, clients today can see a capex reduction in setting up a data center by up to 15%.

So, if you take what we call a turnkey data center, which is basically a powered building with just the cooling towers and the chillers, forget the chips and the servers, what globally costs about \$8 million to \$12 million per megawatt, we can probably now in Palava get it down all the way to \$6 million.

Secondly, the operating cost, which is primarily driven by electricity, because of this MoU and the Green DC policy, we can reduce operating costs by up to 30% for clients. And more importantly, they can now source 90% of their power from green renewable sources.

So, the 2 negatives of a data centers not being environmentally friendly, both in water as well as in power, we've taken care of. More importantly, power cost can be approximately \$0.06 per kilowatt compared to \$0.10 to \$0.12 per kilowatt currently in the U.S.

A lot of this was actually after we signed our first 2 clients, Amazon Web Services and Singapore Telecom. So of course, because of all of this, we started seeing even more significant demand both for, what Abhishek said, land, powered land, or a build-to-suit solution, because in many cases clients want to accelerate their development.

And we believe getting up to that INR50 crores to INR60 crores per acre over the next 3 years is very much possible on the land side, and creating a very sizable business through the powered shells on rent can be another significant income creator for us.

So let me stop there and see if there are further questions.

Moderator: Sir, should we begin with the Q&A session?

Abhishek Lodha: Yes.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Akash Gupta from Nomura.

Akash Gupta: Congratulations on a great performance. Sir, my question is primarily related to your thoughts around the demand in Mumbai. How are you seeing the footfalls and conversions right now? And has that view changed from the beginning of the year when we were thinking about footfalls and conversions? That's my first question.

Abhishek Lodha: Akash, thanks for your question. In terms of where we see the demand environment in Mumbai and in terms of footfalls and conversions, let me sort of split demand into its 2 component portions, because I think your question is related to both, which is supply as well as demand. On the demand side, we see footfalls and conversions remaining steady through the course of the last few quarters and in line with what we would have expected at the start of the year.

On the reasoning for it, because one hears about the fact that there is, in pockets of Mumbai, lots of redevelopment happening and therefore, the fact that oversupply could be happening in pockets. I think it really is underlining the fact that our sales performance as well as these walk-ins and conversions are all driven by the strength of the brand and the execution capability to deliver good quality product on time.

We believe that while there are pockets of oversupply in Mumbai, the demand for the kind of product that we do and the lifestyle standards that we offer is really strong. And we expect that this consolidation in the marketplace of the better-quality product and the best brands winning out is likely to continue.

Akash Gupta: Okay. So, my second question was on the growth expectation for the next 2 years. We have done very strong BD of roughly INR 600 billion along with an inventory of roughly INR 450 billion. Is it reasonable to expect a similar level of growth rate or roughly 20% CAGR over the next 2 years, similar to the past year?

Abhishek Lodha: Ryan, can you hear the question? At our end, we are seeing the voice breaking.

Moderator: Akash, I would request you to please join back the queue as your audio is not clear to the management.

Akash Gupta: Understood. Thank you.

Moderator: We take the next question from the line of Puneet Gulati from HSBC.

Puneet Gulati: My first question is, if you can talk a bit about how are you thinking about potential construction-related issues given that everybody is ramping up construction and there is noise around slowness in construction activity. What are you doing in terms of technology or any new construction methodologies that you're looking to employ?

Abhishek Lodha: Puneet, that's an important question and one which we are very much focused on. While technologies, the use of not just construction technologies, but also digital technologies as well as also use of AI are all kinds of things that one does, it really fundamentally goes down to having a base of vendors and contractors who are aligned to support your growth plans, because you have good strong relationships with them, and their willingness and ability to pay the labour force the fair wages.

These are the 2 areas where most of our focus is on and that enables us to make sure that we are delivering our projects within the time lines as we have specified in our agreement, sometimes with delay of a few months, but always very close to the time line stated in the agreement.

So, we measure our success in terms of the percentage of units which are delivered within 6 months of our agreement stated time line, and we are able to do a very, very high percentage in that time line, which really is the end proof of the construction capabilities.

Puneet Gulati: Okay. That's helpful. And secondly, in your opening comments, you talked about increase in collections into the next few quarters. Can you talk a bit about what's really changing, which will allow you to increase the pace of collections?

Abhishek Lodha: Yes. I think the sales momentum for this year, as you know, has been sort of more concentrated in the second half. And as a consequence, the overall collections for the full year will be lower than our initial estimate, because obviously, the collections follow a cycle from when the sales is done.

I think the combination of the sales step-up this year, but more importantly, the significant focus that we put on construction starting from on improving our construction efficiency will drive the pickup in sales. In the last 9 to 12 months, we had a significant impact from the environmental clearance issues, which held up the construction, affecting our collections.

With that issue now having been closed and resolved, we are quite focused on making sure that we make up for some of that lost time and therefore, also the collections step up as the construction speeds up.

Puneet Gulati: Okay. That's very helpful. And lastly, on your Palava and Upper Thane, you talked about potential 4,000 acres, of which you now want to allocate 400 acres for data center. Would it be fair to assume the rest is now for residential? Or do you also have plans for warehouses and office space there?

Abhishek Lodha: So Puneet, we have land which is zoned for multiple uses therefore, we allocate basis the market's demand and the best value use. Currently, the 2 best value use are residential, including ancillaries. So residential includes things like retail or health care or even office space, which we all sort of see as urbanization, which is residential led. And the second significant use case is data center. So those are the 2 that we are most focused on.

Other than the warehousing part, which is already under development, we don't expect to do more warehousing at this location, just given the underlying land values are not supportive of warehousing at this location.

Moderator: We take the next question from the line of Kunal Tayal from Bank of America.

Kunal Tayal: A couple of questions from me. First one, Abhishek, an often-asked question these days has been that as you're looking at some cool off in the pace of price increase in the sector, but the land values have probably stayed stubborn...

Moderator: Kunal, are you there?

Kunal Tayal: Am I audible now?

Moderator: Yes, please go ahead.

Kunal Tayal: Okay. Great. So just to repeat my first question, Abhishek, and this has been an often-asked question, we have seen that as the pricing trajectory in the sector has faded some bit and land prices have arguably stayed stubborn, could the next set of projects that are being signed up have lower profitability versus the last 3 years?

So, do you see any growth in that sort of an assumption? And second associated question is, is it comfortable to assume that your intended pricing strategy of 4 to 5 years should continue into the next few years as well?

Abhishek Lodha: Kunal, very important questions regarding the industry's economics. As we've often stated, our focus has been on having modest price growth below wage growth. And therefore, this 5%, 6%, 7% price growth level, that is a deceleration for many other of our peers, is really the price growth that we've targeted and have delivered over the last few years.

In terms of the value and the profitability of land, we, on the contrary, believe that given the land business development that we've already done and the very disciplined model of underwriting for land that we follow, which is driven by our target return metrics, not driven by trying to aggregate GDV or anything like that, we actually believe that going forward, the land market will turn more favourable to us given our scale, our balance sheet as well as our ability to command a premium in the marketplace.

So obviously, as the market was getting sort of good for everybody in '23 and '24 and part of '25, you had a lot more competition for land. We maintained our discipline. We did what we had to do, but always at the margins that we target. And now as some of this froth sort of is let off, we'll probably get more opportunity in land.

Having said that, our focus will remain on generating higher cash flow and even further strengthening our balance sheet, because we, as I mentioned in my remarks, are sitting on very significant available supply, almost INR 2 lakh crores of GDV available for us to sell in the next 5 years.

Moderator: We take the next question from the line of Abhinav Sinha.

Abhinav Sinha: Abhishek, first question on business development. We have seen a big spurt this year. So how do you plan next year? Or are you looking to moderate the pace?

Abhishek Lodha: Abhinav, as I alluded in some of my earlier responses, we have front-loaded business development, and that will give us the opportunity to be more profit focused when we do newer business development. And hopefully, that is margin enhancing. The other side of the same coin is, we probably are not going to spend as much money on business development in the next 24 months as we've done in the last 24 months. And therefore, hopefully, we are further strengthening our balance sheet over this period.

Abhinav Sinha: Okay. Secondly, a question to Shaishav. Shaishav, on the data center side, so when you're talking about power shell or turnkey, will you wait for a client signing before you start work here, or we are looking to start work immediately? And what is the costing going to look like?

Shaishav Dharia: Yes. I think we would basically be looking at discussion with clients because ultimately, the specifications are quite specific to a client. So, we would be pursuing that route before we start the build-to-suits.

Second is on the costing, again, it's very client dependent. But what's, I think, important is, India in general is competitive on the capital side, but with the MoU signed and the benefits, the ability is to ensure that the overall cost reduction comes down by 15%.

So, as I said, our turnkey today with the benefits can come down to maybe \$6 million per megawatt, which is much lower than what used to be our global standards of \$8 million to \$12 million per megawatt.

Abhishek Lodha: Our model is focused on building the power shells on a BTS basis, and the cost for the power shell will approximately be at about INR 3 million per megawatt, including the land value.

Abhinav Sinha: Okay. That's very helpful. And maybe...

Moderator: Abhinav, I would request you to please join back the queue for follow-up questions. We take the next question from the line of Murtuza Arsiwala from Kotak Mahindra.

Murtuza Arsiwala: Just 2 questions on my side. The base year, which is FY '25, had a lot of land sales that also bumped up the collections. We've not seen the same kind of traction at least in the 9 months on land sales. Is there anything that could be in the offing in the fourth quarter, or maybe this is not the year which you have the bumper land sales?

Also on the collections, the drop, is it largely attributable to the base quarter having a lot of land sales? Or is there some moderation in execution this quarter, because of which maybe milestones were not reached? Anything to read on that in that direction? Or it is just we are comparing the year-on-year where there was a lot of land collections and this year, there's just not?

Abhishek Lodha: Murtuza, in terms of whether we'll have significant land sales in this quarter or not, very difficult for us to forecast that. There are ongoing transactions and discussions in relation to land sales. But when they will fructify, we'll only know when it happens. So maybe this quarter, maybe next quarter, unknown.

In terms of the causes why the Q3 collections are 17% lower on a Y-o-Y basis, the land sales component is one significant component of that. And the second is what I had mentioned earlier that the environmental clearances for the stalled locations only started coming through towards mid-November and onwards.

So, restarting construction, remobilizing labour and then getting the construction done and raising the demand, that all is a cycle; So, we lost on a few locations on account of that. But that's behind us now, so it's fine.

Murtuza Arsiwala: Just as a follow-up, there is a remark in your presentation on the OCF guidance. Is there still a chance that you could meet it? Or you think you'd probably be more around the INR 70 billion mark as opposed to the INR 77 billion previously? Could you play catch up in fourth quarter or...

Abhishek Lodha: Murtuza, at this time, we think that it is the INR 70 billion that we are looking to. Like I mentioned, some of the delays on account of the environmental clearance and some other factors have pushed things out by 4 to 6 months. So that has some impact on the OCF generation. So we will probably be at the INR 70 billion plus/minus 5% number, not the INR 77 billion.

Moderator: We take the next question from the line of Pritesh Sheth from Axis Capital.

Pritesh Sheth: Yes, a couple of questions. So first one on how do you read this quarter's performance, because most of the sales came from, I would say, a couple of projects concentrated in one market, which is not generally how we obviously operate. It's more driven by sustenance and regular sales across markets. So first one on that.

And second, on the business development side, while we had a good year, but again, most of the projects are concentrated in South Central. Was it just a conscious effort to build that pipeline? Or we are probably looking directionally towards where demand is stronger and hence, focusing on those markets. So, your thoughts on that, yes?

Abhishek Lodha: Pritesh, in terms of our sales mix, as I've mentioned in previous calls, we look at 2 metrics, the sales coming from our non-launch weekly sales and then, of course, those coming from launches. Our non-launch weekly sales at about INR 3 billion per week were quite consistent throughout the quarter, except for the last 10 days, where because of Christmas, things slowed down.

And that was distributed, of course, widely. The launches that we did in this quarter were more focused in South Central Mumbai, and therefore, the residual value beyond that INR 36 billion, INR 37 billion came largely from the launches in South Central Mumbai.

In terms of your question on business development, obviously, we look closely at where we find the pockets of demand combined with the margins that we target. And that combination influences the transactions that happened.

Obviously, there is some element of what closes in a given quarter in these numbers. So, I won't read too much into it. But yes, we are sort of widely distributed in terms of our available supply of land and product to construct across a large swath of the market.

Pritesh Sheth: Sure. And just one last, if you can elaborate this large project that we have signed up this quarter, almost INR 20,000 crores, 2 million square feet, INR1 lakh per square feet kind of a rate on the saleable area. So just you can put some thoughts on what the project is about?

- Abhishek Lodha:** Yes. So Pritesh, I think there is some misunderstanding in terms of your assessment of the value being INR 1 lakh a square foot on saleable. It is over the life cycle, INR 1 lakh a square foot on carpet area, not on saleable. And the location of that project is at Worli next to 360 and Beaumonde.
- Pritesh Sheth:** Sure. In presentation, it was mentioned 2 million square feet saleable area and INR 21,000 crores. No worries, I'll get that clarification separately.
- Moderator:** We take the next question from the line of Parikshit Kandpal from HDFC Securities.
- Parikshit Kandpal:** Congratulations on a decent quarter. So, my question is, are you seeing any signs of elongation in the sales cycle? I mean you did mention that footfalls continue to remain consistent. So, any colour on the clients taking some more time to decide closure, or the pace continues to remain same?
- Abhishek Lodha:** Parikshit, the answer, I think the same similar question was asked in a different mode. So, so far, we've seen that conversion rates, which is really a different way of measuring the duration to convert, have remained pretty steady. So, we haven't yet seen that there is any downward pressure on that.
- Parikshit Kandpal:** Okay. And second one is on the embedded margin. So, we have seen a substantial jump in commodity prices of late. So, any colour on your historical embedded margins? Do you see any pressure on cost side, which may result in margin contraction as these projects come for revenue recognition?
- Abhishek Lodha:** So far, the increase in commodity prices, and we publish the data pretty regularly about the overall construction cost base that we have, the increases primarily around copper and silver have very little impact. We have very little sensitivity to those 2 categories in our overall construction costs.
- Probably less than 1% of our construction cost is exposed to both of those elements. So, while the key commodities that sort of our costs are driven by, including steel and cement, have been quite reasonable. So, we haven't yet seen any reason to worry that our construction cost estimates will overshoot what we budgeted.
- We, in fact, have significant contingencies in our budget and more often than not end up having some of that contingency left over, which is margin positive. But at this stage, no, nothing that is causing us to worry about a pressure on our budgeted costs.

- Moderator:** We take the next question from the line of Parvez Qazi from Nuvama.
- Parvez Qazi:** So, 2 questions from my side. First is, what was the contribution of launches to pre-sales this quarter? And secondly, while we are obviously doing well, we are on track to meet our sales guidance and delivering healthy sales growth, at the industry level, we have seen weakness in volumes over the last year. So just wanted to get your thoughts on it and what is the way around it?
- Abhishek Lodha:** So, thank you for that question. Our contribution from new launches for 9 months is at about 1/3, about 33%. We tend to be in that range of about 30% to 35%. This quarter was higher. But for the 9-month period, it is at around 33%.
- Parvez Qazi:** And your thoughts on the volume weakness in the industry?
- Abhishek Lodha:** Sorry, Parvez, I'm not able to follow the question. May I request you to please repeat it?
- Parvez Qazi:** Over the last year, we have seen weakness in sales volume at the industry level, I mean, whether we look in terms of number of houses sold or volumes in terms of million square feet getting sold. I mean, while we are obviously continuing to do well, but I mean, in our main markets of Mumbai and Pune, now volumes have been declining for last 2-odd years. So just wanted to get your views on it. I mean as an industry, what is the way around it?
- Abhishek Lodha:** Very difficult for me to sort of have a response in terms of what is happening and what are the lead causes... I have not studied what the causes of the decline in volume at the industry level. For us, volumes are up about 24% in square feet terms for the first 9 months. Hence, my sense is that it's the 2 forces, which I think have been often talked about.
- One very clearly is that the market is moving towards the best placed players, because consumers who are buying want the assurance of getting a high-quality product and from the best brands. I think the other side is that at the very bottom end of the market, homes below INR 75 lakhs, I think there has been a decline in both supply as well as in sales in that sort of entry-level affordable housing segment.
- That segment used to be a big driver of volumes, not of value, which is the reason why you're seeing that value is continuing to move up, but volumes have moderated at an industry level. Because we have consciously sort of

moved away from that segment over the last 2, 3 years, we haven't seen the impact of that, but there is definitely moderation in that segment.

Moderator: We take the next question from the line of Gaurav Khandelwal from JP Morgan.

Gaurav Khandelwal: I just wanted to understand the expenditures on construction this quarter. So, we are at INR 8.6 billion of construction spend, which is the lowest in the last 7 quarters, if I'm not wrong. And my understanding was that some quarters of last calendar year, we were stuck with environmental issues, which is behind us now. So ideally, construction expenses should have moved up in quarter ending December, whereas the number actually came down. So, can I just understand this better?

Abhishek Lodha: Gaurav, I would more look at the 9-month number, because when things are built and when they are paid out, a quarter is too short a period to judge that. We definitely are looking at just under INR 30 billion of spend on construction for the 9 months, which is below our desired level.

And we do expect to push that up, as I mentioned in my earlier remarks, over the next few quarters, both the quarterly run rate as well as an equivalent 9-month period, which in turn will have a significant improvement for us also in terms of collections. For the current quarter, we expect that number to be about INR 12 billion or thereabouts.

Gaurav Khandelwal: Got it. But is it fair to assume that the construction momentum has increased since last quarter, as in third quarter onwards?

Abhishek Lodha: The construction momentum has started moving up from November end onwards as these environmental issues got debottlenecked.

Moderator: Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to Mr. Aayush Raghuvanshi, Co-Head of Investor Relations, for closing comments.

Aayush Raghuvanshi: Thank you, everyone, for joining the call. I hope we've 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, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.